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# Short Duration Income Fund

## October 2025 Performance Commentary

### STRATEGY OVERVIEW

The Short Duration Income Fund pursues a flexible, multi-sector approach, as opposed to the performance benchmark, which is comprised solely of investment grade corporate bonds. The Fund has primarily focused on short maturity, credit sensitive sectors of the bond market that have a long track record of consistently generating excess returns relative to U.S. Treasuries.

### MARKET REVIEW

Tailwinds for fixed income market performance included easing U.S.-China trade tensions, optimism around AI innovation, and expected monetary policy moves with the U.S. Federal Reserve providing another 25-basis point cut during its October meeting. The Trump-Xi meeting helped reduce tariffs and delay export controls, offering short-term relief despite unresolved structural issues. AI momentum surged with major partnerships and investments from tech giants like Microsoft, AMD, and Nvidia. Meanwhile, risks such as a government shutdown, softening labor market, and cautious consumer spending weighed on sentiment. Global developments, which ranged from sanctions on Russian oil to central bank moves and geopolitical agreements, added further complexity to the macroeconomic backdrop.<sup>1</sup>

Over the month, the 2-Year Treasury yield was unchanged, and the 10-Year Treasury yield decreased from 4.16% to 4.11%<sup>1</sup>. Short-term investment grade corporate<sup>2</sup> credit spreads widened by 1 basis point (bp), short-term asset-backed securities (ABS)<sup>3</sup> spreads widened by 7 bps and short-term commercial mortgage-backed securities (CMBS)<sup>4</sup> spreads widened by 4 bps.

<sup>1</sup>Factset as of 31/10/2025.

<sup>2</sup>As represented by the ICE BofA US Corporate (1-3 Y) Index as of 31/10/2025.

<sup>3</sup>As represented by the Bloomberg US ABS Composite (1-3 Y) Index as of 31/10/2025.

<sup>4</sup>As represented by the Bloomberg US CMBS Investment Grade (1-3.5 Y) Index as of 31/10/2025.



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## PERFORMANCE REVIEW

### Past performance does not predict future returns.

For the month of October, the Lord Abbett Short Duration Income UCITS Fund outperformed its benchmark, the ICE BofA 1-3 Year U.S. Corporate Index\*, with the Fund's class I (acc) USD shares returning 0.38%, versus 0.35% for the ICE BofA 1-3 Year U.S. Corporate Index.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Short Duration Income UCITS Class I (acc) USD (net of fees)*</b>	0.50%	3.85%	2.28%	1.40%	5.32%	2.53%	0.93%	(-4.29%)	5.19%	5.35%
<b>Short Duration Income UCITS Class J (acc) USD (net of fees)**</b>	-	-	-	-	5.43%	2.90%	1.09%	(4.14%)	5.45%	5.52%
<b>ICE BofA 1-3 Year U.S. Corporate Index***</b>	1.01%	2.39%	1.91%	1.62%	5.43%	4.16%	(-0.01%)	(-4.00%)	5.69%	5.46%

\*I Share Incepted 18/2/2014

\*\*J Share Incepted 01/06/2018

\*\*\*The ICE BofA 1-3 year U.S. Corporate Index is an unmanaged index comprised of U.S. dollar denominated investment grade corporate debt securities publicly issued in the U.S. domestic market with between one and three year remaining to final maturity. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and an investor cannot invest directly in an index.

Currency-hedged share classes attempt to reduce fluctuations between the hedged share class currency and the portfolio's base currency. The goal is to deliver returns that track the portfolio's base currency returns more closely. Any gains or losses associated with the hedging techniques, will accrue solely to the relevant hedged share class and the hedge is unlikely to be perfect. Returns may increase or decrease as a result of currency fluctuations in a country that has a currency other than that used in the past performance calculations.

Average annual total returns, which reflect performance at net asset value with all distributions reinvested for Class I (acc) USD shares, as of September 30th, 2025, were: one year: 6.00%; three years: 5.66%; five years: 2.69%; and ten years: 2.66%.

## PORTFOLIO REVIEW

The primary contributor to relative performance was the portfolio's allocation to short-term high yield corporate bonds, partially due to the sector's greater carry over investment grade corporates. Within the sector, we continue to focus on higher quality securities with short final maturities or trading to a near-term call.

Security selection within investment grade corporate bonds also contributed to relative performance, mainly within the Consumer and Financial sectors. Over the period, we continued to decrease the portfolio's allocation to investment grade corporates, focusing on positions trading at tighter valuations.

There were no significant detractors from relative performance over the period.



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## OUTLOOK

We believe the opportunity set for fixed income remains compelling as Treasury yields across the curve are near the highest levels of the past decade. Higher bond yields bring improved return expectations and a more attractive risk/reward dynamic for investors, as the higher starting yields can provide protection should rates rise.

After the most recent cut in October, Fed Fund futures are currently pricing in several more cuts over the next year. While it's unclear whether the Fed will be able to fully complete the anticipated program, we believe the bias to ease is supportive of spread product. Therefore, we continue to overweight high quality credit. However, uncertainty remains elevated due to ongoing shifts in trade, immigration, fiscal, and regulatory policies, and we continue to closely monitor for signs of a more pronounced weakening in the labor market, as well as any major reescalation of trade tensions.

Overall, the portfolio maintains a balanced risk posture, with a strong emphasis on liquidity and flexibility. Given current market conditions, we are more focused on optimizing for carry as opposed to positioning for capital appreciation.

Given the compression of credit spreads, we have rotated some of the portfolio from tighter corporates into higher-rated securitized sectors. Within corporates, we are conservatively positioned, favoring money center banks, energy companies with strong balance sheets, diversified insurance and financing businesses along with more defensive segments like Utilities. In the securitized portion of the portfolio, we have found attractive relative value in AAA-rated conduit CMBS, which are highly liquid and diversified across real estate assets, along with higher-rated CLOs with shorter average lives.

**Fund Risks to Consider:** The Fund is subject to the general risks and considerations associated with investing in debt securities. Among these is credit risk, which is the risk that a counterparty or an issuer of a Fund asset will fail to meet its payment obligations, and interest rate risk, which is the risk that as interest rates rise, bond prices may fall. The Fund may substantially invest in high yield securities. High yield securities typically pay a higher level of income but generally involve greater credit risk and sensitivity to economic developments than investment grade debt securities. Impairment of the value of underlying assets of mortgage-backed and asset-backed securities may result in a reduction in the value of the security and a financial loss to the Fund. The use of financial derivative instruments (FDI) may create leverage, leading to greater fluctuations in assets as well as potentially resulting in gains or losses that are greater than the amount originally invested in FDI. Investment in non-U.S. markets including emerging markets may expose the Fund to more social, political, regulatory and currency risks than securities in developed markets. For assets denominated in a currency other than U.S. dollars, changes in currency exchange rates may reduce or increase the returns an investor might expect to receive independent of the performance of such assets. The performance of any unhedged share classes of the Fund may be affected by changes in the exchange rates between the currency denomination of any non-USD denominated unhedged class and the USD, the currency in which the Fund is denominated. Please refer to the Fund's KIID and prospectus for more detailed risk information.

**I Share Expense Limitation: 0.53%**

*The Expense Limitation takes into account a management fee waiver whereby Lord Abbett has agreed to waive a portion of its management fee. Lord Abbett may stop the management fee waiver at its discretion. For periods when the waiver is in place, the Fund may benefit by not bearing these expenses. Without such management fee waiver, performance will be lower. Please see the Fund's prospectus for additional information.*

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