LORD ABBETT®

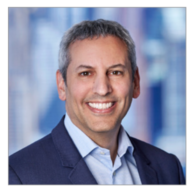
Markets and Economies

Dividend Growth Investing: A Focus on Flexibility and Selectivity

Passive, rules-based dividend growth strategies may exclude companies with strong fundamentals and the potential for steadily increasing their payouts over time.

Darnell Azeez, CFA
Partner, Portfolio Manager

Subrata Ghose, CFA
Portfolio Manager



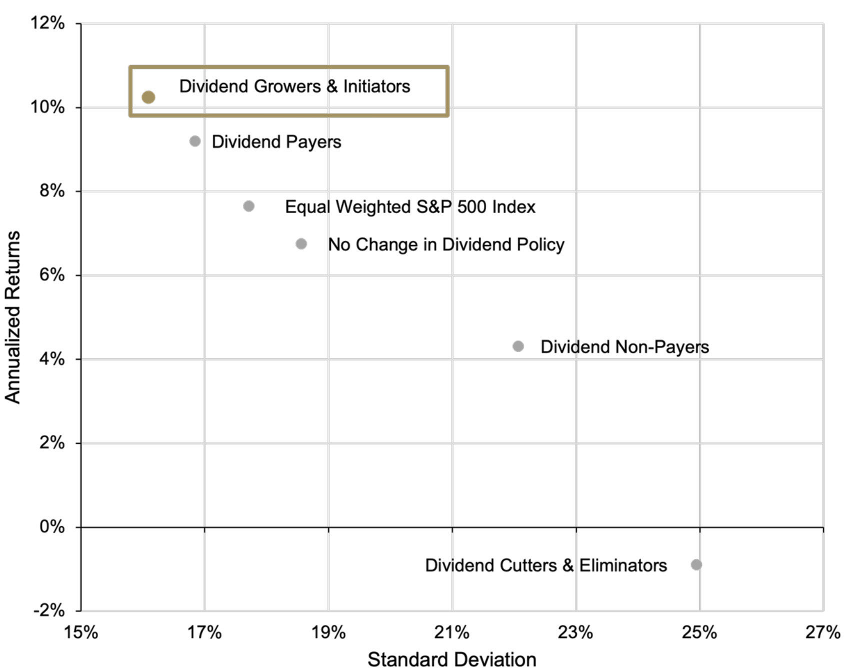
Jeffrey Rabinowitz, CFA
Portfolio Manager

JJ Titus, CFA
Product Specialist

Dividend growth investing starts with a simple but powerful idea: companies that consistently grow their dividends often have the financial strength, cash-flow discipline, and shareholder focus that investors value over time. A long-term study from Ned Davis Research helps illustrate that point. Over the 50-plus-year period from January 1973 through December 2025, dividend growers within the S&P 500® Index generated higher annualized returns with lower volatility than dividend payers that did not grow dividends, dividend non-payers, and dividend cutters.

Figure 1. Dividend Growers Have Offered Higher Returns with Less Volatility

Average annual returns and volatility (standard deviation) for the S&P 500® Index, January 31, 1973–December 31, 2025.



Source: Ned Davis Research. Latest available historical data.

Dividend policy: A stock is classified as a dividend payer if it paid a cash dividend any time during the previous 12 months; a dividend grower if it initiated or raised its cash dividend at any time during the previous 12 months; and a non-dividend payer if it did not pay a cash dividend at any time during the previous 12 months. A company's dividend payments may vary over time, and there is no guarantee that a company will pay a dividend at all.

Standard deviation is a statistic that measures the dispersion of a data set relative to its mean. The higher the standard deviation, the further the observed data are from the mean.

Past performance is not a reliable indicator or guarantee of future results. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment.

That historical relationship is important, in our view. It suggests that the dividend growth universe itself has been an efficient place to look for quality companies—businesses that have historically combined attractive return potential with a more stable risk profile. This efficiency may have led some managers to believe that dividend investing is an area where active management may not add value, and where passive, rules-based strategies may be sufficient. These strategies use screens that may include rules such as a minimum number of consecutive years of dividend growth, U.S. listing status, or yield constraints. While those rules can create a disciplined portfolio, **they can also exclude companies with strong fundamentals and meaningful future dividend growth potential**.

That is where we believe active management can make a difference. The Lord Abbett Dividend Growth Strategy is not limited to a checklist. Instead, it uses fundamental research and portfolio manager judgment to evaluate whether a company has the willingness and ability to be a long-term dividend grower.

This flexibility allows the Strategy to pursue opportunities that rules-based peers may miss. A company may temporarily pause its dividend growth during an unusual period, fall short of a 10- or 25-year dividend growth requirement, trade outside a U.S.-listed universe, or carry a dividend yield above a passive index threshold. A rules-based strategy may automatically exclude those companies. An active manager can assess whether the exclusion reflects a real risk—or a potential opportunity.

In practice, this flexibility has helped the Strategy invest in companies that rules-based approaches may temporarily exclude despite strong long-term fundamentals and future potential. For example, retailer TJX Companies paused its dividend growth during the COVID-19 shutdown—a short-term disruption that caused many passive strategies to remove the stock, even though the company's long-term cash-generation and dividend growth ability remained intact.

Similarly, we invested in drugmaker Eli Lilly several years before it met the 10-year dividend growth threshold used by some passive strategies because we believed the company had shown a willingness to boost its dividend alongside the growth in earnings it was experiencing. Both of these examples have been large, positive contributors to our performance over that period and have helped us differentiate ourselves versus our peers These examples illustrate how active management can identify durable dividend growth opportunities that may not yet fit neatly within an index methodology.

We believe the long-term case for dividend growers is strong. But within that already attractive universe, we believe active management can add value by separating durable dividend growth opportunities from companies that merely meet an index rule. In our view, that combination—an historically efficient dividend growth universe plus a flexible, research-driven approach—can be a powerful way for equity investors to pursue equity income, quality, and long-term total return.

LORD ABBETT®

Investors should carefully consider the investment objectives, risks, charges and expenses of the Lord Abbett Dividend Growth Fund. This and other important information is contained in the fund's summary prospectus and/or prospectus. Visit https://www.lordabbett.com/en-us/financial-advisor/investments-and-performance/mutual-funds.html to obtain a prospectus or summary prospectus on the Lord Abbett Dividend Growth Fund or any Lord Abbett mutual fund or contact your investment professional or Lord Abbett Distributor LLC at 888-522-2388. Read the prospectus carefully before you invest or send money.

Performance data quoted is historical. Past performance is not indicative of future results. Current performance may be higher or lower than the performance quoted. The investment return and principal value of an investment in the Fund will fluctuate so that shares, on any given day or when redeemed, may be worth more or less than their original cost. To obtain performance data current to the most recent quarter-end, go to quarter ending performance on our Website or call Lord Abbett at (888) 522-2388.

Glossary & Index Definitions

Dividend policy: A stock is classified as a dividend payer if it paid a cash dividend any time during the previous 12 months; a dividend grower if it initiated or raised its cash dividend at any time during the previous 12 months; and a non-dividend payer if it did not pay a cash dividend at any time during the previous 12 months. A company's dividend payments may vary over time, and there is no guarantee that a company will pay a dividend at all.

The **S&P 500® Index** is widely regarded as the standard for measuring large cap U.S. stock market performance and includes a representative sample of leading companies in leading industries.

Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment

Important Information

The information contained herein is provided by Lord, Abbett & Co. LLC ("Lord Abbett"). Lord Abbett is a registered investment adviser under the U.S. Investment Advisers Act of 1940 (the "Advisers Act"), as amended, and is subject to the Advisers Act rules and regulations adopted by the U.S. Securities and Exchange Commission ('SEC"). Registration with the SEC does not imply a particular ability or training. Lord Abbett is a global asset manager with headquarters in Jersey City, New Jersey.

Certain information provided in the material has been obtained from third party sources and such information has not been independently verified by Lord Abbett. No representation, warranty, or undertaking, expressed or implied, is given to the accuracy or completeness of such information by Lord Abbett or any other person. While such sources are believed to be reliable, Lord Abbett does not assume any responsibility for the accuracy or completeness of such information. Lord Abbett does not undertake any obligation to update the information contained herein as of any future date.

Certain information contained in the material constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events, results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Nothing contained in the material may be relied upon as a guarantee, promise, assurance or a representation as to the future.

Market forecasts and projections are based on current market conditions and are subject to change without notice. Projections should not be considered a guarantee.

Past performance is not a reliable indicator or guarantee of future results. All investments involve risk, including the loss of capital.

The views and opinions expressed are those of the Lord Abbett author as of the date of the material, and do not necessarily represent the views of the firm as a whole. Any such views are subject to change at any time based upon market or other conditions and Lord Abbett disclaims any responsibility to update such views. References to specific asset classes and financial markets are for illustrative purposes only. This material is not intended to be relied upon as a forecast, research or investment advice. Neither Lord Abbett nor the Lord Abbett author can be responsible for any direct or incidental loss incurred by applying any of the information offered.

The information in this material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation in any jurisdiction. This material has not been reviewed or approved by any regulatory authority in any jurisdiction.

None of the information provided should be regarded as a suggestion to engage in or refrain from any investment-related course of action as neither Lord Abbett nor its affiliates are undertaking to provide impartial investment advice, act as an impartial adviser, or give advice in a fiduciary capacity.

Mentions of specific companies are for reference purposes only and are not meant to describe the investment merits of, or potential or actual portfolio changes related to, securities of those companies. Of the companies mentioned, as of May 29, 2026, the following Lord Abbett Funds held positions (as listed):

TJX Cos.

Lord Abbett Affiliated Fund: 1.67%

Lord Abbett Dividend Growth Fund: 1.98%

Lord Abbett Multi-Asset Balanced Opportunity Fund: 0.40%

Lord Abbett Multi-Asset Income Fund: 0.20%

Eli Lilly & Co.

Lord Abbett Dividend Growth Fund: 3.19%

Lord Abbett Focused Growth Fund: 4.57%

Lord Abbett Global Health Care Fund UCITS: 9.53%

Lord Abbett Growth Leaders Fund: 3.49%

Lord Abbett Health Care Fund: 10.59%

Lord Abbett Multi-Asset Balanced Opportunity Fund: 0.90%

Lord Abbett Multi-Asset Income Fund: 0.50%

Lord Abbett Series Fund - Dividend Growth: 3.23%

Lord Abbett US Growth Leaders Fund UCITS: 3.65%

Lord Abbett Affiliated Fund - A Note about Risk: The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies, including market, liquidity, currency, and political risks. As compared to smaller successful companies, larger, more established companies may be less able to respond quickly to certain market developments and may have slower rates of growth. Investments in value companies can continue to be undervalued for long periods of time and be more volatile than the stock market in general. The Fund may invest in foreign or emerging market securities, which may be adversely affected by economic, political, or regulatory factors and subject to currency volatility and greater liquidity risk. To the extent that the Fund invests its assets in the securities of a small number of issuers, the Fund will be subject to greater volatility with respect to its investments than a fund that invests in the securities of a larger number of issuers. These factors can adversely affect Fund performance. The fund performance history at this time is very limited; therefore, performance achieved during its initial period of investment operation may not be replicated over longer periods and may not be indicative of how the Fund will perform in the future.

Lord Abbett Dividend Growth Fund - A Note about Risk: The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies, including market, liquidity, currency, and political risks. Mid cap company stocks tend to be more volatile and may be less liquid than large cap company stocks. Mid cap companies typically experience a higher risk of failure than large cap companies. However, larger companies may be unable to respond quickly to certain market developments and may have slower rates of growth as compared to smaller successful companies. A company's dividend payments may vary over time, and there is no guarantee that a company will pay a dividend at all. These factors can adversely affect Fund performance.

Lord Abbett Focused Growth Fund - A Note about Risk: The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies, including market, liquidity, currency, and political risks. Mid and small cap company stocks tend to be more volatile and may be less liquid than large cap company stocks. Mid and small cap companies also may have more limited product lines, markets, or financial resources and typically experience a higher risk of failure than large companies. However, larger companies may have slower rates of growth than smaller successful companies. Investments in growth companies can be more sensitive to the company's earnings and more volatile than the stock market in general. The Fund engages in active and frequent trading of its securities, which may result in increased transaction fees, reduced investment performance, and higher taxes. These factors can adversely affect Fund performance. The fund performance history at this time is very limited; therefore, performance achieved during its initial period of investment operation may not be replicated over longer periods and may not be indicative of how the Fund will perform in the future. Past performance is no guarantee of future results.

Lord Abbett Global Health Care Fund UCITS - A Note about Risk: The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested. The value of equity securities is subject to changes in the company's financial condition and overall market and economic conditions. The Fund is subject to the risks faced by companies in the health care sector, including companies in the health care equipment and services industry and the pharmaceuticals, biotechnology, and life sciences industry. The Fund may engage in active and frequent trading of its securities, resulting in high portfolio turnover which may result in increased brokerage fees or other transaction costs that are not reflected in the Fund's annual operating expenses. The Fund is subject to credit risk, which is the risk that a counterparty will fail to meet its payment obligations. 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 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 the fund's base currency of 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. Please refer to the fund's legal and regulatory documentation for more detailed risk information.

Lord Abbett Growth Leaders Fund - A Note about Risk: The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies, including market, liquidity, currency, and political risks. Mid and small cap company stocks tend to be more volatile and may be less liquid than large cap company stocks. Mid and small cap companies also may have more limited product lines, markets, or financial resources and typically experience a higher risk of failure than large companies. However, larger companies may have slower rates of growth than smaller successful companies. Investments in growth companies can be more sensitive to the company's earnings and more volatile than the stock market in general. The Fund engages in active and frequent trading of its securities, which may result in increased transaction fees, reduced investment performance, and higher taxes. These factors can adversely affect Fund performance.

Lord Abbett Health Care Fund - A Note about Risk: The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies, including market, liquidity, currency, and political risks. Because the Fund invests a significant portion of its assets in securities issued by health care-related companies, developments affecting the health care industry will likely have a disproportionate impact on the Fund. The Fund engages in active and frequent trading of its securities, which may result in increased transaction fees, reduced investment performance, and higher taxes. The Fund may invest in foreign or emerging market securities, which may be adversely affected by economic, political, or regulatory factors and subject to currency volatility and greater liquidity risk. The Fund may invest in derivatives, which are subject to greater liquidity, leverage, and counterparty risk. These factors can affect Fund performance. The fund performance history at this time is very limited; therefore, performance achieved during its initial period of investment operation may not be replicated over longer periods and may not be indicative of how the Fund will perform in the future.

Lord Abbett Multi-Asset Balanced Opportunity Fund - A Note about Risk: The Fund invests in underlying funds that may engage in a variety of investment strategies involving certain risks; the Fund is subject to the particular risks of an underlying fund in proportion to a respective investment. Performance of an underlying fund may be lower than the performance of the asset class it represents. The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies and/or sectors in the economy. Investments in small and/or mid-sized company stocks typically involve greater risk, particularly in the short term, than those in larger, more established companies. Investments in either growth or value stocks may shift in and out of favor for long periods of time, depending on market and economic conditions. The Fund is subject to the risks associated with fixed income securities that are generally subject to interest rate risk, credit risk, and liquidity risk. These risks are greater for high yield fixed income securities. Foreign securities may pose greater risks than domestic securities, including greater price fluctuation, less government regulation, and higher transaction costs. Foreign investments also may be affected by changes in currency rates or currency controls. Investing internationally involves risks not associated with investing solely in the United States, such as currency fluctuation, political risk, differences in accounting and the limited availability of information. In addition, the Fund is subject to the risks associated with derivatives, which may be different from and greater than the risks associated with investing directly in securities and other investments. These factors can affect Fund performance.

Lord Abbett Multi-Asset Income Fund - A Note about Risk: The Fund invests in underlying funds that may engage in a variety of investment strategies involving certain risks; the Fund is subject to the particular risks of an underlying fund in proportion to a respective investment. Because the Fund will be more heavily invested in fixed-income funds than equity funds, it will be more affected by interest rate risk, credit risk, liquidity risk, and other risks associated with debt securities. These risks are greater for high yield debt securities. The underlying funds' equity investments are subject to greater risk and market volatility than fixed income investments. Foreign investing, especially in developing countries, carries additional risks, such as currency and market volatility, and political and social instability. The Fund is subject to the risks associated with derivatives, which may be different from and greater than the risks associated with investing directly in securities and other investments. These factors can affect Fund performance.

Lord Abbett Series Fund - Dividend Growth - A Note about Risk: The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies, including market, liquidity, currency, and political risks. Mid cap company stocks tend to be more volatile and may be less liquid than large cap company stocks. Mid cap companies typically experience a higher risk of failure than large cap companies. However, larger companies may be unable to respond quickly to certain market developments and may have slower rates of growth as compared to smaller successful companies. A company's dividend payments may vary over time, and there is no guarantee that a company will pay a dividend at all. These factors can adversely affect Fund performance.

Lord Abbett US Growth Leaders Fund UCITS - A Note about Risk: The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies, including market, liquidity, currency, and political risks. Mid and small cap company stocks tend to be more volatile and may be less liquid than large cap company stocks. Mid and small cap companies also may have more limited product lines, markets, or financial resources and typically experience a higher risk of failure than large companies. However, larger companies may have slower rates of growth than smaller successful companies. Investments in growth companies can be more sensitive to the company's earnings and more volatile than the stock market in general. The Fund engages in active and frequent trading of its securities, which may result in increased transaction fees, reduced investment performance, and higher taxes. These factors can adversely affect Fund performance.

Specific investments described herein do not represent all investment decisions made by Lord Abbett. The reader should not assume that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future.

Unless otherwise noted, all discussions are based on U.S. markets and U.S. monetary and fiscal policies.

Lord, Abbett & Co. LLC | 30 Hudson Street | Jersey City, NJ 07302-4804 | T 1.888.522.2388 | lordabbett.com

ME-DIVGROWTH
06-26