



## DEVELOPING GROWTH FUND

### MARKET REVIEW

Index Performance	4Q23	YTD
S&P 500 Index	11.69%	26.29%
Russell 1000® Index	11.96%	26.53%
Russell 2000® Index	14.03%	16.93%
Russell 3000® Growth Index	14.09%	41.21%
Russell 3000® Value Index	9.83%	11.66%
MSCI ACWI Index	11.15%	22.81%
MSCI ACWI Ex-US Index	9.82%	16.21%
MSCI EAFE Index	10.47%	18.85%

Source: Factset. As of 12/31/23. **Past performance is not a reliable indicator or guarantee of future results.** Due to market volatility, the market may not perform in a similar manner in the future. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. The index data provided is not representative of any Lord Abbett product.

- U.S. equity markets surged in the fourth quarter of 2023, with most major indexes registering double-digit gains. The narrative for the quarter revolved around a meaningful easing of financial conditions, which was driven by several factors – including a dovish pivot from the U.S. Federal Reserve (Fed) and the continued expectations of a soft landing, backed by falling inflation data, a strong labor market, a resilient consumer, and better corporate earnings.<sup>1</sup>
- That said, despite the overall optimism, concerns persisted over the period. Notably, the outlook for the economy continued to be a primary topic of debate as investors weighed the possibility of premature rate cuts and the lagged effects of the rate tightening cycle. The impacts of disinflation on corporate pricing power, revenue growth, and operating leverage were also flagged as a bearish talking point.<sup>1</sup>

### PORTFOLIO REVIEW

- The Fund returned 11.55%, reflecting performance at the net asset value (NAV) of Class I shares with all distributions reinvested for the quarter ended December 31, 2023. The Fund's benchmark, the Russell 2000® Growth Index<sup>2</sup>, returned 12.75% during the same period.
- Security selection within the Financials sector detracted from relative performance over the period. Within the sector, shares of Flywire, Inc. (1.4%), a global payments platform, fell following a disappointing earnings report which saw top and bottom-line results falling short of estimates. Management highlighted foreign exchange headwinds as a key challenge. We trimmed the position in response, although still expect the company to reaccelerate its growth in 2024.
- Security selection within the Information Technology sector also detracted from relative performance. The Fund's position in Confluent, Inc. (0.8%), a provider of commercial data infrastructure platforms, was a notable detractor. Despite reporting quarterly earnings results that were largely in line with consensus expectations, shares of the stock fell in response to the company's management issuing revenue guidance that fell short of estimates.
- Conversely, security selection within the Health Care sector was a primary contributor to relative performance during the period. Shares of ImmunoGen, Inc. (0.3%), a clinical stage biopharmaceutical company, jumped following an announcement that the company will be acquired by AbbVie, Inc. The deal gives AbbVie access to ImmunoGen's flagship ovarian cancer treatment, Elahere.
- Within the Consumer Discretionary sector, shares of Duolingo, Inc. (3.3%), an educational technology company that produces learning applications and provides language certification, rallied in response to an exceptionally strong



quarterly earnings report, with revenue, profitability, forward guidance, and users all experiencing better-than-expected growth. Management also announced the launch of new music and math courses.

## STRATEGY POSITIONING & OUTLOOK

- Our view is that the pressure on stock market valuations from the post-pandemic inflation surge and the U.S. Federal Reserve's aggressive tightening is nearing an end, removing a major headwind for innovation stocks. While better than feared economic growth in the United States has lowered the probability of Fed rate cuts in the near term, we still believe many of the drivers of falling core inflation remain intact.
- Additionally, in an environment of moderate economic growth, we believe secular growth companies are positioned to outperform as their expanding markets, coupled with market-share gains, should allow continued strong compounding growth - which stands out relative to other parts of the market in a slowing economy.
- We remain focused on companies with improving operating and price momentum, with an emphasis on accelerating 2024 revenue and earnings growth. We are finding ample opportunities within emerging, as well as established, secular growth trends. These include, but are not limited to, the Artificial Intelligence revolution, groundbreaking advances in medical treatments (i.e., GLP-1), and a sustained improvement in the structural growth rate of the industrial complex due to the impact of reshoring and post Covid supply chain strategy. As always, there are macro risks to consider. But with sub-4% unemployment, improving wages, strong fiscal spending, we believe the prospects of a 'hard landing' continue to fade.

## TOP 10 FUND POSITIONS

Company	Sector	Weight
Duolingo, Inc.	Consumer Discretionary	2.80%
Rambus, Inc.	Information Technology	2.32%
Cytokinetics, Inc.	Health Care	2.29%
CyberArk Software Ltd.	Information Technology	2.12%
AeroVironment, Inc.	Industrials	2.11%
Blueprint Medicines Corp.	Health Care	2.10%
Trex Company, Inc.	Industrials	2.09%
Roku, Inc.	Communication Services	1.97%
Saia, Inc.	Industrials	1.94%
BridgeBio Pharma, Inc.	Health Care	1.89%

Portfolio Breakdown as of 12/31/2023.

Source: Lord Abbett. Absolute weight is based on percentage of the Fund. Holdings are included for informational purposes only and are not a recommendation to buy, sell, or hold any security. Please refer to [www.lordabbett.com](http://www.lordabbett.com) for a complete list of holdings of the Fund, including the securities discussed above, to the extent they are held by the Fund.

**PERFORMANCE AS OF 12/31/2023**

	4Q23	YTD	1 Year	3 Years	5 Years	10 Years
<b>Net Asset Value – Class I</b>	11.55%	8.74%	8.74%	-12.06%	9.24%	7.02%
<b>Russell 2000® Growth Index</b>	12.75	18.66	18.66	-3.50	9.22	7.16
<b>Morningstar Small Cap Growth Funds Average<sup>3</sup></b>	11.53	16.68	16.68	-2.29	10.99	8.09

Expense Ratio: 0.67%

Performance data quoted reflect past performance and are no guarantee 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. You can obtain performance data current to the most recent month end by calling Lord Abbett at (888) 522-2388 or referring to our website at [lordabbett.com](http://lordabbett.com).

<sup>1</sup>Factset

<sup>2</sup>The Russell 2000® Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.

<sup>3</sup>Morningstar Small Growth Funds Average is based on a universe of funds with similar investment objectives as the Fund. Peer group averages are based on all share classes in the category, and include the reinvested dividend and capital gains, if any, and exclude sales charges.

**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. Small cap company stocks tend to be more volatile and may be less liquid than other types of stocks. Small cap companies may also have more limited product lines, markets, or financial resources and typically experience a higher risk of failure than large cap 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's portfolio is actively managed and is subject to change.

The portfolio weights shown in parenthesis are based on the average portfolio weight during the quarter for each security.

For informational purposes only, the specific investments shown represent only the top contributors and detractors for the relevant performance time period. The selection criteria used to determine the top contributors and detractors remains the same across performance measurement periods.

The views and information discussed in this commentary are as of December 31, 2023, are subject to change, and may not reflect the views of the firm as a whole. The views expressed in market commentaries are at a specific point in time, are opinions only, and should not be relied upon as a forecast, research, or investment advice regarding a particular investment or the markets in general.

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**Investors should carefully consider the investment objectives, risks, charges, and expenses of the Lord Abbett Funds. This and other important information is contained in the fund's summary prospectus and/or prospectus. To obtain a prospectus or summary prospectus on any Lord Abbett mutual fund, contact your investment professional, Lord Abbett Distributor LLC at (888) 522-2388 or visit us at [lordabbett.com](http://lordabbett.com). Read the prospectus carefully before you invest.**

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