HIGH INCOME MUNICIPAL BOND FUND

MARKET REVIEW

Municipals Market Review	Q2 2025	YTD
Bloomberg Municipal Bond Index	-0.12%	-0.35%
Bloomberg High Yield Municipal Bond Index	-1.14%	-0.33%
Bloomberg Municipal Bond Index (2-4)	1.05%	2.08%
Bloomberg Municipal Bond Index (8-12)	0.78%	1.04%
Bloomberg Municipal Bond Index (22+)	-1.94%	-3.38%
Bloomberg Municipal Bond (AAA)	-0.09%	-0.43%
Bloomberg Municipal Bond (AA)	-0.04%	-0.34%
Bloomberg Municipal Bond (A)	-0.24%	-0.27%
Bloomberg Municipal Bond (BAA)	-0.64%	-0.51%

Source: FactSet as of 6/30/2025. **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.

- The municipal market, as represented by the Bloomberg Municipal Bond Index, returned -0.12% during the second quarter of 2025[1].
- Over the quarter, the municipal curve steepened with short and intermediate-term yields falling while longer-term yields rose. The 10-year to 30-year segment continues to show considerable steepness, ending the quarter with a slope of 131 basis points (bps), which compares to a slope of just 55 bps for the Treasury curve over the same range[1].
- In terms of sector, the Industrial Development and Housing sectors outperformed while the Healthcare and Education sectors lagged. Within investment grade municipals, AA-rated bonds outperformed, while A-rated and BBB-rated bonds trailed. High yield municipal bonds, as represented by the Bloomberg High Yield Municipal Bond Index, underperformed investment grade bonds, and returned -1.14 % in the second quarter[1].
- According to Lipper data[2], municipal bond funds experienced a rebound in demand in May and June following outflows in April amid the rate volatility. Year-to-date, municipal bond funds have experienced approximately $13.1 billion in inflows, largely distributed across duration ranges, but with Short-Term Funds leading all categories.
- Total municipal issuance continued to come in at elevated levels in the second quarter and reached roughly $282 billion for the first half of 2025. Compared to the first half of 2024, total municipal supply increased by over 16%[2].

PORTFOLIO REVIEW

- The Fund returned -1.30%, reflecting performance at the net asset value (NAV) of class I Shares with all distributions reinvested, for the quarter ending June 30, 2025. The Fund's secondary benchmark, a 65%/35% blend[4] of the Bloomberg High Yield Municipal Bond Index and the Bloomberg Municipal Bond Index, returned -0.78% during the same period.
- The Fund's yield curve positioning was the primary detractor from relative performance. Over the quarter, the municipal yield curve steepened with rates falling in the short and intermediate segments, while rising on the long end. Therefore, the Strategy's overweight to longer maturities on the steeper part of the curve compared to the benchmark led to a negative impact on relative performance. Of note, the Fund's yield curve positioning is a byproduct of our relative value

analysis of the yield curve and our strategic positioning taking advantage of the municipal curve's steepness, not a call of the direction of interest rates.

- Sector allocation also detracted from relative performance over the quarter, particularly an overweight to the Tobacco and Healthcare sectors and an underweight to the General Obligation sector compared to the benchmark.
- The Fund's credit quality positioning had a negative impact on relative performance. Despite healthy credit fundamentals, over the quarter, credit-sensitive municipal bonds underperformed amid market volatility caused by tariff policy uncertainty. Therefore, an underweight to AAA and AA-rated bonds compared to the secondary benchmark was a drag on relative performance.
- Security selection was a very modest detractor from relative performance. Specifically, selection of bonds with longer maturities within the Industrial Development, Special Tax, and Tobacco sectors led to a negative impact. However, this was mostly offset by the selection of bonds in the Healthcare sector, which aided relative performance.

STRATEGY POSITIONING AND OUTLOOK

- We continue to favor high premium bonds or bonds priced at significant discounts to help improve the convexity of the Fund and positioning the portfolio to have higher probabilities of performing better in a wide range of potential interest rate scenarios. We maintain a focus on bonds with longer call protection to position into more favorable structures.
- We continue to focus on segments of the curve we find most attractive from a total return and roll down perspective, while selling flatter segments of the curve or maturities that do not provide much incremental yield for added risk. The municipal yield curve shows significant steepness from 10 to 30 years and the long end of the curve is displaying attractive relative value, allowing for attractive total return opportunities.
- Although primarily invested in non-investment grade bonds, the Fund has an allocation to 'A' and 'BBB' rated bonds to provide diversification and help enhance liquidity. We also believe that lower quality investment grade bonds are showing attractive relative value in the current market environment.
- Despite a volatile start to the quarter, it's important to note that the credit quality of the municipal market remains strong. The volatility was not due to issues inherent to municipals but rather exogenous factors affecting all markets. The municipal market continues to present attractive opportunities, offering yields not seen for most of the last decade, strong credit quality, and a significantly steeper yield curve that generously compensates investors for extending duration.
- Since the start of the year, the 10-year U.S. Treasury yield is lower by 34 bps, while yields on 10-year AAA-rated municipal bonds have risen 8 bps. In the long end of the municipal curve, this trend is even more pronounced. While most fixed-income curves have steepened so far in 2025, long-term municipal yields have risen approximately 65 bps more than long Treasuries. We think current yields—near their highest levels in over a decade—present appealing opportunities for investors. As we believe starting yield is one of the best predictors of future performance, today's yields present compelling total return opportunities regardless of whether the U.S. Federal Reserve lowers rates later in 2025.
- Part of the reason for attractive municipal yields has been the record-breaking municipal bond supply. After below-average new issuance in 2022 and 2023—due to leftover pandemic stimulus and a better-than-expected economic recovery from the COVID-19 pandemic—municipal issuers came back to market in 2024, with supply reaching almost $500 billion. So far in 2025, supply has continued to come in at elevated levels, as year-to-date issuance has eclipsed last year's pace. We believe supply may continue to be elevated in the coming months, but as the market receives more clarity around U.S. fiscal policy, new issuance likely will revert back to more normalized levels, which will remove this source of market pressure.
- Demand continues to be healthy, despite a period of outflows amidst the market volatility. Following the volatility seen earlier in the quarter, the municipal market has seen ten consecutive weeks of mutual fund inflows to close the quarter. Given attractive tax-exempt yields and the record amount of investable cash "on the sidelines" (i.e., held in money market funds, CDs, and similar instruments) we expect demand to accelerate once rate volatility declines, and the new administration's policy plans become clearer.

- Credit quality for the overall municipal bond market continues to be in a strong position heading into the second half of 2025, with continued tax revenue growth and rainy-day balances of state and local governments near record levels. While recent tariff news has significantly impacted markets, it's important to remember that municipal fundamentals have historically shown resilience. They are supported by a diverse range of revenue sources, including income, real estate and sales taxes, healthcare costs, university tuition, water and sewer fees, and toll expenses—all essential costs that people continue to pay even when the economy slows. Additionally, municipal bonds are a domestic asset class and support industries relatively insulated from the effects of tariffs.

Performance as of 6/30/2025

	2Q25	1 Year	3 Years	5 Years	10 Years
Class I Share at Net Asset Value	-1.30%	1.36%	3.42%	1.54%	3.31%
65% Bloomberg High Yield Municipal Bond Index/35% Bloomberg Municipal Bond Index[3]	-0.78%	1.53%	3.78%	2.22%	3.68%
Morningstar High Yield Municipal Funds Average[4]	-2.00%	-0.26%	2.47%	1.08%	2.70%

Adjusted Expense Ratio*: 0.56%

Gross Expense Ratio: 0.62%

*Expense ratio information: The adjusted expense ratio takes into account deductions for certain interest and related expenses from certain of the Fund's investments. Under accounting rules, the Fund recognized additional income in an amount that directly offsets these interest and related expenses. Therefore, the Fund's total returns and net asset value were not affected by such interest and related expenses.

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.

The performance table above is based on Class I shares. Average Annual Total Returns are based on changes in the net asset value and assume reinvestment of all distributions, and do not reflect deduction of any front-end sales charges which are not applicable for Class I shares. Returns for less than one year are not annualized.

[1] Bloomberg as of 6/30/2025.
[2] JPMorgan as of 6/30/2025.

[3] Bloomberg. The Bloomberg High Yield Municipal Bond Index covers the universe of fixed rate, non-investment grade debt. The Bloomberg Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. An index is unmanaged, does not reflect the deduction of fees or expenses, and is not available for direct investment.

[4] Morningstar. **Morningstar High Yield Municipal 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.

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A Note about Risk: The Fund invests substantially in high-yield securities which carry increased risks of price volatility, illiquidity, and the possibility of default in the timely payment of interest and principal. High yield municipal bonds are subject to greater risk of loss of income and principal than higher-rated securities, and are likely to be more sensitive to adverse economic changes or individual municipal developments than those of higher-rated securities. In addition, because the Fund is non-diversified, it will be more exposed to risks from a single adverse economic, political, or regulatory event than a diversified fund. A portion of the income derived from the Fund's portfolio may be subject to the alternative minimum tax. Any capital gains realized may be subject to taxation. Federal, state and local taxes may apply. There is a risk that a bond issued as tax-exempt may be reclassified by the IRS as taxable, creating taxable rather than tax-exempt income. In addition, the Fund is subject to other types of risks, such as call, credit, liquidity, interest rate, and general market risks. The Fund may invest in bonds of issuers in Puerto Rico and other U.S. territories, commonwealths, and possessions, and may be affected by local, state, and regional factors. These may include, for example, economic or political developments, erosion of the tax base, and the possibility of credit problems. These factors can affect Fund performance. The Fund's portfolio is actively managed and is subject to change.

Credit Quality Breakdown: Ratings provided by Standard & Poor's, Moody's, and Fitch. Where the rating agencies rate a security differently, Lord Abbett uses the higher credit rating. For a security with both a short-term and a long-term rating, Lord Abbett has categorized the security in the chart above using its short-term rating only. Ratings range from AAA (highest) to D (lowest). Bonds rated BBB or above are considered investment grade. Credit ratings BB and below are lower-rated securities (junk bonds). High-yielding, non-investment-grade bonds (junk bonds) involve higher risks than investment-grade bonds. Adverse conditions may affect the issuer's ability to pay interest and principal on these securities. A portion of the portfolio's securities are not rated. A-1/MIG1, A-2/MIG2 and A-3/MIG3 designations denote securities with less than a three-year maturity as well as superior (A-1/MIG1), strong (A-2/MIG2) and favorable (A-3/MIG3) credit quality. The credit quality breakdown is not an S&P credit rating or an opinion of S&P as to the creditworthiness of such portfolio. Credit quality allocation reflects market value weightings.

Bloomberg Index Information:
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