SHORT DURATION INCOME FUND

MARKET REVIEW

Fixed Income Market Review		
Yields and Spreads	**9/30/2023**	**12/31/2023**
2 Year U.S. Treasury Yield	5.04%	4.25%
10 Year U.S. Treasury Yield	4.57%	3.88%
2-10 U.S. Treasury Yield Spread	-47	-37
Bloomberg U.S. Corporate Investment Grade Bond Index Spread (OAS)	121	99
ICE BofA U.S. High Yield Constrained Index Spread (OAS)	406	339
Returns	**QTD (As of 12/31/23)**	**YTD (As of 12/31/23)**
Bloomberg Aggregate Index Return	6.82%	5.53%
Bloomberg U.S. Corporate Investment Grade Bond Index Return	8.50%	8.52%
Bloomberg U.S. CMBS Index Return	4.92%	5.16%
Bloomberg U.S. ABS Index Return	3.48%	5.54%
Bloomberg U.S. MBS Index Return	7.48%	5.05%
ICE BofA U.S. High Yield Constrained Index Return	7.07%	13.46%
Credit Suisse Leveraged Loan Index	2.85%	13.04%
ICE BofA U.S. Convertible Index Return	6.79%	12.99%

Source: FactSet. **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.

- Fixed income markets exhibited robust returns in the fourth quarter driven by positive sentiment that led to meaningful compression in corporate credit spreads and a decline in bond yields. U.S. Treasuries rallied sharply across the curve with the yield on the 2-year note down more than 75 basis points (bps) to 4.25% and the yield on the 10-year note down approximately 70 bps to 3.88%.[1]
- Over the quarter, short-term investment grade corporates[2] spreads tightened by 14 bps, while short-term asset-backed securities (ABS)[3] spreads widened by 1 bp and short-term commercial mortgage-backed securities (CMBS)[4] spreads widened by 15 bps.
- The dovish pivot by the Fed in December hinted at a potential policy easing, contributing to the market's positive momentum and fall in bond yields. This environment was further supported by a combination of factors: a decline in core personal consumption expenditures (PCE) inflation, favorable Treasury refunding announcements, strong consumer resilience, and stable earnings expectations. These elements, along with a shift in market sentiment and positioning, buoyed by seasonality and increased corporate buybacks, culminated in a bullish sentiment across the equity markets.[1]

PORTFOLIO REVIEW

- The Fund returned 2.59%, reflecting performance at the net asset value (NAV) of Class I shares with all distributions reinvested, for the quarter ended December 31st, 2023. The Fund's benchmark, the ICE BofA 1-3 Year U.S. Corporate Index[5] returned 3.04% during the same period.
- The portfolio's allocation to commercial mortgage-backed securities (CMBS) detracted from relative performance, particularly within single-asset, single borrower (SASB) securities, as concerns about commercial real estate fundamentals continue to weigh on the market. Although valuations are compelling, we remain cautious about certain segments of the market and continued to reduce the portfolio's overall exposure to CMBS over the period. A significant amount of pressure has been

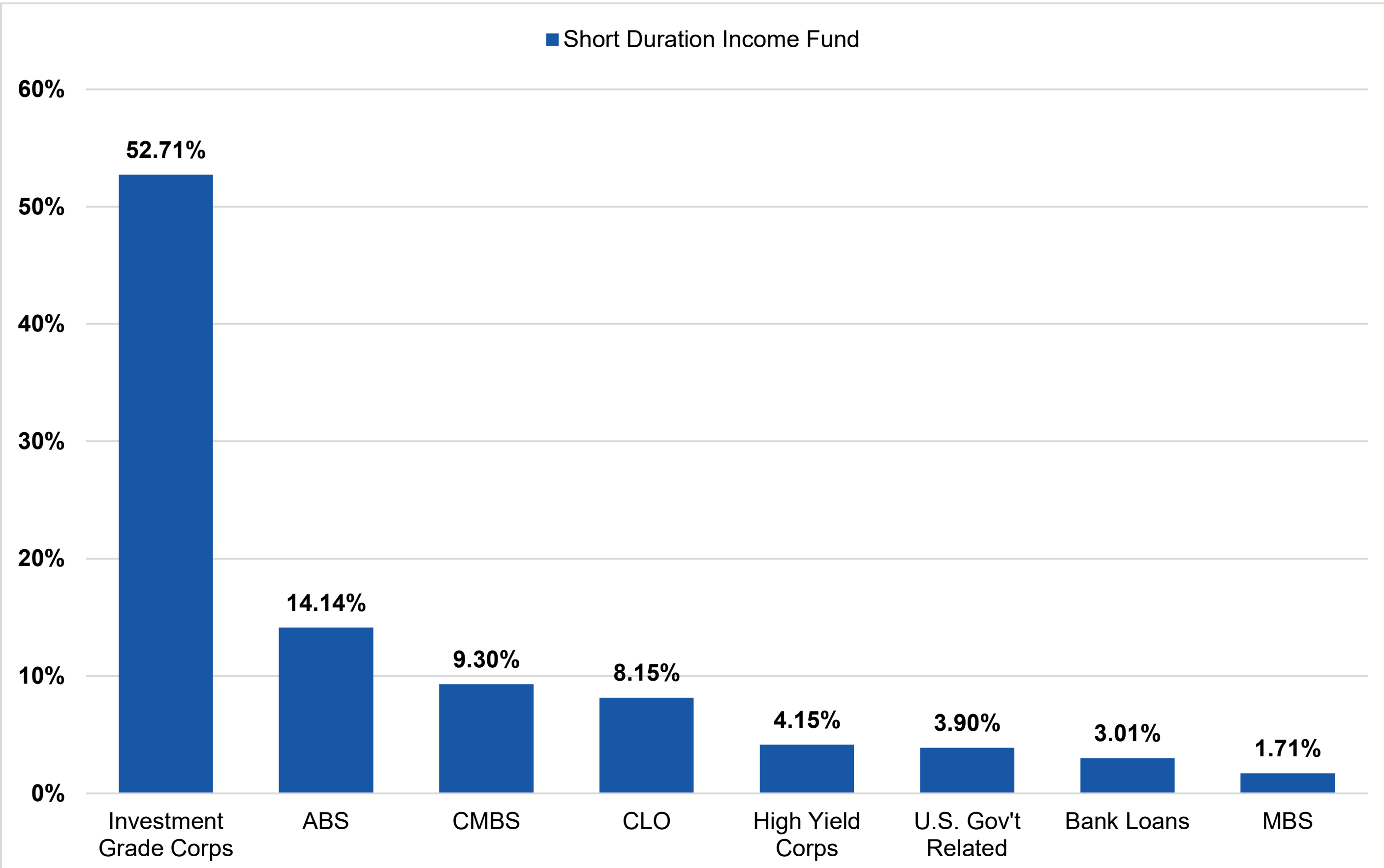
priced into the market this year and we believe our positions are in a strong position to weather future fundamental deterioration. We maintain a high bar to add new positions, with a preference for high quality, liquid names.

- The portfolio's allocation to asset-backed securities (ABS) also led to a negative impact on relative performance as short-term ABS credit spreads were generally flat. While short-term ABS produced positive performance over the quarter, it underperformed the short-term investment grade corporate bond index. We continue to favor high-quality ABS within the auto sector, focusing on newly originated loans with superior underwriting. We modestly decreased the Fund's ABS exposure over the quarter.
- Security selection within investment grade corporate bonds was the primary contributor to relative returns, mainly within the Financial sector. We remain conservatively positioned in Financials, overweight large U.S. money center banks and European national champion banks, which we feel are particularly attractive in the current environment. The bank debt the portfolio holds is focused on institutions that have strong deposit franchises with robust credit cultures and strong management teams. We increased the portfolio's exposure to investment grade corporate bonds over the period, primarily within the Automotive and Financial sectors.
- The short-term, high yield allocation modestly contributed to relative performance over the quarter given significant spread compression in below-investment grade credit. Although our allocation to high yield corporate bonds is near historic lows given the reduced availability of yield-to-call names, we continue to seek opportunities in higher quality parts of the market, such as Energy, and idiosyncratic situations associated with mergers or credit events.
- The Collateralized Loan Obligation (CLO) allocation also led to a positive impact on relative performance given the significant compression of high-quality CLO credit spreads. The portfolio's CLO allocation is very short in maturity, AAA-rated and exhibits low spread volatility.

OUTLOOK

- We believe the opportunity set for fixed income remains compelling. While rates rallied at the close of 2023, Treasury yields across the curve are still at some of the most elevated levels in over a decade. Higher bond yields bring higher return expectations across the board. Higher yields also equate to a more attractive risk/reward dynamic for investors, as the enhanced carry provides cushion to total returns, offering protection should rates continue to rise.
- We maintain an up-in-quality, up-in-liquidity and down-in-cyclicality posture. Given broader macroeconomic uncertainty, we have positioned the portfolio to perform well in a wide range of potential scenarios.
- Strong fundamentals and attractive carry make the investment-grade corporate segment look particularly attractive. Credit spreads have tightened, given a resilient U.S. economy and a potential Fed pivot, but overall investment-grade corporate yields are near the highest levels since the Great Financial Crisis and outyield the level of high yield corporates from two years ago. Balance sheets are at healthy levels, and leverage remains relatively low, as corporate America has acted prudently over the last few years. Revenues held up throughout 2023, and more importantly, companies have shown the ability to pass along higher costs to maintain margins. However, we maintain a focus on companies and industries we believe are more insulated from the potential negative impact of higher yields and tighter credit conditions.
- While we've observed some consumer weakening at the end of 2023, it is important to note that these negative trends are occurring in the context of multi-year fundamental consumer strength. Income levels, for example, continue to experience growth, unemployment is still below 4% and modestly above the 50-year low experienced earlier in 2023, and consumer spending remains strong. In terms of real estate, we find compelling value in CMBS, but remain cautious due to the many headwinds. Valuations are pricing in considerable economic or revenue stress and consequently offer significantly higher spreads than other areas of the bond market. While stress is likely to increase on more vulnerable properties, we will continue to focus on high quality, liquid deals outside of the office and retail segments.

Sector Allocation as of 12/31/2023



*Source: Lord Abbett. "Other" may include non-index holdings. Sector allocations exclude cash therefore Fund percentage allocations may not equal 100%. As of 12/31/2023

Performance as of 12/31/2023

	4Q23	1 Year	3 Years	5 Years	10 Years
Net Asset Value	2.59%	5.39%	0.55%	2.07%	2.10%
ICE BofA 1-3 Year U.S. Corporate Index [5]	3.04%	5.69%	0.48%	2.18%	1.90%
Morningstar Short-Term Bond Funds Average [6]	3.35%	5.73%	0.14%	1.88%	1.58%

Expense Ratios: 0.38%.

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.

[1]Factset

[2]As represented by the ICE BofA US Corporate (1-3 Y) Index as 12/31/2023

[3]As represented by the Bloomberg US ABS Composite (1-3 Y) Index as 12/31/2023

[4]As represented by the Bloomberg US CMBS Investment Grade (1-3.5 Y) Index as of 12/31/2023

[5]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.
[6]Short-term bond portfolios within the Morningstar Short-Term Bond Category invest primarily in corporate and other investment-grade U.S. fixed-income issues and typically have durations of 1.0 to 3.5 years. These portfolios are attractive to fairly conservative investors, because they are less sensitive to interest rates than portfolios with longer durations. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Short-term is defined as 25% to 75% of the three-year average effective duration of the MCBI.
A Note about Risk: The Fund is subject to the general risks associated with investing in fixed income securities, including market, credit, liquidity, and interest rate risk. The value of an investment in the Fund will change as interest rates fluctuate in response to market movements. When interest rates rise, the prices of debt securities are likely to decline, and when interest rates fall, the prices of debt securities tend to rise. The Fund may invest in high yield, lower-rated debt securities, sometimes called junk bonds and may involve greater risks than higher rated debt securities. These securities carry increased risks of price volatility, illiquidity, and the possibility of default in the timely payment of interest and principal. 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's portfolio is actively managed and is subject to change.

The credit quality of the securities in a portfolio are assigned by a nationally recognized statistical rating organization (NRSRO), such as Standard & Poor's, Moody's, or Fitch, as an indication of an issuer's creditworthiness. 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.

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.

Bloomberg Index Information:

ICE BofA Index Information:

An **asset-backed security (ABS)** is a type of financial investment that is collateralized by an underlying pool of assets—usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, or receivables.

Mortgage-backed securities (MBS) are variations of asset-backed securities that are formed by pooling together mortgages exclusively.

Commercial mortgage-backed securities (CMBS) are fixed-income investment products that are backed by mortgages on commercial properties rather than residential real estate.

A **collateralized loan obligation (CLO)** is a single security backed by a pool of debt. Collateralized loan obligations (CLO) are often backed by corporate loans with low credit ratings or loans taken out by private equity firms to conduct leveraged buyouts.

The views and information discussed in this commentary are as of December 31st, 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. Information discussed should not be considered a recommendation to purchase or sell securities.

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