



BOND DEBENTURE FUND

MARKET REVIEW

Fixed Income Market Review		
Yields and Spreads	06/30/2025	09/30/2025
2 Year Treasury Yield	3.71%	3.61%
10 Year Treasury Yield	4.23%	4.15%
2-10 Treasury Yield Spread	52 bps	54 bps
Bloomberg U.S. Corporate Investment Grade Bond Index Spread (OAS)	83 bps	74 bps
ICE BofA U.S. High Yield Constrained Index Spread (OAS)	296 bps	280 bps
Returns	QTD (as of 09/30)	YTD (as of 09/30)
Bloomberg Aggregate Index Return	2.03%	6.13%
Bloomberg U.S. Corporate Investment Grade Bond Index Return	2.60%	6.88%
Bloomberg U.S. CMBS Index Return	1.87%	6.26%
Bloomberg U.S. ABS Index Return	1.64%	4.62%
Bloomberg U.S. MBS Index Return	2.43%	6.76%
ICE BofA U.S. High Yield Constrained Index Return	2.40%	7.06%
Morningstar LSTA U.S. Leveraged Loan Index	1.77%	4.68%
ICE BofA U.S. Convertible Index Return	8.58%	15.70%

Source: FactSet, as of 09/30/2025.

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.

- Fixed income markets exhibited positive returns for the quarter. Performance was primarily driven by a sentiment shift from the U.S. Federal Reserve (Fed) toward a more dovish stance, with growing expectations for rate cuts amid signs of labor market softening and political pressure from President Donald Trump. While a 25 basis point cut was delivered in September, uncertainty remains with regards to further easing for the remainder of the year. Elsewhere, labor data was mixed: solid in June but weaker in both July and August. However, unemployment stayed low and jobless claims were relatively steady. Inflation remained above the long-term target, which prompted more caution from Fed officials. Other tailwinds included corporate earnings which exceeded expectations, and consumer spending that held firm despite signs of stress among lower-income households. AI optimism continued to also fuel market gains, though concerns about sustainability and monetization emerged. Overall, strong earnings, resilient consumer demand, and anticipated Fed easing helped push returns higher, though risks remain from policy uncertainty, slowing job creation, and unresolved trade issues. Trade tensions persisted, with new tariffs imposed and ongoing negotiations with China, while legal challenges to Trump's tariff authority added complexity.¹
- By asset class, U.S. high yield bonds provided strong gains of 2.40%² over the period, benefiting from a continued compression in credit spreads.³ Higher-quality fixed income returns were also strong and in line with credit sectors.



Notably, U.S. Treasury returns were positive with the 2-year note dropping 10 bps to 3.61% and the yield on the 10-year note declining by 8 bps to 4.15%.¹ U.S. investment grade credit returned +2.60%, helped by a move lower in yields as well as modest compression in spreads.⁴ Elsewhere, U.S. leveraged loan performance was solid but lagged their fixed rate counterparts, returning +1.77%.⁵ In Europe, high yield credit underperformed U.S. markets, returning +1.80% over the period.⁶ Investment grade corporates in Europe also underperformed their U.S. counterparts, returning +0.91%.⁷ Equity markets continued their recoveries following the brief selloff in April, highlighted by the S&P demonstrating strong returns of +8.12% for the period.⁸

FUND REVIEW

- The Fund returned +2.97%, reflecting performance at the net asset value (NAV) of Class I shares with all distributions reinvested for the quarter ended September 30, 2025. The Fund's benchmark, the Bloomberg U.S. Aggregate Bond Index, returned +2.03% during the same period.

Past performance does not predict future returns.

- The Fund takes a flexible, multi-sector approach, which emphasizes credit sensitive sectors of the market, compared to its benchmark, which is largely comprised of U.S. Treasuries and government related securities. This higher allocation to credit contributed to relative performance over the period, specifically in U.S. high yield and convertible bonds. The high yield sector continued its resilient performance, outperforming the benchmark and benefiting from higher levels of income and continued compression in spreads amid following a more dovish stance from the Fed. Convertible bonds also exhibited strong returns, propped up by continued strength in equity markets and overall tilt towards growth-oriented sectors. Credit selection within investment grade corporate credit was also a contributor, specifically within the BBB-rated credit tier.
- While the Fund's credit allocation was a relative contributor, the lower exposure to certain rate-related products was ultimately a detractor. This was reflected by underweight allocations to both U.S. Treasuries and Agency mortgage-backed securities (MBS), where the Fund was underweight both sectors that demonstrated strong returns over the period, helped by the decline in Treasury yields across the curve.

FUND POSITIONING

- **Remained diversified across broad fixed income sectors.**

Beyond investment grade and high yield corporate bonds, the Fund maintained a meaningful allocation to agency mortgage-backed securities (MBS), as well as modest allocations to convertible bonds, Emerging Market (EM) sovereign and corporate debt. We believe select exposures to these sectors can continue to offer attractive risk-reward opportunities over the long-term as well as potential portfolio diversification benefits.

- **The Fund continued to be broadly constructive on corporate credit, specifically high yield.**

We continue to find attractive opportunities within the high yield asset class, particularly given the improvement in rating composition, low duration and sound fundamental base of issuers within the index. With spreads below 300 bps, we continued to maximize carry in the Fund, adding to down-in-quality opportunities with relatively high coupons and reducing positions with low coupons and low convexity where upside was limited.

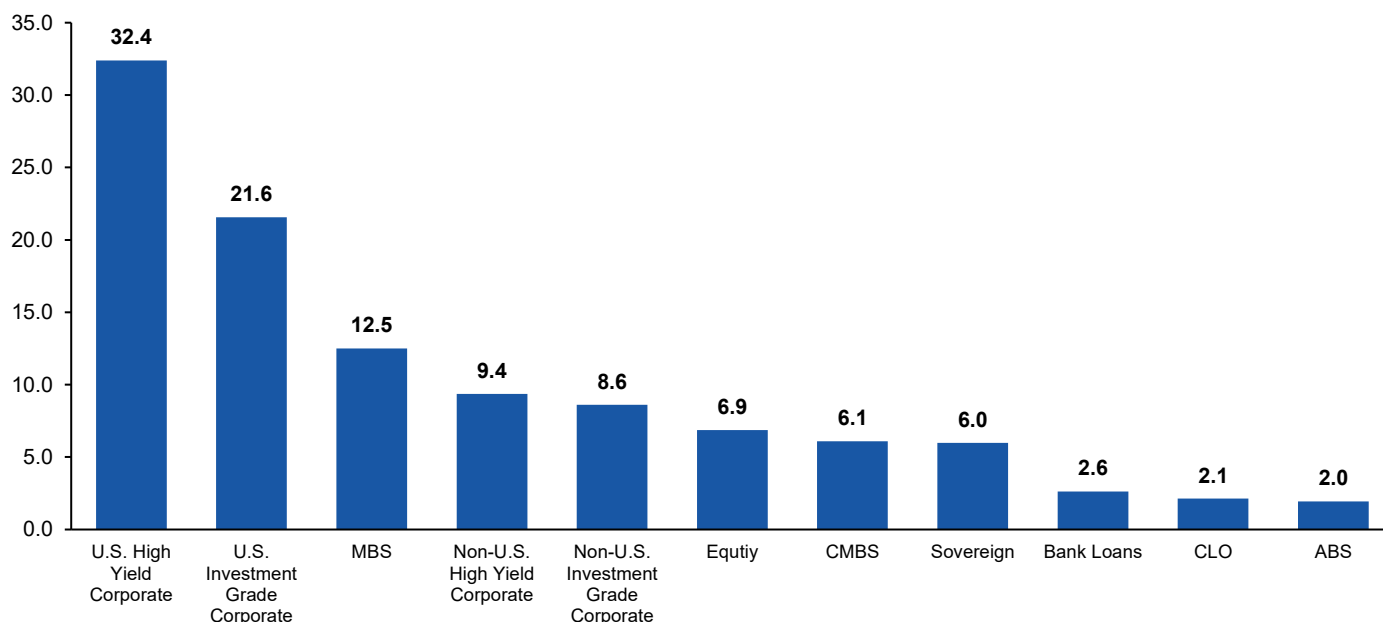


- **Added to EM bonds and equity positions while reducing investment grade corporates.**
- We increased exposure to equities as market outlooks improved, specifically rotating from large cap positions to mid and small cap as market breadth increased. Additionally, we added exposure to EM bonds, both corporate and sovereigns, targeting regions linked to commodity-related industries. We decreased the Fund's exposure to investment grade corporate credit, specifically BBBs, as we believed valuations to be tight and other credit sectors offered better relative value.

OUTLOOK

- We remain constructive on fixed income markets, viewing current valuations as fair despite corporate credit spreads sitting near historically tight levels. Specifically within high yield, the sector is supported by strong index quality, historically low duration, and solid fundamentals and earnings. As for investment grade credit, yields continue to be relatively elevated, adding a level of high-quality income to the Fund. Tailwinds for credit include the renewed rate-cutting cycle is expected to provide a favorable backdrop for credit, with additional easing likely over the next 12–18 months. The broader economic backdrop appears to be sound: inflation, while somewhat stubborn, continues to retreat from prior highs, and the labor market, despite signs of softening, still shows low unemployment and resilience. Additional tailwinds include robust capital markets with healthy issuance, easing trade policy uncertainty, resilient consumer demand, and a strong earnings environment for corporate issuers. That said, we remain cautious of potential headwinds such as stickier inflation or unexpectedly strong data that could prompt a more hawkish Fed stance, as well as renewed geopolitical tensions or weaker-than-expected macro indicators that could challenge the current outlook.

PORTFOLIO BREAKDOWN



Source: Lord Abbett. Due to rounding and the exclusion of cash, the percentage allocation of the Fund breakdown may not equal 100%. Fund breakdown as of 09/30/2025.



Performance as of 09/30/2025

	3Q25	1 Year	3 Years	5 Years	10 Years
I Share Net Asset Value	2.97%	6.22%	7.96%	3.35%	4.80%
Bloomberg U.S. Aggregate Bond Index*	2.03%	2.88%	4.93%	-0.45%	1.84%
Morningstar Multi-Sector Bond Funds Average⁹	2.23%	5.43%	7.73%	3.36%	3.82%

Gross Expense Ratio: 0.70%

Adjusted Expense Ratio: 0.59%

Adjusted Expense Ratio – Excludes certain investment expenses, such as the interest expense from borrowing in certain underlying funds.

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.

¹Factset, as of 09/30/2025.²As represented by the ICE BofA U.S. High Yield Constrained Index as of 09/30/2025.³As represented by the Option Adjusted Spread (OAS) of the ICE BofA U.S. High Yield Constrained Index as of 09/30/2025.⁴As represented by the Bloomberg U.S. Corporate Investment Grade Bond Index Return as of 09/30/2025.⁵As represented by the Morningstar LSTA U.S. Leveraged Loan Index as of 09/30/2025.⁶As represented by the ICE BofA European High Yield Index as of 09/30/2025.⁷As represented by the ICE BofA European Corporate Index as of 09/30/2025.⁸As represented by the S&P 500 Index as of 09/30/2025.

⁹Source: Morningstar, as of 09/30/2025. **Morningstar Multi-Sector Bond Funds:** Multisector-bond portfolios seek income by diversifying their assets among several fixed income sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds, and high-yield U.S. debt securities. These portfolios typically hold 35% to 65% of bond assets in securities that are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

*The **Bloomberg U.S. Aggregate Bond Index** represents securities that are SEC registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass through securities, and asset backed securities. Total return comprises price appreciation/depreciation and income as a percentage of the original investment

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.

A Note about Risk: The Fund is subject to the general risks associated with investing in debt securities, including market, credit, liquidity, and interest rate risk. The value of your investment will change as interest rates fluctuate and in response to market movements. When interest rates fall, the prices of debt securities tend to rise, and when interest rates rise, the prices of debt securities are likely to decline. Longer-term debt securities are usually more sensitive to interest-rate changes; the longer the maturity of a security, the greater the effect a change in interest rates is likely to have on its price. The Fund may make substantial investments in high-yield debt securities and may invest in senior loans which may be primarily below-investment grade. High yield securities, sometimes called junk bonds, carry increased risks of price volatility, illiquidity, and the possibility of default in timely payment of interest and expenses. 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. Convertible securities are subject to the risks affecting both equity and fixed income securities, including market, credit, liquidity, and interest rate risk. These factors can affect Fund performance.

The Fund's portfolio is actively managed and is subject to change.

Ratings (other than U.S. Treasury securities or securities issued or backed by U.S. agencies.) provided by Standard & Poor's, Moody's, and Fitch. For certain securities that are not rated by any of these three agencies, credit ratings from other agencies may be used. Where the rating agencies rate a security differently, Lord Abbett uses the median, but if there are only two ratings, the lower is used. 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 Fund's securities may not be rated. Breakdown is not an S&P credit rating or an opinion of S&P as to the creditworthiness of such Fund. Ratings apply to the credit worthiness of the issuers of the underlying securities and not the fund or its shares. Ratings may be subject to change.

One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

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.

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Morningstar LSTA US Leveraged Loan Index is a market-value weighted index designed to measure the performance of the US leveraged loan market.

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LORD ABBETT®

Fund Commentary **3Q25**

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