LORD ABBETT®

Fund Commentary **3Q24**

BOND DEBENTURE FUND

MARKET REVIEW

Fixed Income Market Review		
Yields and Spreads	**06/30/2024**	**09/30/2024**
2 Year Treasury Yield	4.72%	3.64%
10 Year Treasury Yield	4.37%	3.79%
2-10 Treasury Yield Spread	-35 bps	14 bps
Bloomberg U.S. Corporate Investment Grade Bond Index Spread (OAS)	94 bps	89 bps
ICE BofA U.S. High Yield Constrained Index Spread (OAS)	321 bps	303 bps
Returns	**QTD (as of 09/30)**	**YTD (as of 09/30)**
Bloomberg Aggregate Index Return	5.20%	4.45%
Bloomberg U.S. Corporate Investment Grade Bond Index Return	5.84%	5.32%
Bloomberg U.S. CMBS Index Return	4.55%	7.80%
Bloomberg U.S. ABS Index Return	3.35%	5.07%
Bloomberg U.S. MBS Index Return	5.53%	4.50%
ICE BofA U.S. High Yield Constrained Index Return	5.32%	8.05%
Credit Suisse Leveraged Loan Index	2.08%	6.61%
ICE BofA U.S. Convertible Index Return	5.28%	7.51%

Source: FactSet, as of 09/30/2024.

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 performance over the third quarter. Key performance drivers included the first of several expected rate cuts in 2024, where the U.S. Federal Reserve (Fed) implemented a 50 basis point (bp) cut in policy rates. There were also increased expectations for further rate cuts in 2024, driven by a more dovish shift from the Fed and hopes for an economic soft landing. This shift was influenced by mixed economic data, including softer consumer price index (CPI) reports and fluctuating job market indicators, which sparked recession fears but were mostly balanced by strong consumer spending and retail sales. Looking ahead, the bull case relies on continued Fed easing, disinflation and a stable labor market. However, high valuations, potential labor market issues, and wavering consumer confidence pose risks to this optimistic outlook.[1]
- Credit performed well over the quarter amid this environment, with U.S. high yield bonds gaining +5.32%.[2] The asset class benefitted from a contraction in high yield spreads, which moved 18 bps tighter, and a drop of around 100 bps in yield.[2] Higher-quality fixed income sector performance was also strong, driven by declining yields. Notably, the yield on the 2-year note dropped over 100 bps to 3.64% and the yield on the 10-year note fell over 50 bps to 4.20%, leading to a reversion of the 2-10 Yield spread back to positive territory.[1] U.S. Investment Grade credit returned +5.84%, outperforming high yield credit given the longer-duration profile of the investment grade index.[3] Elsewhere,

U.S. leveraged loans underperformed their fixed rate counterparts for the quarter, gaining just +2.06.[4] Convertible bonds returned +5.28% for the period as performance was boosted by the fall in rates.[5] In Europe, high yield credit modestly underperformed U.S. markets, returning +3.51% over the period.[6] Investment grade corporates in Europe exhibited smaller gains in the quarter, returning +3.28%.[7]

PORTFOLIO REVIEW

- The Fund returned +4.70%, reflecting performance at the net asset value (NAV) of Class I shares with all distributions reinvested for the quarter ended September 30, 2024. The Fund's benchmark, the Bloomberg U.S. Aggregate Bond Index, returned +5.20% 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. While credit exhibited strong returns over the quarter, the Fund underperformed its benchmark. Despite a contraction in spreads and decline in yields, the asset class lagged higher-quality fixed income segments of the benchmark which have longer duration profiles and received a boost from declining yields.
- An allocation to bank loans also detracted. Similar to high yield bonds, loans underperformed more rate sensitive sectors due to its very limited duration. A modest allocation to equities also detracted. This allocation was comprised of securities primarily from issuers across Information Technology, specifically Software, and Industrial sectors.
- However, several allocations contributed to relative performance, including an underweight allocation to U.S. Treasuries. This benefited relative returns as the sector underperformed the broader index. The Fund also benefited from positive credit selection within the Sovereigns sector. The Fund was primarily allocated to positions from LATAM nations that outperformed amid positive economic developments.

FUND POSITIONING

- **The Fund 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 bank loans, Emerging Market sovereign and corporate debt and equities. Specifically, over the quarter, we added to the Fund's allocations in corporate credit and agency MBS, while reducing exposure to floating rate sectors, specifically bank loans and collateralized loan obligations (CLOs). We believe select exposures to these sectors offer attractive risk-reward opportunities, potential portfolio diversification benefits and avenues for liquidity.

- **We favor fixed vs. floating rate exposure.**

  With the Fed expected to implement further interest rate cuts in the near term, we favor securities with fixed-rate coupons as opposed to variable coupons. Specifically, over the quarter, we added to the Fund's allocations in corporate credit and agency MBS, while reducing exposure to floating rate sectors, specifically bank loans and collateralized loan obligations (CLOs).

- **The Fund continued to be constructive on corporate credit.**

  We remain constructive on corporate credit considering the overall health of the U.S. economy, open capital markets and benign default rate outlook. Notably, fundamentals for both investment grade and high yield issuers continue to be robust with leverage and interest rate coverage also remain at supportive levels, aiding the belief that defaults should be relatively benign as we move into 2025. We do acknowledge that valuations are relatively tight, but we believe there is still modest room for spreads to move lower given the high-quality nature and relative fundamental strength of the market. In this light, we've added to both high yield and investment grade allocations over the quarter.

- **We are more balanced in the Fund's sector exposure.**

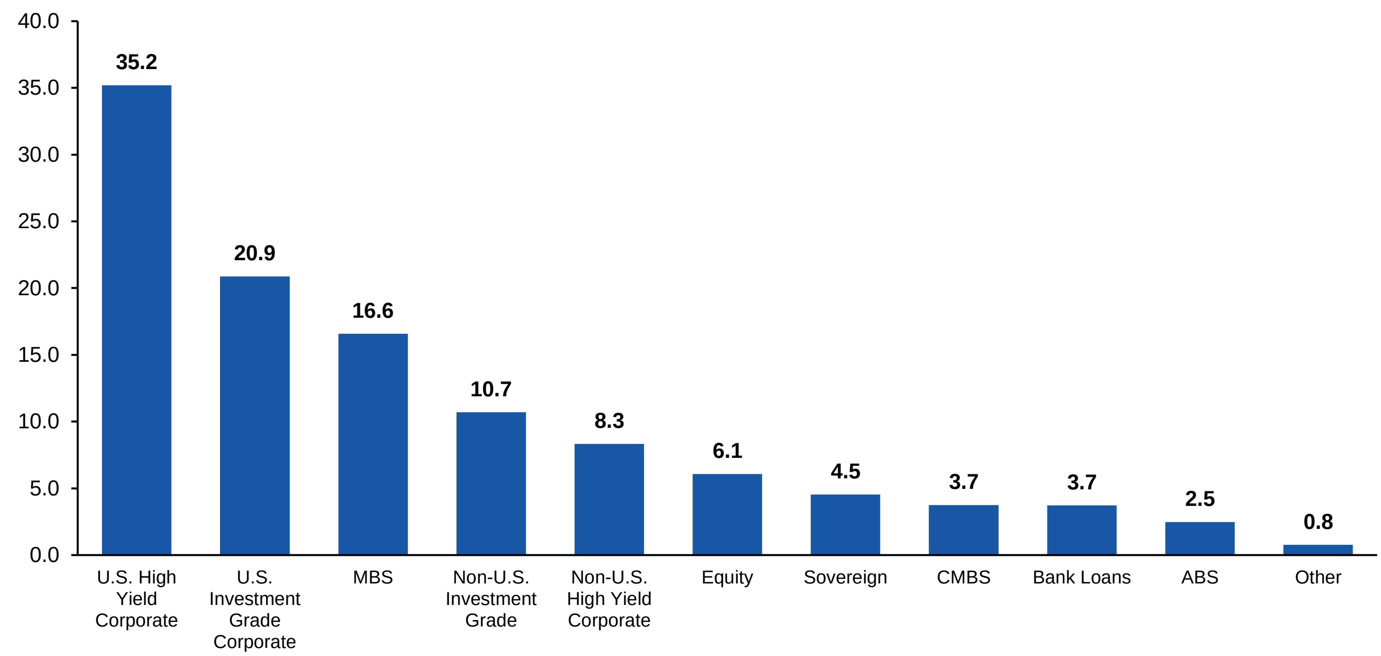
  The Fund remained primarily allocated to Basic Industry and Energy sectors. However, we reduced allocation, specifically in Chemicals, Metals and Mining, and Exploration & Production subsectors, as these areas tend to be sensitive to lower commodity prices and slower economic growth. Instead, we added to more defensive sectors, such as Utilities and Healthcare, with the intention to balance the Fund's cyclical sector exposure.

OUTLOOK

- **Looking forward, we continue to see opportunity to capture high-quality carry within fixed income sectors.**

  We believe that there continues to be value in fixed income sectors given the level of starting yields across sectors. We remain constructive in credit, both investment grade and high yield, as fundamentals for issuers continue to be robust with leverage and interest rate coverage remaining at supportive levels. Looking ahead, we remain focused on maintaining a balanced approach in the Fund between cyclical and defensive exposure. Outside of credit, we continue to find value in areas such as Agency MBS, particularly if interest rates begin to decline, as well as select opportunities in convertible bonds, bank loans and securitized products. Key risk factors to watch remain a resurgence of inflation that upends the narrative, accommodative monetary policy, a pivot by issuers to more non-credit-friendly uses of debt finance, and a macro or policy driven spike of interest rate volatility that would leave investors flipping to defensive with less focus on credit.

PORTFOLIO BREAKDOWN



Due to rounding and the exclusion of cash, the percentage allocation of the Fund breakdown may not equal 100%. Fund breakdown as of 09/30/2024.

Performance as of 09/30/2024

	3Q24	1 Year	3 Years	5 Years	10 Years
I Share Net Asset Value	0.84%	7.89%	-1.09%	1.99%	3.54%
Bloomberg U.S. Aggregate Bond Index	0.07%	2.63%	-3.02%	-0.23%	1.35%
Morningstar Multi-Sector Bond Funds Average[8]	0.80%	7.35%	0.09%	2.03%	2.55%

Expense Ratio: 0.64%

Adjusted Expense Ratio: 0.58%

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

[1]Factset, as of 09/30/2024.

[2]As represented by the ICE BofA U.S. High Yield Constrained Index as of 09/30/2024.

[3]As represented by the Bloomberg U.S. Corporate Investment Grade Bond Index Return as of 09/30/2024.

[4]As represented by the Credit Suisse Leveraged Loan Index as of 09/30/2024.

[5]As represented by the S&P 500 Index as of 09/30/2024.

[6]As represented by the ICE BofA European High Yield Index as of 09/30/2024.

[7]As represented by the ICE BofA European Corporate Index as of 09/30/2024.

[8]Source: Morningstar, as of 09/30/2024. **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.

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.

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.

Bond credit 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.

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.

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:

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ICE BofA Index Information:

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