



# Lord Abbett Ultra Short Bond Strategy First Quarter 2024 Performance Commentary

## MARKET REVIEW

Fixed income markets were mixed in the first quarter as the market adjusted expectations of future interest rate cuts by the U.S. Federal Reserve. U.S. Treasuries moved higher across most of the curve with the yield on the 2-year note up 37 basis points (bps) to 4.62% and the yield on the 10-year note up 32 bps to 4.20%.<sup>1</sup>

Economic growth remained strong, with the initial reading of Q4 GDP coming in at 3.4% surpassing the consensus estimate of 2.0%, driven by consumer spending and a strong labor market. However, concerns included sticky core services inflation, contraction in ISM manufacturing, and dampened pricing power.<sup>1</sup>

Over the quarter, credit spreads generally compressed with short-term investment grade corporate<sup>2</sup> spreads tightening by 12 bps, short-term asset-backed securities (ABS)<sup>3</sup> spreads tightening by 11 bps and short-term commercial mortgage-backed securities (CMBS)<sup>4</sup> spreads tightening by 42 bps.

## PORTFOLIO REVIEW

The portfolio's allocation to fixed and floating-rate corporate bonds contributed to performance due to their attractive carry relative to Treasury Bills. Over the quarter, we added to short-term corporate bonds as we've grown more comfortable with the strength of the economy.

A modest allocation to commercial mortgage-backed securities (CMBS) also contributed to relative performance, as the broader commercial real estate market rallied to start the year. However, we remain cautious about certain segments of the market and continued to reduce the portfolio's exposure to CMBS over the period.

The portfolio's allocation to asset-backed securities (ABS) also contributed to relative returns. We continue to find high-quality ABS to be an attractive source of risk-adjusted carry and have been focusing on newly originated loans with strong underwriting.

The portfolio's allocation to investment grade bank loans led to a modest negative impact on relative performance. While the allocation generated positive performance, it underperformed Treasury Bills. Over the quarter, we increased the portfolio's allocation to bank loans.

### **Portfolio discussions are based on the strategy's representative portfolio.**

<sup>1</sup>Factset as of 3/31/2024

<sup>2</sup>As represented by the ICE BofA US Corporate (1-3 Y) Index as of 3/31/2024

<sup>3</sup>As represented by the Bloomberg US ABS Composite (1-3 Y) Index as of 3/31/2024

<sup>4</sup>As represented by the Bloomberg US CMBS Investment Grade (1-3.5 Y) Index as of 3/31/2024

The holdings identified as contributors or detractors relative to the strategy's benchmark, do not represent all of the securities purchased, sold, or recommended for advisory clients. The calculation methodology for determining the holdings that contributed most positively and negatively to the model portfolio's performance for the period as well as a list of the contribution of each holding in the portfolio to the portfolio's performance are available upon request.

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The Global Investment Performance Standards (GIPS®) compliant performance results shown represent the investment performance record for the Lord, Abbett & Co. LLC (Lord Abbett) **Ultra Short Bond Institutional Composite**. This composite is comprised of all fully discretionary portfolios managed on behalf of institutional investors investing primarily in various types of short duration, investment grade debt securities. The instruments in which the portfolios invest include corporate debt securities of U.S. issuers; U.S. dollar-denominated corporate debt securities of non-U.S. (including emerging market) issuers; mortgage-backed, mortgage-related, and other asset-backed securities; and securities issued or guaranteed by the U.S. Government, its agencies or government-sponsored enterprises. The portfolios in this composite will generally maintain a dollar-weighted average effective duration, and a dollar-weighted average maturity, of one year





or less. The portfolios may invest in futures, options and swaps to hedge against risk or adjust portfolio exposure. Effective January 2018, accounts funded on or before the 15th of the month will be included in the Composite effective the first day of the first following month. Accounts funded after the 15th of the month will be included effective on the first day of the second following month. Prior to January 2018, other than registered investment companies sponsored by Lord Abbett, accounts opened/funded on or before the 15th day of the month were included in the Composite effective the first day of the second following month and accounts opened/funded after 15th of the month were included effective on the first day of the third following month. Registered investment companies sponsored by Lord Abbett are included in the Composite in the first full month of management. Closed accounts are removed from the Composite after the last full month in which they were managed in accordance with applicable objectives, guidelines and restrictions. Performance results are expressed in U.S. dollars and reflect reinvestment of any dividends and distributions. The Composite was created and inceptioned in 2016. A list of all composite and pooled fund investment strategies offered by the firm, with a description of each strategy, is available upon request. The type of portfolios in which each strategy is available (segregated account, limited distribution pooled fund, or broad distribution pooled fund) is indicated in the description of each strategy. Policies for valuing investments, calculating performance, and preparing GIPS Report are available upon request.

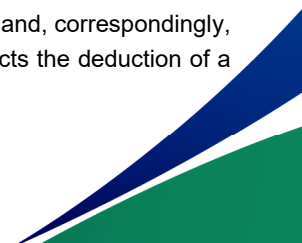
Lord, Abbett & Co. LLC (“Lord Abbett”). Total Firm Assets are the aggregate fair value of all discretionary and non-discretionary assets for which the Firm has investment management responsibility. Accordingly, Total Firm Assets include, but are not limited to, mutual funds (all classes of shares), privately placed investment funds, non-U.S. domiciled investment funds, separate/institutional portfolios, individual portfolios and separately managed accounts (“Wrap Fee/SMA Portfolios”) managed by Lord Abbett. Total Firm Assets also include any collateralized, structured investment vehicle, such as a collateralized debt obligation or collateralized loan obligation, for which Lord Abbett has been appointed as the collateral manager. For the period prior to January 1, 2000, the definition of the Firm does not include any hedge fund or SMA program accounts where Lord, Abbett & Co. LLC did not have the records so long as it is impossible for Lord, Abbett & Co. LLC to have the records (within the meaning of relevant GIPS® standards interpretations). Total Firm Assets also exclude separately managed program accounts that involve model delivery.

The number of portfolios and total assets in the Composite, and the percentage of total “firm” assets represented by the Composite at the end of each calendar year for which performance information is provided are as follows:

Calendar Year Ended	2023	2022	2021	2020	2019	2018	2017	2016
# of Portfolios	2	3	5	4	3	2	1	1
Total Assets (\$M)	\$10,194	\$12,103	\$19,261	\$23,528	\$23,127	\$15,563	\$2,537	\$16
Percentage of Firm Assets	5.25%	6.27%	7.58%	10.57%	11.34%	9.66%	1.63%	0.01%
Total Firm Assets (\$M)	\$194,188	\$192,949	\$254,075	\$222,535	\$204,031	\$161,055	\$156,110	\$134,565
Dispersion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lord Abbett Ultra Short Bond Institutional Composite Gross (Annual)	6.24%	0.36%	0.35%	1.54%	3.26%	2.34%	1.83%	0.18%
Lord Abbett Ultra Short Bond Institutional Composite Gross (3 year Annualized Return*)	2.28%	0.75%	1.71%	2.38%	2.47%	N/A	N/A	N/A
Lord Abbett Ultra Short Bond Institutional Composite Gross (3 year Annualized Ex-Post Standard Deviation*)	1.07%	1.41%	1.30%	1.27%	0.26%	N/A	N/A	N/A
Lord Abbett Ultra Short Bond Institutional Composite Net (Annual)	6.09%	0.21%	0.20%	1.39%	3.11%	2.20%	1.69%	0.15%
Lord Abbett Ultra Short Bond Institutional Composite Net (3 year Annualized Return*)	2.13%	0.60%	1.56%	2.23%	2.33%	N/A	N/A	N/A
ICE BofA U.S. Treasury Bill Index (Annual)	5.09%	1.34%	0.05%	0.74%	2.35%	1.88%	0.82%	0.05%
ICE BofA U.S. Treasury Bill Index (3 year Annualized Return)	2.14%	0.71%	1.04%	1.65%	1.68%	N/A	N/A	N/A
ICE BofA U.S. Treasury Bill Index (3 year Annualized Ex-Post Standard Deviation)	0.68%	0.36%	0.35%	0.30%	0.21%	N/A	N/A	N/A

Dispersion is represented by the asset-weighted standard deviation, a measure that explains deviations of gross portfolio rates of return from the asset-weighted composite return. Only portfolios that have been managed within the Composite style for a full year are included in the asset-weighted standard deviation calculation. The measure may not be meaningful (N/A) for composites consisting of five or fewer portfolios or for periods of less than a full year.

The performance of the Composite is shown net and gross of advisory fees and reflects the deduction of transaction costs. The deduction of advisory fees and expenses (and the compounding effect thereof over time) will reduce the performance results and, correspondingly, the return to an investor. Net performance of the Composite as presented in the table on the previous page reflects the deduction of a





“model” advisory fee, calculated as the highest advisory fee, borne by any account (without giving effect to any performance fee that may be applicable) in the Composite (an annual rate of 0.14% of assets) and other expenses (including trade execution expenses). **For example, if \$10 million were invested and experienced a 10% compounded annual return for 10 years, its ending dollar value, without giving effect to the deduction of the advisory fee, would be \$25,937,425. If an advisory fee of 0.20% of average net assets per year for the 10-year period were deducted, the annual total return would be 9.78% and the ending dollar value would be \$25,469,675. The management fee schedule is as follows: 0.15% on the first \$50 million, 0.12% on the next \$100 million, 0.10% on the next \$350 million, and 0.09% on all assets over \$500 million.** Net-of-fee performance reflects the deduction of the highest applicable institutional advisory fee that would be charged to a new institutional client account based on the current fee schedule for this strategy. The composite includes one or more registered investment companies or collective investments sponsored by Lord Abbett (“Lord Abbett Funds”) that are subject to fees and expenses that would be inapplicable to an institutional client account. Therefore, the actual performance of Lord Abbett Fund accounts included in the composite may be lower than the net-of-fee composite performance presented. Fees and expenses applicable to the Lord Abbett Funds are disclosed in each Fund’s Prospectus, which is available upon request. Past performance does not guarantee future results. Certain securities held in portfolios contained in this composite may have valuations determined using both subjective observable and subjective unobservable inputs. The Firm’s valuation hierarchy does not materially differ from the hierarchy in the GIPS Valuation Principles.

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The ICE BofA U.S. Treasury Bill Index tracks the performance of US dollar denominated US Treasury Bills publicly issued in the US domestic market. Qualifying securities must have at least one month remaining term to final maturity and a minimum amount outstanding of \$1 billion.

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