Q2'2023 Quarter Client Presentation

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April 6, 2023

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What Clients Should Know:

1) We expect heightened market volatility to persist; recession fears, inflation, and stress within the banking industry will likely dictate stock price movements for the foreseeable future.

2) In terms of stocks, we don’t think either of the value or small-cap outperformance cycles are over even though both areas underperformed during Q1’23. Importantly, international stocks outperformed. We continue to favor value, small-cap, and international equities.

3) Shorter-Term Bonds Are The Most Interesting Area of Fixed Income.

4) Indexing Not So Easy—Major Changes to S&P 500 Value and Growth Categories have complicated positioning but we found solutions to maintain our desired market characteristics.

5) We Do Not Intend To Change Our Portfolio Positioning (“Look Different Than S&P 500”) But We Have Our Eyes Open

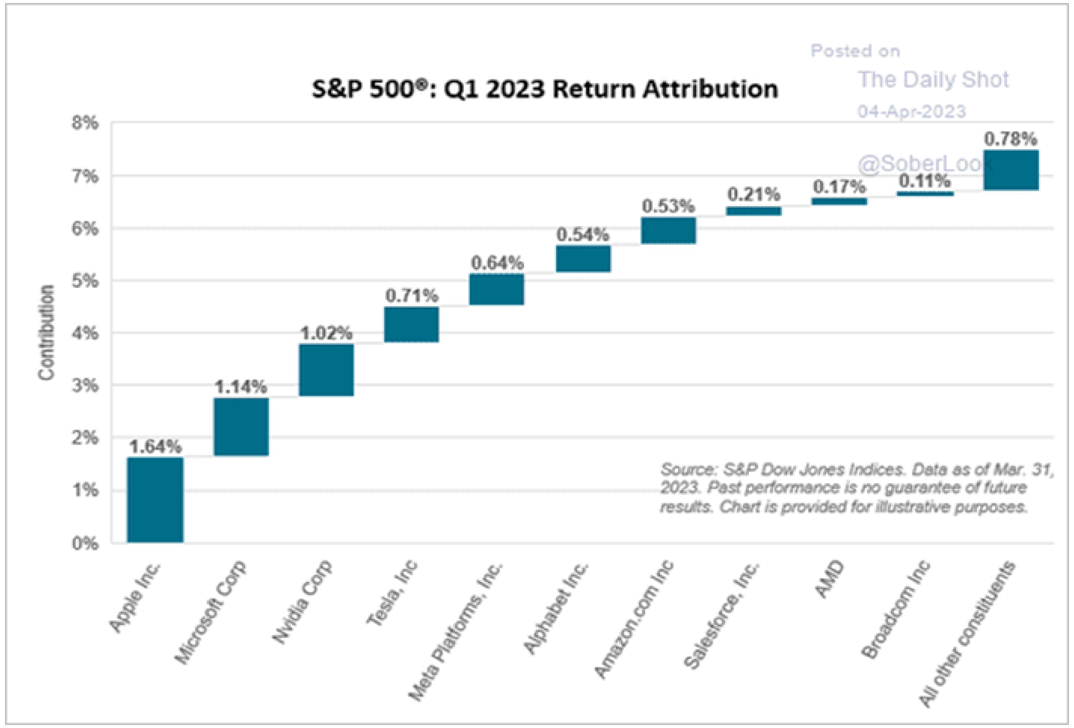
Markets Enjoyed Solid Q1'23 Performance

S&P 400 (Mid-Cap), S&P 600 (Small-Cap) enjoyed positive returns. Large tech stocks (Growth) dominated with international stocks (EAFE) close behind. Bonds continued to recover while commodities slipped.

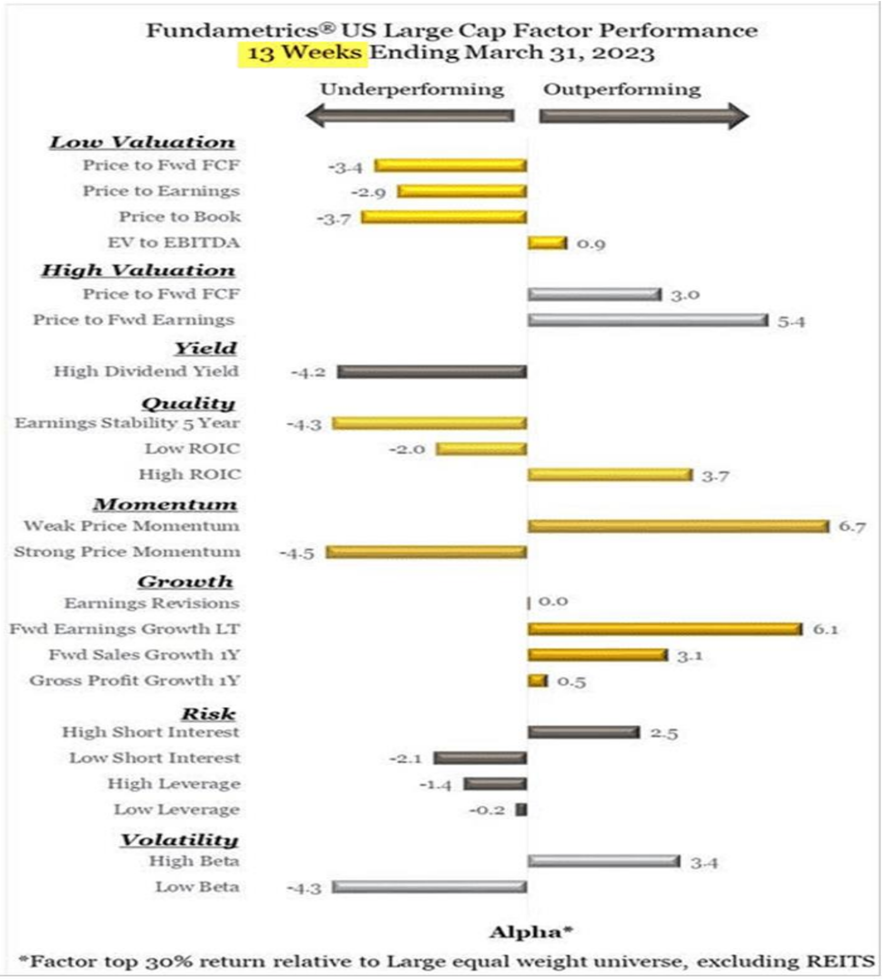
Q1'23 Total Return (TR)

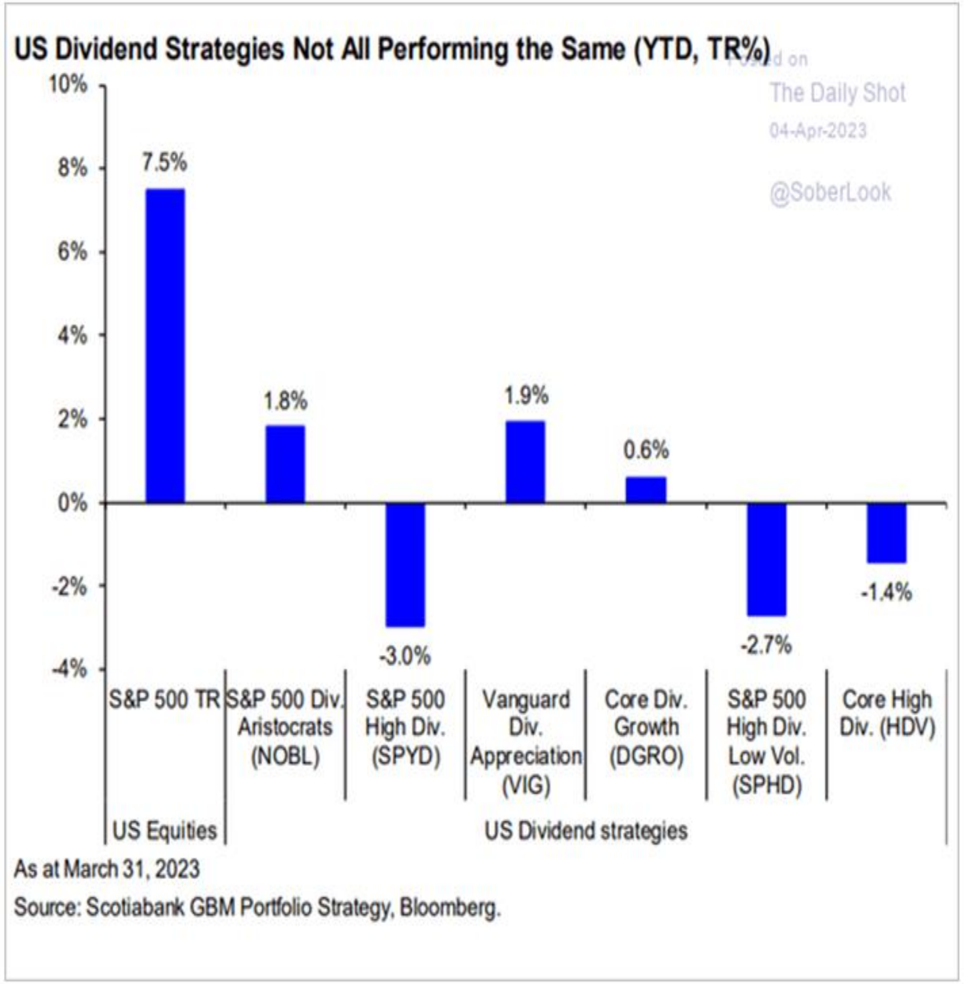
S&P 500 Total Return Index	7.5%
S&P 500 Growth Index Total Return	9.6%
S&P 500 Value Index Total Return	5.2%
S&P 400 TR	3.8%
S&P 600 TOTAL RETURN INDEX	2.6%
MSCI EAFE INDEX	8.6%
Bloomberg Barclays Aggregate Bond Index	3.0%
Bloomberg Commodity TR Index	-5.4%

Source: Black Diamond, S&P, MSCI, Bloomberg



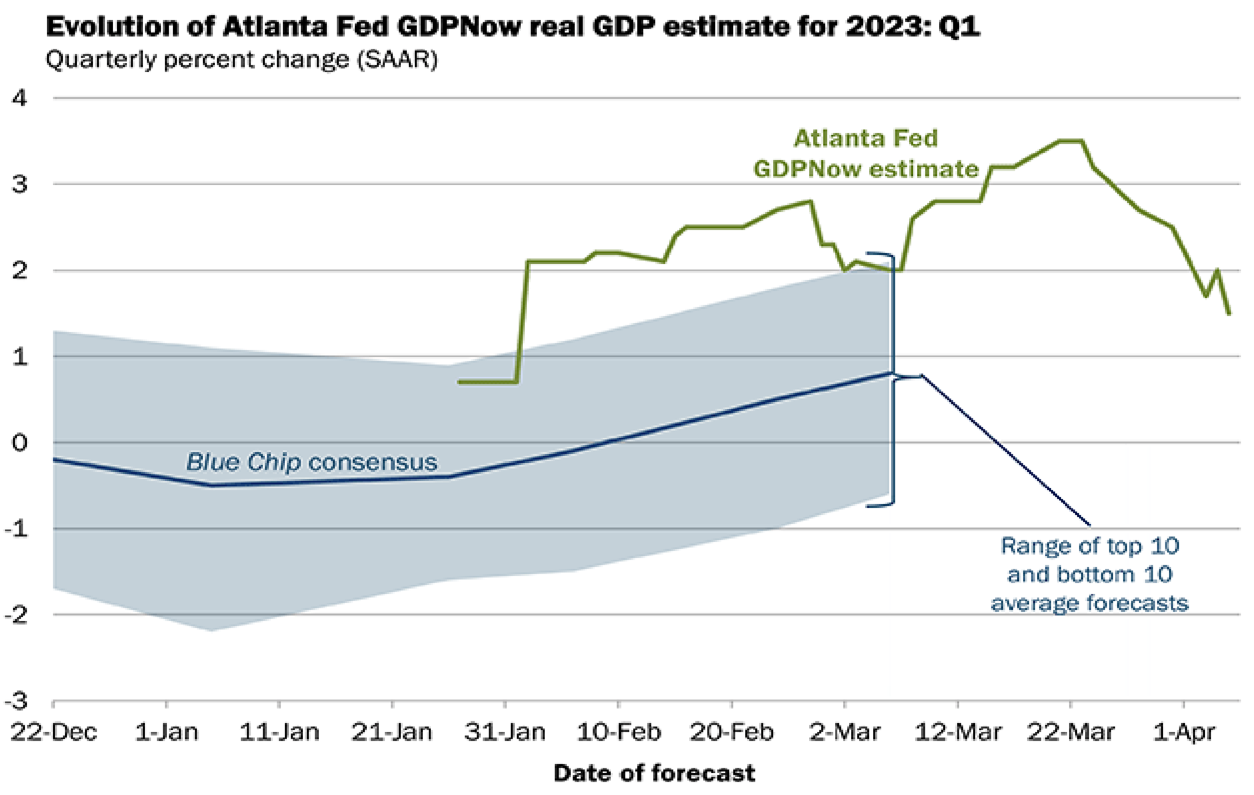
Winning Stocks Were The Mirror Image of 2022's Results. Outperforming Stocks During Q1'23 Were Characterized By Riskier Attributes, Such As Higher Valuations and Price Volatility (Beta), While High Dividend Yielders And Less Volatile Earnings Lagged.



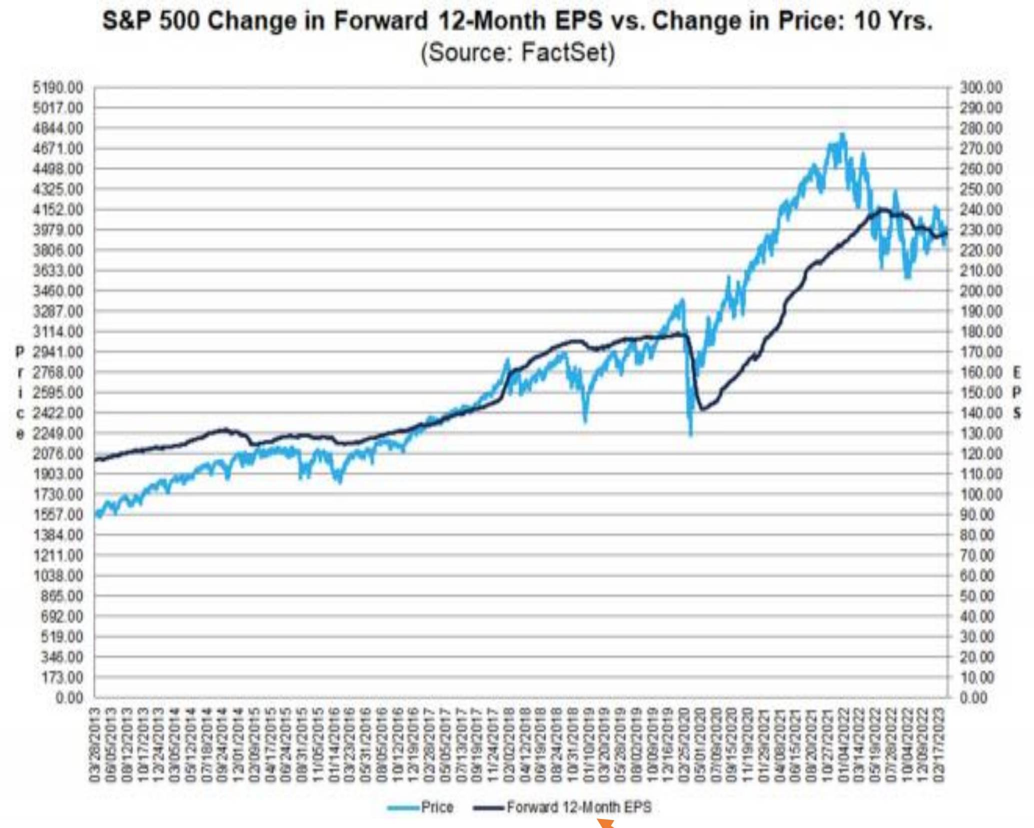


Source: CornerCap Institutional

While recessionary fears persist, the GDPNow estimate (based upon the economic data released so far for a given quarter) shows that current economic growth remains positive. The consensus analyst EPS estimate for the S&P 500 has stabilized.



Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.



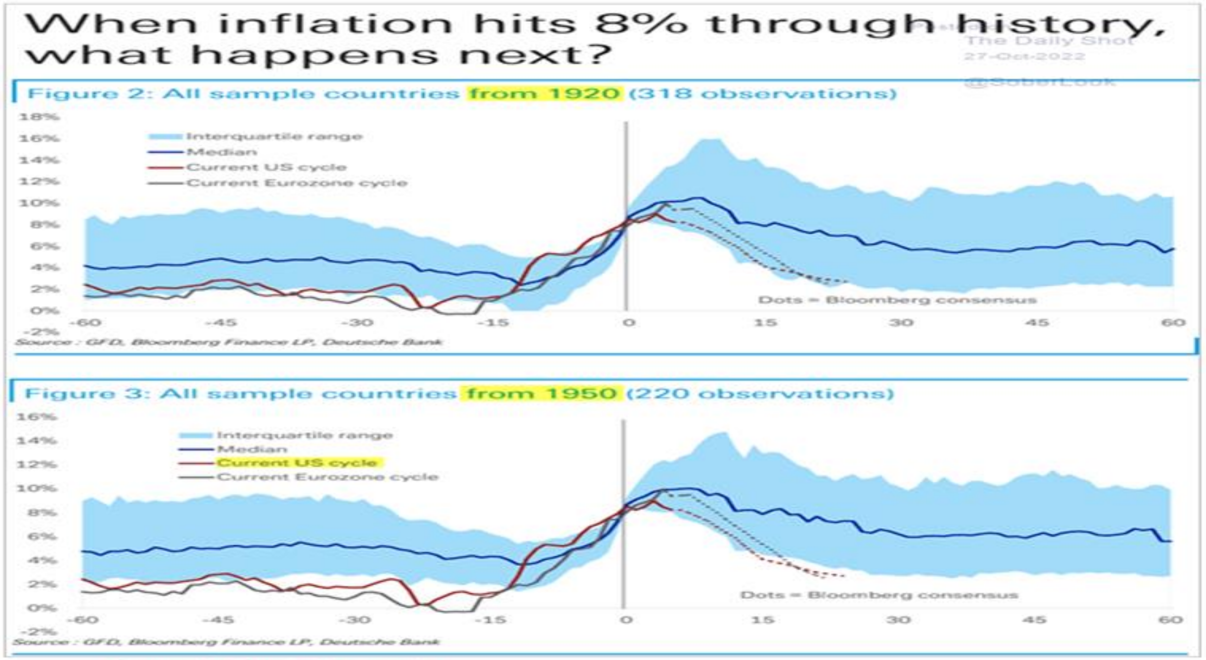
Economic forecasts are *less* optimistic than earnings forecast. Whichever side is correct will have a significant impact on future asset and security performance. If the economic prognosis proves correct, we would expect earnings forecasts to be lowered, negatively impacting stock returns.

Historically, financial crises have a mixed record in terms of forthcoming recessions and/or bear markets (see upper right).

At present, inflation appears to be moderating with a number of forecasters calling for annual inflation run-rates of 2% or so by this fall. While possible, such moderation from high inflationary conditions would track more of the exception rather than the rule, as shown by the lower end of the historical ranges in the charts on the bottom right of the page.

Financial crises				
Event	Date	Recession?	Bear market?	Fed cuts rates?
Signature Bank	Mar-23	?	Jan-22 to present	?
Silicon Valley Bank	Mar-23	?	Jan-22 to present	?
Colonial Bank	Aug-09	No	No	N/A
Lehman Brothers collapse	Sep-08	Dec-07 to Jun-09	Oct-07 to Mar-09	1m later
Washington Mutual collapse	Sep-08	Dec-07 to Jun-09	Oct-07 to Mar-09	1m later
Bear Stearns collapse	Mar-08	Dec-07 to Jun-09	Oct-07 to Mar-09	1m later
IndyMac Bank	Jul-08	Dec-07 to Jun-09	Oct-07 to Mar-09	3m later
Tech bust	Mar-00	Mar-01 to Nov-01	Mar-00 to Oct-02	11m later
Long-Term Capital Management collapse	Sep-98	No	No	1m later
Orange County bankruptcy	Dec-94	No	No	6m later
Black Monday	Oct-87	No	Aug-87 to Dec-87	3m later
Continental Illinois collapse	May-84	No	No	5m later
First Penn bankruptcy	Apr-80	Jan-80 to Jul-80	No	1m later
Franklin National bankruptcy	Oct-74	Nov-73 to Mar-75	Jan-73 to Oct-74	2m later

Source: Charles Schwab, Bloomberg, National Bureau of Economic Research (NBER), as of 3/20/2023.



Source: Deutsche Bank Research

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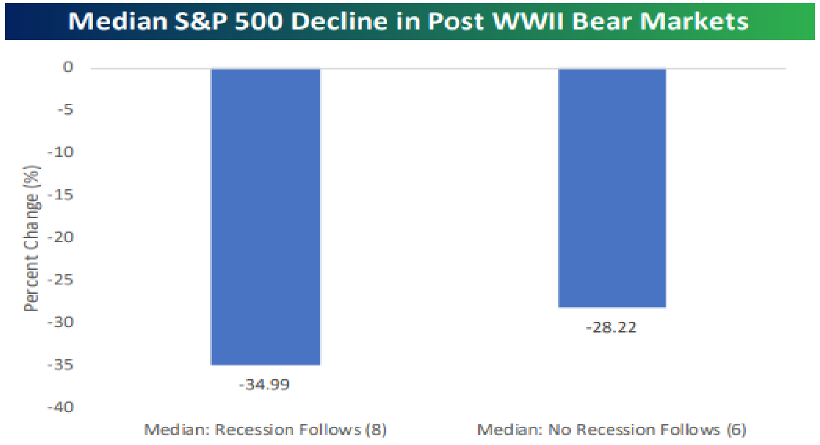
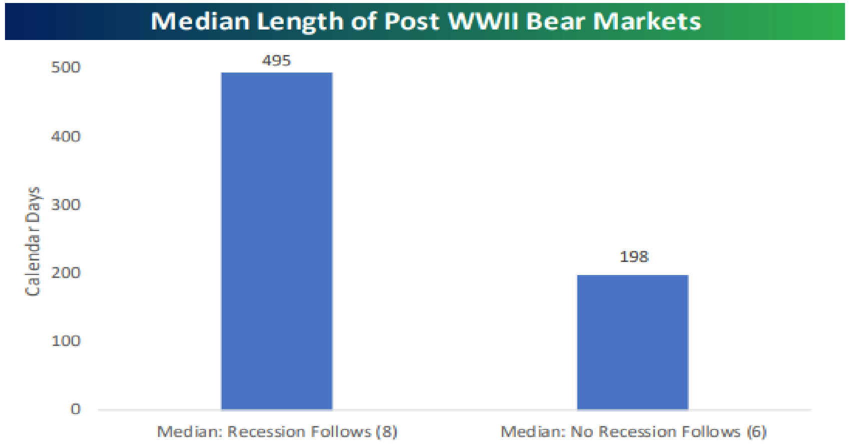
Will The Current Bear Market Involve A Recession? If Yes, History Suggests That Stocks Will Likely Experience A New Low Below The S&P 500's Current Cycle Trough of 25% In The Fall.

Post-WW2 S&P 500 Bear Markets*

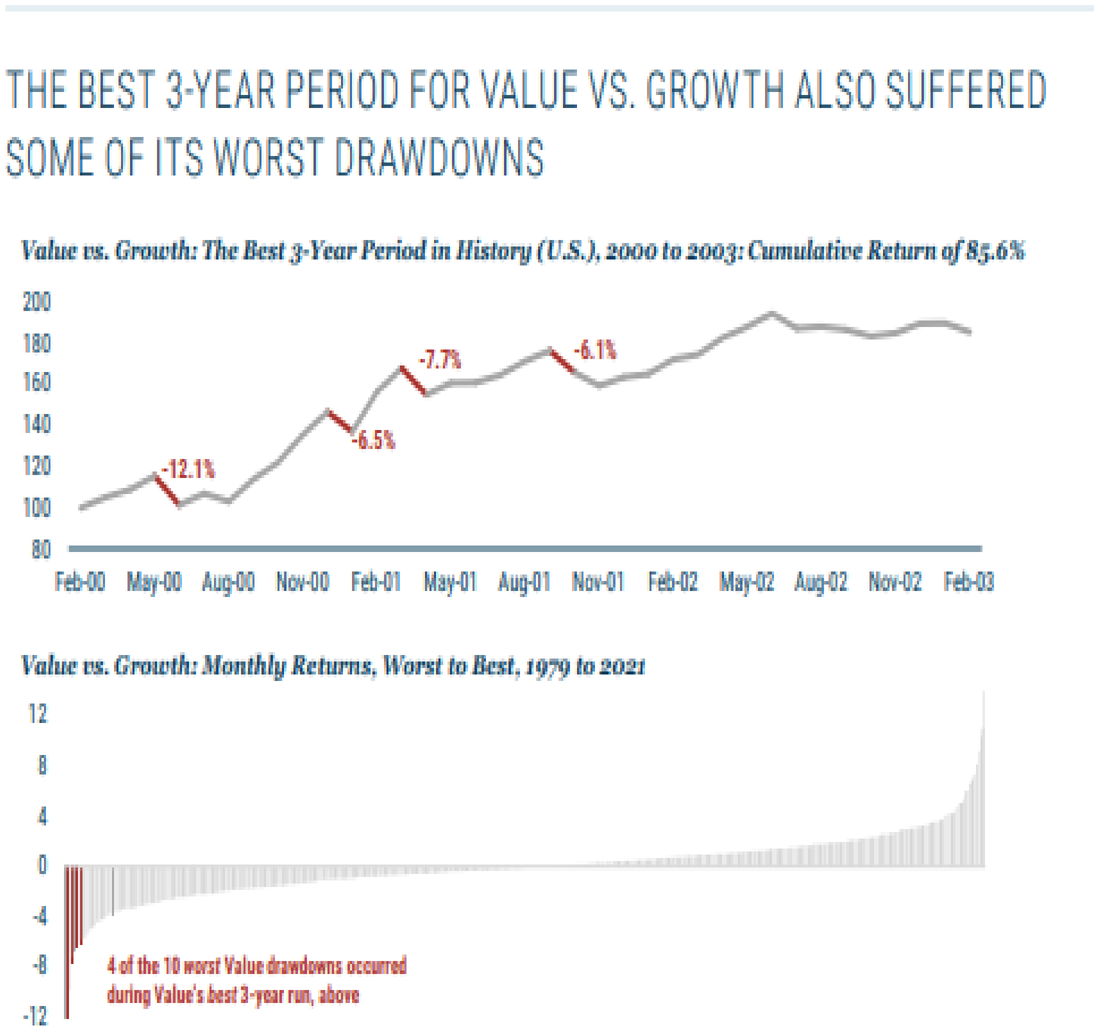
								S&P 500 % Change Once -20% Threshold is Hit				
Start	-20%	Days to Bear	End	Days from -20% to End	% Chg from -20% to End	Full Bear % Chg	Full Bear # of Days	Next Week	Next Month	Next 3 Mths	Next 6 Mths	Next Year
5/29/46	9/3/46	97	5/19/47	258	-8.20	-28.47	355	-2.73	-0.13	-3.40	2.73	2.20
6/15/48	6/13/49	363	6/13/49	0	0.00	-20.57	363	3.84	9.08	16.16	22.80	42.07
8/2/56	10/21/57	445	10/22/57	1	-0.43	-21.63	446	3.24	3.40	5.49	9.66	30.96
12/12/61	5/28/62	167	6/26/62	29	-5.73	-27.97	196	3.19	-1.96	5.93	11.93	26.14
2/9/66	8/29/66	201	10/7/66	39	-1.78	-22.18	240	3.88	2.39	7.90	16.44	24.62
11/29/68	1/29/70	426	5/26/70	117	-19.14	-36.06	543	0.25	4.45	-4.53	-8.93	11.89
1/11/73	11/27/73	320	10/3/74	310	-34.92	-48.20	630	-2.20	2.13	0.73	-7.44	-26.92
11/28/80	2/22/82	451	8/12/82	171	-8.22	-27.11	622	1.54	1.06	2.96	1.28	30.37
8/25/87	10/19/87	55	12/4/87	46	-0.41	-33.51	101	1.26	6.76	10.89	14.71	23.19
3/24/00	3/12/01	353	9/21/01	193	-18.16	-36.77	546	-0.79	0.28	6.41	-7.42	-1.24
1/4/02	7/10/02	187	7/23/02	13	-13.34	-31.97	200	-1.57	-1.29	-12.66	0.77	7.41
10/9/07	7/9/08	274	11/20/08	134	-39.55	-51.93	408	0.05	4.15	-26.90	-28.47	-29.08
1/6/09	2/23/09	48	3/9/09	14	-8.99	-27.62	62	-5.72	10.71	19.33	38.05	47.26
2/19/20	3/12/20	22	3/23/20	11	-9.81	-33.92	33	-2.87	12.46	22.60	34.68	58.96
1/3/22	?	134+	?	?	?	?	?	?	?	?	?	?
	Average	244		95	-12.05	-31.99	339	0.10	3.82	3.64	7.20	17.70
	Median	238		43	-8.60	-30.22	359	0.15	2.89	5.71	6.19	23.90
	% Positive	--		--	--	--	--	57.1	78.6	71.4	71.4	78.6
Periods Since 1945								*0.30*	*1.01*	*2.42*	*4.88*	*9.89*

*Bear Market definition of 20%+ decline that was preceded by a 20%+ rally, all on a closing basis.





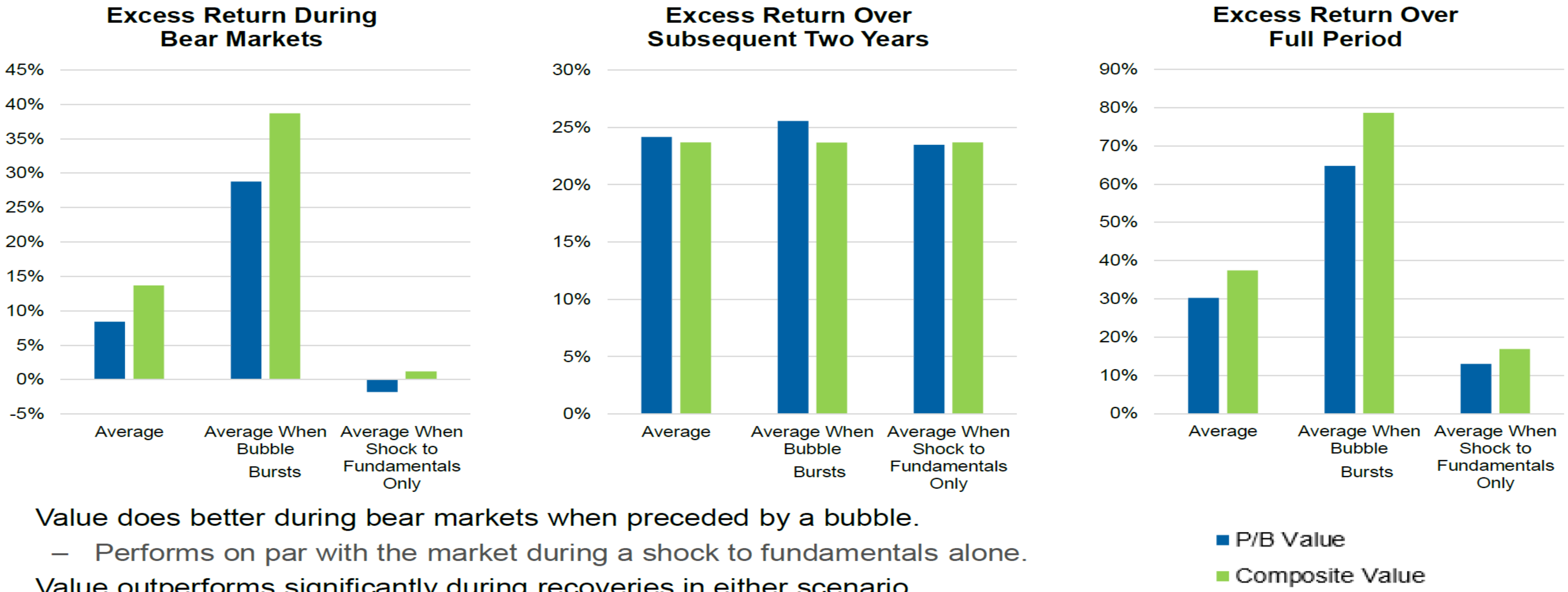
Value stocks underperformed the market during the March-end quarter. While historical precedent along with current market conditions support owning Value-oriented securities over Growth, intra-period bouts of underperformance are common, as illustrated by the charts on the right.



Source: GMO

Based on historical precedent, Value has outperformed during both weak markets and the subsequent recovery

Value Excess Return in Downturns and Recoveries, United States



- Value does better during bear markets when preceded by a bubble.
  - Performs on par with the market during a shock to fundamentals alone.
- Value outperforms significantly during recoveries in either scenario.

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P/B Based Value represents the long only portion of the Fama–French Value Factor. Composite Value uses a similar methodology but selects by a composite of P/B, P/E, P/D and P/S. Source: Research Affiliates, LLC, based on data from FactSet, CRSP, and Compustat. This analysis examines five periods of market drawdowns that were accompanied by recessions, Fiscal Tightening/Vietnam War (12/1968–6/1970), Nifty Fifty/Oil Crisis (10/1972–9/1974), Iran Oil Crisis/Monetary Policy Tightening (11/1980–7/1982), Tech Bubble Crash (6/1990–10/1990) and the Global Financial Crisis (10/2007–2/2009).

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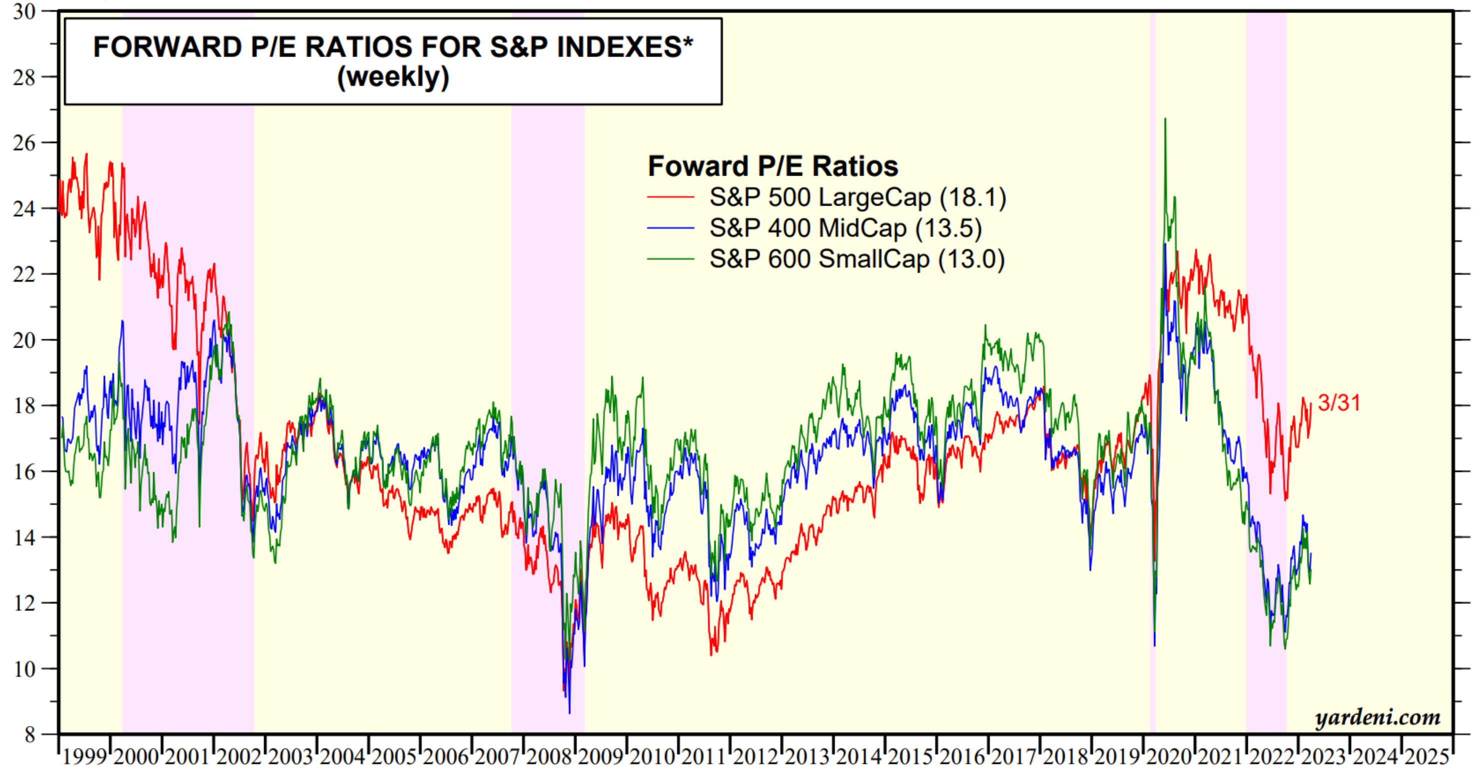
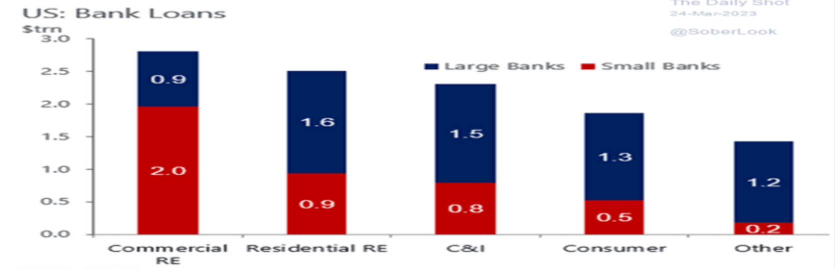
Small-Caps Still Attractive. We Remain Comfortable With The Well-Diversified Composition of the S&P 600 Small-Cap Index. Nonetheless, We Are Paying Attention To Possible Knock-on Effects From Further Banking Industry Turmoil and Potential Stress From Commercial Real Estate Lending



* Price divided by 52-week forward consensus expected operating earnings per share.
Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
Source: I/B/E/S data by Refinitiv.

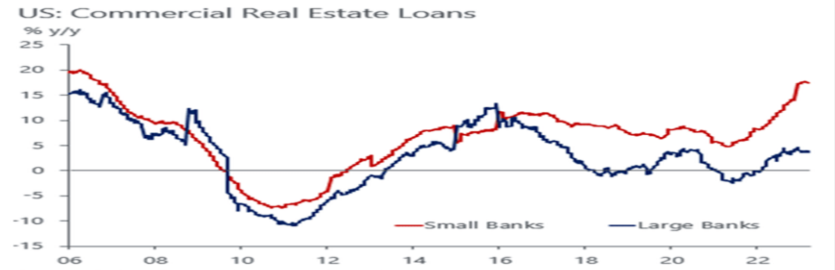
Sector	S&P 600
Industrials	17.39%
Financials	16.56%
Consumer Discretionary	13.49%
Information Technology	13.07%
Health Care	10.75%
Real Estate	7.65%
Materials	5.69%
Consumer Staples	5.01%
Energy	4.19%
Utilities	2.29%

Chart 1: Under the hood of small bank lending



Source: Oxford Economics/Haver Analytics

Chart 2: Another issue for CRE



Source: Oxford Economics/Haver Analytics

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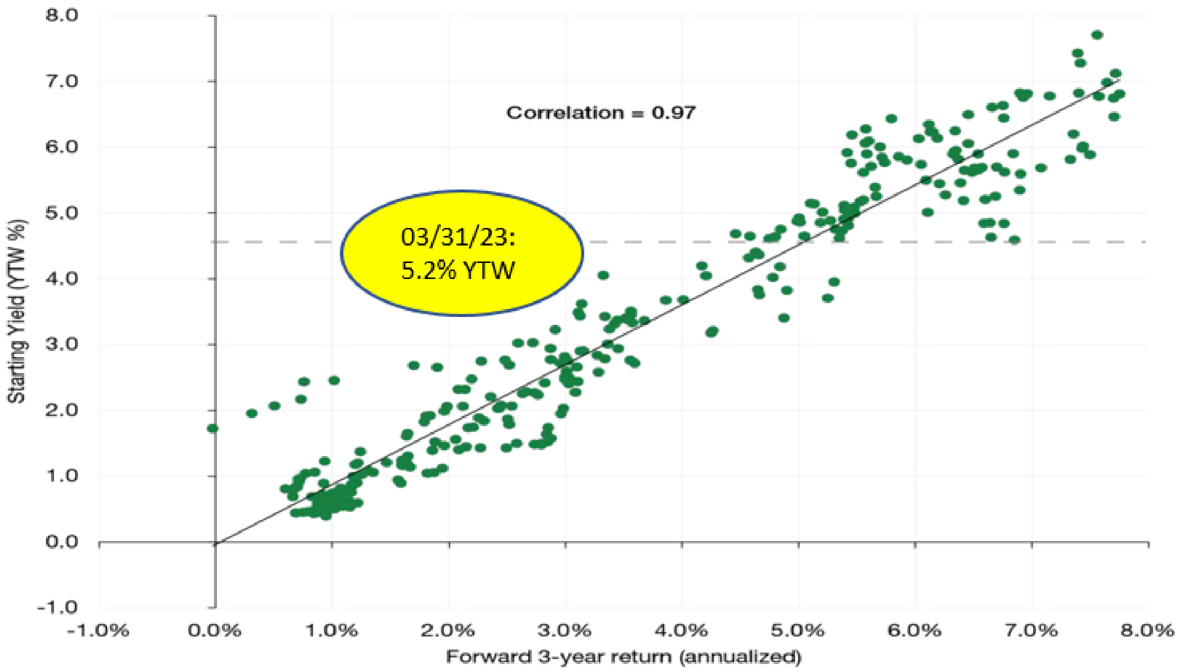
Shorter-Term Fixed Income Remains Interesting as Entry Yields are Much Higher than Last Year. We Continue to Prefer Higher Quality Bonds, Where Starting Yields Provide Greater Confidence for Positive Multi-Year Returns

Figure 5. Short-Term Bonds' Starting Yields Are Highly Correlated with Forward Returns

Starting yields versus three-year returns for the Bloomberg 1-3 Year Government/Credit Index, January 1994–August 2022



Source: Bloomberg and ICE BofA index data. Correlation is a statistical measure that describes the strength of relationship between two variables. It can vary from 1.0 to -1.0.

Past performance is not a reliable indicator or guarantee of future results. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.

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Indexing Is More Complicated.

At the end of 2022, index provider S&P enacted a major reconstitution of their Value and Growth indices, resulting in a significant shift in both valuations and industry representation. Passive Value and Growth funds may now look and behave materially different from historical precedent. We have spent significant time ensuring client portfolios are capturing desired targeting.

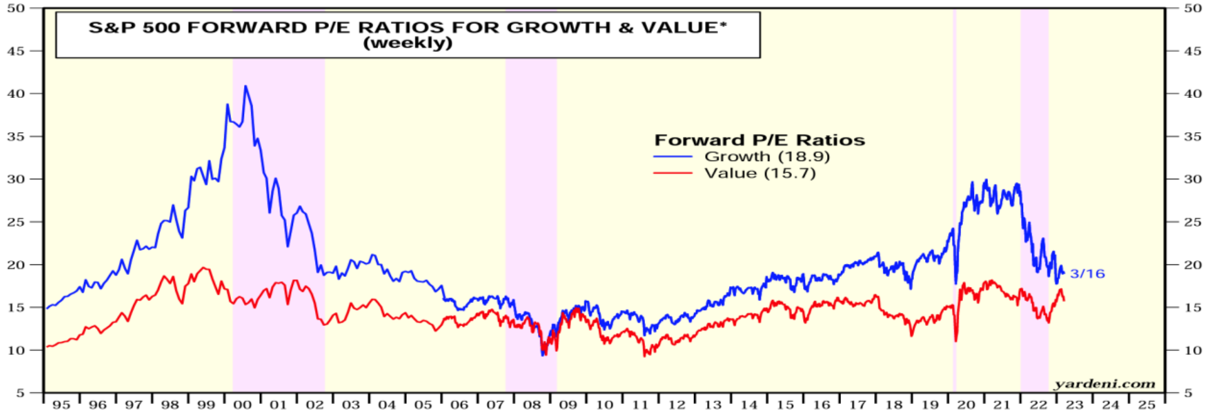
<u>Current MegaCap-8 classification in the various S&P 500 Growth/Value indexes:</u>
Pure Growth: Apple
Growth only: Netflix, Nvidia, Tesla
Both Growth & Value: Alphabet, Amazon, Meta, Microsoft
Value only: None
Pure Value: None

<u>Prior MegaCap-8 classification in the various S&P 500 Growth/Value indexes:</u>
Pure Growth: Alphabet, Amazon, Apple, Meta, Microsoft, Netflix, Nvidia, Tesla
Growth only: None
Both Growth & Value: None
Value only: None
Pure Value: None

(4) Here are the new top-eight constituents by market capitalization among the 73 companies in Pure Growth: Apple, Exxon Mobil, UnitedHealth, Chevron, Eli Lilly, Merck, Abbvie, and Pfizer.

The current top-eight market-cap companies of the 85 Pure Value companies are: Berkshire Hathaway, Bank of America, Verizon, Wells Fargo, AT&T, Intel, Goldman Sachs, and CVS Health.

Pure Growth's surprising additions include ExxonMobil and Chevron. Goldman Sachs' score deteriorated so considerably since a year earlier that it was shifted out of the Pure Growth index and into Pure Value.



* Price divided by 12-month (52-week) forward consensus expected operating earnings per share. Monthly data through December 2005, weekly thereafter.
Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas are bull markets.
Source: I/B/E/S data by Refinitiv .

* Valuation ranges date back to 1996. The minimum and maximum ranges are set to the 5th and 95th percentiles, respectively, to remove outliers.

Sources: Frank Russell Company, Bloomberg

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Historically, stocks have enjoyed strong performance even during profit declines (outside recessionary periods). However, it is unlikely for prospective market valuation (P/E multiples) to expand and offset potential profit declines *unless* we were to witness inflation that is significantly lower.

S&P 500 earnings* growth (y/y % change)	S&P 500 annualized gain (3/31/1927-8/31/2022)
Above 20%	1.9%
Between 5% and 20%	6.5%
Between -20% and 5%	12.7%
-20% and below	-9.8%

Source: Charles Schwab, ©Copyright 2022 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/. *Based on trailing 12-month earnings in accordance with GAAP (generally accepted accounting principles.). Past performance is no guarantee of future results.

Inflation vs. valuation				
	S&P 500 forward P/E			% of time
CPI (y/y % change)	Average	Lowest	Highest	
-2 to 0%	16.4	13.5	17.8	1%
0 to 2%	17.8	11.9	27.2	27%
2 to 4%	16.9	10.0	26.4	39%
4 to 6%	15.1	9.0	24.4	16%
6 to 8%	11.7	7.2	22.7	7%
8 to 10%	11.2	6.6	20.1	3%
10 to 12%	8.8	6.7	11.0	3%
Above 12%	8.0	6.8	9.4	2%

Source: Charles Schwab, Bloomberg, Standard & Poor's. 1958-8/31/2022. Numbers may not add up to 100% due to rounding.

International stocks remain attractively priced relative to domestic stocks (e.g. Price/Earnings and higher dividend yields) and have recently started to outperform. We may have entered a new cycle

Cycles of U.S. equity outperformance

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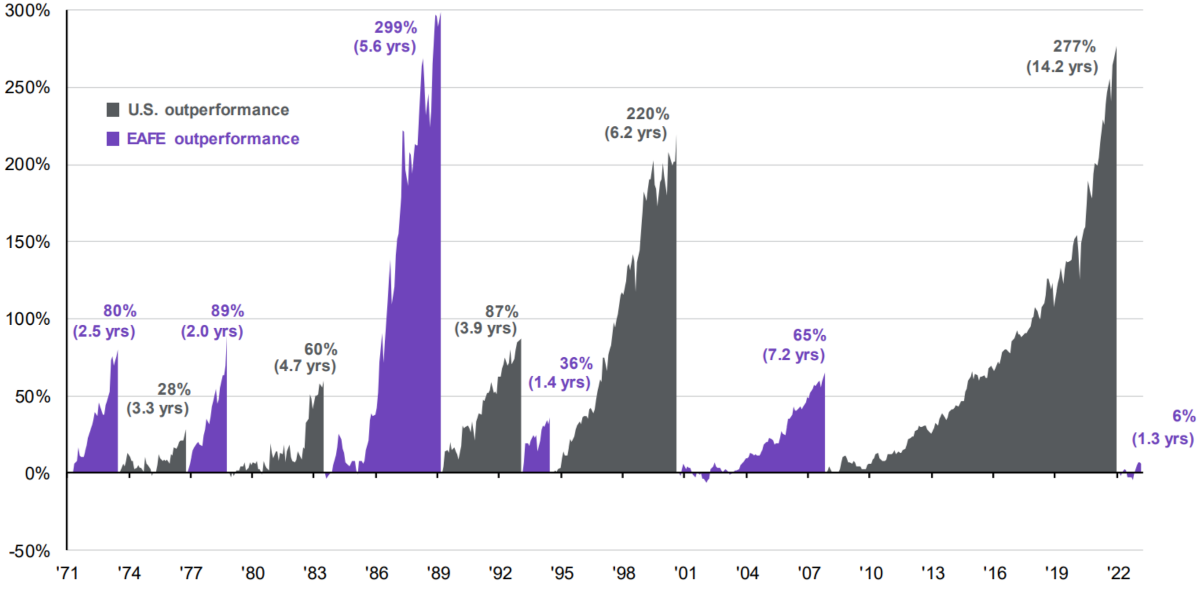
MSCI EAFE and MSCI USA relative performance

U.S. dollar, total return, cumulative outperformance



Source: FactSet, MSCI, J.P. Morgan Asset Management.
Regime change determined when cumulative outperformance peaks and is not reached again in the subsequent 12-month period.
Guide to the Markets – U.S. Data are as of March 31, 2023.

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International valuations and dividend yields

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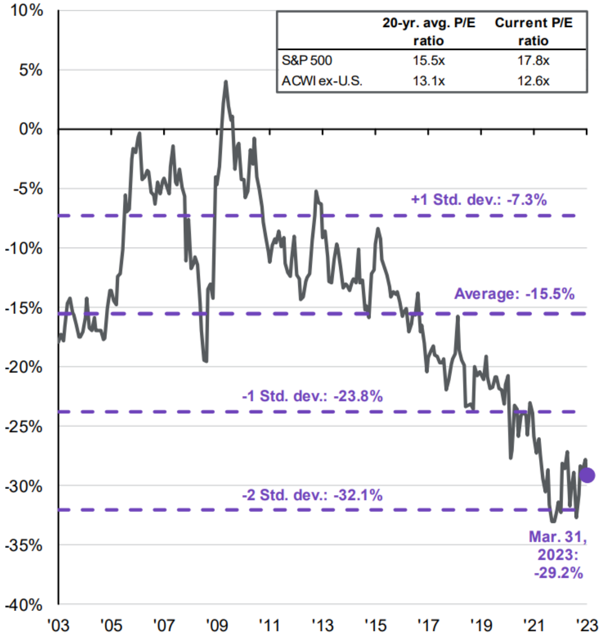
International: Price-to-earnings discount vs. U.S.

MSCI All Country World ex-U.S. vs. S&P 500, next 12 months



	20-yr. avg. P/E ratio	Current P/E ratio
S&P 500	15.5x	17.8x
ACWI ex-U.S.	13.1x	12.6x

International: Difference in dividend yields vs. U.S.

MSCI All Country World ex-U.S. minus S&P 500, next 12 months

Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of March 31, 2023.

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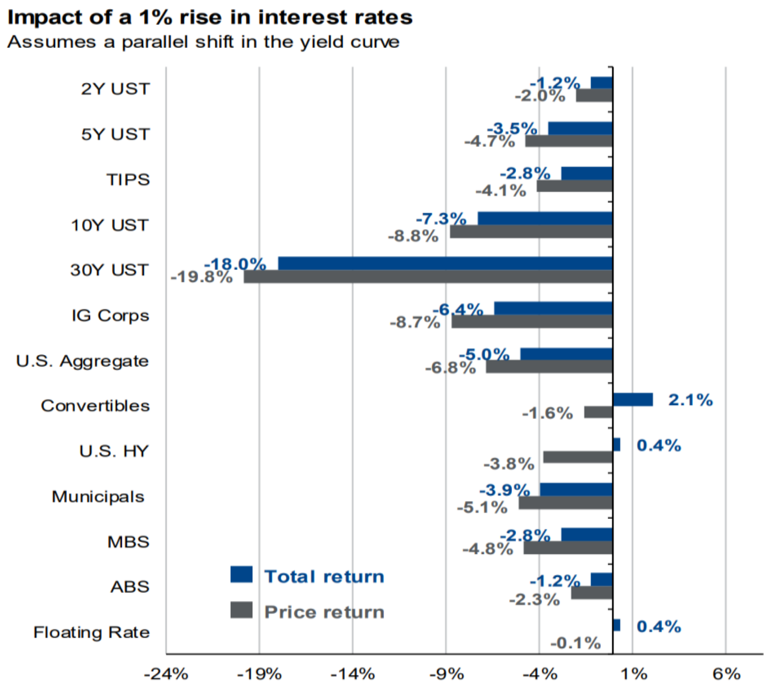
Bonds have become more attractive

10-Year Maturities Have Enjoyed Positive Total Returns Year-To-Date Due To Their Price Sensitivity To Falling Interest Rates (i.e. Duration Effect). Bonds With Maturities Shorter Than Five Years Should Enjoy Better Total Returns Over Their Remaining Maturities, Unless Interest Rates Drop Materially From Here.

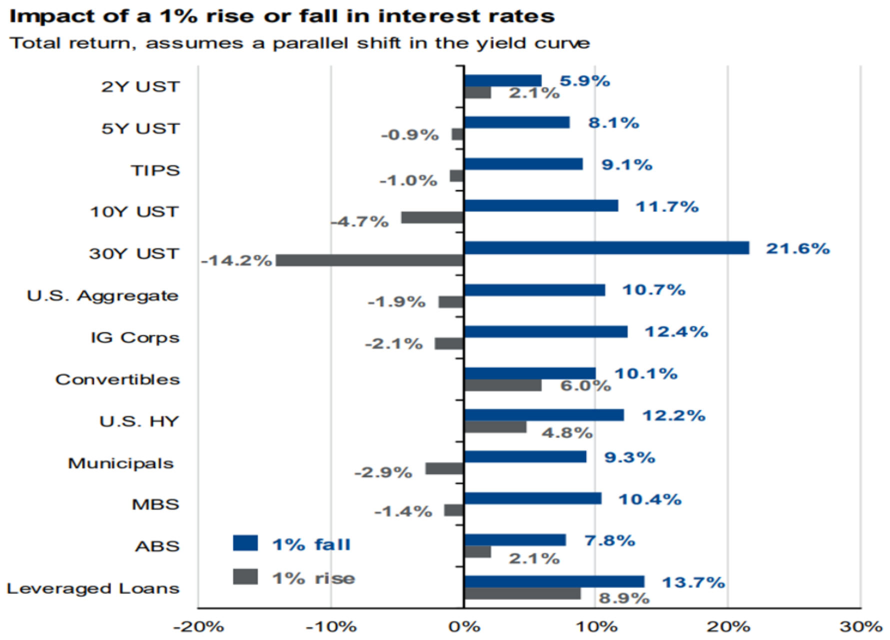
	Yield		Return			
U.S. Treasuries	3/31/2023	12/31/2022	2023 YTD	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
2-Year	4.06%	4.41%	1.46%	2 years	0.74	-0.15
5-Year	3.60%	3.99%	2.39%	5	0.93	-0.13
TIPS	1.16%	1.58%	3.34%	10	0.61	0.37
10-Year	3.48%	3.88%	3.76%	10	1.00	-0.14
30-Year	3.67%	3.97%	5.99%	30	0.93	-0.17
Sector						
U.S. Aggregate	4.40%	4.68%	2.96%	8.5	0.86	0.22
IG Corps	5.17%	5.42%	3.50%	11.1	0.54	0.47
Convertibles	7.63%	7.58%	3.60%	-	-0.14	0.87
U.S. HY	8.52%	8.96%	3.57%	5.3	-0.10	0.74
Municipals	3.25%	3.55%	2.78%	13.0	0.53	0.22
MBS	4.51%	4.71%	2.53%	7.4	0.78	0.15
ABS	5.61%	5.89%	1.86%	3.5	0.21	-0.01
Leveraged Loans	11.31%	11.41%	3.26%	2.4	-0.34	0.59

Higher Interest Rates Provide Greater Buffer for Fixed Income. If Interest Rates Rise, Bonds Have An Improved Income Buffer To Withstand A Price Shock.

Beginning of 2022:



End of March, 2023:



Source: Bloomberg, FactSet, Standard & Poor's, U.S. Treasury, J.P. Morgan Asset Management. Sectors shown above are provided by Bloomberg unless otherwise noted and are represented by – U.S. Aggregate; MBS: U.S. Aggregate Securitized - MBS; ABS: J.P. Morgan ABS Index; Corporates: U.S. Corporates; Municipals: Muni Bond; High Yield: Corporate High Yield; Leveraged Loans: J.P. Morgan Leveraged Loan Index; TIPS: Treasury Inflation-Protected Securities; Convertibles: U.S. Convertibles Composite. Convertibles yield is as of most recent month end and is based on U.S. portion of Bloomberg Global Convertibles Index. Yield and return information based on bellwethers for Treasury securities. Sector yields reflect yield-to-worst. Convertibles yield is based on U.S. portion of Bloomberg Global Convertibles. Correlations are based on 15-years of monthly returns for all sectors. Past performance is not indicative of future results.
Guide to the Markets – U.S. Data are as of December 31, 2022.

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