

Product Description: Convertible Securities

INVESTMENT PHILOSOPHY

Lord Abbett's convertible philosophy is that successful investment in undervalued convertible securities will maximize total return and minimize downside risk. Our disciplined process identifies valuation and pricing inefficiencies driven by macroeconomic factors and company specific events and applies this to convertible securities across all market capitalizations. The returns generated should be competitive with equities over a full market cycle while providing reduced market risk and superior performance relative to straight debt instruments.

INVESTMENT PROCESS

Lord Abbett's convertible team manages client portfolios to maximize total return over a complete economic cycle. Our process identifies valuation and pricing inefficiencies driven by macroeconomic factors and company specific events and applies this to convertible securities across all market capitalizations. Lord Abbett implements this investment philosophy in its convertible portfolios through an iterative process incorporating equity analysis, fixed income analysis, and quantitative analysis.

Equity Analysis

Lord Abbett's equity analysis identifies companies with the strongest fundamentals where the equity markets are incorrectly valuing these fundamentals. This methodology transcends style biases, as it identifies and exploits mispricings and market misperceptions driven by company specific or industry specific microeconomic events and larger macroeconomic events.

For our equity analysis we lever the expertise of Lord Abbett's equity industry specialists to determine catalysts for appreciation and identify those securities with the most compelling fundamentals. After this joint evaluation of the underlying common stock, the convertible team analyzes the overall macro-economic exposure of the convertible candidates. This understanding is a consideration in identifying the most attractive securities that will result in the optimal portfolio risk profile. Although sector allocations are a residual of our bottom up process, broad sector diversification guidelines are followed as an additional level of portfolio risk management. The ultimate portfolio will consist of 100 - 130 securities on average.

Fixed Income Analysis

Our fixed income analysis incorporates detailed credit analysis to determine the correct bond value of the convertible security. Bond features and balance sheet elements are evaluated to determine if the market has correctly or incorrectly valued the security and the financial quality of the company. Focus is generally on convertible securities with conversion premiums less than 50% and break-evens less than 5 years.

Through these iterative quantitative and fundamental analyses the portfolio management team determines each portfolio candidate's total return potential over the next twelve months. This enables us to construct the most efficient portfolio with the maximum upside and minimum downside.

Finally, using proprietary models, the portfolio and securities are "stress tested" as to their sensitivity to interest rate, equity market, credit market, and equity volatility. An example of this would be to test the portfolio's return profile if market interest rates increased by 100 basis points, the S&P 500 fell by 10% and credit spreads widened by 50 basis points. Value at risk can also be monitored through this "Risk Profile" model. In addition, Sharpe ratio analysis is monitored for the portfolios; any changes are noted and addressed by the portfolio management team.

INVESTMENT STRATEGY

The product seeks to produce a total rate of return that is superior to high yield debt instruments and competitive with the S&P 500 Index over a full market cycle, with reduced market risk.

INVESTMENT PROCESS (CONTINUED)

Quantitative Analysis

Quantitative modeling is used to exploit option misvaluations, by comparing theoretical values (richness or cheapness of the embedded option) to observed market values. Unique to our approach to quantitative analysis is the determination of a “Lord Abnett Option Value” that challenges the market derived inputs.

Convertible bond characteristics such as convertible payoff structure, investment value, call protection, break-even, rating, coupon, yield-to-maturity, premium and liquidity are also compared and analyzed, again with an emphasis on rigorous analysis.

SELL DISCIPLINE

Our sell discipline is based on one, or a combination, of the following sell triggers: A fundamental negative change in business outlook is identified; price appreciation has fully incorporated good news into the security’s valuation; a more compelling alternative investment is identified through the investment process, and/or the convertible securities characteristics approach pure equity.

KEY INVESTMENT PROFESSIONALS

Investment Team Member	Title/Position	Years of Securities Industry Experience
Christopher J. Towle, CFA	Partner & Director	32 years
Michael Lesesne, Jr.	Partner & Director of Credit Research	23 years
Cinda Hughes, CFA	Partner, Client Portfolio Manager	26 years

SCHEDULE OF FEES

All fees for Lord Abnett accounts are based on market value:

0.75%	on the first	\$10 million
0.50%	on the next	\$40 million
0.35%	on the next	\$50 million
0.25%	on the next	\$100 million
0.20%	on assets over	\$200 million

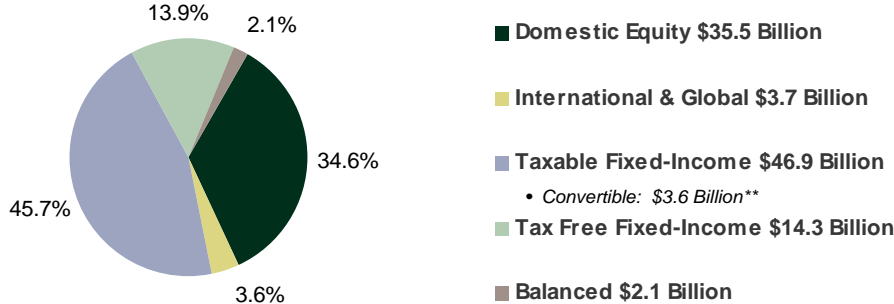
Minimum account size is generally \$20 million.

Convertible Securities

All Information as of September 30, 2011

ASSETS UNDER MANAGEMENT

\$102.5 Billion Assets Under Management*

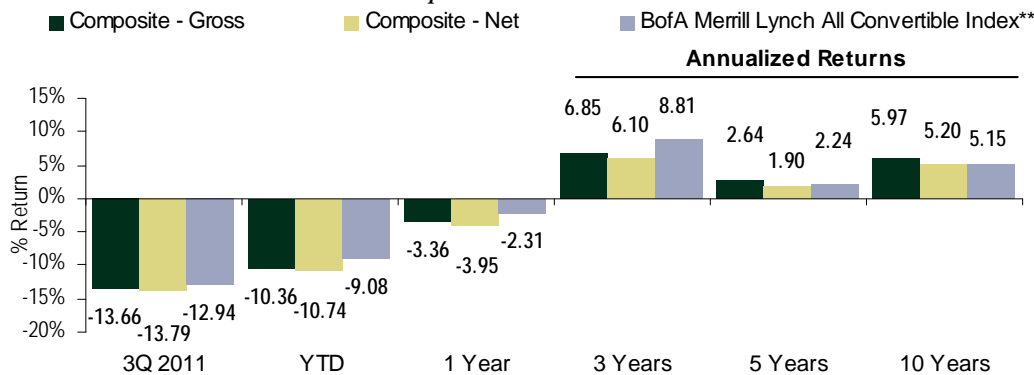


*Includes \$2.9 billion for which Lord Abbett provides investment models to managed account sponsors.

**A percentage of these assets may be included in another classification.

PERFORMANCE RESULTS

Lord Abbett Convertibles Institutional Composite*



*Please see Important Information for additional information regarding the effect of fees on performance.

**Source: BofA Merrill Lynch

Past performance is not indicative of future results.

PORTFOLIO CHARACTERISTICS

	Representative Convertible Securities Portfolio*	BofA Merrill Lynch All Convertible Index
Average Coupon	2.6%	3.7%
Conversion Premium	42.9%	62.8%
Average Delta	42	42
Average Current Yield	3.5%	3.8%
Average Maturity	9.1 years	9.4 years
Number of Issues	134	548
<i>Underlying Common Stock</i>		
Price/Earnings Ratio (Trailing 4 Quarters)	24.1x	N/A
Beta	1.4	N/A

*The representative portfolio information reflects an individually managed institutional account that Lord Abbett deems to be representative of the portfolio composition for the investment strategy at the date shown above. Portfolios are actively managed and portfolio characteristics may change significantly over time.

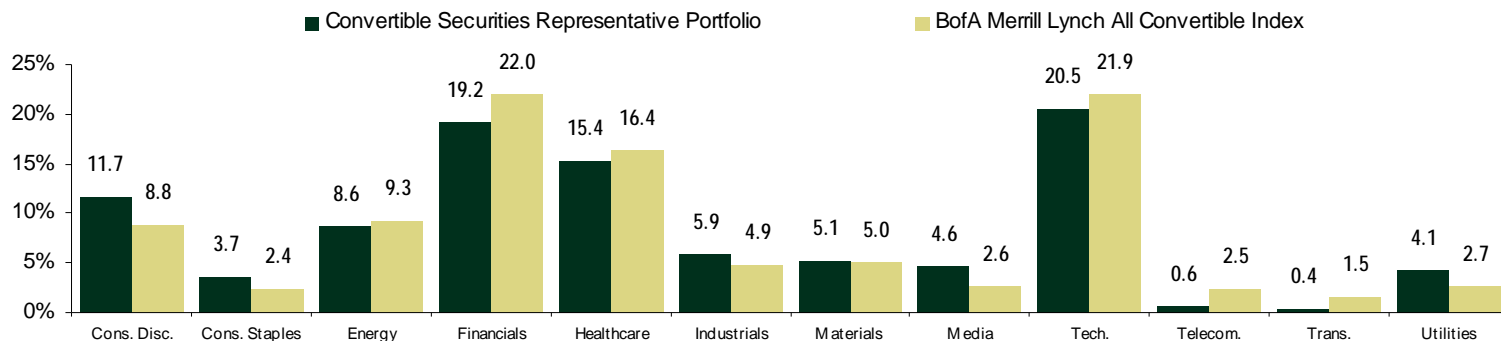
MARKET OUTLOOK

We have adopted a more cautious approach, as we believe macroeconomic concerns and market volatility will remain in place throughout the remainder of the year. As such, we have taken a more defensive, counter-cyclical position in the portfolio. We have been actively reducing the delta, or equity-sensitivity, by selling holdings that have become very equity-like and redeploying the proceeds into more bond-like positions. The portfolio maintains overweight positions in utilities, consumer staples and consumer discretionary sectors. While health care is traditionally viewed as a more defensive sector, we do maintain a small underweight due to regulatory scrutiny and uncertainty surrounding reimbursement rates. We also maintain an underweight allocation in financials due to volatility in the global banking environment.

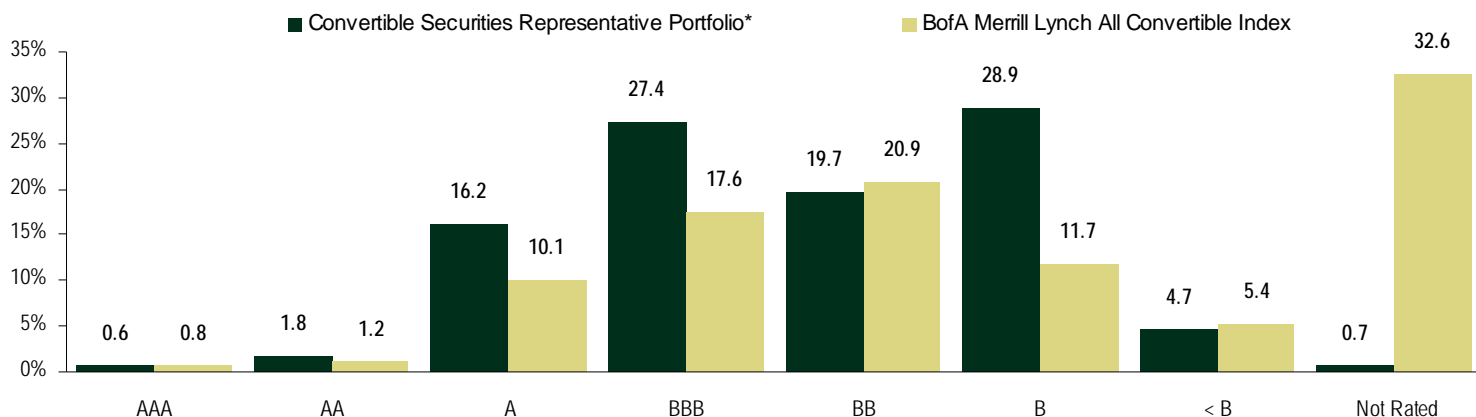


Christopher J. Towle, CFA
Partner & Director

SECTOR ALLOCATION



CREDIT QUALITY DISTRIBUTION



Ratings provided by Standard & Poor's, Moody's, and Lord Abbett. If a security in the portfolio is not rated by S&P or Moody's, Lord Abbett may rate the security based on credit analysis and other factors. Where S&P and Moody's rate a security differently, Lord Abbett uses the higher credit rating. Not rated may include equity securities. *The representative portfolio information reflects an individually managed institutional account that Lord Abbett deems to be representative of the portfolio composition for the investment strategy at the date shown above. Portfolios are actively managed and portfolio characteristics may change significantly over time.

IMPORTANT INFORMATION

Lord, Abbett & Co. LLC's Convertibles Institutional Composite (the "Composite") is comprised of all fully discretionary portfolios investing in convertible securities, including synthetic convertibles and convertible structured notes, a significant percentage of which are rated or equivalent to investment grade. The Composite's assets as of December 31, 2010 were \$1,142 million, which represented 1.1% of the firm's total assets. Performance results are expressed in U.S. dollars and reflect reinvestment of any dividends and distributions. Cash flows are adjusted on a time-weighted basis and an account is revalued in the event a cash flow equals or exceeds 10%. To receive a complete list and description of Lord Abbett's composites and/or a presentation that adheres to the GIPS® standards, please visit the firm's website at www.lordabbett.com or contact Lord Abbett's Performance Measurement Group at (201) 827-2783.

Lord Abbett claims compliance with the Global Investment Performance Standards ("GIPS®"). The CFA Institute has not been involved with or reviewed Lord Abbett's claim of compliance. For GIPS® purposes, Lord Abbett defines the Firm as all assets managed by the Firm, including mutual funds (all classes of shares), separate/institutional accounts, individual accounts and separately managed accounts managed by Lord, Abbett & Co. LLC. This definition of the firm does not include any hedge fund or separately managed program accounts where Lord Abbett does not have the records so long as it is impossible for Lord Abbett to have the records (within the meaning of relevant GIPS interpretations). The BofA Merrill Lynch All Convertibles, All Qualities Index contains issues that have a greater than \$50 million aggregate market value. The issues are U.S. dollar-denominated, sold into the U.S. market and publicly traded in the United States.

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. For all periods through December 31, 2010, net performance of the Composite 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 0.75% of assets) and other expenses (including trade execution expenses). For all periods beginning January 1, 2011, net performance for the Composite is calculated by deducting the actual advisory fee borne by each account in the Composite and other expenses (including trade execution expenses and performance incentive fees). Portfolio incentive fees are applied on a cash basis in the period in which they are paid. The effect of fees and expenses on performance will vary with the relative size of the fee and account performance. 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 0.75% of average net assets per year for the 10-year period were deducted, the annual total return would be 9.19% and the ending dollar value would be \$24,222,249. The management fee schedule is as follows: 0.75% on the first \$10 million, 0.50% on the next \$40 million, 0.35% on the next \$50 million, 0.25% on the next \$100 million, and 0.20% on all assets over \$200 million. 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.

For the periods from 1993 to 2010, Lord, Abbett & Co. LLC has been verified by Deloitte & Touche. A copy of the verification report is available upon request. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Past performance is not indicative of future results. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results among accounts. Differences in the methodology used to calculate performance also might lead to different performance results than those shown. The Composite performance is compared to that of an unmanaged index, which does not incur management fees, transaction costs or other expenses associated with a managed account.