

# Product Description:

## Emerging Markets Currency

### INVESTMENT PHILOSOPHY

We believe that returns in excess of the benchmark can be achieved through the judicious selection of currencies and securities of emerging market countries in light of persistent market inefficiencies. Our research indicates that the low correlation of such investments to other asset classes provides attractive diversification characteristics.

There are secular global macroeconomic trends that favor the strengthening of developing local market currencies, including rapid economic expansion, convergence to developed markets, and improving monetary and fiscal policy sophistication. We believe that such trends are persistent and can be effectively analyzed through rigorous fundamental and quantitative research to identify relative value in the currencies and securities of individual emerging market countries.

### INVESTMENT PROCESS

Through regular strategy meetings and ongoing information sharing, the team assesses current global macroeconomic conditions to develop a point of view regarding the future economic environment. Areas of review include global economic growth, inflation, liquidity conditions, geopolitical developments, and risk appetite. The team considers unique macro themes which may have an impact on individual countries. Themes include capital market policies, foreign exchange intervention, and convergence. Through both fundamental macroeconomic and quantitative research and market surveillance, the team conducts comprehensive country reviews. This analytic process allows the team to evaluate country-specific factors – sovereign balance sheets, balance of payments, monetary and fiscal policy and political risk – to identify situations in which the positive fundamentals of the country are not fully reflected in the relative value of the currency. Once countries are identified for investment, the team selects specific currencies or local market sovereign or corporate securities offering the most attractive risk return profile. The team looks to shift the weightings of the portfolio to benefit from the implications of the agreed upon thematic insights. The team utilizes multi-factor risk management tools to monitor on an ongoing basis systematic and idiosyncratic influences on portfolio tracking error and evaluates the impact of individual country exposures by theme, region and category.

### PORTFOLIO CONSTRUCTION

Country exposure is achieved principally through the purchase of forward contracts in the foreign exchange market. Exposure to the currency of an individual emerging market country is generally limited to five percentage points above its weighting in the index. The portfolio utilizes a short term yield enhancement strategy which combines forward foreign currency contracts with investments in short duration high quality domestic securities.

### SELL DISCIPLINE

Our decisions to sell portfolio holdings are primarily driven by the assessment of whether a particular currency optimally continues to express a particular strategy. A sale usually occurs when new information weakens the prognosis for a particular global macroeconomic, regional, or country-specific theme.

### INVESTMENT STRATEGY

*The product seeks to produce a high total return by investing in the currencies and securities of emerging markets with the goal of outperforming the J.P. Morgan Emerging Local Markets Index Plus (ELMI+) over a full market cycle*

## KEY INVESTMENT PROFESSIONALS

<b>Investment Team Member</b>	<b>Title/Position</b>	<b>Years of Securities Industry Experience</b>
Leah G. Traub, Ph.D.	Director of Currency Management	11 years
Jerald M. Lanzotti, CFA	Partner, Portfolio Manager	22 years
David Ritt, CFA	Associate Portfolio Manager	14 years
Thomas J. McDonald III	Client Portfolio Manager	37 years
Victoria Courmes	International Economist	7 years

## SCHEDULE OF FEES

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

0.60%	on the first	\$50 million
0.40%	on the next	\$50 million
0.35%	on assets over	\$100 million

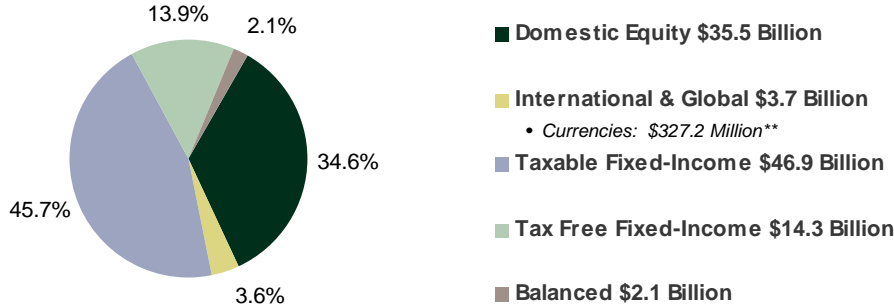
Minimum account size is generally \$50 million.

# Currencies

All Information as of September 30, 2011

## ASSETS UNDER MANAGEMENT

\$102.5 Billion Assets Under Management\*

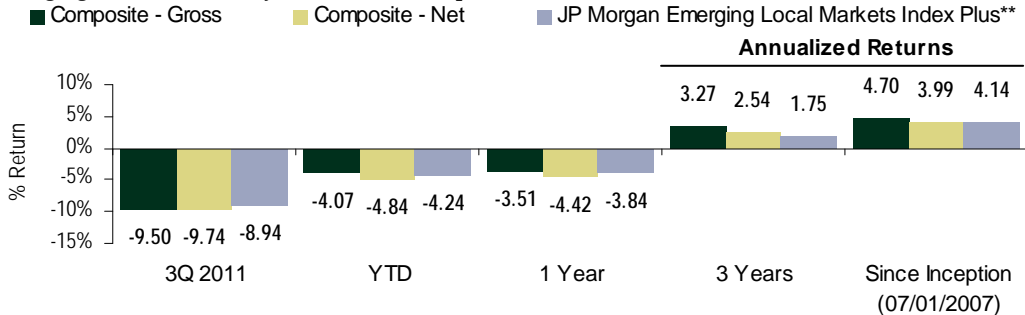


\*Includes \$2.9 billion for which Lord Abbett provides investment models to managed account sponsors.

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

## PERFORMANCE RESULTS

Emerging Markets Currency Institutional Composite\*

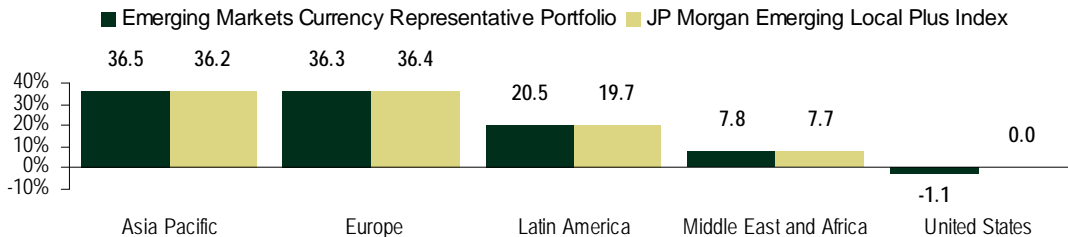


\*Please see Important Information for additional information regarding the effect of fees on performance.

\*\*Source: JP Morgan

Past performance is not indicative of future results.

## REGIONAL ALLOCATION



## MARKET OUTLOOK

Over the near term, we expect to pursue mainly country-specific strategies rather than strategies incorporating broader macroeconomic themes, given idiosyncratic volatility and the lack of clarity about the prospects for global economic growth. Considerable uncertainty remains in the market, and we will continue focusing on countries less exposed to global growth. In this environment, we favor the currencies of countries such as Indonesia, India, and Israel that are more dependent for their growth on domestic demand and have the flexibility to utilize economic stimulus without jeopardizing their fiscal budgets. These countries are less dependent on exports to the United States and Europe than some of the other emerging market countries. We will also focus on countries that have demonstrated capacity and willingness to intervene if necessary, such as Turkey, Brazil, and Peru.

Without a comprehensive plan in place for the sovereign debt crisis, we are not optimistic about the euro or euro-tied currencies. We will maintain our underweight position in the currencies of countries closely connected to the eurozone, such as Poland, Hungary, and Romania, and also those that are most exposed to external trade, such as Singapore and Taiwan.

We plan to continue monitoring the flows into and out of emerging market bonds denominated in the local currency, as sustained outflows beginning in late September have negatively affected the currencies of those countries most dependent on inflows to finance current account deficits, such as the South African rand.



Leah G. Traub, Ph.D.  
Director of Currency Management

## CURRENCY ALLOCATION

	Currencies Representative Portfolio*	JP Morgan Emerging Local Markets Index Plus
<b>Asia Pacific</b>		
Hong Kong	9.9	11.0
Singapore	8.9	10.4
China	2.7	2.2
India	3.0	2.0
Indonesia	3.5	2.1
Malaysia	2.1	2.1
Philippines	2.2	2.2
Taiwan	0.6	2.1
Thailand	3.5	2.2
<b>Europe</b>		
Poland	8.8	9.3
Turkey	10.2	9.0
Czech Republic	8.4	7.8
Hungary	4.9	5.3
Romania	3.2	3.1
Russia	1.9	1.9
Euro**	-1.1	0.0
<b>Latin America</b>		
Mexico	8.8	9.4
Chile	2.1	2.0
Colombia	2.3	2.3
Brazil	2.4	1.9
Argentina	2.2	2.2
Peru	2.7	2.1
<b>Middle East and Africa</b>		
South Africa	4.1	4.6
Israel	3.7	3.1
<b>United States</b>		
United States	-1.1	0.0

\*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. \*\*Negative position represents forward sale.

## IMPORTANT INFORMATION

Lord, Abbett & Co. LLC's Emerging Markets Currency Composite (the "Composite") is comprised of all fully discretionary portfolios managed on behalf of institutional investors investing primarily in instruments that provide investment exposure to the currencies of, and in fixed income instruments denominated in the currencies of, developing markets. The portfolios may invest substantially in forward foreign currency contracts or other derivatives, and in U.S. fixed income instruments that are used to "cover" these investments. The portfolios may also invest in other types of fixed income instruments that may not be denominated in or provide investment exposure to the currencies of developing markets. The Composite's assets as of December 31, 2010 were \$276 million, which represented 0.3% 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](http://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 J.P. Morgan Emerging Local Markets Index Plus (ELMI+) tracks total returns for local currency-denominated money market instruments in 24 emerging markets countries.

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 0.60% 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 0.60% of average net assets per year for the 10-year period were deducted, the annual total return would be 9.35% and the ending dollar value would be \$24,579,329. Please refer to Part II of Lord Abbett's Form ADV for additional information on Lord Abbett's advisory fees. 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.

Please note: During 2007 the Fund changed investment objectives and the index changed from the Lehman Global Aggregate index to the J.P. Morgan Emerging Local Plus Index (ELMI+)

**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.