ADDRESSING MARKET VOLATILITY

A Presentation for Retirement Plan Participants
OUR FIRM

AT A GLANCE

- Independent, privately held firm
- 49 partners
- Assets under management: $194.9 billion*
- 170 investment professionals with an average of 18 years of industry experience

INVESTMENT-LED. INVESTOR-FOCUSED.

OUR FIRM

A singular focus on the management of money since 1929

OUR MISSION

Delivering superior long-term investment performance and a client experience that exceeds expectations

OUR DIFFERENTIATORS

- Independent Perspective
- Commitment to Active Management
- Intelligent Product Design

Data as of 09/30/2019.

*Includes approximately $1.2 billion for which Lord Abbett provides investment models to managed account sponsors.
MARKET VOLATILITY
THE LAST 18 YEARS HAVE BEEN CHALLENGING, BUT REWARDING

HYPOTHETICAL GROWTH OF $100,000 INVESTED IN THE S&P 500 INDEX
(01/01/2000–12/31/2018)

Since 2000, stocks have declined almost 50% twice…. But overall, an investment in the S&P 500 has grown nearly 2.5 times

$246,572

Past performance is no guarantee of future results.
This hypothetical illustration is based on the growth of a $100,000 investment from 01/01/2000–12/31/2018. For illustrative purposes only. Source: Standard & Poor’s (S&P 500® Index). The index is unmanaged, does not reflect the deduction of fees or expenses, and is not available for direct investment.
What happened to the value of $1?

<table>
<thead>
<tr>
<th></th>
<th>Ending Balance</th>
<th>Average Annual Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small cap stocks</td>
<td>$32,645</td>
<td>11.82%</td>
</tr>
<tr>
<td>Large cap stocks</td>
<td>$7,016</td>
<td>9.99%</td>
</tr>
<tr>
<td>Government bonds</td>
<td>$142</td>
<td>5.47%</td>
</tr>
<tr>
<td>Cash</td>
<td>$21</td>
<td>3.34%</td>
</tr>
<tr>
<td>Inflation</td>
<td>$14</td>
<td>2.88%</td>
</tr>
</tbody>
</table>

Performance data quoted above are historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. This chart is for illustrative purposes only and does not represent any Lord Abbett Fund.

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1 Ibbotson SBBI U.S. Small Stock Index 2 Ibbotson SBBI US Large Stock 3 Ibbotson SBBI U.S. Long-Term Government Bond Index 4 Ibbotson SBBI U.S. 30 Day T-Bill Index 5 Ibbotson U.S. Inflation Index

Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.

*As of 12/31/2018.
LIKE WEATHER, MARKET RETURNS ARE VARIABLE

S&P 500 INDEX CALENDAR-YEAR TOTAL RETURNS
(1926-2018)

Volatility has always been a part of the market...

POSITIVE RETURNS: 73% (68 YEARS)
NEGATIVE RETURNS: 27% (25 YEARS)

...but in the past 93 years, stocks have been positive nearly 3/4 of the time

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Past performance is not a reliable indicator or guarantee of future results.
WHAT IS THE OLDEST RULE IN INVESTING?

BUY LOW

SELL HIGH

But do investors actually do it?
MARKET VOLATILITY LEADS TO EMOTIONAL DECISIONS

TOP 10 WORST QUARTERS IN THE S&P 500 SINCE 2000
(2000-2018)

<table>
<thead>
<tr>
<th>Date</th>
<th>Quarterly Performance</th>
<th>Net New Flows ($M)</th>
<th>Subsequent 1-Year Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-Q4</td>
<td>-21.90%</td>
<td>($13,338)</td>
<td>26.40%</td>
</tr>
<tr>
<td>2002-Q3</td>
<td>-17.30%</td>
<td>($55,644)</td>
<td>27.12%</td>
</tr>
<tr>
<td>2001-Q3</td>
<td>-14.70%</td>
<td>($25,680)</td>
<td>-17.27%</td>
</tr>
<tr>
<td>2011-Q3</td>
<td>-13.90%</td>
<td>($65,067)</td>
<td>30.39%</td>
</tr>
<tr>
<td>2018-Q4</td>
<td>-13.50%</td>
<td>($38,216)</td>
<td>N/A</td>
</tr>
<tr>
<td>2002-Q2</td>
<td>-13.40%</td>
<td>$9,560</td>
<td>1.07%</td>
</tr>
<tr>
<td>2001-Q1</td>
<td>-11.90%</td>
<td>$96,592</td>
<td>0.17%</td>
</tr>
<tr>
<td>2010-Q2</td>
<td>-11.40%</td>
<td>($18,240)</td>
<td>32.52%</td>
</tr>
<tr>
<td>2009-Q1</td>
<td>-11.00%</td>
<td>($50,445)</td>
<td>50.76%</td>
</tr>
<tr>
<td>2008-Q1</td>
<td>-9.40%</td>
<td>($41,675)</td>
<td>-36.99%</td>
</tr>
</tbody>
</table>

**AVERAGE** | **($20,215)** | **13%** |

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IT’S TIME IN THE MARKET, NOT TIMING THE MARKET

THIS IS WHAT HAPPENS TO YOUR PORTFOLIO WHEN YOU MISS THE BEST DAYS
(S&P 500 ANNUALIZED RETURNS AND GROWTH OF $10,000 FOR JANUARY 1, 1988 – DECEMBER 31, 2018)

Hypothetical Growth of $10,000

<table>
<thead>
<tr>
<th>All Days During Period</th>
<th>11.20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$201,724</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Missed the 10 Best Days</th>
<th>8.50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,673</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Missed the 20 Best Days</th>
<th>5.90%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$62,395</td>
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</table>

<table>
<thead>
<tr>
<th>Missed the 30 Best Days</th>
<th>4.30%</th>
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<tbody>
<tr>
<td>$41,073</td>
<td></td>
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</table>

Source: Standard & Poor’s and Lord Abbett. Returns are measured based on the S&P 500® Index. The “best” days to be invested are defined as those on which the S&P 500 Index delivered its highest returns for the given periods based on historical data. Annualized return and total return assumes the reinvestment of all dividends and/or capital gains. Past performance is not a reliable indicator or a guarantee of future results. The historical data are for illustrative purposes only, do not represent the performance of any specific portfolio managed by Lord Abbett or any particular investment, and are not intended to predict or depict future results. Indexes are unmanaged, do not reflect deduction of fees and expenses and are not available for direct investment.
IT'S NOT JUST ABOUT EQUITIES…

U.S. BOND MARKET

$37.8 trillion

U.S. STOCK MARKET

$28.3 trillion

Source: SIFMA; 3Q 2018 data, updated quarterly on a lag, as of 09/30/2018. Excludes money markets and municipals.

Source: Russell 3000; data as of December 31, 2018.

Please note: Stocks are subject to greater risk and market volatility, while bonds are subject to greater risks of default and interest-rate volatility. Data are the most recent available.
WHY BONDS? DIVERSIFICATION

CALENDAR YEAR RETURNS FOR STOCKS AND BONDS
(1977-2008)

Source: Standard & Poor’s (S&P 500® Index), Ibbotson Associates, Barclays. Past performance is not a reliable indicator or a guarantee of future results.

1Stocks as represented by S&P 500. 2Bonds as represented by Barclays U.S. Aggregate Bond Index. Stocks are subject to greater risk and market volatility, while investing in the bond market is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. High-yield, lower-rated securities involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. For illustrative purposes only and does not represent any specific Lord Abbett mutual fund or any particular investment. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment. Diversification does not guarantee a profit or protect against loss in declining markets. Due to market volatility, the market may not perform in a similar manner in the future.
CREDIT HAS DONE WELL WHEN U.S. TREASURY YIELDS HAVE RISEN

INDEX RETURNS DURING THE EIGHT PERIODS OF GREATER THAN 100 BPS RISE IN THE 10-YEAR U.S. TREASURY YIELD (MONTH-END ANNUALIZED RETURNS)

<table>
<thead>
<tr>
<th>Period</th>
<th>10-Year U.S. Treasury</th>
<th>Bloomberg Barclays Aggregate</th>
<th>IG Corporate Floating Rate Notes</th>
<th>Short-Term Corporates</th>
<th>Floating Rate Loans</th>
<th>High Yield Bonds</th>
<th>Convertible Bonds</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/1993 – 11/30/1994</td>
<td>-8.9%</td>
<td>-3.0%</td>
<td>-</td>
<td>2.1%</td>
<td>11.3%</td>
<td>1.2%</td>
<td>-2.7%</td>
<td>1.8%</td>
</tr>
<tr>
<td>01/31/1996 – 08/31/1996</td>
<td>-6.0%</td>
<td>-1.8%</td>
<td>-</td>
<td>1.7%</td>
<td>4.8%</td>
<td>3.1%</td>
<td>5.4%</td>
<td>3.9%</td>
</tr>
<tr>
<td>09/30/1998 – 01/31/2000</td>
<td>-7.7%</td>
<td>-0.6%</td>
<td>-</td>
<td>4.2%</td>
<td>4.9%</td>
<td>3.7%</td>
<td>41.4%</td>
<td>28.3%</td>
</tr>
<tr>
<td>06/30/2005 – 06/30/2006</td>
<td>-5.8%</td>
<td>-0.8%</td>
<td>4.6%</td>
<td>2.3%</td>
<td>6.7%</td>
<td>4.7%</td>
<td>9.4%</td>
<td>8.6%</td>
</tr>
<tr>
<td>12/31/2008 – 12/31/2009</td>
<td>-9.9%</td>
<td>5.9%</td>
<td>8.8%</td>
<td>21.3%</td>
<td>44.9%</td>
<td>57.5%</td>
<td>49.1%</td>
<td>26.5%</td>
</tr>
<tr>
<td>08/31/2010 – 03/31/2011</td>
<td>-6.1%</td>
<td>-0.8%</td>
<td>1.6%</td>
<td>2.3%</td>
<td>7.4%</td>
<td>10.3%</td>
<td>19.2%</td>
<td>27.8%</td>
</tr>
<tr>
<td>07/31/2012 – 12/31/2013</td>
<td>-6.2%</td>
<td>-1.1%</td>
<td>1.8%</td>
<td>3.2%</td>
<td>7.0%</td>
<td>9.5%</td>
<td>22.9%</td>
<td>25.7%</td>
</tr>
<tr>
<td>06/30/2016 – 12/31/2016</td>
<td>-7.5%</td>
<td>-2.5%</td>
<td>1.2%</td>
<td>0.6%</td>
<td>5.4%</td>
<td>7.5%</td>
<td>8.3%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

During periods of sharply rising U.S. Treasury yields, credit sensitive sectors of the bond market, such as High Yield Bonds, Floating Rate Loans, and Convertible Bonds, historically have done well.

1FTSE 10 Year Treasury Bond Index
2Bloomberg Barclays U.S. Aggregate Bond Index
3Bloomberg Barclays U.S. Floating Rate Note Index
4Credit Suisse Leveraged Loan Index
5ICE BofAML U.S. Corporate BBB-Rated 1-3 Year Index
6ICE BofAML U.S. High Yield Constrained Index
7ICE BofAML All Convertibles All Qualities Index
8S&P 500 Index

Past performance is not a reliable indicator or guarantee of future results. Performance during other time periods may have been different or negative. Other indexes may not have performed in the same manner under similar conditions. Source: Morningstar. 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.
INVESTING IN A 401(K) PLAN
WHY INVEST IN YOUR 401(K)?

1. **Tax Advantaged**
   - Retirement plans are tax-advantaged.
     - Contributions are pretax.
     - All growth is tax-deferred (or potentially tax-free in a Roth 401(k)).

2. **Portability**
   - All of your contributions are portable.

3. **Security**
   - The opportunity to build a strong base for your retirement
3. SECURITY

- Social Security
- Personal Retirement Savings
- Other
Mark, Age 35

- Annual salary: $50,000
- Current retirement savings: $25,000

This profile is hypothetical and is for illustrative purposes only.
INVESTING $125 PER MONTH (3% OF PAY)

Source: Ibbotson.
The hypothetical example above represents $125 invested per month diversified into 60% stocks, represented by Ibbotson Large Cap Index and 40% bonds, represented by Ibbotson Long Term Government Bond Index from 01/01/1989–12/31/2018 and includes the reinvestment of all distributions. Past performance is no guarantee of future results, and the indexes may fail to perform in a similar manner in the future. Keep in mind that the hypothetical values depicted do not reflect the fees and charges associated with specific investment products. If included, results would be lower. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. An investor will not experience similar results.
INVESTING $250 PER MONTH (6% OF PAY)

Source: Ibbotson.
The hypothetical example above represents $250 invested per month diversified into 60% stocks, represented by Ibbotson Large Cap Index and 40% bonds, represented by Ibbotson Long Term Government Bond Index from 01/01/1989–12/31/2018 and includes the reinvestment of all distributions. Past performance is no guarantee of future results, and the indexes may fail to perform in a similar manner in the future. Keep in mind that the hypothetical values depicted do not reflect the fees and charges associated with specific investment products. If included, results would be lower. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. An investor will not experience similar results.
WHERE WILL HE FIND THE EXTRA $125 PER MONTH?

- Evaluate wireless and cable bills
- Share meals at restaurants
- Eat in more often
- Clip coupons!
- Evaluate insurance policies, ↑ deductibles
- Make own coffee
- Program the thermostat
- Drink tap water
- Buy generic brands

$125

$0
MARK’S RETIREMENT CALCULATION

How much will I need to save for retirement?

Retirement can be the saddest or happiest day of your life. This pre-retirement calculator will help you determine how well you have prepared and what you can do to improve your retirement outlook. It is important that you re-evaluate your preparedness on an ongoing basis. Changes in economic climate, inflation, achievable returns, and in your personal situation will impact your plan.

**Personal Information**  **Income/Savings**  **Assumptions**  **Social Security**

Your current age (1 to 120)  Current annual income ($)
35  0

Spouse’s annual income (if applicable) ($)  Current retirement savings ($)
0  0

Desired retirement age (1 to 120)  Number of years of retirement income (1 to 40)
65  20

For illustrative purposes only.
ESSENTIAL INGREDIENTS FOR LONG-TERM INVESTING

- **U.S. stocks**: A strong foundation
- **Small cap stocks**: Add some spice!
- **International stocks**: A world of opportunity
- **Bonds**: Income and balance
- **Diversification**: A strategy for all seasons

Stocks are subject to greater risk and market volatility, while bonds are subject to greater risk of default and interest rate volatility. Special risks are inherent in international investing, including those related to currency fluctuations and foreign, political, and economic events. Diversification does not guarantee a profit or protect against loss in declining markets.
REMINDER FOR PLAN PARTICIPANTS
Riding Out Market Ups and Downs

The one certainty of investing is that your portfolio will experience volatility. Further, volatility can trigger emotional responses that may cause investors to make irrational decisions that could lead to missed opportunities.

Prudent investors stay the course, with the understanding that investment success is not just a matter of how well you do in up markets but also how well you weather the downside.

Three Points to Remember

Stay Calm | Stay In | Stay The Course

For illustrative purposes only.
STAY CALM

The truth is that market ups and downs are normal. In fact, in any given calendar year, the average drawdown (peak to trough decline) of the S&P 500® Index historically has been nearly 14%.

Yet, despite the intra-year volatility, the index has tended to finish most years higher than it started. Since 1980, for example:

- The S&P 500 has delivered an average calendar year return of more than 10%, including positive returns in many of the same years that large drawdowns occurred.
- The index also has delivered positive returns 82% of the time, and has returned more than 20% nearly 40% of the time.

Though such favorable outcomes can never be guaranteed, it is clear that being calm and patient during periods of volatility historically has rewarded investors.

**DRAWDOWNS ARE COMMON, BUT THEY DON’T ALWAYS TRANSLATE INTO FULL-YEAR DECLINES**

S&P 500 annual total returns versus maximum total decline, as of December 31, 2018

![Graph showing drawdowns versus total returns over time.]

Average Return 12.7%

Average Drawdown -13.8%

Source: Morningstar.

Note: The historical data are for illustrative purposes only, do not represent the performance of any specific portfolio managed by Larry Adkison or any particular investment, and are not intended to predict or depict future results. Indices are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. Past performance is not a reliable indicator or guarantee of future results.

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STAY IN AND STAY THE COURSE

STAY IN

An investor who exited the market and subsequently missed just 10 of the best-performing days in the past 20 years would have lost out on more than half of the gains. Given the difficulty of market-timing, a far better course would have been to stay in, with the knowledge that volatility is normal and that missed upside can dramatically cut into long-term returns.

MISSING THE BEST-PERFORMING DAYS OF THE MARKET CAN HAVE A SIGNIFICANT IMPACT ON YOUR PORTFOLIO


<table>
<thead>
<tr>
<th>FOR THE 20-YEAR PERIOD 01/01/1998 - 12/31/2016</th>
<th>ANNUALIZED RETURN</th>
<th>$10K INVESTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>All days during period</td>
<td>4.95%</td>
<td>$37,344</td>
</tr>
<tr>
<td>Missed 10 best days</td>
<td>2.02%</td>
<td>$10,737</td>
</tr>
<tr>
<td>Missed 20 best days</td>
<td>0.59%</td>
<td>$11,758</td>
</tr>
<tr>
<td>Missed 30 best days</td>
<td>-0.91%</td>
<td>$7,794</td>
</tr>
</tbody>
</table>

Source: Morningstar Standard & Poor's.

*The best days to be invested are defined as the days on which the S&P 500 index delivered its highest returns for the given periods based on historical data. Returns are measured based on the S&P 500 Index. This illustration depicts the value of a hypothetical $10,000 investment in the S&P 500 Index from January 1, 1998, through December 31, 2016. Note: The historical data are illustrative purposes only, do not represent the performance of any specific portfolio managed by LandMark or any particular investment, and are not intended to predict or depict future results. Indices are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. Past performance is not a reliable indicator or guarantee of future results.*

STAY THE COURSE

For long-term equity investors, the most powerful factor is time: historically speaking, an investor’s time horizon is directly correlated with the likelihood that a portfolio will experience positive returns. For these long-term investors, staying the course is the most critical consideration when trying to build wealth and meet their investment objectives.

THE LONGER YOU STAY IN THE MARKET, THE GREATER THE POTENTIAL FOR A POSITIVE OUTCOME

S&P 500 Index returns in calendar-year periods, 1927-2018

- **1-Year Holding Periods**: 73% of the time
- **10-Year Holding Periods**: 95% of the time
- **20-Year Holding Periods**: 100% of the time

Source: Morningstar

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