



ALPHA STRATEGY FUND

MARKET REVIEW

- The U.S. equity market, as measured by the S&P 500 Index, returned 1.70% during the third quarter of 2019.¹ Despite a resurgence in September, small capitalization stocks underperformed large capitalization stocks, as measured by the Russell 2000 Index and the Russell 1000 Index respectively.²
- The July and September Federal Open Market Committee (FOMC) meetings each resulted in a 25 basis point rate cut in an attempt to continue the market expansion despite slowing global economic growth, continued trade tensions between the U.S. and China, and a presidential impeachment inquiry.³
- Late in the quarter, a historic rotation took place from momentum and growth to the value and cyclical factors. Several reasons were cited, including the backup in rates following the rally in August as well as extended valuations.⁴
- International markets fell 1.80% during the third quarter, as measured by the MSCI ACWI ex USA Index. Emerging Markets, as measured by the MSCI EM Index, returned -4.11% during the third quarter and underperformed developed equity markets, as represented by the MSCI EAFE Index (-1.00%), by 3.11%. In the past 12 months, Emerging Markets have underperformed developed markets, trailing by 0.81%.⁵

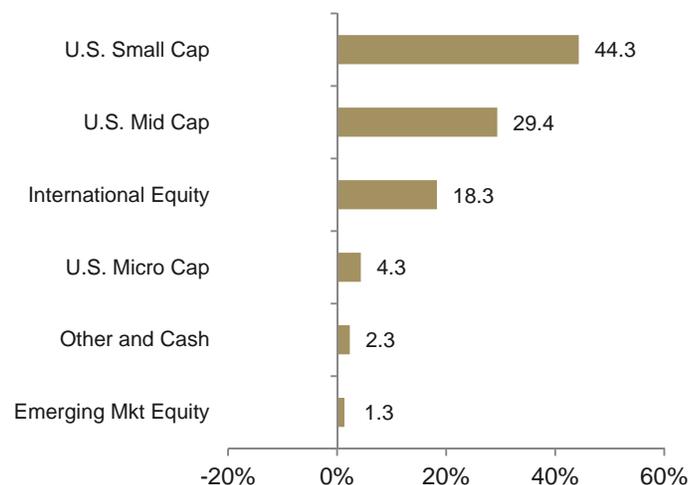
PORTFOLIO REVIEW

- The Fund returned -4.10%, reflecting relative performance at the net asset value (NAV) of Class A shares with all distributions reinvested, for the quarter ended September 30, 2019. The Fund's primary benchmark, the Russell 2000 Index, returned -2.40% in the same period. The Fund's secondary benchmark, a blend consisting of 85% Russell 2000® Index/15% S&P Developed Ex-U.S. SmallCap® Index, returned -2.26% in the same period.
- The Fund's weightings in domestic small-cap growth and micro-cap growth stocks detracted from relative performance. Additionally, the portfolio's allocation to small-cap value equities modestly detracted from relative performance.
- The Fund's holdings in U.S. mid-cap value stocks contributed to relative performance. The asset class benefited significantly from an historic rotation that took place from momentum and growth to the value and cyclical factors. Reasons for the shift included the backup in U.S. treasury rates following the rally in August, as well as crowded trades and stretched valuations of stocks within defensive and secular industries.
- The Fund's exposure to small-cap and smid value equities, along with small cap international equities contributed to relative performance.

STRATEGY POSITIONING & OUTLOOK

- During the quarter, the Fund's weighting in the financials sector increased, while its allocation to health care and industrials decreased. The information technology, industrials, and health care sectors are the largest weightings in the Fund.
- Risk assets rose almost across the board, with the S&P 500 rising 1.7% and bonds rallying during the quarter as well. The only asset class exhibiting negative returns was non-U.S. equities. Despite the continuation of the market's range-bound behavior this quarter, there was plenty of volatility present. The month of September saw a strong rally in the U.S. equity markets as the U.S. and China agreed to meet in Washington in October to discuss trade, as the ECB approved a new asset purchase program, and as a no-deal Brexit became less likely.
- Factor returns shifted late in the quarter, with value outperforming growth and small cap stocks outperforming large cap stocks, highlighting September's shift to a more risk-on attitude.
- Key identifiable risks include renewed escalation in the U.S.-China trade dispute, a hard Brexit outcome, disruption in global supply chains as companies prepare for de-globalization, and signs of renewed inflation leading to the possibility of U.S. Federal Reserve policy reversal.

ASSET CLASS



Source: Lord Abbett. Portfolio breakdown as of 09/30/2019. Fund allocations may not total 100% due to rounding or cash and net other assets.

PERFORMANCE AS OF 09/30/2019

	3Q19	YTD	1 Year	3 Years	5 Years	10 Years
Net Asset Value (without sales charge)	-4.10%	14.72%	-8.35%	8.48%	7.54%	10.66%
Maximum Offering Price (with 5.75% sales charge)	-9.61	8.10	-13.62	6.36	6.27	10.01
Russell 2000® Index ²	-2.40	14.18	-8.89	8.23	8.19	11.19
85% Russell 2000® Index/15% S&P Developed Ex-U.S. SmallCap Index	-2.26	13.81	-8.55	7.88	7.83	10.67
Lipper SmallCap Core Funds Average ⁵	-0.17	14.58	-7.36	7.00	6.79	10.49

Expense Ratios: 1.52%

Performance data quoted reflect past performance and are no guarantee of future results. Current performance may be higher or lower than the performance quoted. The investment return and principal value of an investment in the Fund will fluctuate so that shares, on any given day or when redeemed, may be worth more or less than their original cost. You can obtain performance data current to the most recent month end by calling Lord Abbett at (888) 522-2388 or referring to our website at lordabbett.com.

¹The S&P 500® Index. ²Russell Index Performance ³The Federal Reserve ⁴FactSet StreetAccount ⁵Source: MSCI ⁶Source: Lipper Analytical Services

A Note about Risk: The Fund invests primarily in U.S. and global small, mid-sized and micro-cap stocks, which tend to be more volatile and less liquid than large cap company stocks. The value of the underlying funds' investments and the net asset values of the shares of both the Fund and the underlying funds will fluctuate in response to various market and economic factors related to equity markets, as well as the financial condition and prospects of issuers in which the underlying funds invest. Investments in small, mid-sized and micro-cap company stocks typically involve greater risk, particularly in the short term, than those in larger, more established companies. Investments in either growth or value stocks may shift in and out of favor for long periods of time, depending on market and economic conditions. Investing internationally involves risks not associated with investing solely in the United States, such as currency fluctuation, political risk, differences in accounting and the limited availability of information. These risks can be greater in the case of emerging country securities. The Fund is subject to the risks associated with derivatives, which may be different from and greater than the risks associated with investing directly in securities and other investments. These factors can affect Fund performance.

The Fund's portfolio is actively managed and is subject to change.

Performance reflects the reinvestment of all distributions. Certain purchases of Class A shares without a sales charge are subject to a contingent deferred sales charge (CDSC). The CDSC is not reflected in the performance shown. If sales charges, including any applicable CDSC had been included, performance would have been lower. Returns for less than one year are not annualized. Instances of high double-digit returns were achieved primarily during favorable market conditions and may not be sustainable over time.

Expense ratio information: The net expense ratio takes into account a voluntary fee waiver that Lord Abbett may discontinue at any time. For periods when fees and expenses were waived and/or reimbursed, the Fund benefited by not bearing such expenses. Without such waivers, performance would have been lower.

The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The S&P Developed ex US Small Cap Index measures the performance of the small-cap segment of global developed equity markets, excluding the United States, ranked by total market capitalization.

Lipper SmallCap Core Funds Average is based on a universe of funds with similar investment objectives as the Fund. Peer group averages include the reinvested dividend and capital gains, if any, and exclude sales charges.

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

The views and information discussed in this commentary are as of September 30, 2019, are subject to change, and may not reflect the views of the firm as a whole. The views expressed in market commentaries are at a specific point in time, are opinions only, and should not be relied upon as a forecast, research, or investment advice regarding a particular investment or the markets in general. Information discussed should not be considered a recommendation to purchase or sell securities.

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