LORD ABBETT®

Fund Commentary **2Q21**

CLIMATE FOCUSED BOND FUND

MARKET REVIEW

- The U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, returned 1.83% over the second quarter.[1] The U.S. Treasury component of the Aggregate Index returned 1.75%. Investment grade corporate bonds[2] returned approximately 3.55% and experienced modest spread tightening throughout the quarter.
- High yield bonds[3] posted positive performance in the second quarter. High yield spreads tightened 31 basis points from March month-end levels to 306 basis points at the end of June. Within the asset class, the lowest quality segments of the high yield market outperformed higher quality tiers. Leveraged loans, as represented by the Credit Suisse Leveraged Loan Index, underperformed their fixed rate peers over the second quarter amid receding inflation concerns in May and June and heavy capital market activity. Demand is still strong for the asset class, with loan funds tracking 25 consecutive weeks of inflows with $25.6bn of YTD inflows.[4]
- While concerns about an inflation overshoot were fairly pervasive, the U.S. Federal Reserve remained consistent in its messaging around expectations that price pressures will be transitory and the peak inflation theme gained traction as the quarter progressed even as economists suggested that 'transitory' may be longer than expected. While Fed Chair Powell stuck with the transitory messaging on inflation, he also conceded that the Fed is cognizant about the risk that inflation could be more persistent. Powell not surprisingly admitted the Fed has started to talk about tapering. However, he also noted that "substantial further progress" is still a "a ways" away, a view shared by other Fed leaders. Powell said the central bank will not raise rates preemptively because it fears the possible onset of inflation.[5] This helped growth and momentum stocks outperform value and cyclicals.
- Despite a late-quarter agreement between the White House and a bipartisan group of Senators on the framework of a physical infrastructure package, the path to additional fiscal stimulus remained complicated by Democratic leadership's insistence that the Senate also pass a separate package via reconciliation that includes Democratic priorities surrounding climate change and human infrastructure.[6] Also of note were U.S. corporate earnings. As has been the case over the last few quarters, upside surprises were driven by outsized estimate cuts early in the pandemic, a resilient macro backdrop underpinned by massive fiscal and monetary stimulus, and elevated profit margins.
- According to Barclays, global ESG bond supply from corporate issuers (including financials and non-financials) totaled $235bn during the first half of 2021, a level that far exceeds the $188bn issued during the entirety of 2020. Issuance of all types of securities has risen but growth is most evident for sustainability and green bonds. Traditionally, the ESG bond market was the domain of highly-rated companies, but recently supply has grown from BBB and HY companies, particularly of sustainability and sustainability-linked bonds. Last year, there was a large rise in ESG bond issuance from US companies; although we are still seeing market growth in that respect, the majority of incremental year-over-year supply has been driven by euro area issuers.

PORTFOLIO REVIEW

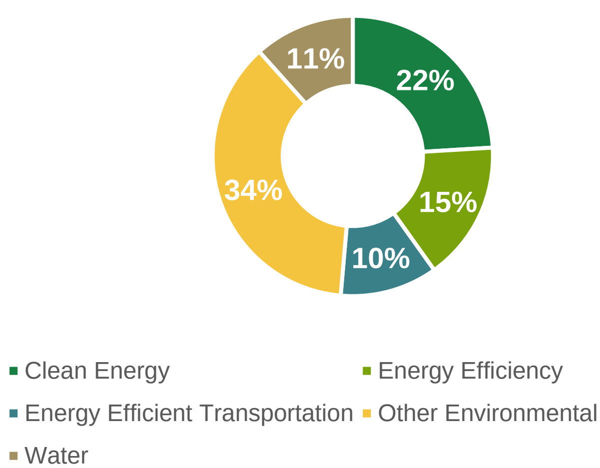
- The Lord Abbett Climate Focused Bond Fund returned 1.09%, reflecting performance at the net asset value (NAV) of Class A shares with all distributions reinvested, for the quarter ended June 30, 2021. The Fund's benchmark, the ICE BofA Green Bond Index Hedged USD, returned 0.45% during the same period.
- The Fund invests in the securities of issuers we believe have, or will have, a positive impact on the climate through an issuer's operations, products, or services. Our investment process focuses on five key climate-related themes including: clean energy, energy efficiency, low carbon transportation, clean water and resource management, and other environmental areas such as recycling and waste management.
- The Fund's allocation to high yield corporate bonds had a notable positive effect on relative performance as credit spreads tightened over the period supported by the central bank liquidity tailwind, fiscal stimulus, vaccine progress, reopening momentum, a strong corporate profit backdrop and robust equity inflows.
- Additionally, the Fund's off-benchmark allocation to taxable municipal bonds aided relative returns.
- Furthermore, the Fund's duration with respect to European debt was much shorter than that of the benchmark which benefitted as European bond yields rose over the period.

- The Fund's modest convertible bond allocation was a detractor from relative performance. While convertibles generally performed well during the quarter, the Fund's holdings were concentrated in growth/innovation themes which overall performed poorly during the quarter due to interest rate and inflation concerns.
- Additionally, the Fund's duration with respect to U.S. debt was also a modest detractor during the period, as we had a shorter duration than the benchmark and U.S. rates fell slightly over the period.

STRATEGY POSITIONING & OUTLOOK

- Relative to the ICE BofA Green Bond Index, the Fund is modestly overweight credit risk. More specifically, the Fund is overweight bonds in the 'BBB' and lower credit quality tiers.
- The stabilization in rates and the positive outlook for renewable energy has created some compelling opportunities in the solar convertible bond space, where we now have a small position.
- Our view on European-issued green bonds is still positive, as it appears more likely that the European Central Bank (ECB) will favor green bonds in their asset purchase programs in the future.

Climate Focused Thematic Exposure



Source: Lord Abbett. Due to rounding and the exclusion of cash, percentage allocation of the may not equal 100%. Thematic exposure as of 06/30/2021. *Other Environmental includes Circular Economy, Waste Management, etc.

Performance as of 06/30/2021

	2Q21	1 Year	Since Inception[7]
Net Asset Value (without sales charge)	1.09%	3.76%	4.77%
Maximum Offering Price (with 2.25% sales charge)	-1.23	1.46	2.60
ICE BofA Green Bond Index Hedged USD	0.45	1.38	-
Bloomberg Barclay Global Aggregate Index Hedged USD	0.98	0.08	0.69

Expense Ratios: Gross: 3.04%; Net: 0.65%

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.

[1]*As represented by the Bloomberg Barclays U.S. Aggregate Bond Index as of 06/30/2021.*
[2]*As represented by the ICE BofA U.S. Corporate (A-BBB) as of 06/30/2021.*
[3]*As represented by the ICE BofA U.S. High Yield Constrained Index as of 06/30/2021.*
[4]*JP Morgan, data represents U.S.-registered mutual funds.*
[6]*Factset.*
[7]*Inception Date: May 28, 2020*

A Note about Risk: The Fund is subject to the general risks associated with investing in debt securities, including market, credit, liquidity, and interest rate risk. The value of your investment will change as interest rates fluctuate and in response to market movements. When interest rates fall, the prices of debt securities tend to rise, and when interest rates rise, the prices of debt securities are likely to decline. The Fund is subject to the risk that its climate-focused investment strategy may select or exclude securities of certain issuers for reasons other than investment performance considerations which may negatively affect its performance relative to unconstrained peers. Certain climate-focused investments may be dependent on government policies and subsidies, which are subject to change or elimination. The Fund may invest in high yield, lower-rated debt securities, sometimes called junk bonds and may involve greater risks than higher rated debt securities. These securities carry increased risks of price volatility, illiquidity, and the possibility of default in the timely payment of interest and principal. The Fund may invest in foreign or emerging market securities, which may be adversely affected by economic, political, or regulatory factors and subject to currency volatility and greater liquidity risk. The Fund may invest in derivatives, which are subject to greater liquidity, leverage, and counterparty risk. The fund performance history at this time is very limited; therefore, performance achieved during its initial period of investment operation may not be replicated over longer periods and may not be indicative of how the Fund will perform in the future. These factors can affect Fund performance. The Fund's portfolio is actively managed and is subject to change. The portfolio weights shown in parenthesis are based on the average portfolio weight during the quarter for each security.

Expense Ratio Information: For the period from May 28, 2020 through November 30, 2021, Lord, Abbett & Co. LLC ("Lord Abbett") has contractually agreed to waive its fees and reimburse expenses to the extent necessary to limit total net annual operating expenses, excluding 12b-1 fees, acquired fund fees and expenses, interest-related expenses, taxes, expenses related to litigation and potential litigation, and extraordinary expenses, to an annual rate of 0.38% for each of Class F3 and R6 and to an annual rate of 0.45% for each other class. This agreement may be terminated only by the Fund's Board of Trustees.

The credit quality of the securities in a portfolio are assigned by a nationally recognized statistical rating organization (NRSRO), such as Standard & Poor's, Moody's, or Fitch, as an indication of an issuer's creditworthiness. Ratings range from `AAA' (highest) to `D' (lowest). Bonds rated `BBB' or above are considered investment grade. Credit ratings `BB' and below are lower-rated securities (junk bonds). High-yielding, non-investment-grade bonds (junk bonds) involve higher risks than investment-grade bonds. Adverse conditions may affect the issuer's ability to pay interest and principal on these securities. 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. If applicable, instances of high double-digit returns were achieved primarily during favorable market conditions and may not be sustainable over time.

The ICE BofA Green Bond Index tracks securities issued for qualified green purposes that promote climate change mitigation or adaption. Qualifying bonds must have a clearly designated use of proceeds that is solely applied toward projects or activities that promote climate change mitigation or adaptation or other environmental sustainability purposes as outlined by the ICMA Green Bond Principles.

The Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed-income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate indexes. The index also includes eurodollar and euro-yen corporate bonds, Canadian government securities, and U.S. dollar investment-grade 144A securities.
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Investors should carefully consider the investment objectives, risks, charges and expenses of the Lord Abbett Funds. This and other important information is contained in the fund's summary prospectus and/or prospectus. To obtain a prospectus or summary prospectus on any Lord Abbett fund, contact your investment professional, Lord Abbett Distributor LLC, at (888) 522-2388 or visit us at lordabbett.com. Read the prospectus carefully before you invest.

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