



# CREDIT OPPORTUNITIES FUND

## Philosophy:

The Fund seeks to deliver a high level of total return by investing across a broad range of global fixed income sectors. The Fund aims to capture illiquidity premiums while capitalizing on idiosyncratic, catalyst-driven investment opportunities. This flexible strategy utilizes a bottom-up approach and seeks to maximize risk-adjusted returns, leveraging our capabilities across multiple fixed income segments to construct a portfolio of our highest conviction ideas.

## PORTFOLIO REVIEW

### 2Q 2020 Contributors (Issuers):

The Fund's investment in high yield issues of Berry Petroleum (1.13%), an oil and natural gas exploration & production company, contributed to performance. The bonds entered the quarter at a highly depressed valuation similar to other single-B credit profiles in the energy sector post the U.S. economic shutdown and OPEC price war. The bonds were able to appreciate significantly throughout the second quarter, alongside a recovery in crude prices, due to Berry's strong hedge profile, free cash flow (FCF) potential, and strong liquidity profile.

The Fund's investment in high yield bonds of Buckeye Partners, LP (1.31%), an energy midstream operator, was a contributor during the period. Their subordinated bonds entered the quarter at a highly depressed valuation similar to other single-B credit profiles in the energy sector post the U.S. economic shutdown and OPEC price war. The bonds appreciated significantly throughout the second quarter due to Buckeye's historically stable pipeline and terminals business, expected positive impacts on storage providers from commodities markets in contango, and a recently extended debt maturity profile from refinancing transactions.

The Fund's investment in bank loan issues of Medallion Midland (1.32%), an energy midstream company, also contributed to performance. The company came to the market with high leverage and a growth plan which was demonstrating substantial ability to de-lever prior to COVID. The loan rallied substantially in April as the sponsors recommitted support to the assets and provided additional color on the quality and length of contracts. In addition, the company projected positive FCF in 2020 even at much lower oil prices. Our original thesis relied on strong positioning and near non-replaceable assets in one of the most cost-advantaged basins in the United States. We believe the recent update and performance during the oil price downturn continue to support that thesis.

The Fund's investment in Collateralized Loan Obligations (CLO) of the Dryden 45 Senior Loan Fund (1.20%) contributed to relative performance. BB CLO spreads rallied by about 550 basis points in the second quarter on improving risk sentiment, higher loan prices, and capital inflows into the CLO asset class. We held this position through the volatility because of its structure, underlying collateral, and performance through our base and stress scenarios. The performance was in line with other BB positions that we held through that period.

### 2Q 2020 Detractors (Issuers):

The Fund's investment in high yield issues of Revlon Consumer Products Corp. (1.02%), a global cosmetics and personal care products supplier, detracted from performance during the period. The pandemic crisis significantly impacted earnings this quarter and derailed a potential deal to refinance the February 2021 bond maturity, placing in doubt the company's ability to avoid a near-term restructuring.

The Fund's investment in Collateralized Mortgage Backed Securities (CMBS) of JP Morgan Chase (0.24%) was also a detractor during the period. This security is collateralized by a single property, the Destiny USA Mall in Syracuse, New York. Given the nature of this crisis and the complete shutdown of operating income for retail properties, the commercial real estate valuations of mall properties are expected to suffer a meaningful decline in the near-term. This decline in valuations mean that any eventual refinancing of the current loan will likely result in losses for the securitization and lower-rated tranches priced in this loss uncertainty. We are, of course, re-underwriting these loans to account for the various scenarios and are currently holding the security given perceived lower-than-recovery value.

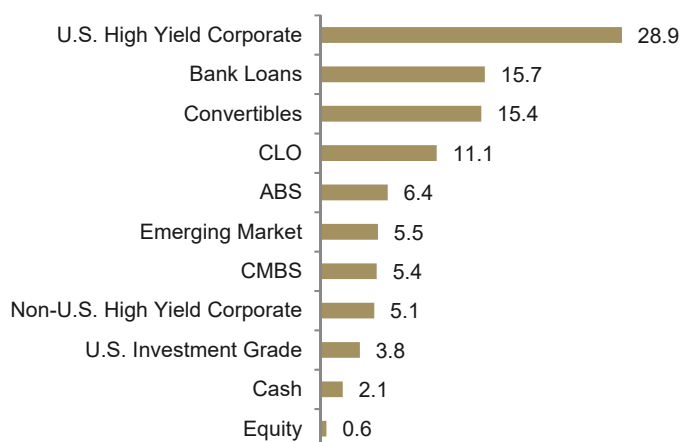
The Fund's investment in bank loan issues of J. Crew Group, Inc. (0.87%) detracted from performance during the period. J.Crew Group, Inc., is a specialty retailer with both a brick and mortar and substantial online presence. We originally bought the loan after analysis showed that Madewell, a subsidiary of J. Crew, had significant value well above the trading value of the loan, with the potential for a par or better recovery. Earlier this year, J. Crew filed for an IPO for Madewell that would have valued the company well in excess of the J. Crew loan. Unfortunately, COVID prevented the offering, and J. Crew was forced to file a consensual bankruptcy in which lenders will receive most of the equity in the company, including Madewell. The current valuation reflects the uncertainty around retail investments, and the lack of a near term catalyst. We still see value in Madewell.

The Fund's investment in bank loan issues of Jazz Acquisitions, Inc. (0.76%) detracted from performance during the period. The company designs, repairs and distributes aftermarket components primarily for commercial airline and maintenance, repair and overhaul (MRO) customers. We originally invested in the loans believing that new management could make needed operational fixes and would have a tailwind from the improving commercial aerospace market. Prior to COVID, the company saw several new business wins and modest de-levering which was expected to increase as revenues from the new projects were realized. COVID significantly impacted commercial air travel causing the loans to trade down.

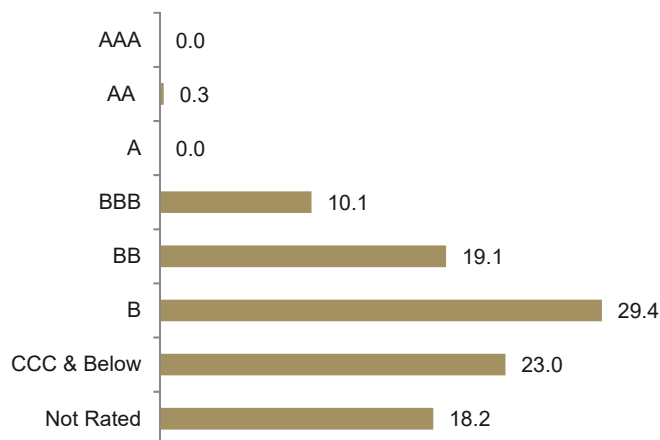
### Position Changes:

During the quarter, we cycled out of most of our high quality names which we added to in the first quarter on an attractive relative value basis. These investment grade securities generated attractive returns and provided strong yield. This quarter, we added select energy issues as well as issuers who we believe to be secular winners over the long term, e.g. online gaming. We rotated within CLOs by running dynamic modeling, identified positions where the investment thesis was undermined by COVID, and swapped into positions that we believe would be good candidates for recovery in the market rebound.

Asset Class Breakdown\*



Credit Quality Breakdown\*



Portfolio Breakdown as of 06/30/2020

\*Asset Class and Credit Quality Breakdown source: ICE Data Indices, LLC. Due to rounding, the percentage allocation of the portfolio breakdown may not equal 100%.

## PERFORMANCE AS OF 06/30/2020

	2Q20	YTD	1 Year	Since Inception*
Credit Opportunities Fund Class I	13.31%	-6.23%	-3.92%	-0.32%

Net Expense Ratio: 1.50%

\*Fund Incepted on February 22, 2019

**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.**

The Fund is structured as an unlisted closed-end interval fund. Limited liquidity is provided to shareholders only through the Fund's quarterly offers to repurchase between 5% and 25% of its outstanding shares at net asset value, subject to applicable law and approval of the Board of Trustees. The Fund currently expects to offer to repurchase 5% of outstanding shares per quarter. There is no secondary market for the Fund's shares and none is expected to develop. There is no guarantee that an investor will be able to tender all or any of their requested Fund shares in a periodic repurchase offer. Investors should consider shares of the Fund to be an illiquid investment.

Although the Fund may impose a repurchase fee of up to 2.00% on shares accepted for repurchase by the Fund that have been held for less than one year, the Fund does not currently intend to impose such a fee. Please refer to the Fund's prospectus for additional information.

The Fund's ability to be fully invested and achieve its investment objective may be affected by the need to fund repurchase obligations. In addition, the fees and costs associated with investing in an interval fund may be significantly greater than those of other fund structures.

**New Fund Risk:** The Fund is newly organized. There can be no assurance that the Fund will reach or maintain a sufficient asset size to effectively implement its investment strategy.

**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 Fund may invest in high-yield, lower-rated securities, sometimes called junk bonds. 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 debt securities of stressed and distressed issuers as well as in defaulted securities and debtor-in-possession financings. Distressed and defaulted instruments generally present the same risks as investment in below investment grade instruments. However, in most cases, these risks are of a greater magnitude because of the uncertainties of investing in an issuer undergoing financial distress. 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. These factors can affect Fund performance.

Because of the risks associated with the Fund's ability to invest in high yield securities, loans and related instruments and mortgage-related and other asset-backed instruments, foreign (including emerging market) securities (and related exposure to foreign currencies), and the Fund's ability to use leverage, an investment in the Fund should be considered speculative and involving a high degree of risk, including the risk of a substantial loss of investment.

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

The portfolio weights shown in parenthesis within the Portfolio Review section are based on the average weight during the quarter for each security.

Ratings (other than U.S. Treasury securities or securities issued or backed by U.S. agencies.) provided by Standard & Poor's, Moody's, and Fitch. For certain securities that are not rated by any of these three agencies, credit ratings from other agencies may be used. Where the rating agencies rate a security differently, Lord Abbett uses the median, but if there are only two ratings, the lower is used. 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. A portion of the portfolio's securities may not be rated. Breakdown is not an S&P credit rating or an opinion of S&P as to the creditworthiness of such portfolio. Ratings apply to the credit worthiness of the issuers of the underlying securities and not the fund or its shares. Ratings may be subject to change.

*The views and information discussed in this commentary are as of June 30, 2020, 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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**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 mutual 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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