



SHORT DURATION HIGH YIELD MUNICIPAL BOND FUND

MARKET REVIEW

- The municipal market, as represented by the Bloomberg Barclays Municipal Bond Index¹, returned 2.90% during the first quarter of 2019.
- As risk assets rallied during the first quarter, lower credit quality tiers and longer dated bonds outperformed their higher quality and shorter term counterparts. This was a sharp reversal from the previous quarter which saw higher-rated bonds outperforming lower-rated issues amid investor concerns regarding slowing global growth, increasing market volatility, and the inversion of the front end of the Treasury curve. Notably, the high yield segment of the municipal bond market returned 3.83% during the quarter.
- Yields across the tax-free curve moved lower, with the intermediate and long portions experiencing the largest decreases in rates. On average, rates declined more than 35 basis points during the first three months of the year.
- Municipal bond funds extended their record year-to-date inflows to \$22.5 billion, representing the best start to a year since Lipper established the data series in 1992.
- Using estimated total tax collections for full-year 2018, 46 states posted growth in tax revenue, with an average year-over-year gain of 7.2%, according to JP Morgan³.

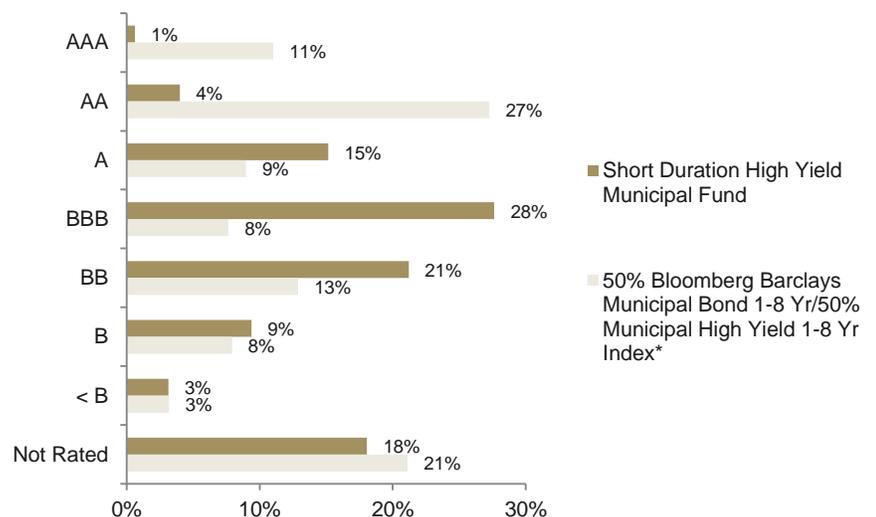
PORTFOLIO REVIEW

- The Fund returned 2.48%, reflecting performance at the net asset value (NAV) of class A Shares with all distributions reinvested, for the quarter ended March 31, 2019. The Fund's benchmark, a 50%/50% blend of the Bloomberg Barclays 1-8 Year Municipal Bond Index and the Bloomberg Barclays Municipal High Yield 1-8 Year Index¹, returned 2.08% during the same period.
- The Fund's yield curve positioning relative to the benchmark led to a positive impact on relative performance as yields across the curve decreased during the quarter.
- The Fund's overweight allocation to bonds in the below investment grade range, along with an underweight to higher quality credits, contributed to relative performance.
- The Fund's allocation in credits issued by the state of Illinois detracted from relative performance as higher levels of supply placed downward pressure on the bonds held in the Fund.
- Security selection within housing credits led to a negative impact on relative performance. This sector tends to underperform in a falling rate environment due to their subjectivity to prepayment risk.

STRATEGY POSITIONING & OUTLOOK

- Benchmarked against a 50%/50% blend of the Bloomberg Barclays Municipal 1-8 Year Index and the Bloomberg Barclays High Yield Municipal 1-8 Year Index, approximately half of the portfolio is allocated to investment grade credits while the remaining portion is invested in lower rated or non-rated bonds.
- Within investment grade, the portfolio is overweight bonds with 'A' and 'BBB' credit ratings due to their relatively attractive spreads. The high yield component of the portfolio is overweight the higher rated 'BB' segment of the market and underweight non-rated bonds.
- We expect the higher tax-equivalent yields available on municipal bonds versus Treasuries and corporates, municipal bonds' solid performance across ratings categories, and strengthening credit fundamentals to support the broader case for tax-free securities in today's environment. While investor demand for municipals has increased, we continue to see attractive values on offer in the market.

CREDIT QUALITY BREAKDOWN



*Source: Bloomberg, As of 03/31/2019

PERFORMANCE AS OF 03/31/2019

	1Q19	1 Year	3 Year	Since Inception ³
Class A Share at Net Asset Value (without sales charge)	2.48%	4.21%	2.74%	3.21%
Maximum Offering Price (with 2.25% sales charge)	0.15	1.85	1.97	2.59
50%/50% blend: 1-8 Year Muni Bond Index/Muni High Yield 1-8 Year ¹	2.08	6.30	2.17	1.75
Lipper Category Avg. High Yield Municipal Debt Funds ²	3.36	5.47	3.82	--

Expense Ratios: Gross: 0.78% Net: 0.55%

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.

¹Source: Bloomberg Barclays ²Source: Lipper Analytical Services. ³Inception date: 06/15/2015 ⁴JP Morgan Weekly Analytics Package

A Note about Risk: The value of an investment in the Fund will change as interest rates fluctuate in response to market movements. When interest rates rise, the prices of debt securities are likely to decline, and when interest rates fall, the prices of debt securities tend to rise. High yield securities, sometimes called "junk bonds", carry increased risks of price volatility, illiquidity, and the possibility of default in the timely payment of interest and principal. A portion of the income derived from the Fund's portfolio may be subject to the alternative minimum tax. Any capital gains realized may be subject to taxation. Federal, state, and local taxes may apply. There is a risk that a bond issued as tax-exempt may be reclassified by the IRS as taxable, creating taxable rather than tax-exempt income. In addition, the Fund is subject to other types of risks such as call, credit, and general market risks. The Fund may invest in bonds of issuers in Puerto Rico and other U.S. territories, commonwealths, and possessions, and may be affected by local, state, and regional factors. These may include, for example, economic or political developments, erosion of the tax base, and the possibility of credit problems. Stockholders should consult their tax advisors for more specific information on taxation. These factors can affect Fund performance.

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

Credit Quality Breakdown: Ratings provided by Standard & Poor's, Moody's, and Fitch. Where the rating agencies rate a security differently, Lord Abbett uses the higher credit rating. For a security with both a short-term and a long-term rating, Lord Abbett has categorized the security in the chart above using its short-term rating only. 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 are not rated. A-1/MIG1, A-2/MIG2 and A-3/MIG3 designations denote securities with less than a three-year maturity as well as superior (A-1/MIG1), strong (A-2/MIG2) and favorable (A-3/MIG3) credit quality. The credit quality breakdown is not an S&P credit rating or an opinion of S&P as to the creditworthiness of such portfolio. Credit quality allocation reflects market value weightings.

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.

Expense ratio information: The net expense ratio takes into account contractual fee waivers/expense reimbursements that currently are scheduled to remain in place through 01/31/2020. For periods when fees and expenses were waived and/or reimbursed, the Fund benefited by not bearing such expenses. Without such fee waivers/reimbursements, performance would have been lower. In addition, the net expense ratio takes into account deductions for certain interest and related expenses from certain of the Fund's investments. Under accounting rules, the Fund recognized additional income in an amount that directly offsets these interest and related expenses. Therefore, the Fund's total returns and net asset value were not affected by such interest and related expenses.

The Bloomberg Barclays 1-8 Year Municipal Bond Index is the 1-8 year component of the Municipal Bond index. **The Bloomberg Barclays 1-8 Year High Yield Municipal Bond Index** is the 1-8 year component of the High Yield Municipal Bond index. An index is unmanaged, does not reflect the deduction of fees or expenses, and is not available for direct investment.

Lipper High Yield Municipal Debt Funds Average is based on a universe of funds with similar investment objectives as the Fund. Peer group averages are based on all share classes in the category, and include the reinvested dividend and capital gains, if any, and exclude sales charges.

The views and information discussed in this commentary are as of March 31, 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.

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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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