



CONVERTIBLE FUND

MARKET REVIEW

- The U.S. bond market, as measured by the Bloomberg Barclays Aggregate Bond Index, was positive for the quarter, returning 2.90%.¹ Investment grade corporate bonds² returned approximately 9.65% and experienced significant spread tightening amid the rebound following the volatility in March. The market recovery was largely a result of the massive fiscal and monetary policy support, the push to reopen the U.S. economy, signs that global economic activity may be bottoming, hopes for a vaccine, and commentary from several corporations that indicated stabilization in April and May.
- During the quarter, U.S. Convertibles rallied alongside the broader fixed income and equity markets, returning 24.15%. Furthermore, the convertible market continued to experience record issuance during the quarter.
- Following the selloff in March, investors' confidence in the market was lifted by the U.S. Federal Reserve's (the Fed) stimulus measures which were implemented as a result of the coronavirus-related volatility. Over the second quarter, the Fed expanded its balance sheet to more than \$7 trillion. The bond market was lifted following the announcement of an additional \$2.3 trillion of further credit support by expanding the Primary Market Corporate Credit Facility (PMCCF), the Secondary Market Corporate Credit Facility (SMCCF), and the Term Asset-Backed Securities Loan Facility (TALF). Most notably, the expanded measures included the purchase of select fallen angels, or bonds that have seen their ratings move below investment grade. In both the April and June meetings, the Fed, as expected, held rates steady in the 0.00 - 0.25% range and Fed Chairman Jerome Powell suggested more fiscal support could be needed.

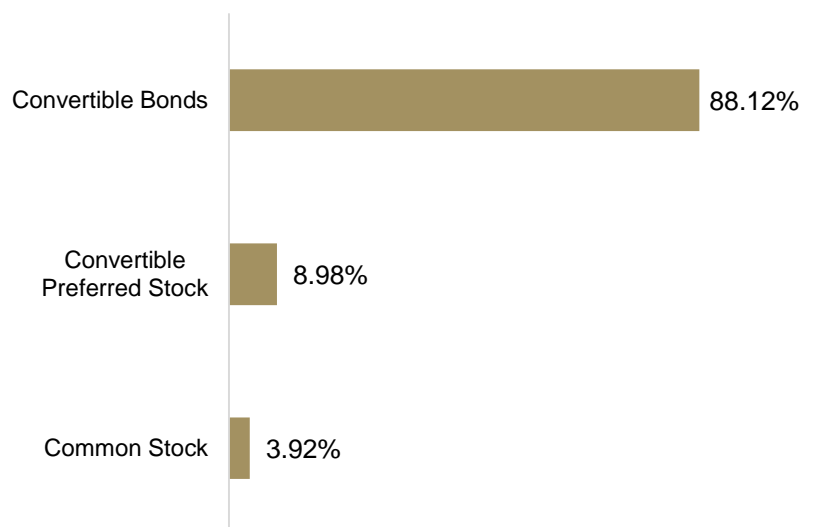
PORTFOLIO REVIEW

- The Fund returned 27.13%, reflecting performance at the net asset value (NAV) of Class A shares with all distributions reinvested, for the quarter ended June 30, 2020. The Fund's benchmark, the ICE BofAML All Convertibles Index, returned 24.15% during the same period.
- The Fund's position in Redfin Corp. (1.7%), an online real estate broker, also contributed to relative performance. Real estate brokerage firms continue to face considerable structural changes in their business models due to social distancing guidelines and restrictions. An uptick in home listings and strong demand from homeowners seeking to relocate to more affordable and less densely populated areas has helped continue Redfin's positive momentum.
- The Fund's underweight to Square Ltd. (0.6%), a provider of credit card payment processing solutions, detracted from relative performance. Square experienced a spike in demand for the company's Cash App platform as COVID-19 has increased the focus on digital services. Square also benefited from the processing of the U.S. Federal Paycheck Protection Program for small and mid-sized businesses.
- The Fund's position in SunPower Corp. (1.2%), a manufacturer of solar panels and systems, detracted as the company announced a delay in its spinoff of Maxeon Solar Technologies due to Covid-19 related disruptions. We remain constructive on the company during this period as they have taken measures to raise liquidity and to streamline their cost structure.
- The Fund's underweight to Wayfair, Inc. (0.0%), an ecommerce platform, detracted from relative performance as the company's business continued to experience meaningful acceleration in growth and market share gains during the global pandemic.

STRATEGY POSITIONING & OUTLOOK

- We have reduced the Fund's overall equity sensitivity (delta), as we acknowledge how much the equity markets have rebounded in such a short time. We have maintained our opportunistic and flexible approach, and will continue to adapt to the ever changing market and economic environment.
- We have maintained the Fund's exposure to digital enablers of commerce, including e-commerce, distanced learning, and datacenter/internet infrastructure providers, and we believe that these are areas of the market that were net beneficiaries during the Covid-19 induced selloff. We expect they will continue to benefit as consumer behavior and habits change.
- Additionally, we have added some measured exposure to industries like airlines, cruises, and casinos. Our general view is that the U.S. economy will continue to reopen. However, we are mindful that there are regions of the United States that will see an increase in coronavirus cases and hospitalizations, and they may eventually be forced to reintroduce restrictive measures on their local economies. We are monitoring the trend in positive test rates and hospitalization rates to help inform our view as to how this may play out.

SECURITY TYPE



Security type exclude cash and other net assets (which may include non-index holdings), therefore Fund percentage allocations may not equal 100%. As of 06/30/2020.

PERFORMANCE AS OF 06/30/2020

	2Q20	YTD	1 Year	3 Years	5 Years	10 Years
Net Asset Value (without sales charge)	27.13%	17.11%	25.40%	14.55%	10.76%	10.73%
Maximum Offering Price (with 2.25% sales charge)	24.32	14.48	22.61	13.67	10.25	10.47
ICE BofAML All Convertibles Index	24.15	7.25	15.34	11.71	9.24	10.91
Morningstar Convertible Funds Average	22.14	7.14	13.77	10.35	8.37	9.80

Expense Ratio: 1.06%

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.

¹As represented by the Bloomberg Barclays U.S. Aggregate Bond Index ²As represented by the ICE BofAML U.S. Corporate Investment Grade Index ³As represented by the ICE BofAML All Convertible Index.

A Note about Risk: Convertible securities are subject to the risks affecting both equity and fixed income securities, including market, credit, liquidity, and interest rate risk. Convertible securities tend to be more volatile than other fixed income securities, and the markets for convertible securities may be less liquid than markets for common stocks or bonds. The Fund may invest substantially in high yield, lower-rated 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. These factors can affect Fund performance.

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

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 BofAML All Convertibles Index contains issues U.S. dollar-denominated that have a greater than \$50 million aggregate market value. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and an investor cannot invest directly in an index.

Morningstar Convertible 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.

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