



# DEVELOPING GROWTH FUND

## MARKET REVIEW

- The S&P 500 returned 8.93% during the third quarter of 2020, bringing the year-to-date total to 5.57%.<sup>1</sup> The market continued its recovery from the March lows as the economy recovered more rapidly than expected and incrementally positive news on development of a COVID-19 vaccine was announced.
- However, increasing fears over a resurgence of COVID-19 cases and stretched valuations contributed to a selloff during the month of September. Furthermore, investors contended with an ever present wall of worry that included the upcoming U.S. Presidential Election, the continued rise in coronavirus cases worldwide, and political disagreement on a second round of fiscal stimulus measures in the U.S, just to name a few.
- Despite a volatile end to the quarter, Growth and Momentum factors continued to lead the way, while large cap stocks also saw a continuation in their market leadership during the quarter.<sup>2</sup>

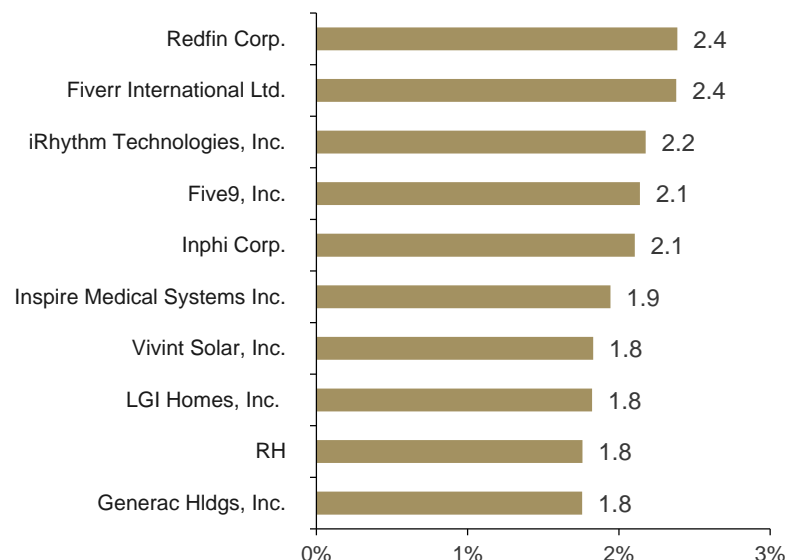
## PORTFOLIO REVIEW

- The Fund returned 15.92%, reflecting performance at the net asset value (NAV) of Class A shares with all distributions reinvested for the quarter ended September 30, 2020. The Fund's benchmark, the Russell 2000® Growth Index, returned 7.16% in the same period.
- The portfolio's position in Immunomedics, Inc. (1.2%), a developer and manufacturer of biopharmaceutical products, contributed to relative performance as Gilead Sciences announced it would acquire the company for a very large premium.
- The portfolio's position in Fiverr International Ltd. (2.1%), an e-commerce platform for digital services, contributed to relative performance. Fiverr experienced an acceleration in growth, and a pull forward in profitability, as both users and freelancers migrated to the platform during the global pandemic.
- The portfolio's underweight position in Overstock.com, Inc. (0.4%), which operates an online shopping site, detracted from relative performance. Shares of Overstock.com surged, as the company has been a primary beneficiary of the changing consumer landscape ushered in by COVID-19. Additionally, the company's new management has executed well, taking a more focused approach to managing their e-commerce business, causing us to narrow the portfolio's underweight.
- Shares of Myovant Sciences, Inc (0.5%), a clinical-stage biopharmaceutical company, also detracted as the company's leading drug, Relugolix, failed to demonstrate statistical superiority over leuprolide on castration resistance-free survival.

## STRATEGY POSITIONING & OUTLOOK

- We believe the portfolio's long-term positioning in high innovation stocks and industries should be a tailwind for relative performance. The pandemic has steepened the slope of the adoption curve of many of the trends we are invested in.
- We believe industries powering the technology revolution – from the cloud to artificial intelligence to biotechnology, medical devices, and ecommerce – are best positioned to weather both cyclical bear markets and corrections with unique catalysts, and benefit from the innovative environment that will likely persist for years.
- Moreover, unlike many other areas of the economy, we believe that these targeted areas of innovation should continue to exhibit fundamental strength and have the potential for greater relative performance through an economic slowdown, as they continue to displace older businesses and outdated technologies.
- We believe the backdrop for innovation investing remains favorable because of continued low economic growth and low inflation; in addition, the technology revolution is still in its early stages.

### TOP 10 FUND POSITIONS



Portfolio Breakdown as of 09/30/2020.

\*Source: Wilshire. Absolute weight is based on percentage of the Fund. Holdings are included for informational purposes only and are not a recommendation to buy, sell, or hold any security. Please refer to [www.lordabbett.com](http://www.lordabbett.com) for a complete list of holdings of the Fund, including the securities discussed above, to the extent they are held by the Fund.

## PERFORMANCE AS OF 09/30/2020

	3Q20	YTD	1 Year	3 Years	5 Years	10 Years
Net Asset Value (without sales charge)	15.92%	35.40%	45.41%	26.41%	18.46%	16.18%
Maximum Offering Price (with 5.75% sales charge)	9.25	27.60	37.06	23.94	17.07	15.50
Russell 2000 <sup>®</sup> Growth Index	7.16	3.88	15.71	8.18	11.42	12.34
Morningstar Small Growth Funds Average	8.25	8.41	18.73	11.08	12.88	12.63

Expense Ratio: 0.94%

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.

<sup>1</sup> S&P 500 Index. <sup>2</sup>S&P Dow Jones, Factor Dashboard: Third Quarter 2020.

**A Note about Risk:** The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies, including market, liquidity, currency, and political risks. Small cap company stocks tend to be more volatile and may be less liquid than other types of stocks. Small cap companies may also have more limited product lines, markets, or financial resources and typically experience a higher risk of failure than large cap companies. Investments in growth companies can be more sensitive to the company's earnings and more volatile than the stock market in general. The Fund engages in active and frequent trading of its securities, which may result in increased transaction fees, reduced investment performance, and higher taxes. These factors can adversely 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.

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.

**Russell 2000<sup>®</sup> Growth Index** measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.

**Morningstar Small Growth 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 September 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.

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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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