LORD ABBETT®

FUND COMMENTARY – 4Q20

CORPORATE BOND FUND

MARKET REVIEW

- The U.S. bond market, as measured by the Bloomberg Barclays Aggregate Bond Index, was positive for the quarter, returning 0.67%.[1] The U.S. Treasury component of the Aggregate Index returned -0.83% during the quarter. Investment grade corporate bonds[2] returned approximately 3.12% and experienced significant spread tightening amid the continued market rally. Despite market hopes of an economic recovery, government bond yields moved only modestly higher because of central bank intervention.
- Following the strong market performance in the third quarter, risk assets continued to rally for the third consecutive quarter. Despite a resurgence of COVID-19 cases, positive vaccine developments and the removal of U.S. election uncertainty drove performance in the back half of the quarter. The last days of the year brought long-awaited relief for pandemic-stricken companies and households as U.S. lawmakers in Congress finally agreed on a $900bn pandemic relief plan.
- High yield bonds[3] posted positive performance in the fourth quarter. High yield spreads tightened 155 basis points from September month-end levels to 387 basis points at the end of December. Within the asset class, lower quality segments of the high yield market outperformed higher quality tiers. Bank loans[4] also posted positive returns for the quarter, however the asset class underperformed the high yield market by nearly 300 basis points.
- Over the fourth quarter, the U.S. Federal Reserve helped keep the focus on the monetary policy tailwind. As widely expected, the Fed provided additional guidance around quantitative easing at its December meeting, noting that it would continue its monthly pace of asset purchases until it achieves "substantial further progress" towards its dual mandate goals of maximum employment and price stability. Finally, the Fed cleared banks to resume share buybacks in the first quarter of 2021, subject to a limit, after the industry fared well in the second round of stress tests.

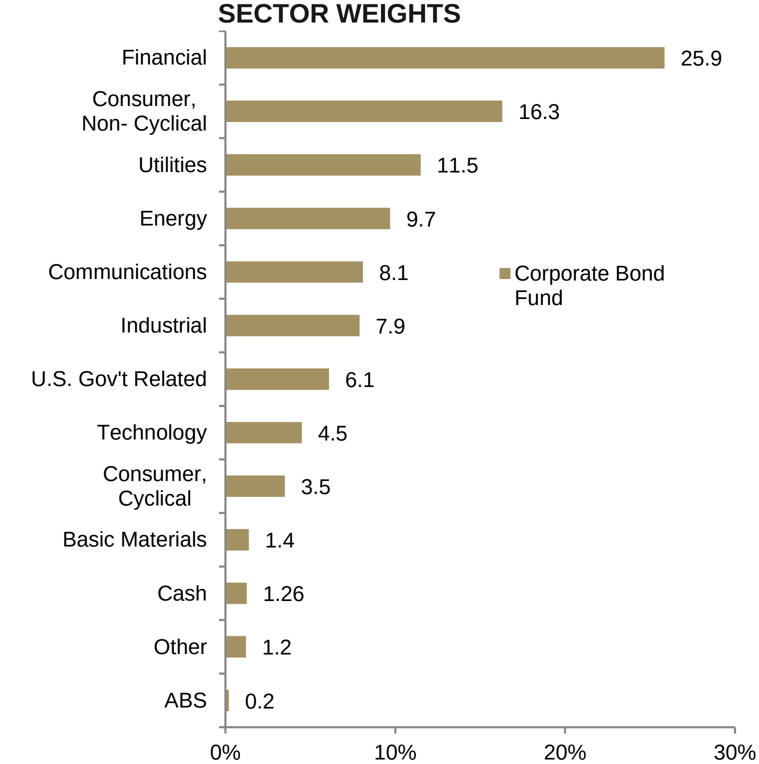
PORTFOLIO REVIEW

- The Fund returned 3.61%, reflecting performance at the net asset value (NAV) of Class A shares with all distributions reinvested for the quarter ended December 31, 2020. The Fund's benchmark, the Bloomberg Barclays U.S. Corporate Investment Grade Index,[2] returned 3.05% during the same period.
- Over the period, security selection within investment grade corporate bonds was the main contributor to relative performance, as risk assets continued to rally on the back of positive vaccine developments and the removal of U.S. election uncertainty. The portfolio's positive contribution from security selection was driven by an overweight to BBB-rated credit, as well as banking, auto, pharmaceutical, and food & beverage sector exposure.
- An underweight to A and AA-rated credit also contributed to performance, as lower rated segments of the investment grade market outperformed higher quality tiers over the course of the period.
- A modest off-benchmark allocation to U.S. Treasuries was the only notable detractor over the period, as the rising interest rate environment led to negative returns within the asset class.

STRATEGY POSITIONING & OUTLOOK

- Over the course of the period, we meaningfully reduced the Fund's allocation to investment grade corporates, as spreads tightened, and risk assets became less attractive. With those proceeds, we modestly increased the Fund's allocations to U.S. Treasuries and cash.
- Specifically, within investment grade credit, we reduced exposure to the banking, utilities, and technology sectors, taking advantage of idiosyncratic opportunities that we found attractive
- The financials sector continues to be the largest absolute position within the Fund. We remain attracted to select securities within the financial sector due to strict regulations, strong balance sheets, more conservative management teams, and improved quality relative to the pre-financial crisis period.
- We feel valuations are fair, though tight relative to historical levels. This is justified by improving economic fundamentals and an abundance of liquidity in the market. We continue to have a broadly constructive view on credit, and are positioning the Fund based on relative value, underlying fundamentals, and our top-down view.
- We are investing in the essential and nonessential industries that are benefitting from a continued reopening of the economy. The magnitude and scale of this global pandemic has accelerated some secular shifts which are likely to remain even with access of the vaccine. The portfolio's positioning currently reflects this view as we are investing in companies and industries that we believe are better poised to adapt to and benefit from these structural economic changes.

SECTOR WEIGHTS



*Source: Bloomberg. "Other" may include non-index holdings. As of 12/31/2020.

PERFORMANCE AS OF 12/31/2020

	4Q20	1 Year	3 Years	Since Inception*
Net Asset Value (without sales charge)	3.61%	9.37%	6.24%	6.13%
Maximum Offering Price (with 2.25% sales charge)	1.30	6.87	5.44	5.48
Bloomberg Barclays U.S. Corporate Investment Grade Index[5]	3.05	9.89	7.06	6.73
Morningstar Corporate Bond Funds Average[6]	3.19	9.24	6.41	N/A

Expense Ratios: Gross: 4.26%; Net: 0.68% *inception date 4/19/2017

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 12/31/2020 [2]As represented by the Bloomberg Barclays U.S. Corporate Investment Grade Index as of 12/31/2020 [3]As represented by the BofA U.S. High Yield Index as of 12/31/2020 [4]As represented by the Credit Suisse Leveraged Loan Index as of 12/31/2020 [5]The Bloomberg Barclays U.S. Corporate Investment Grade Index is the Corporate component of the U.S. Credit index. The U.S. Credit index is defined as publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. The index includes both corporate and non-corporate sectors. Bonds must be an investment grade credit security and have at least $250 million par amount outstanding. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment. [6]Corporate bond portfolios within the Morningstar Corporate Bond Fund Category concentrate on investment-grade bonds issued by corporations in U.S. dollars, which tend to have more credit risk than government or agency-backed bonds. These portfolios hold more than 65% of their assets in corporate debt, less than 40% of their assets in non-U.S. debt, less than 35% in below-investment-grade debt, and durations that typically range between 75% and 150% of the three-year average of the effective duration of the Morningstar Core Bond Index.

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 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. 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. These factors can affect Fund performance. 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. Past performance is no guarantee of future results.

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 with sales charges reflects the reinvestment of all distributions and includes initial maximum sales charge. 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. 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 a contractual fee waivers/expense reimbursements agreement that currently is scheduled to remain in place through 03/31/2021. 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.

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