



FLOATING RATE FUND

MARKET REVIEW

- In a reversal from the turmoil of the fourth quarter of 2018, a dovish turn in the U.S. Federal Reserve's ("Fed") tone, and mounting hopes for a U.S.-China trade deal provided strength to U.S. equities in the first quarter of 2019. The S&P 500 Index posted its best quarterly returns since 2009, gaining 14% during the first quarter.¹
- In March, the U.S. Federal Open Market Committee ("FOMC") decided to maintain its target range for the federal funds rate at 2.25-2.50% in order to support their goals of maximum employment and price stability.²
- In late March, the yield on the 10-year U.S. Treasury note dipped below the yield on the 3-month paper for the first time since mid-2007. This inversion came undone however, and the 10-year and 3-month Treasury yields ended the quarter at 2.41% and 2.40%, respectively.³
- The general U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, was positive for the quarter (+2.94%).⁴ Lower rates led to positive returns for Treasuries, and tightening credit spreads led to positive returns for investment grade and high yield corporate bonds with high yield bonds posting their strongest start to a calendar year on record.⁵

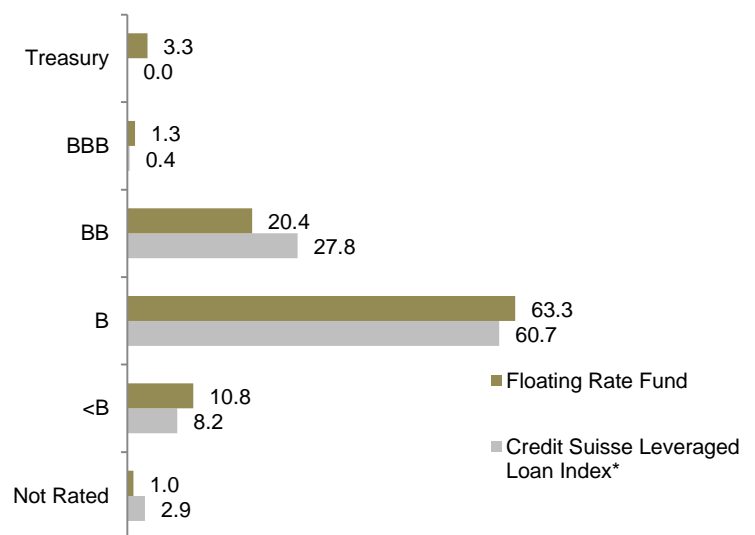
PORTFOLIO REVIEW

- The Fund returned 3.41%, 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, the Credit Suisse Leveraged Loan Index, returned 3.78% during the same period.
- Security selection within the retail and aerospace sectors detracted from relative performance during the period. Retail was challenged as a result of a weaker consumer picture and disappointing 4Q holiday sales numbers. Our exposure to the brick & mortar segment in particular was a detractor.
- The Fund's overweight to the shipping sector was a detractor, as this segment came under pressure as a result of tariff concerns.
- Security selection within the health care and manufacturing sectors contributed to relative performance during the quarter. Additionally, the Fund's underweight to the service sector was a contributor, as this sector underperformed the broader bank loan market during the period.
- Despite the lower-rated segment underperforming during the period, selection within this sleeve was a contributor to relative performance.

STRATEGY POSITIONING & OUTLOOK

- Leveraged loans posted positive returns during the quarter, rebounding from a challenging fourth quarter, as the U.S. Federal Reserve (Fed) pause, progress on trade, and anticipation of a lengthier credit cycle has boosted investor sentiment.
- The portfolio is overweight the aerospace sector, as we believe increasing global passenger demand along with a solid backdrop for continued defense spending due to rising geopolitical tensions are tailwinds for this sector.
- The portfolio is overweight the health care sector, specifically in the health care services segment, as we believe this segment will benefit from a continued data-driven movement in the healthcare market.
- The portfolio is underweight the service sector in an effort to be positioned more defensively and up-in-liquidity, as this sector tends to be more cyclical and contain smaller issue sizes.
- We trimmed the portfolio's overweight to CCC-rated loans over the quarter and increased the allocation to B-rated loans. However, given current valuations, solid economic growth in the United States, and our expectation for default rates to trend lower, the portfolio remains overweight the lower-rated segment of the loan market.

CREDIT QUALITY DISTRIBUTION



*Source: Credit Suisse. Due to rounding, the percentage allocation of the portfolio breakdown may not equal 100%. As of 3/31/2019

PERFORMANCE AS OF 3/31/2019

	1Q19	1 Year	3 Years	5 Years	10 Years
Net Asset Value (without sales charge)	3.41%	1.98%	5.00%	3.37%	6.36%
Maximum Offering Price (with 2.25% sales charge)	1.08	-0.30	4.22	2.90	6.12
Credit Suisse Leveraged Loan Index	3.78	3.33	5.87	3.83	7.95
Lipper Loan Participation Funds Average ⁶	3.64	2.18	4.84	2.81	6.65

Expense Ratio: 0.79%

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.

¹The S&P 500 Index. ²"Federal Reserve Issues FOMC Statement." Board of Governors of the Federal Reserve System (U.S.), 20 Mar. 2019. ³U.S. Department Of The Treasury "Daily Treasury Yield Curve Rates" as of 3/31/19. ⁴Bloomberg Barclays Aggregate Bond Index as of 03/31/2019. ⁵BofA Merrill Lynch US High Yield Constrained Index as of 3/31/19 ⁶Source: Lipper Analytical Services.

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 investments in debt securities will 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 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. Moreover, the specific collateral used to secure a loan may decline in value or become illiquid, which would adversely affect the loan's value. 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. Certain of the Fund's derivative transactions may give rise to leverage risk. Leverage, including borrowing for investment purposes, may increase volatility in the Fund by magnifying the effect of changes in the value of the Fund's holdings. The use of leverage may cause investors in the Fund to lose more money in adverse environments than would have been the case in the absence of leverage. These factors may 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.

Ratings provided by Standard & Poor's and Moody's. Where the rating agencies rate a security differently, Lord Abbett uses the lower credit rating. 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.

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 Credit Suisse Leveraged Loan Index is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. The CS Leveraged Loan Index, which includes reinvested dividends, has been taken from published sources. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and an investor cannot invest directly in an index.

Lipper Loan Participation 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. 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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