LORD ABBETT®

FUND COMMENTARY – 1Q21

SHORT DURATION HIGH YIELD FUND

MARKET REVIEW

- The U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, suffered its worst quarter since 1981, returning -3.37%.[1] The U.S. Treasury component of the Aggregate Index returned -4.25%. Investment grade corporate bonds[2] returned approximately -4.65%, though experienced modest spread tightening throughout the quarter. Although risk assets generally continued to rally in the first quarter, rising Treasury yields caused higher rated segments of the market to struggle; the 10-year U.S. Treasury yield increased 81 basis points to 1.74% and the 30-year U.S. Treasury yield increased 75 basis points to 2.41%. The trend was generally underpinned by strong earnings reports for 4Q20, increased COVID-19 vaccine distribution, and heightened inflation concerns.
- High yield bonds[3] posted positive performance in the first quarter. High yield spreads tightened 50 basis points from December month-end levels to 337 basis points at the end of March. 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, modestly outperforming the high yield market.
- Over the first quarter, U.S. President Biden signed a $1.9T stimulus bill featuring $1,400 direct checks, an extension of U.S. federal enhanced unemployment benefits, funding for vaccination efforts, and assistance for U.S. states and municipalities.
- In addition, the U.S. Federal Reserve (Fed) continued to reinforce its new approach to setting monetary policy, whereby it will seek inflation that averages 2% over time. Under this policy shift, the Fed will allow inflation to moderately overshoot the 2% goal following periods of weakness. The new approach also permits labor-market gains to reach more workers. The policy shift came about following years of too-low inflation. In March, Fed officials repeatedly stressed that it would be some time before the Fed achieved "substantial further progress" toward its employment and inflation goals.

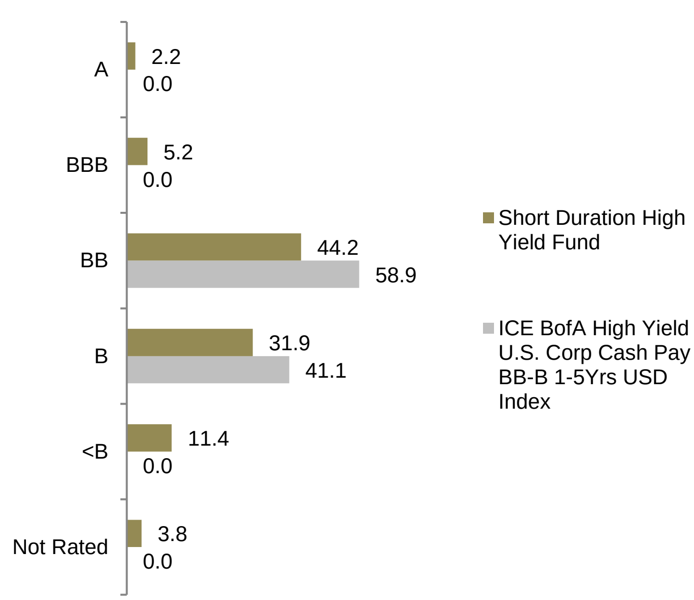
PORTFOLIO REVIEW

- The Fund returned 1.94%, reflecting performance at the net asset value (NAV) of Class A shares with all distributions reinvested, for the quarter ended March 31, 2021. The Fund's benchmark, the ICE BofA High Yield U.S. Corp Cash Pay BB-B 1-5yrs USD Index, returned 1.50% during the same period.
- The Fund's security selection within the services and transportation sectors contributed to relative performance. Specifically, select holdings of certain issuers in the air transportation and support-services subsectors contributed most as positive vaccine news and further economic reopening benefited the segments. Security selection within the energy sector also contributed to relative performance. The industry benefited from rising oil and commodity prices amid global economic growth optimism. Additionally, the Fund's allocation to bank loans contributed to relative performance. The asset class had a strong quarter amid a reflationary environment where investors poured into floating rate securities, which stand to benefit from rising rates.
- Security selection within the financial services sector detracted from relative performance. More specifically, the portfolio's investments in select issuers in the consumer and lease financing subsector detracted most. Security selection within the leisure sector also detracted from relative performance. Although the sector benefited from the economic reopening and increased vaccine distribution in the U.S., it was still a choppy trading quarter, specifically for certain issuers in the theaters & entertainment subsector which may be facing longer-term secular issues.

STRATEGY POSITIONING & OUTLOOK

- One of the Fund's largest sector overweights is in leisure, which is largely driven by the Fund's allocation to regional gaming credits, such as casinos. In our view, the gaming industry has benefited from strong operating improvements due to drastic cost-cutting including reduced promotional spend, as well as pent-up demand. The Fund's focus on regional gaming has also benefited from an emphasis on operators who are less reliant on 'fly-in' customers and workweek business conferences, both of which are a larger part of the industry in international gaming centers such as Las Vegas.
- We continue to have a broadly constructive view on high yield credit even while acknowledging that today's valuations are far less dislocated than they were for much of 2020. Management teams have broadly positioned balance sheets to weather any residual economic softness near term through an active new issue market while also working to preserve margins. For 2021, we believe potential outperformance will likely be sourced by idiosyncratic opportunities within high yield as opposed to broad market moves. We continue to see upside in fallen angels, many of which we believe will regain investment grade status over the coming year or two. Further, while the pandemic has accelerated the secular struggles of segments of the economy, it has produced structural changes with new beneficiaries. The Fund'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.

CREDIT QUALITY DISTRIBUTION



*Source: ICE Data Indices, LLC.
Due to rounding, the percentage allocation of the portfolio breakdown may not equal 100%. Portfolio breakdown as of 03/31/21.

PERFORMANCE AS OF 03/31/2021

	1Q21	Since Inception[6]
Net Asset Value (without sales charge)	1.94%	16.15%
Maximum Offering Price (with 2.25% sales charge)	-0.35	13.54
ICE BofA High Yield U.S. Corp Cash Pay BB-B 1-5Yrs USD	1.50	15.38
Morningstar High Yield Funds Average[5]	1.10	-

Gross Expense Ratio: 3.95%
Net Expense Ratio: 0.71%

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 03/31/2021. [2]As represented by the ICE BofA U.S. Corporate (A-BBB) as of 03/31/2021. [3]As represented by the ICE BofA U.S. High Yield Constrained Index as of 03/31/2021. [4]As represented by the Credit Suisse Leveraged Loan Index as of 03/31/2021. [5]Source: Morningstar. [6]Since Inception Date: 4/30/2020

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 Fund invests primarily in high-yield, lower-rated securities, sometimes called junk bonds. 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.

Ratings (other than U.S. Treasury securities or securities issued or backed by U.S. agencies.) provided by Standard & Poor's, Moody's, and Fitch. For certain securities that are not rated by any of these three agencies, credit ratings from other agencies may be used. Where the rating agencies rate a security differently, Lord Abbett uses the median, but if there are only two ratings, the lower is used. 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 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. Instances of high double-digit returns were achieved primarily during favorable market conditions and may not be sustainable over time.

The net expense ratio takes into account contractual fee waivers/expense reimbursements that currently are scheduled to remain in place through 11/30/2021. 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.

The ICE BofA High Yield U.S. Corp, Cash Pay, BB-B 1-5 YR USD Index consists of BB-B rated U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market with maturities of 1 to 5 years.

Morningstar High Yield Funds: High-yield bond portfolios concentrate on lower-quality bonds, which are riskier than those of higher-quality companies. These portfolios generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk. These portfolios primarily invest in U.S. high-income debt securities where at least 65% or more of bond assets are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

The views and information discussed in this commentary are as of March 31, 2021, 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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