LORD ABBETT®

Fund Commentary **2Q22**

SHORT DURATION HIGH INCOME MUNICIPAL BOND

MARKET REVIEW

- The municipal market, as represented by the Bloomberg Municipal Bond Index, returned -2.94% during the second quarter of 2022. Returns for April, May, and June were -2.77%, +1.49%, and -1.64%, respectively.
- Yields continued to rise in the second quarter due to an increasingly hawkish Federal Reserve and ongoing inflation concerns putting pressure on bond prices in April. However, in mid-May, market participants became more concerned about growth prospects and yields reversed course across the curve, leading to positive performance for the month of May. Recession fears drove spread widening, once again presenting headwinds to bonds in the last month of the quarter.
- Overall, the municipal yield curve steepened over the second quarter with rates rising more on longer maturity bonds. Given this steepening, short-dated bonds significantly outperformed bonds progressively farther out on the curve.
- Regarding sector performance, the more defensive Electric and Water/Sewer sectors led over the quarter, with longer duration sectors such as Health Care and Housing underperforming with the continued overall rise in rates.
- In terms of credit quality, within investment grade the BBB-rated tier fared the worst, partly as a function of widening credit spreads and the credit tier's longer duration relative to other investment grade segments, while the AAA-rated credit tier led the higher quality range. The high yield segment of the municipal bond market, as represented by the Bloomberg High Yield Municipal Bond Index, returned -5.61% during the quarter. Overall, lower quality underperformed higher quality.
- According to Lipper data, municipal bond funds continued experiencing outflows during the second quarter. Mutual funds recorded $76 billion in outflows year-to-date, with long term funds recording the highest outflows. In the latter half of the quarter, the current outflow cycle overtook the previous record set in 2013 and was the largest period of outflows since inception of the data set in 1992.
- In terms of supply, municipal issuance came in slightly lower in the second quarter, compared to the same period in 2021. YTD tax-exempt supply of $170bn was flat from the same period of the prior year, however it was 9% higher than the trailing 5-year average1.

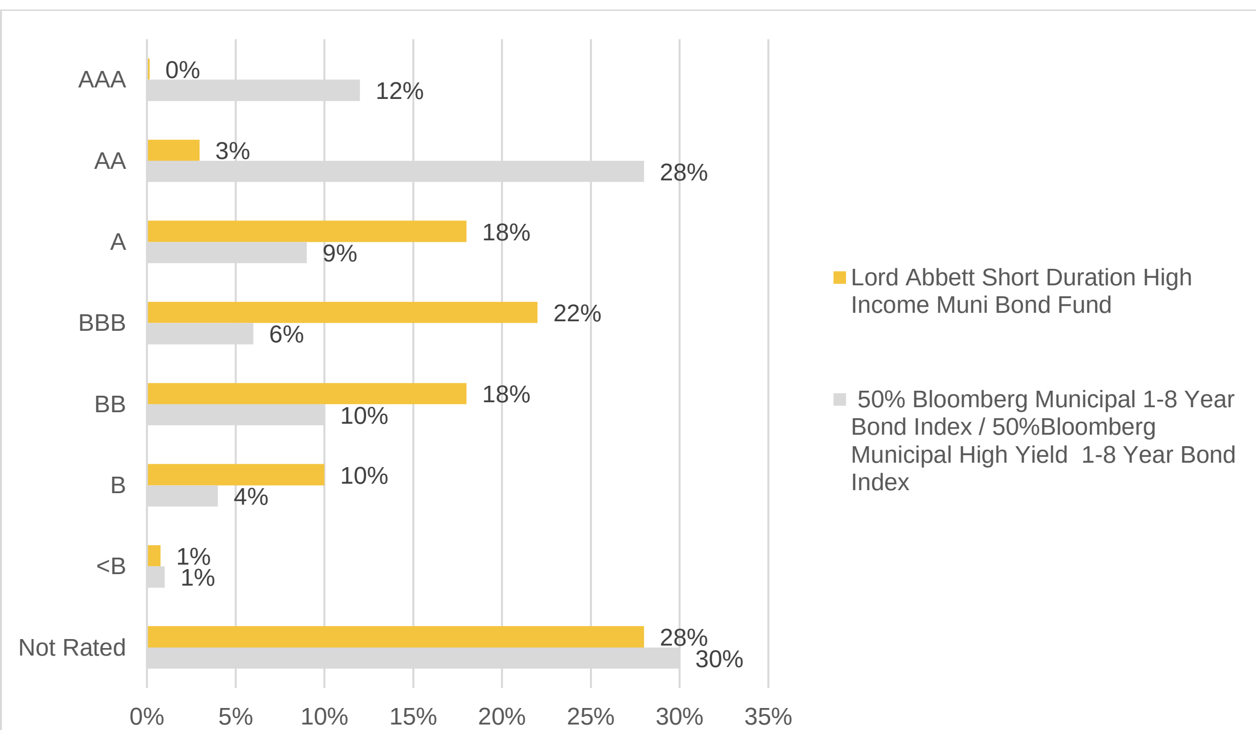
PORTFOLIO REVIEW

- 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 June 30, 2022. The Fund's secondary benchmark, a 50%/50% blend of the Bloomberg Municipal 1-8 Year Index and the Bloomberg Municipal High Yield 1-8 Year Index, returned -0.85% during the same period.
- Security selection was the primary detractor from relative returns over the quarter. Selection within the Special Tax and Water/Sewer sectors was a headwind, however selection within the IDR sector was the most meaningful detractor from relative performance. The IDR sector's high degree of liquidity and high trading volume caused bonds within the sector to be marked down as the municipal markets have experienced notable selling pressure. This cost of liquidity was a negative factor given our meaningful overweight in the sector.
- The Fund's duration and yield curve positioning were also detractors from relative performance. The Fund's longer duration relative to the benchmark was a headwind as yields generally rose across the curve. Additionally, given the yield curve steepening, the Fund's modest overweight to the 10-year key rate detracted.

STRATEGY POSITIONING & OUTLOOK

- We have been focused closely on bond structure, including their coupon, call protection, and convexity profile, as these factors will continue to play an increasingly important role in performance given the higher level of interest rates. We have been focusing on buying or swapping into higher coupon bonds, which are less sensitive to rate rises.
- In terms of sectors, we are constructive on the Industrial Development, Transportation, Healthcare, and Special Tax sectors. IDR bonds are linked to the improving quality of corporates, exhibit attractive yields relative to their credit ratings and we believe can withstand recession given sound balance sheets. The portfolio's exposure within the sector is a very diversified subset of corporate issuers from various industries, as well as an allocation to prepaid gas bonds. While underperforming during the pandemic, the Transportation sector continues to have upside potential due to heavy usage of airports, toll roads, and ports. Within the Health Care sector, the emphasis is on relatively liquid, acute care hospital.
- The fundamental backdrop of the municipal market continues to show strength due to the significant Federal aid passed down to state and local governments, robust tax revenue growth and a better-than-expected economic recovery from the pandemic over the last two years. As such, upgrades have continued to overtake downgrades by a substantial margin throughout 2022 and state and local governments' rainy-day balances rose to record levels this last fiscal year.
- While municipal fundamentals are currently very positive, the credit environment may be impacted should the tightening of monetary policy by the Federal Reserve significantly reduce demand and/or push the U.S. economy into a recession. Of note, during past periods of economic contractions, municipals have historically shown lower default rates and a significantly lesser downgrade trajectory relative to corporate bonds along with a reduced correlation with other asset classes.
- In terms of technicals, demand may continue to be weaker than 2021, especially if rate volatility continues. However, we do expect demand to recover. On the supply side, the summer months have historically been favorable, partly due to increasing bond redemptions, with a negative net supply projected for July and August. However, it would be negative for the market should supply come in higher than expected in concert with continuing outflows. Conversely, if Treasury yields stabilize and demand turns positive, munis stand to benefit.

Credit Quality Distribution



Source: Lord Abbett and Bloomberg Index Services Limited, as of 6/30/2022

Performance as of 6/30/2022

	2Q22	1 Year	3 Years	5 Years	Since Inception[2]
Class A Share at Net Asset Value (without sales charge)	-3.61%	-9.06%	-0.46%	1.31%	1.80%
Maximum Offering Price (with 2.25% sales charge)	-5.77	-11.12	-1.21	0.85	1.47
Bloomberg Municipal 1-8 Year Index[3]	-0.28	-4.33	0.27	1.16	1.40
50% Bloomberg 1-8 Year Municipal Index / 50% Bloomberg 1-8 Year High Yield Municipal Index[3]	-0.85	-3.53	1.42	2.56	1.77

Expense Ratios: Gross: 0.75%, Net: 0.70%

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]Source: JP Morgan

[2]Inception 6/15/2015

[3] Source: Bloomberg. The **Bloomberg Barclays 1-8 Year Municipal Bond index** is the 1-8 year component of the Municipal Bond index. The Bloomberg Barclays Municipal Bond index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. The index is a broad measure of the municipal bond market with maturities of at least one year. Bonds must have an outstanding par value of at least $7 million and be issued as part of a transaction of at least $75 million. The **Bloomberg Barclays 1-8 Year High Yield Municipal Bond index** is the 1-8 year component of the High Yield Municipal Bond index. The Bloomberg Barclays High Yield Municipal Bond index is an unmanaged index consisting of noninvestment-grade, unrated or below Ba1 bonds.

A Note about 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. High yield securities, sometimes called "junk bonds", carry increased risks of price volatility, illiquidity, and the possibility of default in the timely payment of interest and principal. A portion of the income derived from the Fund's portfolio may be subject to the alternative minimum tax. Any capital gains realized may be subject to taxation. Federal, state, and local taxes may apply. There is a risk that a bond issued as tax-exempt may be reclassified by the IRS as taxable, creating taxable rather than tax-exempt income. In addition, the Fund is subject to other types of risks such as call, credit, and general market risks. The Fund may invest in bonds of issuers in Puerto Rico and other U.S. territories, commonwealths, and possessions, and may be affected by local, state, and regional factors. These may include, for example, economic or political developments, erosion of the tax base, and the possibility of credit problems. Stockholders should consult their tax advisors for more specific information on taxation. These factors can affect Fund performance. The Fund's portfolio is actively managed and is subject to change.

Credit Quality Breakdown: Ratings provided by Standard & Poor's, Moody's, and Fitch. Where the rating agencies rate a security differently, Lord Abbett uses the higher credit rating. For a security with both a short-term and a long-term rating, Lord Abbett has categorized the security in the chart above using its short-term rating only. 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 are not rated. A-1/MIG1, A-2/MIG2 and A-3/MIG3 designations denote securities with less than a three-year maturity as well as superior (A-1/MIG1), strong (A-2/MIG2) and favorable (A-3/MIG3) credit quality. The credit quality breakdown is not an S&P credit rating or an opinion of S&P as to the creditworthiness of such portfolio. Credit quality allocation reflects market value weightings.

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.

Expense ratio information: For the period from February 1, 2021 through January 31, 2023, Lord, Abbett & Co. LLC ("Lord Abbett") has contractually agreed to waive its fees and reimburse expenses to the extent necessary to limit total net annual operating expenses, excluding any applicable 12b-1 fees, acquired fund fees and expenses, interest-related expenses, taxes, expenses related to litigation and potential litigation, and extraordinary expenses, to an annual rate of 0.44% for Class F3 and to an annual rate of 0.50% for each other class. This agreement may be terminated only by the Fund's Board of Directors.

The views and information discussed in this commentary are as of June 30, 2022, 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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