



LORD ABBETT®

## FLOATING RATE FUND

### *Market & Product Opportunity*

DECEMBER 31, 2018

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## AT A GLANCE

- Independent, privately held firm
- 52 partners
- Assets under management: \$162.4 billion\*
- 165 investment professionals with an average of 18 years of industry experience

## INVESTMENT-LED. INVESTOR-FOCUSED.

### OUR FIRM

A singular focus on the management of money since 1929

### OUR MISSION

Delivering superior long-term investment performance and a client experience that exceeds expectations

### OUR DIFFERENTIATORS

- Independent Perspective
- Commitment to Active Management
- Intelligent Product Design

Data as of 12/31/2018.

\*Includes approximately \$1.3 billion for which Lord Abbett provides investment models to managed account sponsors.

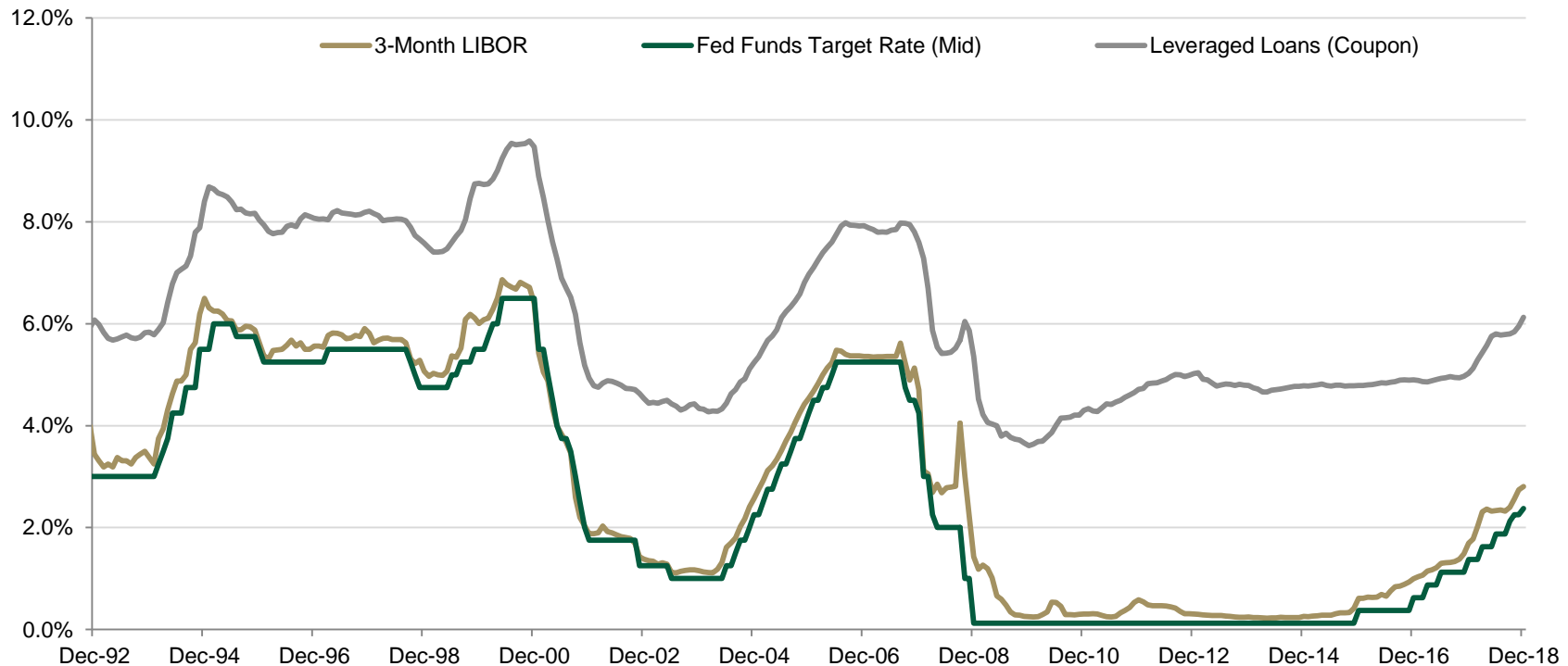


# FLOATING RATE BANK LOANS

Floating rate bank loans represent a type of corporate debt that is

- Senior to bonds
- Secured by assets
- Floating rate rather than fixed rate

## LOAN COUPONS ADJUST WITH LIBOR; LIBOR FOLLOWS FED FUNDS RATE (1992 – 2018)



As of 12/31/2018.

Source: Credit Suisse and Bloomberg.

**Past performance is not a reliable indicator or guarantee of future results.** For illustrative purposes only, and does not represent any specific portfolio managed by Lord Abbett or an particular investment.



# U.S. LOANS: POSITIVE HISTORICAL RETURNS THROUGH VARYING MARKETS

## CALENDAR YEAR RETURNS (AS OF 12/31/2018)

Historically, the floating-rate loans have delivered:

- Positive annual calendar-year returns for 25 of the past 27 years
- Only 15 calendar quarters with negative returns (out of 108)
- Only five quarters with returns below -2%.

Of course, senior floating-rate loans are speculative, and past performance is not a reliable indicator or guarantee of future results.

<sup>1</sup>Credit Suisse Leveraged Loan Index

<sup>2</sup>Bloomberg Barclays U.S. Aggregate Bond Index

<sup>3</sup>Bloomberg Barclays U.S. Corporate Bond Index

| Year | Floating-Rate Loans <sup>1</sup> | Bloomberg Barclays Aggregate <sup>2</sup> | Corporate Bonds <sup>3</sup> | S&P 500® Index |
|------|----------------------------------|---|------------------------------|----------------|
| 1992 | 6.75%                            | 7.40%                                     | 8.69%                        | 7.62%          |
| 1993 | 11.17%                           | 9.75%                                     | 12.16%                       | 10.08%         |
| 1994 | 10.32%                           | -2.92%                                    | -3.93%                       | 1.32%          |
| 1995 | 8.91%                            | 18.47%                                    | 22.25%                       | 37.58%         |
| 1996 | 7.48%                            | 3.63%                                     | 3.28%                        | 22.96%         |
| 1997 | 8.30%                            | 9.65%                                     | 10.23%                       | 33.36%         |
| 1998 | 5.31%                            | 8.69%                                     | 8.57%                        | 28.58%         |
| 1999 | 4.69%                            | -0.82%                                    | -1.96%                       | 21.04%         |
| 2000 | 4.94%                            | 11.63%                                    | 9.08%                        | -9.10%         |
| 2001 | 2.65%                            | 8.44%                                     | 10.31%                       | -11.89%        |
| 2002 | 1.12%                            | 10.26%                                    | 10.12%                       | -22.10%        |
| 2003 | 11.01%                           | 4.10%                                     | 8.24%                        | 28.68%         |
| 2004 | 5.60%                            | 4.34%                                     | 5.39%                        | 10.88%         |
| 2005 | 5.69%                            | 2.43%                                     | 1.68%                        | 4.91%          |
| 2006 | 7.33%                            | 4.33%                                     | 4.30%                        | 15.79%         |
| 2007 | 1.88%                            | 6.97%                                     | 4.56%                        | 5.49%          |
| 2008 | -28.75%                          | 5.24%                                     | -4.94%                       | -37.00%        |
| 2009 | 44.87%                           | 5.93%                                     | 18.68%                       | 26.46%         |
| 2010 | 9.98%                            | 6.54%                                     | 9.00%                        | 15.06%         |
| 2011 | 1.82%                            | 7.84%                                     | 8.15%                        | 2.11%          |
| 2012 | 9.43%                            | 4.22%                                     | 9.82%                        | 16.00%         |
| 2013 | 6.15%                            | -2.02%                                    | -1.53%                       | 32.39%         |
| 2014 | 2.06%                            | 5.97%                                     | 7.46%                        | 13.69%         |
| 2015 | -0.38%                           | 0.55%                                     | -0.68%                       | 1.38%          |
| 2016 | 9.88%                            | 2.65%                                     | 6.11%                        | 11.96%         |
| 2017 | 4.25%                            | 3.54%                                     | 6.42%                        | 21.83%         |
| 2018 | 1.14%                            | 0.01%                                     | -2.51%                       | -4.38%         |

Source: Morningstar. Data updated quarterly.

**Past performance is not a reliable indicator or guarantee of future results.** The historical data are for illustrative purposes only and does not reflect the performance of any specific portfolio managed by Lord Abbett or any particular investment. Due to market volatility, the market may not perform in a similar manner in the future. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.



# LOANS HAVE OFFERED LOW VOLATILITY AND DIVERSIFICATION

## LOW VOLATILITY AND LOW CORRELATION WITH OTHER ASSET CLASSES (AS OF 12/31/2018)

| Volatility of Returns (1992-2018) |               |
|-----------------------------------|---------------|
| CS Leveraged Loan Index           | <b>4.96%</b>  |
| CS High Yield Bond Index          | <b>7.50%</b>  |
| S&P 500 Index                     | <b>14.03%</b> |

| Correlation with CS Loan Index (1992-2018)    |              |
|---|--------------|
| Bloomberg Barclays U.S. Government Bond Index | <b>-0.27</b> |
| Bloomberg Barclays U.S. Aggregate Bond Index  | <b>-0.01</b> |
| S&P 500 Index                                 | <b>0.43</b>  |

Source: Zephyr Style Advisor.

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# LOANS HAVE DONE WELL DURING RISING U.S. TREASURY YIELDS

## INDEX RETURNS DURING THE EIGHT PERIODS OF GREATER THAN 100 BPS RISE IN THE 10-YEAR U.S. TREASURY YIELD (MONTH-END ANNUALIZED RETURNS)

| Period                  | 10-Year U.S. Treasury <sup>1</sup> | Bloomberg Barclays Aggregate <sup>2</sup> | Bloomberg Barclays Global Aggregate <sup>3</sup> | Short-Term Corporates <sup>4</sup> | Floating Rate Loans <sup>5</sup> | High Yield Bonds <sup>6</sup> | Convertible Bonds <sup>7</sup> | S&P 500 <sup>8</sup> |
|-------------------------|------------------------------------|---|--|------------------------------------|----------------------------------|-------------------------------|--------------------------------|----------------------|
| 09/30/1993 – 11/30/1994 | -8.9%                              | -3.0%                                     | -0.1%  | 2.1%                               | 11.3%                            | 1.2%                          | -2.7%                          | 1.8%                 |
| 01/31/1996 – 08/31/1996 | -6.0%                              | -1.8%                                     | 1.1%   | 1.7%                               | 4.8%                             | 3.1%                          | 5.4%                           | 3.9%                 |
| 09/30/1998 – 01/31/2000 | -7.7%                              | -0.6%                                     | -3.6%  | 4.2%                               | 4.9%                             | 3.7%                          | 41.4%                          | 28.3%                |
| 06/30/2005 – 06/30/2006 | -5.8%                              | -0.8%                                     | 0.3%   | 2.3%                               | 6.7%                             | 4.7%                          | 9.4%                           | 8.6%                 |
| 12/31/2008 – 12/31/2009 | -9.9%                              | 5.9%                                      | 6.9%   | 21.3%                              | 44.9%                            | 57.5%                         | 49.1%                          | 26.5%                |
| 08/31/2010 – 03/31/2011 | -6.1%                              | -0.8%                                     | 2.3%   | 2.3%                               | 7.4%                             | 10.3%                         | 19.2%                          | 27.8%                |
| 07/31/2012 – 12/31/2013 | -6.2%                              | -1.1%                                     | -0.7%  | 3.2%                               | 7.0%                             | 9.5%                          | 22.9%                          | 25.7%                |
| 06/30/2016 – 12/31/2016 | -7.5%                              | -2.5%                                     | -6.3%  | 0.6%                               | 5.4%                             | 7.5%                          | 8.3%                           | 8.1%                 |

**Floating Rate Loans do not have the duration exposure of traditional fixed rate bonds, so they have historically generated strong returns during periods of sharply rising U.S. Treasury yields**

<sup>1</sup>FTSE 10 Year Treasury Bond Index

<sup>2</sup>Bloomberg Barclays U.S. Aggregate Bond Index

<sup>3</sup>Bloomberg Barclays Global Aggregate Bond Index

<sup>4</sup>ICE BofAML U.S. Corporate BBB-Rated 1-3 Year Index

<sup>5</sup>Credit Suisse Leveraged Loan Index

<sup>6</sup>ICE BofAML High Yield Master II Index

<sup>7</sup>ICE BofAML All Convertibles All Qualities Index

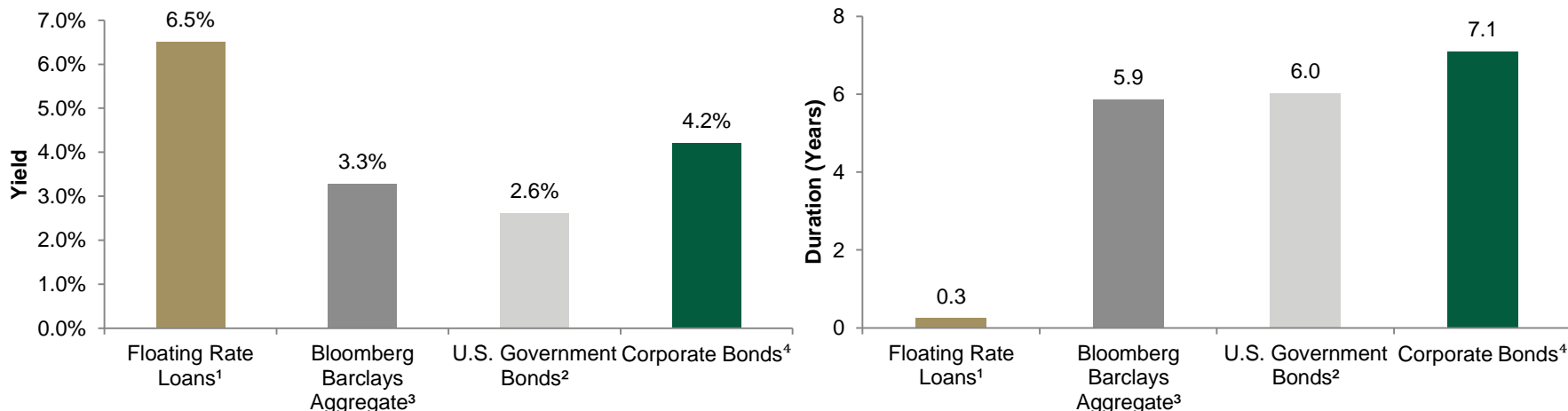
<sup>8</sup>S&P 500 Index

**Past performance is not a reliable indicator or guarantee of future results. Performance during other time periods may have been different or negative. Other indexes may not have performed in the same manner under similar conditions.** Source: Morningstar. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.



# BANK LOANS: HIGH INCOME WITH LOW DURATION

## YIELD VERSUS DURATION OF INDICATED ASSET CLASS (AS OF 12/31/2018)



Even if rates remain low, floating-rate loans may offer a source of **attractive income with potentially less interest-rate sensitivity** than traditional fixed-income securities.

<sup>1</sup>Credit Suisse Leveraged Loan Index

<sup>2</sup>Bloomberg Barclays U.S. Government Bond Index

<sup>3</sup>Bloomberg Barclays U.S. Aggregate Bond Index

<sup>4</sup>Bloomberg Barclays U.S. Corporate Investment Grade Index

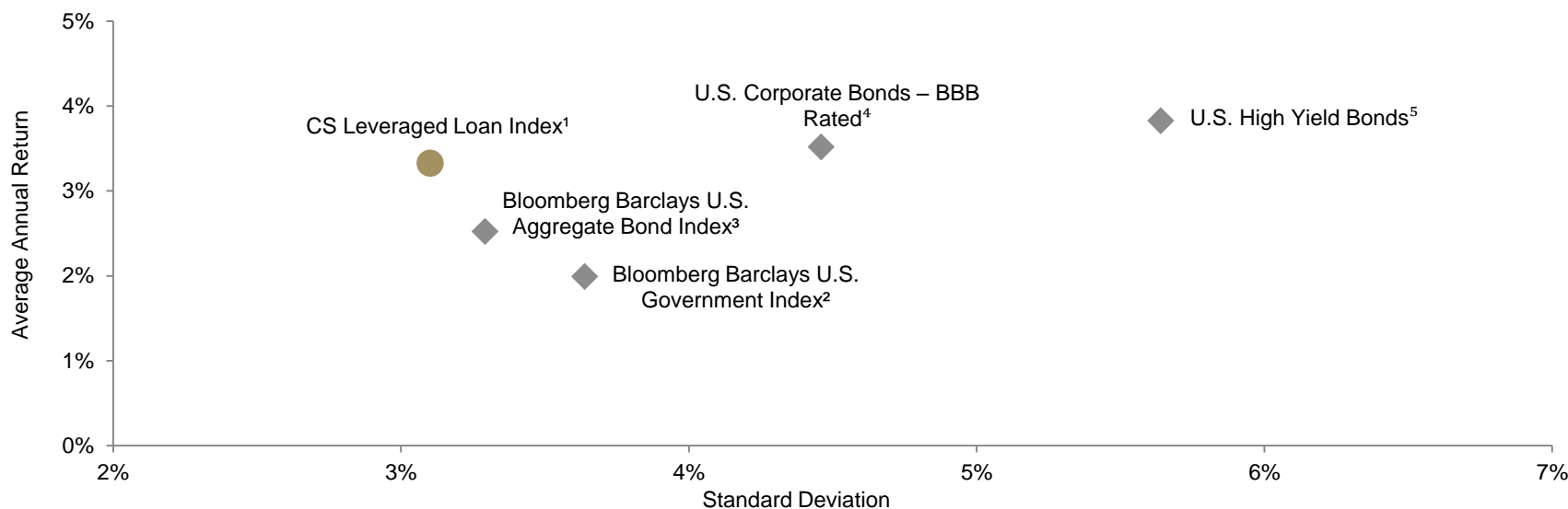
Source: Bloomberg Barclays and Credit Suisse. Bank Loans represented by the Credit Suisse Leveraged Loan Index; traditional core bonds are represented by the Bloomberg Barclays U.S. Aggregate Bond Index. **Past performance is not a reliable indicator or guarantee of future results. Performance during other time periods may have been different or negative. Other indexes may not have performed in the same manner under similar conditions.** For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.



# BANK LOANS: HIGH RISK-ADJUSTED RETURNS

## TRAILING 5 YEARS AS OF 12/31/2018

Over the past 5 years, loans have had higher risk-adjusted returns than high yield or investment grade bonds



| Trailing 5 Years                             | Return | Volatility | Sharpe Ratio |
|--|--------|------------|--------------|
| CS Leveraged Loan Index                      | 3.33   | 2.60       | 1.03         |
| Bloomberg Barclays U.S. Government Index     | 1.99   | 3.14       | 0.45         |
| Bloomberg Barclays U.S. Aggregate Bond Index | 2.52   | 2.79       | 0.68         |
| U.S. Corporate Bonds – BBB Rated             | 3.51   | 3.96       | 0.73         |
| U.S. High Yield Bonds                        | 3.82   | 5.14       | 0.64         |

Source: Morningstar.

**Past performance is not a reliable indicator or guarantee of future results.** The historical data shown in the chart above are for illustrative purposes only and do not represent any specific portfolio managed by Lord Abbett or any particular investment. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. <sup>1</sup>Credit Suisse Leveraged Loan Index. <sup>2</sup>Bloomberg Barclays U.S. Government Bond Index. <sup>3</sup>Bloomberg Barclays U.S. Aggregate Bond Index. <sup>4</sup>ICE BofAML U.S. Corporate Bond BBB Index. <sup>5</sup>ICE BofAML U.S. High Yield Index.





# POTENTIAL PORTFOLIO DIVERSIFICATION BENEFITS

02/01/1992 – 12/31/2018

Over the long term, adding bank loans to a core bond portfolio has historically reduced volatility



| February 1992 – December 2018          | Return | Volatility | Sharpe Ratio |
|--|--------|------------|--------------|
| Bloomberg Barclays US Aggregate Bond   | 5.41   | 3.53       | 0.81         |
| 10% CS Loan / 90% Barclays US Agg Bond | 5.48   | 3.21       | 0.91         |
| 30% CS Loan / 70% Barclays US Agg Bond | 5.58   | 2.85       | 1.05         |
| 50% CS Loan / 50% Barclays US Agg Bond | 5.52   | 3.01       | 0.97         |
| Credit Suisse Leveraged Loan USD       | 5.52   | 4.96       | 0.60         |

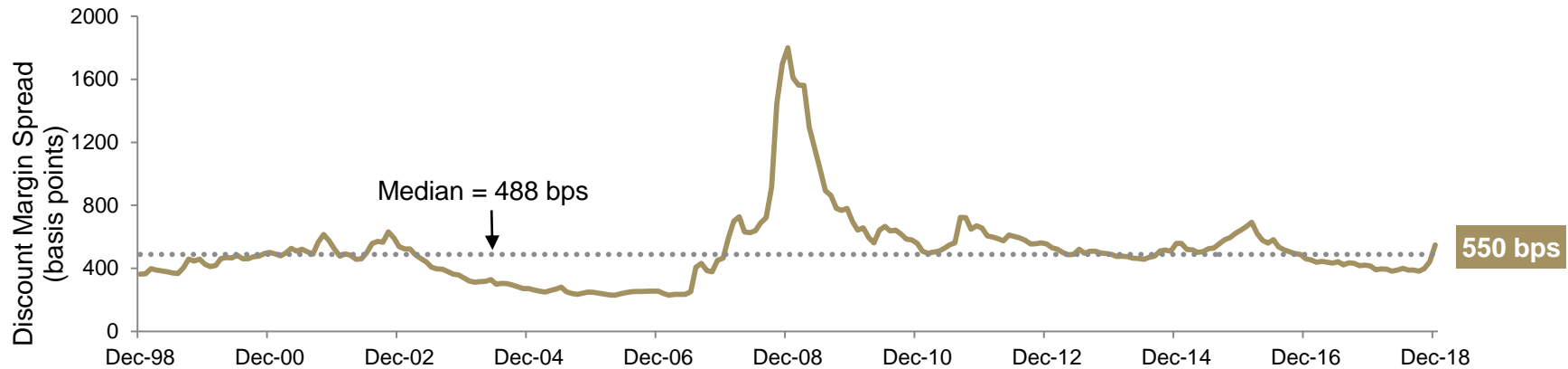
Source: Morningstar.

**Past performance is not a reliable indicator or guarantee of future results.** The historical data shown in the chart above are for illustrative purposes only and do not represent any specific portfolio managed by Lord Abbett or any particular investment. The blended portfolio information is hypothetical and is based on the historical returns of the indexes identified. The actual historical returns of an actively managed portfolio may differ significantly. Diversification cannot guarantee a profit or protect against loss in declining markets. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.<sup>1</sup>Credit Suisse Leveraged Loan Index. <sup>2</sup>10% Credit Suisse Leveraged Loan Index / 90% Bloomberg Barclays U.S. Aggregate Bond Index. <sup>3</sup>30% Credit Suisse Leveraged Loan Index / 70% Bloomberg Barclays U.S. Aggregate Bond Index. <sup>4</sup>50% Credit Suisse Leveraged Loan Index / 50% Bloomberg Barclays U.S. Aggregate Bond Index. <sup>5</sup>Bloomberg Barclays U.S. Aggregate Bond Index.

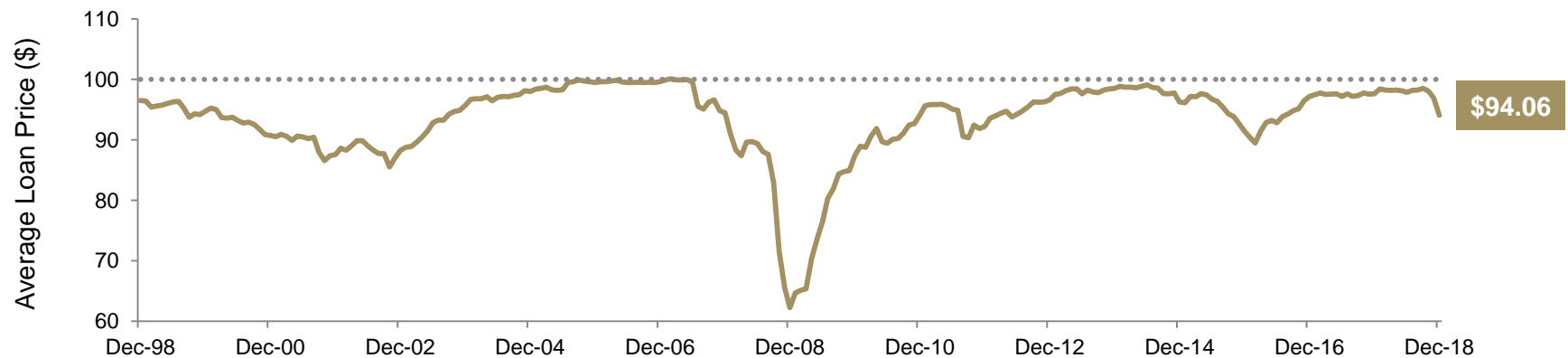


# U.S. LOAN SPREADS AND PRICES RELATIVE TO HISTORY

## U.S. LEVERAGED LOAN INDEX: DISCOUNT MARGIN (3-YEAR LIFE) (AS OF 12/31/2018)



## U.S. LEVERAGED LOAN INDEX AVERAGE PRICE (PAR-WEIGHTED AVERAGE) (AS OF 12/31/2018)



Source: Credit Suisse.

**Past performance is not a reliable indicator or guarantee of future results.** Bps represents a basis point. One basis point equals 0.01%. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment.



# A CORE BANK LOAN PORTFOLIO FOR A FULL MARKET CYCLE

## FLOATING RATE FUND

(AS OF 12/31/2018) CLASS A SHARE TICKER: LFRAX

### History of Credit Research

Brings a 45-year heritage of high-yield credit investing, based on rigorous, fundamental credit research.

### High Income & Low Expenses

Provides attractive income and lower expenses relative to its Morningstar peer group category average.

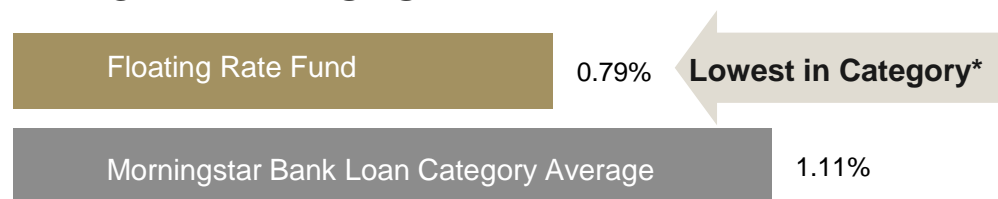
### Attractive Return for Risk

Offers a track record of strong performance versus peers in up and down markets, demonstrating the strength of this active approach as a core bank loan holding over a full market cycle.

## HIGH INCOME

| Dividend Yield<br>(Class A at NAV) | 30-Day<br>Standardized Yield |
|------------------------------------|------------------------------|
| 5.90%                              | 5.46%                        |

## LOW EXPENSES



Source: Morningstar.

\*Most recent prospectus data available. Reflects the average net expenses of Class A shares of all funds within the Morningstar Bank Loan Category based on Morningstar data available. **The performance data quoted reflect past performance and are no guarantee of future results. Current performance may be higher or lower than the performance data 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 the 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 lordabbett.com.**



# A HERITAGE OF CREDIT RESEARCH

## MANAGED BY A DEEP, EXPERIENCED TEAM:

- Managed by Jeffrey D. Lapin, J.D., Partner & Portfolio Manager, who has **22 years of industry experience**
- Managed through a collaborative effort of more than **60 investment professionals** in fixed income
- Over **four decades** of history in high-yield credit research

## LORD ABBETT U.S. MUTUAL FUND FAMILY AWARDS

**TAXABLE BOND CATEGORY**

|                                    |                             |                                       |
|------------------------------------|-----------------------------|---------------------------------------|
| <b>#1</b> FOR 5- & 10-YEAR PERIODS | <b>#3</b> FOR 1-YEAR PERIOD | <b>TOP 4</b> IN 6 OF THE PAST 7 YEARS |
|------------------------------------|-----------------------------|---------------------------------------|

**Barron's/Lipper Annual Ranking\***  
As part of "Barron's Best Mutual Fund Families" annual ranking.

\*Among 59 qualifying fund families. Based on net total return of the one-year period ending 12/31/2017. Barron's Best Mutual Fund Families, March 10, 2018, Lord Abbett Funds ranked 3 out of 59, 1 out of 54, and 1 out of 50 mutual fund families within the taxable bond category for the 1-, 5- and 10- year periods ending 12/31/2017, respectively. Barron's Best Mutual Fund Families, February 11, 2017, Lord Abbett Funds ranked #1 in the Taxable Bond Category among 61 fund families based on the net total return of the one-year period ending 12/31/2016, respectively. Barron's Best Mutual Fund Families, February 6, 2016, #21 in the Taxable Bond Category among 67 fund families based on the net total return of the one-year period ending 12/31/2015. Barron's Best Mutual Fund Families, February 7, 2015, #1 in the Taxable Bond Category among 65 fund families. Based on the net total return of the one-year period ending 12/31/2014. Barron's Best Mutual Fund Families, February 8, 2014, #3 in the Taxable Bond Category among 64 fund families. Based on the net total return of the one-year period ending 12/31/2013. Barron's Best Mutual Fund Families, February 11, 2013, #2 in the Taxable Bond Category among 62 fund families. Based on the net total return of the one-year period ending 12/31/2012. Barron's Best Mutual Fund Families, February 6, 2012, #4 in the Taxable Bond Category among 58 fund families. Based on the net total return of the one-year period ending 12/31/2011.

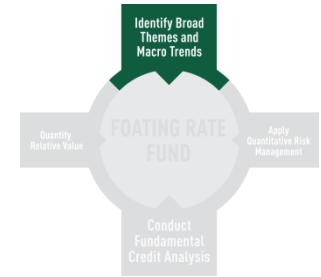
**The Floating Rate Fund Class A share rankings** within the Lipper Loan Participation Funds Average as of 12/31/2018 for the one-year time period was 47% (110/238); five-year, 15%(28/192); and 10-year, 60% (49/81). Source: Lipper Analytical Services. Lipper Funds Average ranking reflect all share classes within the category and are based on total return and do not reflect the effect of sales charges.

**Past performance is not a reliable indicator or a guarantee of future results.**

**Please see "Important U.S. Mutual Fund Family Awards Information" regarding Barron's rankings.**



# TOP DOWN VIEW HELPS ADAPT TO THE MARKET ENVIRONMENT



## CHANGING ENVIRONMENT LEADS TO WIDE DISPERSION OF RETURNS

### Index Returns By Credit Rating

| CS Leveraged Loan Index  | 2013        | 2014        | 2015         | 2016         | 2017        | 2018        |
|--------------------------|-------------|-------------|--------------|--------------|-------------|-------------|
| BB                       | 4.2%        | 1.6%        | 2.6%         | 6.9%         | 3.5%        | 0.2%        |
| CCC                      | 11.0%       | 4.4%        | -6.1%        | 25.6%        | 8.0%        | 4.4%        |
| <b>Difference CCC-BB</b> | <b>6.8%</b> | <b>2.8%</b> | <b>-8.7%</b> | <b>18.7%</b> | <b>4.5%</b> | <b>4.2%</b> |

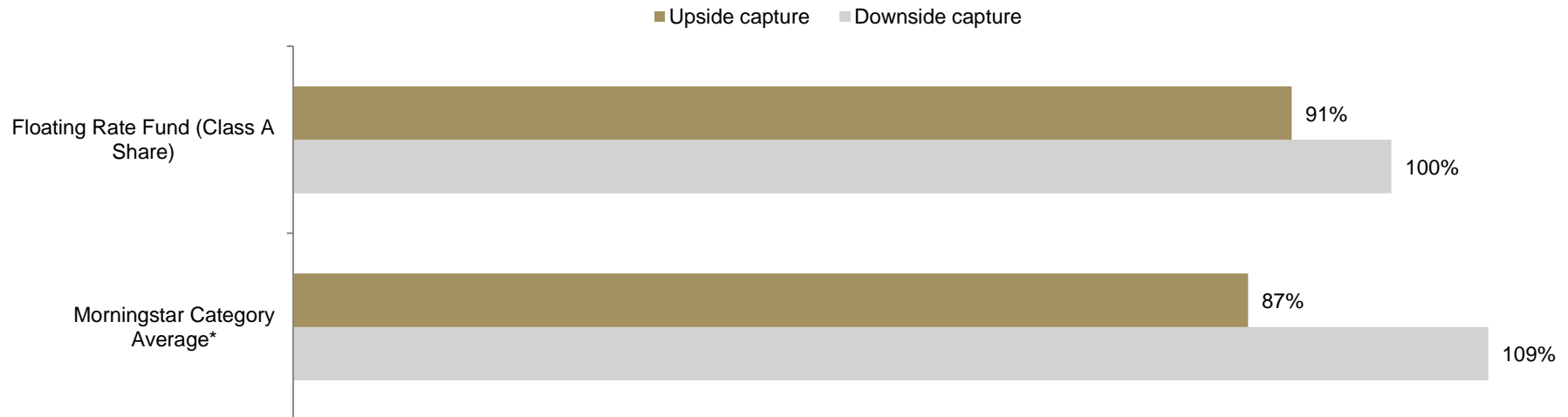
### Index Returns By Industry

| CS Leveraged Loan Index      | 2013        | 2014         | 2015         | 2016         | 2017        | 2018        |
|------------------------------|-------------|--------------|--------------|--------------|-------------|-------------|
| Top Sector                   | 8.5%        | 4.2%         | 5.3%         | 39.5%        | 6.1%        | 4.0%        |
| Bottom Sector                | 4.5%        | -8.6%        | -27.1%       | 6.2%         | -3.3%       | -1.2%       |
| <b>Difference Top-Bottom</b> | <b>4.0%</b> | <b>12.7%</b> | <b>32.5%</b> | <b>33.2%</b> | <b>9.4%</b> | <b>5.2%</b> |

Lord Abbett's Top Down View has helped the portfolio to perform well in up & down markets

## STRONG UPSIDE / DOWNSIDE CAPTURE RATIO

(TRAILING 3 YEARS AS OF 12/31/2018 RELATIVE TO THE CREDIT SUISSE LEVERAGED LOAN INDEX)



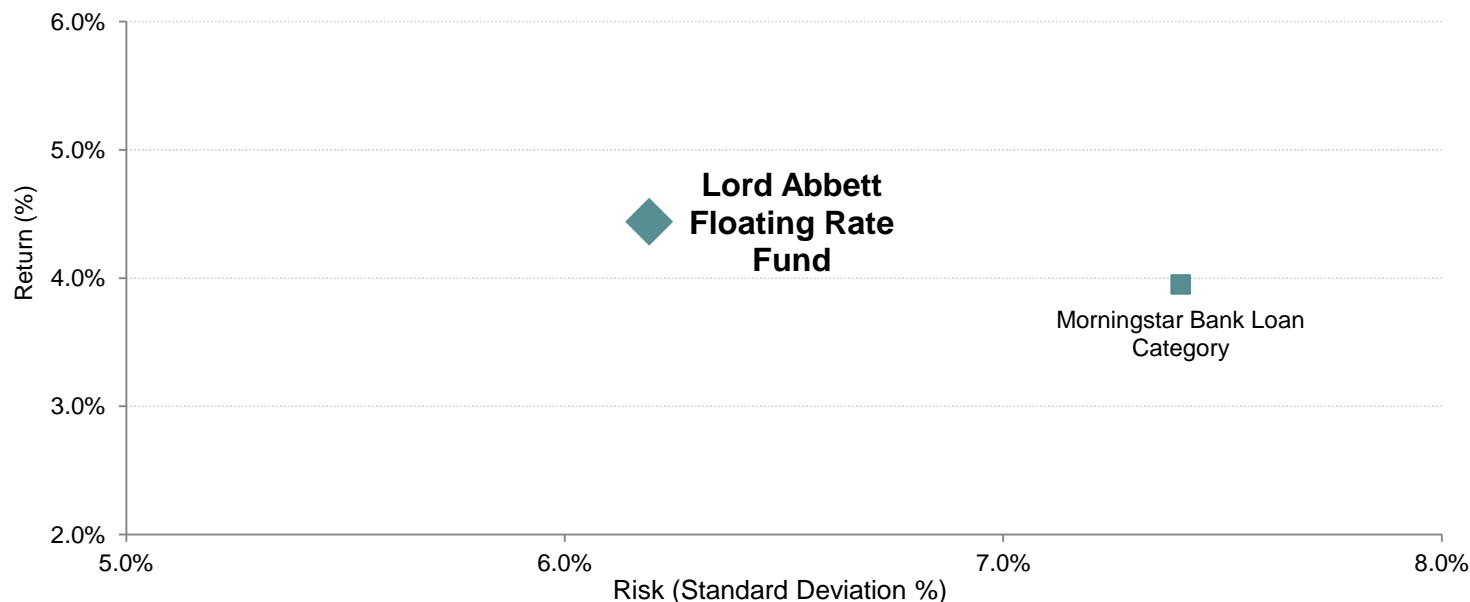
**Past performance is not a reliable indicator or guarantee of future results.** The Fund's portfolio is actively managed and portfolio characteristics may change over time. \*Morningstar Bank Loan Funds Category. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.



# STRONG RISK-ADJUSTED RETURNS

## HISTORICALLY HIGHER RETURNS WITH BELOW AVERAGE RISK

|  | Since Inception Return | Standard Deviation |
|--|------------------------|--------------------|
| <b>Floating Rate Fund (A Share at NAV)</b> | <b>3.98%</b>           | <b>6.20%</b>       |
| Morningstar Bank Loan Category             | 3.41%                  | 7.31%              |



Source: Zephyr Style Advisor. Data as of 01/01/2008 – 12/31/2018.

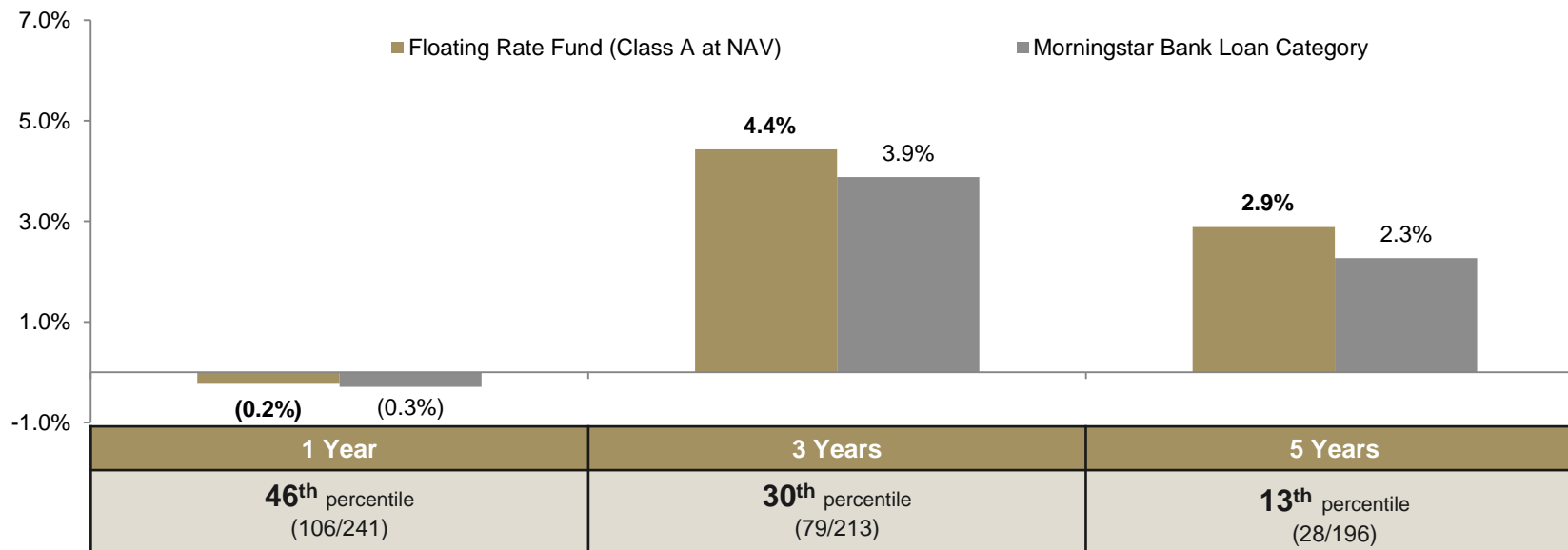
Floating Rate Fund inception date is 12/31/2007. Morningstar Category Average returns are based on all share classes within the category and include the reinvested dividends and capital gains, if any, and exclude sales charges.

**The performance data quoted reflect past performance and are no guarantee of future results. Current performance may be higher or lower than the performance data 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 the 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 lordabbett.com.**

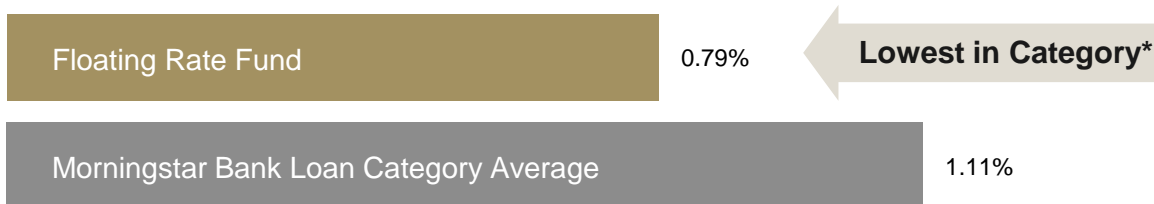


# STRONG PERFORMANCE RELATIVE TO BANK LOAN PEERS

## FLOATING RATE FUND VS. MORNINGSTAR BANK LOAN CATEGORY (AS OF 12/31/2018)



## LOW EXPENSES



Source: Morningstar.

Morningstar peer group average returns are based on all share classes within the category and include the reinvested dividends and capital gains, if any, and exclude sales charges. Morningstar, Inc. Rankings in the Morningstar® Funds Category Averages are based on total returns at net asset value and include the reinvestment of all distributions. Rankings for specified periods are relative to all funds that have the same investment category.

\*Most recent prospectus data available. Reflects the average net expenses of Class A shares of all funds within the Morningstar Bank Loan Category based on Morningstar data available. **The performance data quoted reflect past performance and are no guarantee of future results. Current performance may be higher or lower than the performance data 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 the 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 lordabbett.com.**



# FLOATING RATE HAS DONE WELL WHEN U.S. TREASURY YIELDS HAVE RISEN

## RETURNS WHEN THE 10-YEAR U.S. TREASURY YIELD ROSE MORE THAN 100 BPS (MONTH-END RETURNS)

| Period                | 10-Year U.S. Treasury <sup>1</sup> | Barclays U.S. Aggregate Bond Index | Lord Abbett Floating Rate Fund <sup>2</sup> |
|-----------------------|------------------------------------|------------------------------------|---|
| 12/31/2008–12/31/2009 | -9.9%                              | 5.9%                               | 32.3%                                       |
| 08/31/2010–03/31/2011 | -6.1%                              | -0.8%                              | 5.7%  |
| 07/31/2012–12/31/2013 | -8.7%                              | -1.6%                              | 10.4%                                       |
| 06/30/2016–12/31/2016 | -7.5%                              | -2.5%                              | 5.1%  |

**The Floating Rate Fund has provided positive performance during periods of rising U.S. Treasury yields, generating more attractive returns than U.S. government bonds and the Barclays U.S. Aggregate Bond Index.**

<sup>1</sup> FTSE 10 Year Treasury Bond Index.

<sup>2</sup> Returns based on A share class at NAV.

Source: Morningstar.

The Floating Rate Fund's (Class A) performance at net asset value excludes sales charges. If sales charges, including any applicable contingent deferred sales charge (CDSC) had been included, performance would have been lower.

**Past performance is not a reliable indicator or 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 lordabbett.com. Other indexes may not have performed in the same manner under similar conditions. Performance during other time periods may have been different or negative.** Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.





## PORTFOLIO COMBINATIONS

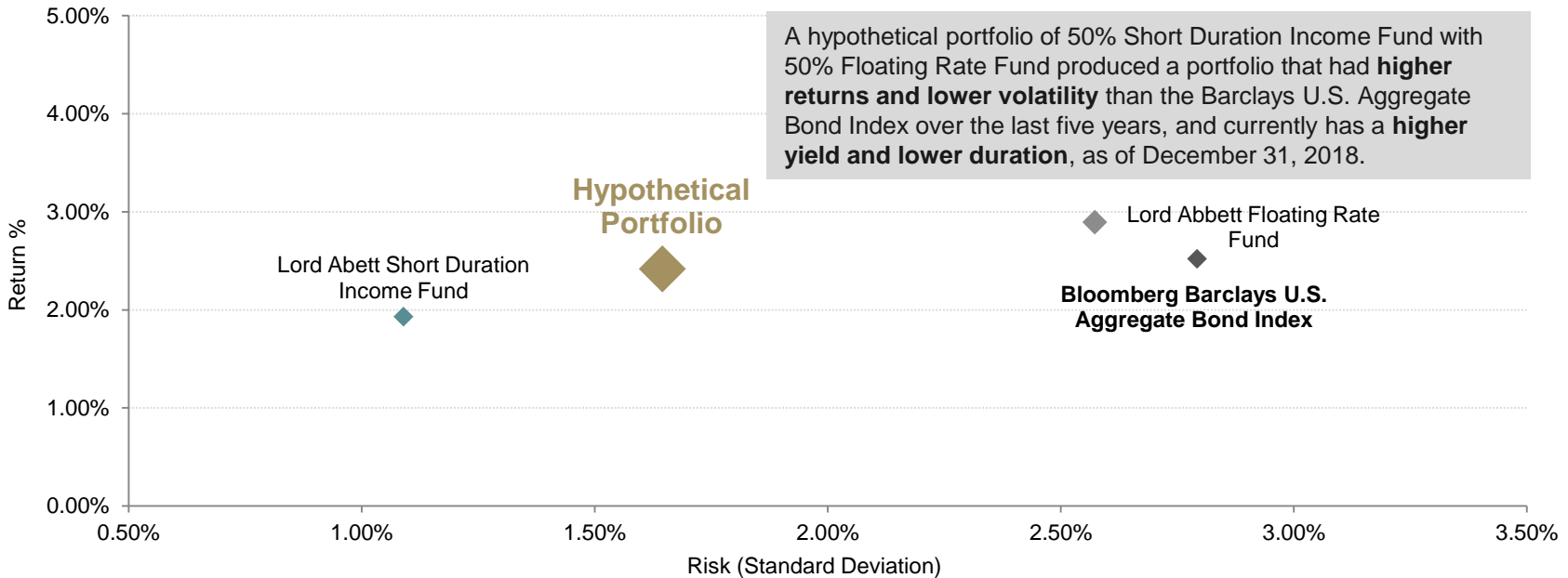
LORD ABBETT



# AN ATTRACTIVE COMPLEMENT TO THE SHORT DURATION INCOME FUND

## FIVE-YEAR RISK/REWARD

(01/01/2014 – 12/31/2018)



|                                   | Barclays U.S. Aggregate Bond Index* | Hypothetical Portfolio |
|-----------------------------------|-------------------------------------|------------------------|
| Return (5-Year)                   | 2.5%                                | <b>2.4%</b>            |
| Risk (Standard Deviation 5- Year) | 2.8%                                | <b>1.6%</b>            |
| Dividend Yield                    | 3.3%                                | <b>4.9%</b>            |
| Duration (Years)                  | 5.9                                 | <b>1.1</b>             |

← **Higher Returns**

← **Lower Risk**

← **Higher Yield**

← **Lower Duration**

Source: Zephyr Style ADVISOR.

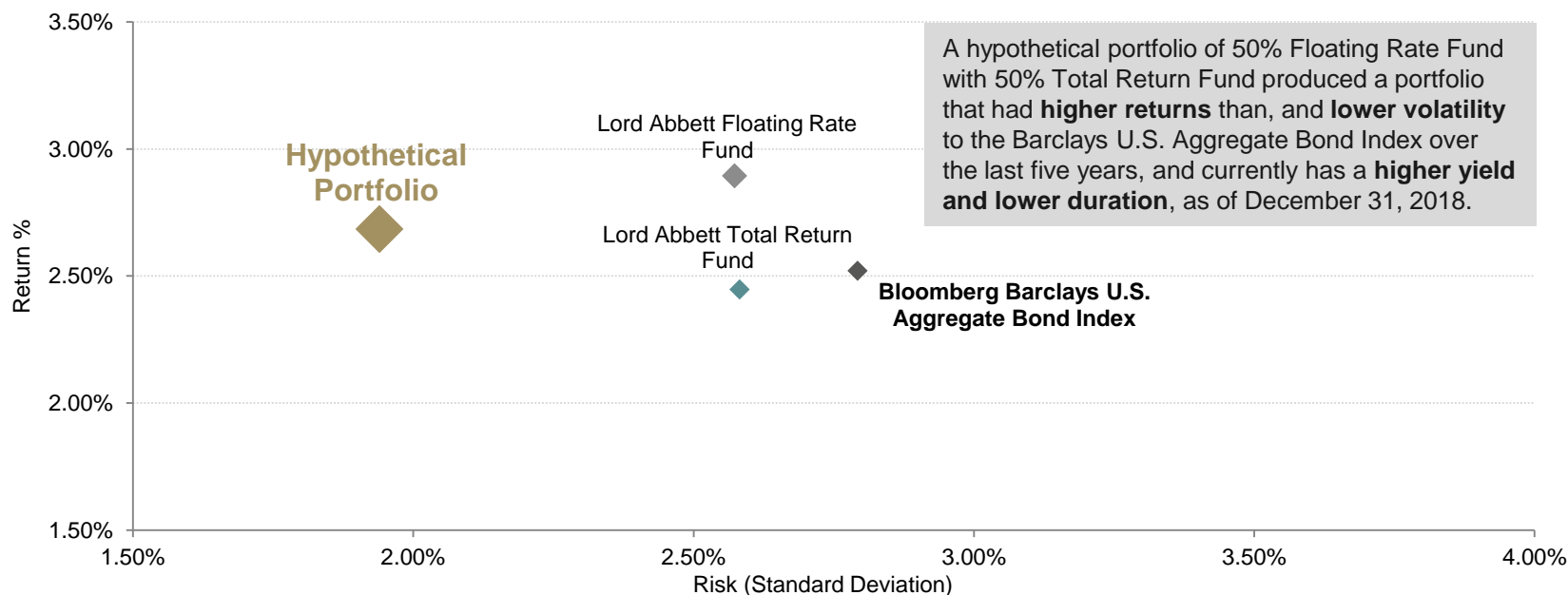
**Past performance is not a reliable indicator or guarantee of future results.** Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. \*Bloomberg Barclays U.S. Aggregate Bond Index is a broad based bond index. Dividend yield equal allocation is calculated using unsubsidized yield unless a Fund has a subsidized yield, in which case, that would be used in the equal allocation. As of 12/31/2018, dividend yield and 30-day standardized yield for the Funds are respectively as follows: Short Duration Income (3.89%; 3.25%), Floating Rate (5.90%; 5.46%). Neither diversification nor asset allocation can guarantee a profit or protect against loss in declining markets.



# PREPARING YOUR CORE BONDS FOR RISING INTEREST RATES

## FIVE-YEAR RISK/REWARD

(01/01/2014 – 12/31/2018)



|                                   | Barclays U.S. Aggregate Bond Index* | Hypothetical Portfolio |
|-----------------------------------|-------------------------------------|------------------------|
| Return (5-Year)                   | 2.5%                                | <b>2.7%</b>            |
| Risk (Standard Deviation 5- Year) | 2.8%                                | <b>1.9%</b>            |
| Dividend Yield                    | 3.3%                                | <b>4.7%</b>            |
| Duration (Years)                  | 5.9                                 | <b>3.0</b>             |

← **Higher Returns**  
 ← **Lower Risk**  
 ← **Higher Yield**  
 ← **Lower Duration**

Source: Zephyr Style ADVISOR.

**Past performance is not a reliable indicator or guarantee of future results.** Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. \*Barclays U.S. Aggregate Bond Index is a broad based bond index. Dividend yield equal allocation is calculated using unsubsidized yield unless a Fund has a subsidized yield, in which case, that would be used in the equal allocation. As of 12/31/2018, dividend yield and 30-day standardized yield for the Funds are respectively as follows: Total Return (3.54%; 3.44%), Floating Rate (5.90%; 5.46%).



# FLOATING RATE FUND: PERFORMANCE

## AVERAGE ANNUAL TOTAL RETURNS

CLASS A SHARE (AS OF 12/31/2018)

|   | 1 Year | 3 Years | 5 Years | 10 Years |
|---|--------|---------|---------|----------|
| Net Asset Value:<br>(without sales charge)              | -0.23% | 4.43%   | 2.89%   | 6.92%    |
| Maximum Offering Price:<br>(2.25% maximum sales charge) | -2.46% | 3.65%   | 2.42%   | 6.67%    |

**Expense ratio: 0.79%**

**Without sales charge (NAV):** the net asset value performance above shows the Fund's average annual total returns excluding sales charges. If sales charges, including any applicable contingent deferred sales charge (CDSC) had been included, performance would have been lower.

**With sales charge (MOP):** performance of Class A shares with sales charge 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 CDSC. The CDSC is not reflected in the performance shown. Please see the prospectus for more details.

**The performance data quoted reflect past performance and are no guarantee of future results. Current performance may be higher or lower than the performance data 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 the 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 lordabbett.com.**



# SHORT DURATION INCOME AND TOTAL RETURN FUND PERFORMANCE

## AVERAGE ANNUAL TOTAL RETURNS

CLASS A SHARE (AS OF 12/31/2018)

|                                   |   | 1 Year | 3 Years | 5 Years | 10 Years |
|-----------------------------------|---|--------|---------|---------|----------|
| <b>Short Duration Income Fund</b> | Net Asset Value:<br>(without sales charge)          | 1.23%  | 2.50%   | 1.93%   | 4.35%    |
|                                   | Maximum Offering Price:<br>(2.25% max sales charge) | -1.10% | 1.72%   | 1.49%   | 4.12%    |
| <b>Total Return Fund</b>          | Net Asset Value:<br>(without sales charge)          | -0.93% | 2.29%   | 2.45%   | 4.81%    |
|                                   | Maximum Offering Price:<br>(2.25% max sales charge) | -3.17% | 1.53%   | 1.98%   | 4.56%    |

**Short Duration Income Fund Expense Ratio: 0.59% ; Total Return Fund Expense Ratio: 0.67%**

**Without sales charge (NAV):** the net asset value performance above shows the Fund's average annual total returns excluding sales charges. If sales charges, including any applicable contingent deferred sales charge (CDSC) had been included, performance would have been lower.

**With sales charge (MOP):** performance of Class A shares with sales charge 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 CDSC. The CDSC is not reflected in the performance shown. Please see the prospectus for more details.

**The performance data quoted reflect past performance and are no guarantee of future results. Current performance may be higher or lower than the performance data 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 the 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 lordabbett.com.**



# IMPORTANT PERFORMANCE AND OTHER INFORMATION

## **Morningstar Information**

The Morningstar Bank Loan Category has portfolios that primarily invest in floating-rate loans instead of bonds. In exchange for their credit risk, these loans offer high interest payments that typically float above a common short-term benchmark such as the London Interbank Offered Rate, or LIBOR.

Morningstar percentile rankings for the specified periods are relative to all funds that have the same investment categories. The highest (or most favorable) percentile rank is 1, and the lowest (or least favorable) percentile rank is 100.

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## **Barron's Information**

Barron's, "Best Fund Families of 2017," March 10, 2018. Barron's rankings are based on asset-weighted returns in five categories — US equity funds; world equity funds; mixed equity funds; taxable bond funds; and tax-exempt funds. To be included for Lipper/Barron's Fund Survey, each fund in the survey must have had at least three funds in Lipper's general equity category, one world equity category, one mixed-asset, two taxable-bond funds and one national tax-exempt bond fund. Rankings also take into account an individual fund's performance within its Lipper peer universe. Each fund's return was measured against those of all funds in its Lipper category, resulting in a percentile ranking which was then weighted by asset size, relative to the fund family's other assets in its general classification. Lipper calculated each fund's net total return for the year ended December 31, 2017, minus the effects of 12b-1 fees and sales charges. Barron's Fund Family Rankings are awarded annually.

## **Lipper Information**

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# IMPORTANT PERFORMANCE AND OTHER INFORMATION

## Index Information

Indexes are unmanaged, do not reflect the deduction of fees or expenses, and an investor cannot invest directly in an index.

**The Bloomberg Barclays U.S. Government Bond Index** is a market value-weighted index composed of all publicly issued, nonconvertible, domestic debt of the U.S. government or any agency thereof, quasi-federal corporations, or corporate debt guaranteed by the U.S. government.

**The Bloomberg Barclays U.S. Aggregate Bond Index** is an index of U.S dollar-denominated, investment-grade U.S. government and corporate securities, and mortgage pass-through securities, and asset-backed securities.

**The Bloomberg Barclays U.S. Corporate Bond Index** includes all publicly held issued, fixed-rate, nonconvertible investment-grade corporate debt.

**The FTSE 10 Year Treasury Bond Index** is a broad measure of the performance of the medium-term U.S. Treasury securities.

**The Credit Suisse Leveraged Loan Index** is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market.

**The Credit Suisse High Yield Index** is an unmanaged, trader-priced index constructed to mirror the characteristics of the high-yield market.

**The S&P 500® Index** is widely regarded as the standard for measuring large cap U.S. stock market performance .

**Performance data quoted is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The investment return and principal value of an investment in any fund will fluctuate as the prices of the individual securities in which they invest fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Different investments carry different risk.**



# IMPORTANT PERFORMANCE AND OTHER INFORMATION

## A Note about Risk

**Floating Rate Fund:** 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.

**Total Return Fund:** 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.

**Short Duration Income Fund:** 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 will change as interest rates fluctuate and in response to market movements. When interest rates fall, the prices of debt securities tend to rise, and when interest rates rise, the prices of debt securities are likely to decline. Debt securities are subject to credit risk, which is the risk that the issuer will fail to make timely payments of interest and principal to the Fund. 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.

Neither diversification nor asset allocation can guarantee a profit or protect against loss in declining markets.

## Glossary

**Treasuries** are debt securities issued by the U.S. government and secured by its full faith and credit. Income from Treasury securities is exempt from state and local taxes.

The **average yield** is the market-value-weighted average yield to maturity of a portfolio of bonds.

**Dividend yield** is a financial ratio that shows how much a mutual fund pays out in dividends each year relative to its Net Asset Value (NAV). The dividend yield is calculated by annualizing the last dividend and dividing it by the fund's NAV.





# IMPORTANT PERFORMANCE AND OTHER INFORMATION

The **30-day standardized yield** is an estimate of a mutual fund's net investment income measured over a 30-day period. It is expressed as an annual percentage rate using a method of calculation adopted by the Securities and Exchange Commission (SEC). In absence of the fee waiver, 30-day standardized yield would have been lower. Yields for other share classes will vary.

**Standard deviation** is a measure of volatility. Applied to an asset's return, it provides a measure of the range of those returns. A higher standard deviation means a greater range of returns.

**Duration** is a measure of the sensitivity of the price of a fixed-income asset to a change in interest rates and is expressed in years.

**Effective Duration** is the change in the value of a fixed-income security that will result from a 1% change in market interest rates.

**Yield to maturity** is the rate of return anticipated on a bond if held until it matures. Yield to maturity assumes all the coupon payments are reinvested at an interest rate that equals the yield-to-maturity. The yield to maturity is the long-term yield expressed as an annual rate.

**Correlation** is a statistical measure of how 2 securities move in relation to each other.

**The information provided is not directed at any investor or category of investors and is provided solely as general information about Lord Abbett's products and services and to otherwise provide general investment education. None of the information provided should be regarded as a suggestion to engage in or refrain from any investment-related course of action as neither Lord Abbett nor its affiliates are undertaking to provide impartial investment advice, act as an impartial adviser, or give advice in a fiduciary capacity. If you are an individual retirement investor, contact your financial advisor or other fiduciary about whether any given investment idea, strategy, product or service may be appropriate for your circumstances.**

***This material must be accompanied or preceded by the Fund's current prospectus or summary prospectus. The summary prospectus and prospectus contain important information about the Fund, including the Fund's investment objectives, risks, charges, and ongoing expenses that an investor should read and carefully consider before investing. Please click [here](#) for the Fund's current prospectus or summary prospectus.***

**Mutual funds are not insured by the FDIC, are not deposits or other obligations of, or guaranteed by banks, and are subject to investment risks including possible loss of principal amount invested. Lord Abbett Distributor LLC is the principal underwriter of the Lord Abbett Mutual Funds.**