



LORD ABBETT®

**NAVIGATING TODAY'S FIXED INCOME MARKETS**  
HIDDEN RISKS, RETURN EXPECTATIONS, AND OPPORTUNITIES

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LORD ABBETT

*A singular focus since 1929*

## Investment-Led

- Active management characterized by a deliberate process, teamwork, and collaboration
- Rigorous research that challenges consensus and identifies opportunities
- Comprehensive risk management that enhances investment decisions

## Investor-Focused

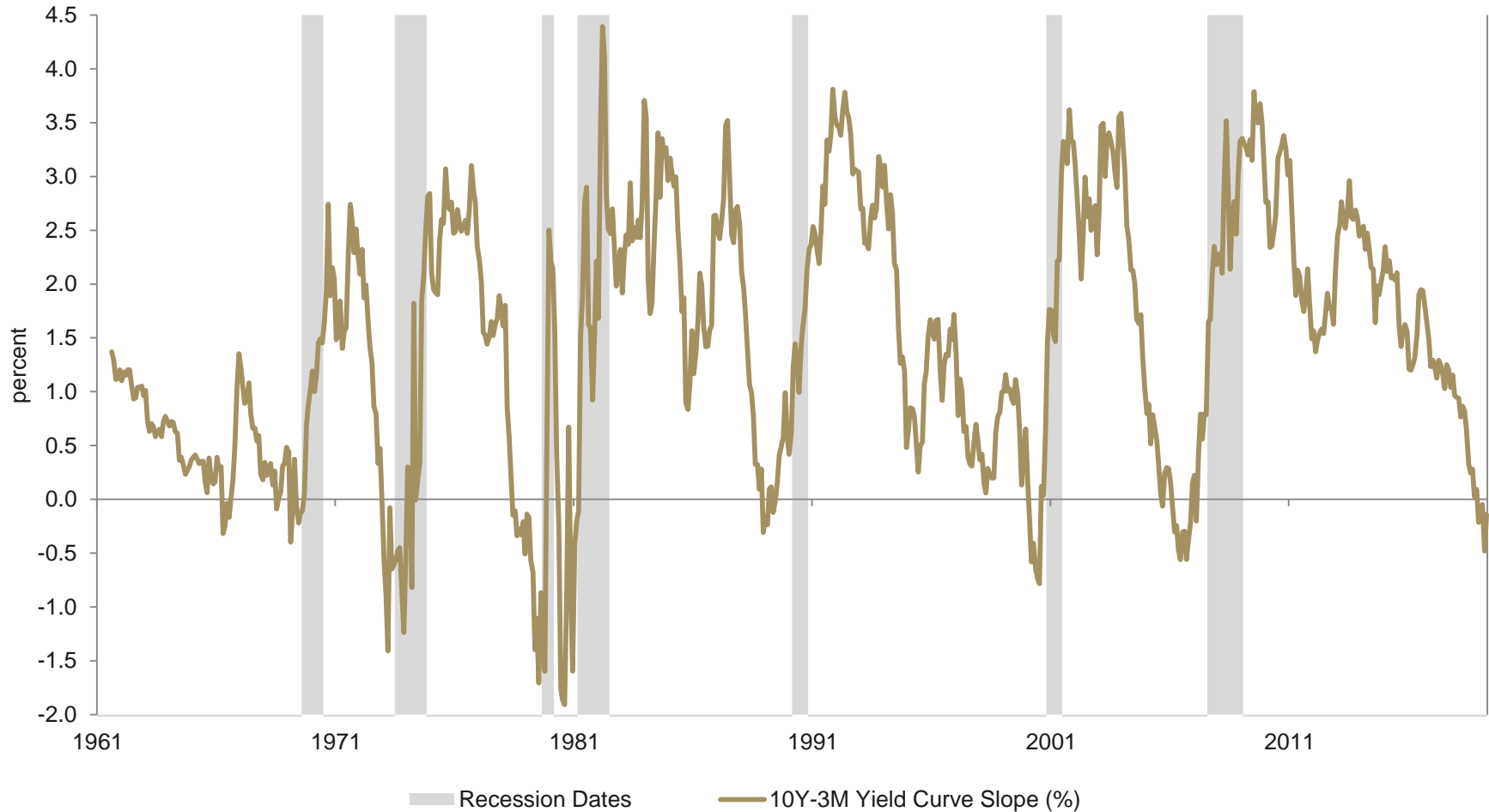
- Perspectives shaped and decisions sharpened by our independence
- Resources dedicated to the markets we serve
- Strategies intelligently designed to meet client needs



# INVESTOR CONCERNS

Sharp downward revisions to global earnings expectations and an inverted U.S. yield curve have fueled investor pessimism.

## U.S. Treasury Yield Curve: Inverted



Source: Bloomberg. Data as of 09/30/2019.

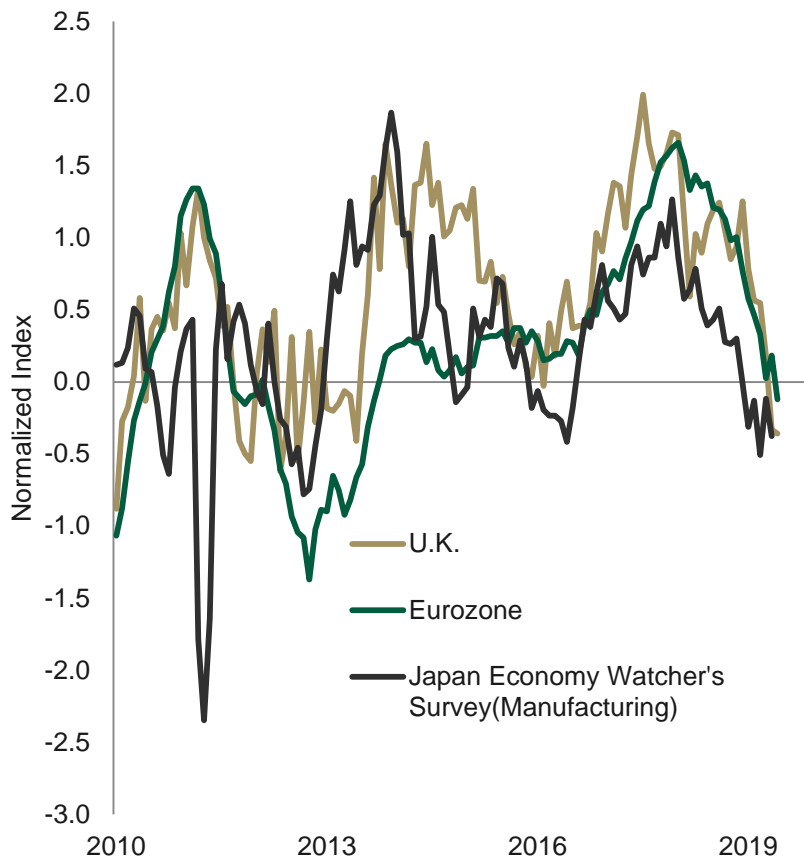
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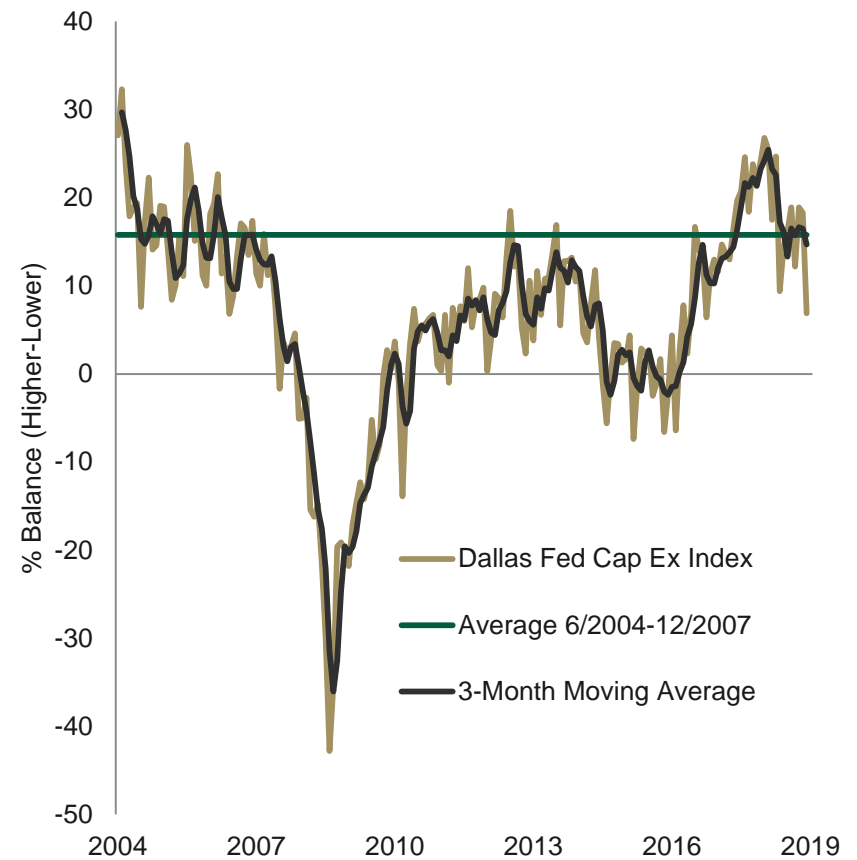
# INVESTOR CONCERNS

Uncertainty about global trade (and Brexit) has soured manufacturing sentiment and made some companies put expansion plans on hold.

## Manufacturing Sentiment: Declining



## Capital Expenditure Plans: On Hold

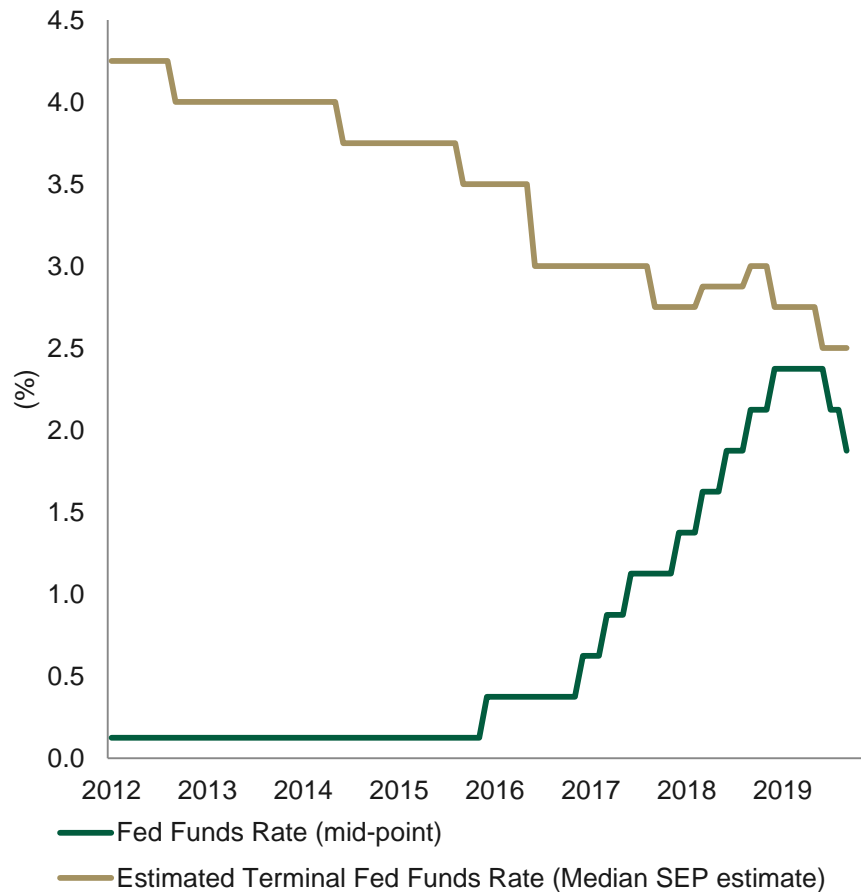




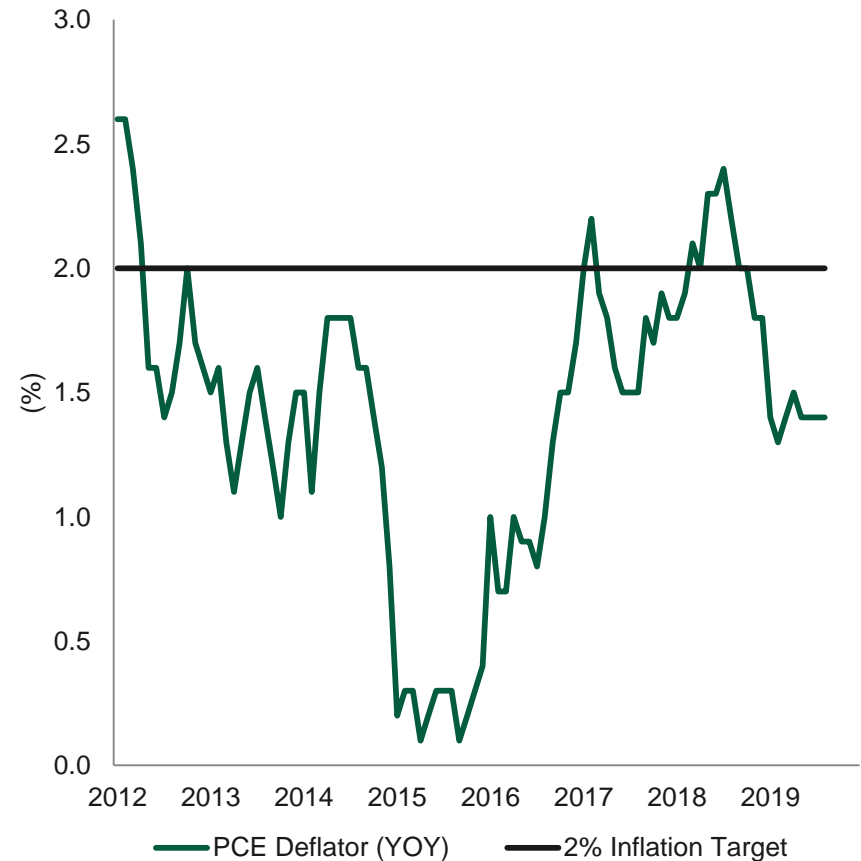
# BELOW-TARGET INFLATION ALLOWS FOR CONTINUED ACCOMMODATIVE POLICY

- The Fed remains accommodative.
- As inflation fell further below the Fed's 2% target and estimates of the terminal rate declined steadily, the FOMC may have concluded that it had tightened too much.

### Actual and Estimated Terminal Fed Funds Rate



### Inflation and Fed Inflation Target

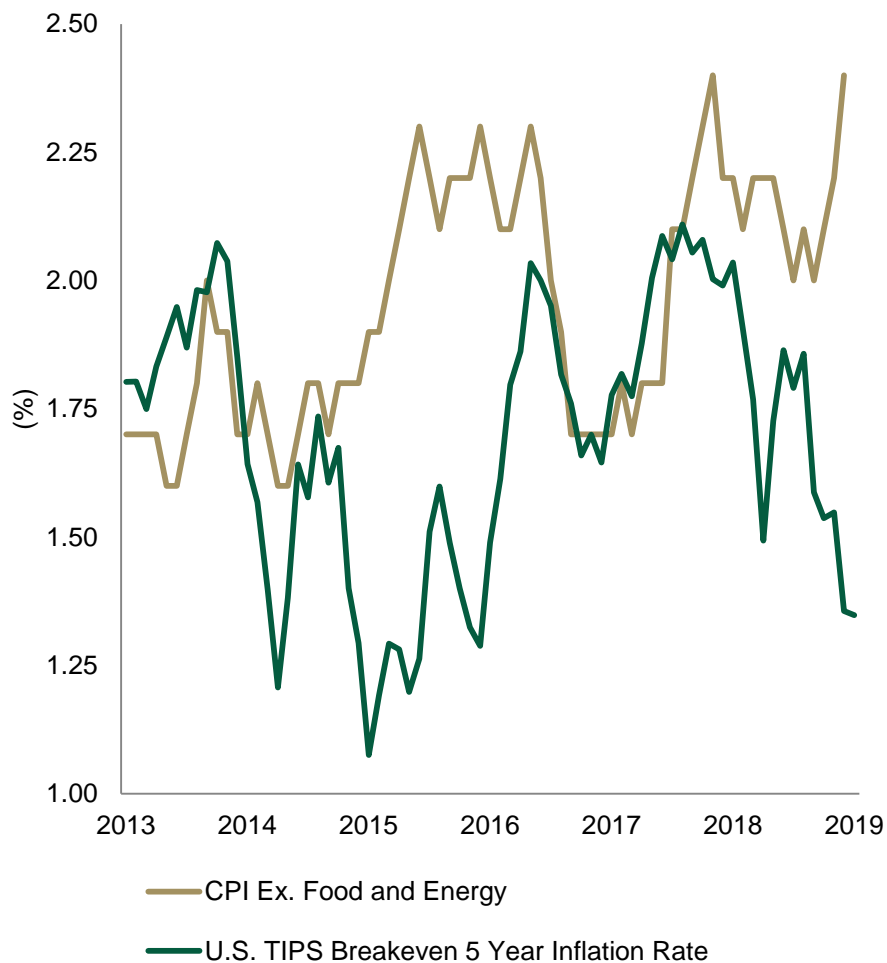




# INFLATION DIVERGENCE

- Investors have completely ignored the recent uptick in inflation and may be too complacent about the risk of a pickup in 2020.

## Trailing Core Inflation and Inflation Expectations



## U.S. Average Hourly Earnings



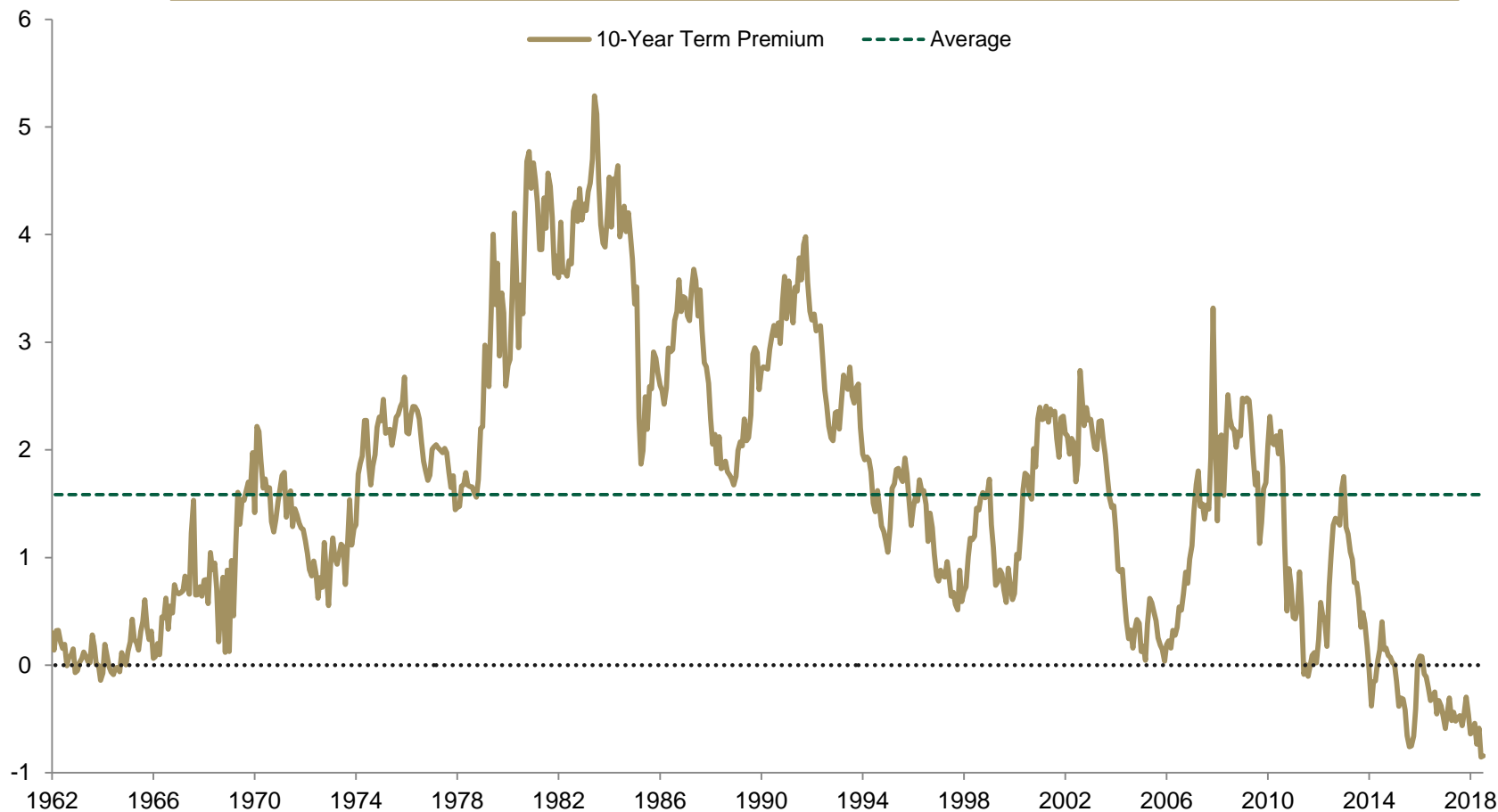


# TERM PREMIUM AT HISTORICAL LOWS

## US TREASURY TERM PREMIUM

(AS OF 06/30/2019)

Investors are not currently being compensated for taking duration risk



Source: Federal Reserve Bank of New York. As represented by ACMTP10.

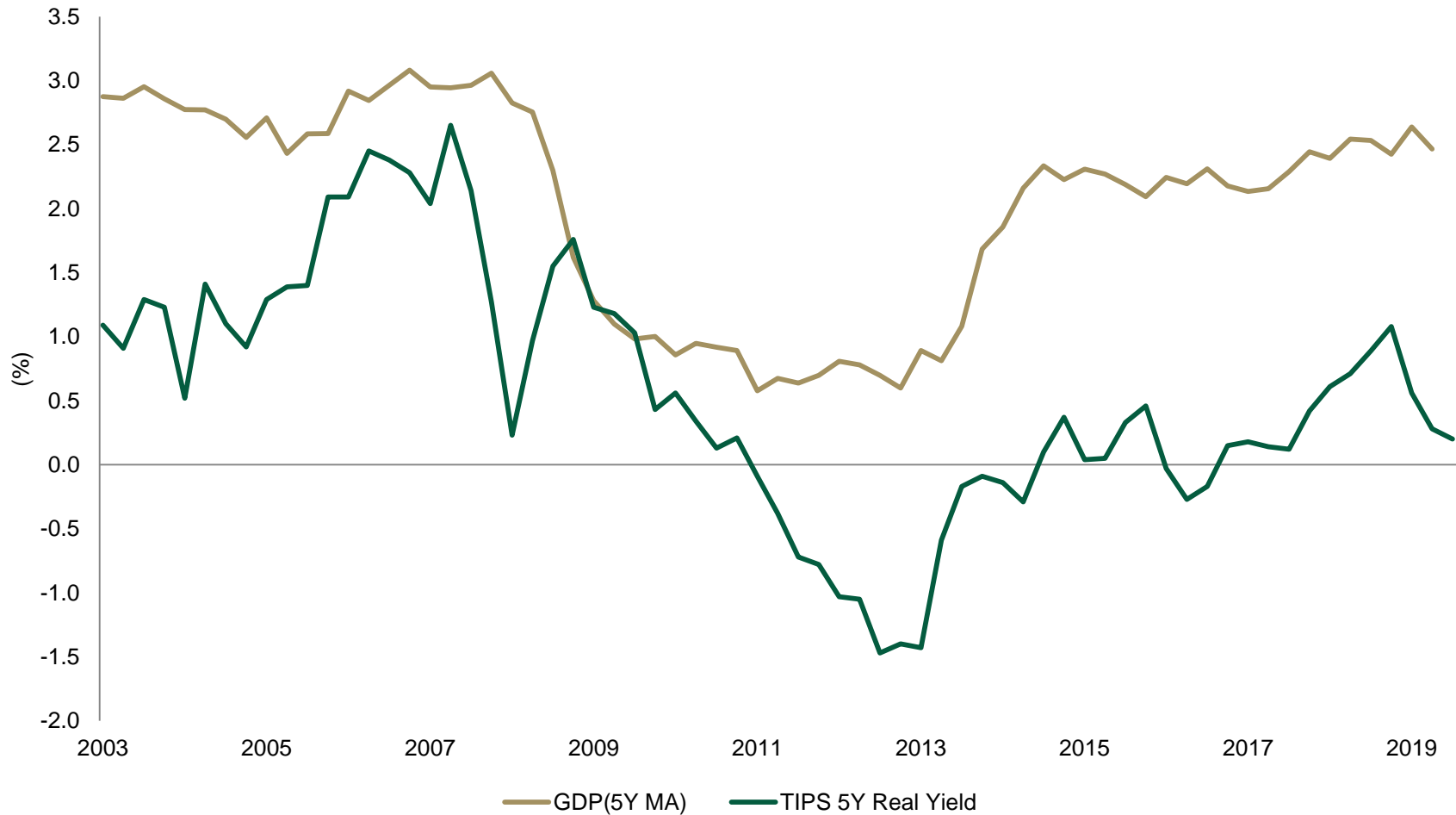
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# REAL RETURNS VERSUS GDP

U.S. real yield too low considering steady improvement in U.S. GDP growth.

## Real GDP Growth and 5Y TIPS Real Yield



Source: Bloomberg. GDP data as of 06/30/2019 and TIPS data as of 09/30/2019.

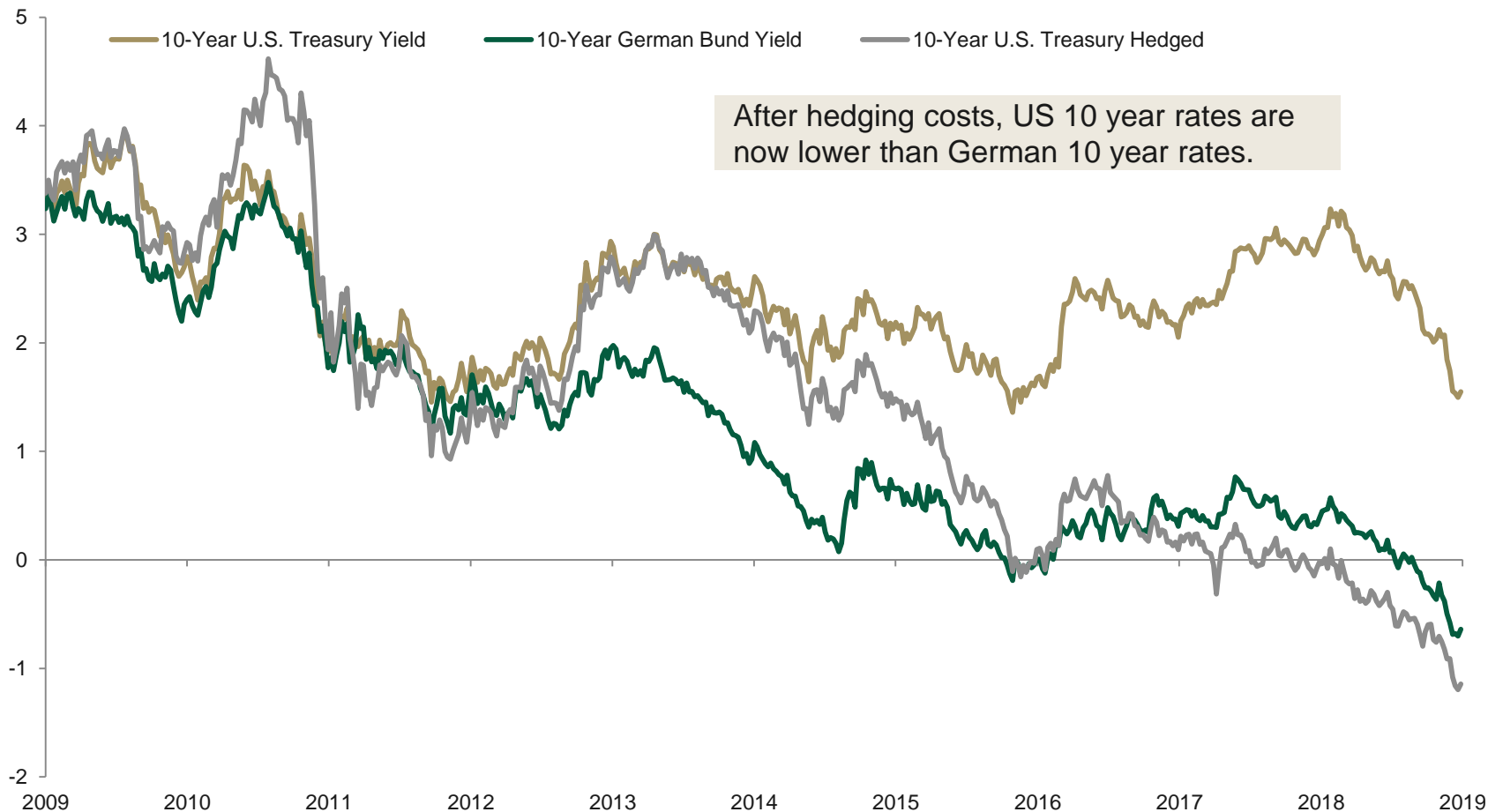
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# HEDGING COSTS ELIMINATE THE ENTIRE YIELD ADVANTAGE FOR THE U.S.

## 10-YEAR TREASURY RATES VERSUS 10-YEAR GERMAN BUND

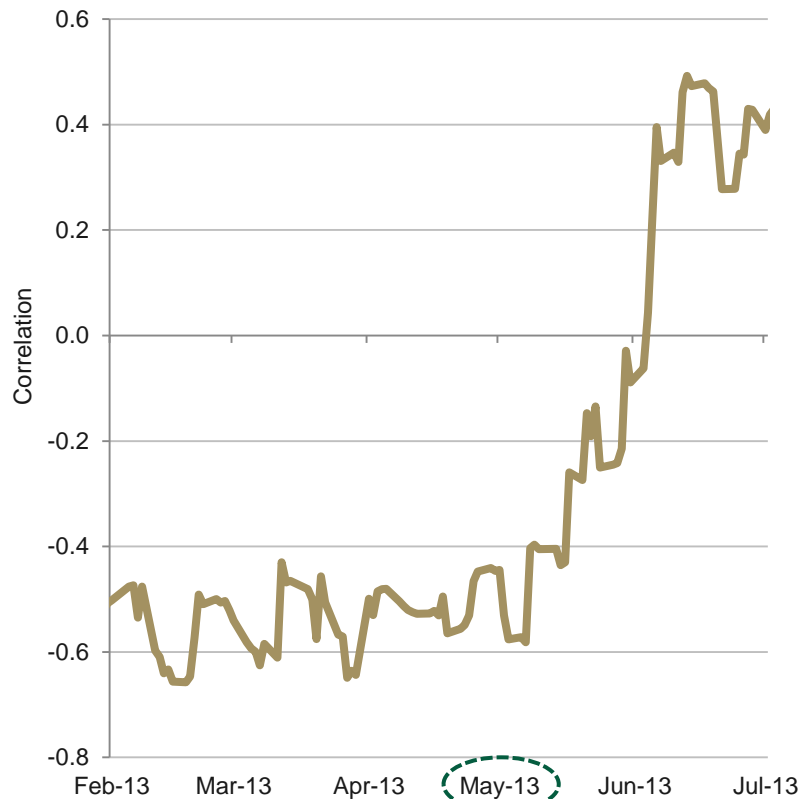


Source: Bloomberg. Data as of 09/06/2019. The information shown is for illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment. **Past performance is not a reliable indicator or a guarantee of future results.**

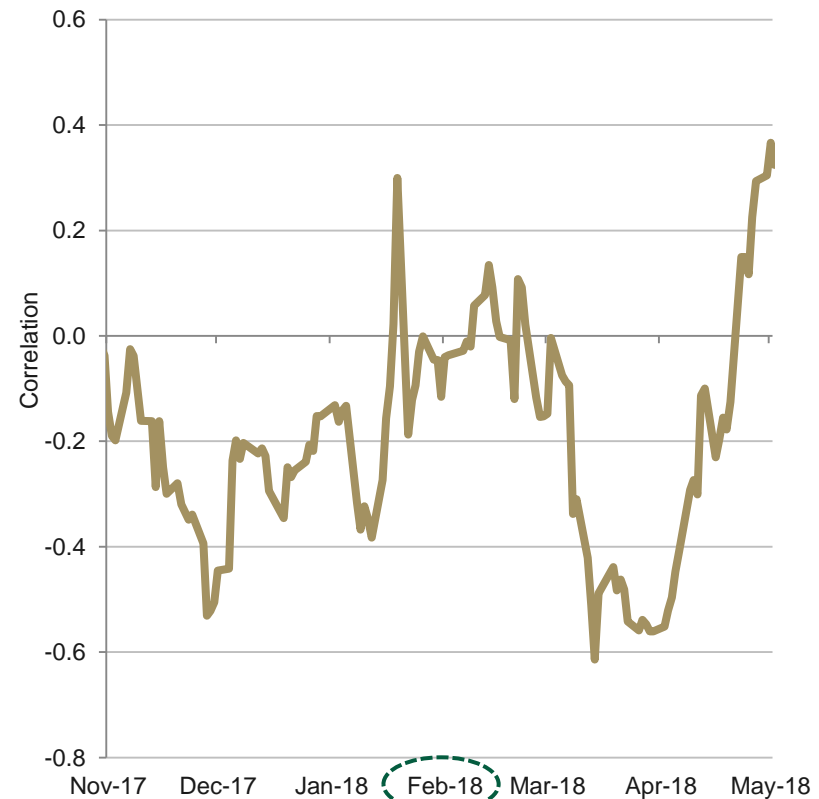


# STOCK BOND CORRELATIONS

## ROLLING ONE-MONTH CORRELATIONS OF THE BLOOMBERG BARCLAYS U.S. AGGREGATE BOND INDEX AND THE S&P 500 INDEX



Fed announces scale back on bond purchases as part of quantitative easing program



Wage Inflation surprises to the Upside

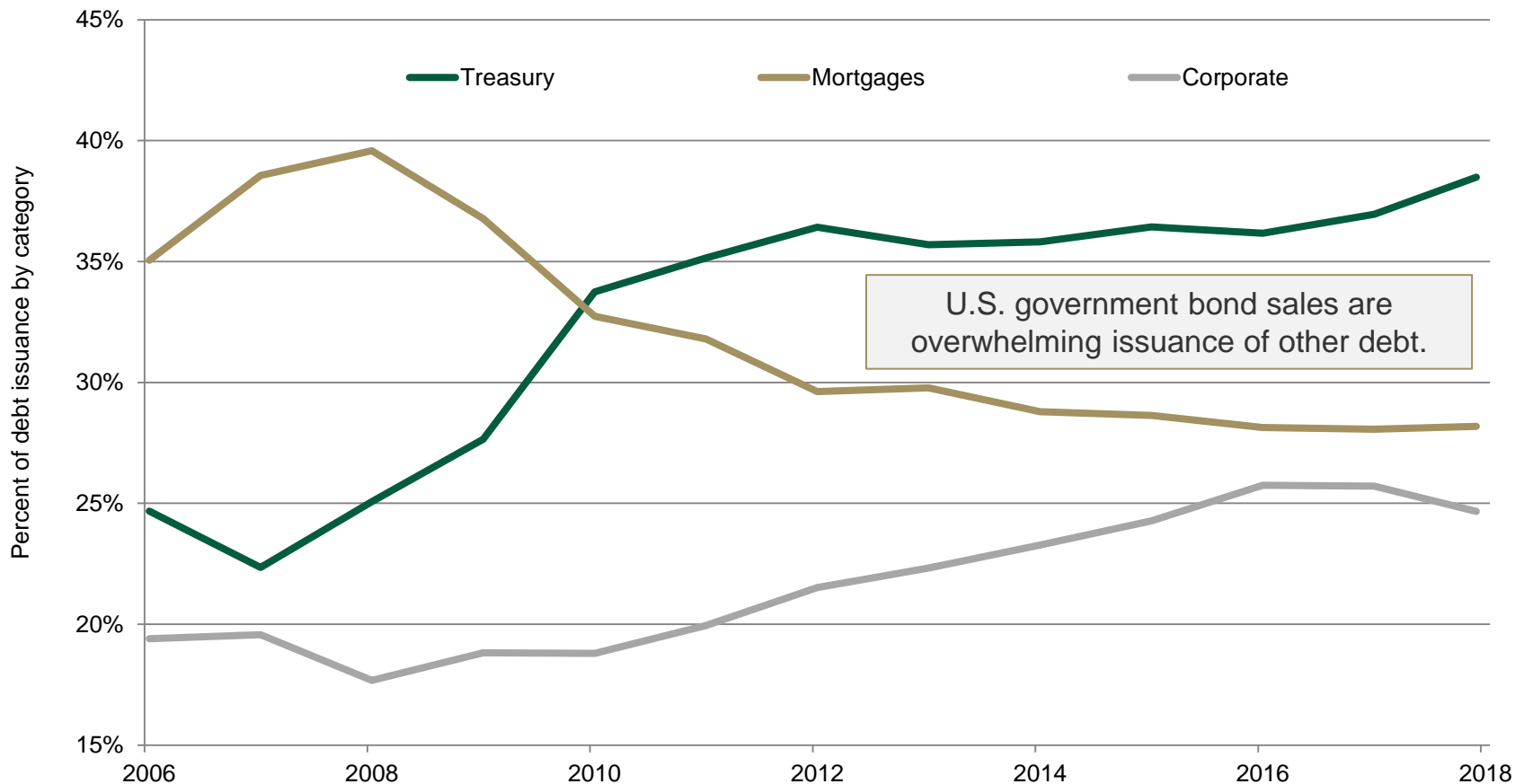
Source: Bloomberg Barclays.

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## BOND INDEXES BEND UNDER WEIGHT OF TREASURY DEBT

(AS OF 11/30/2018)



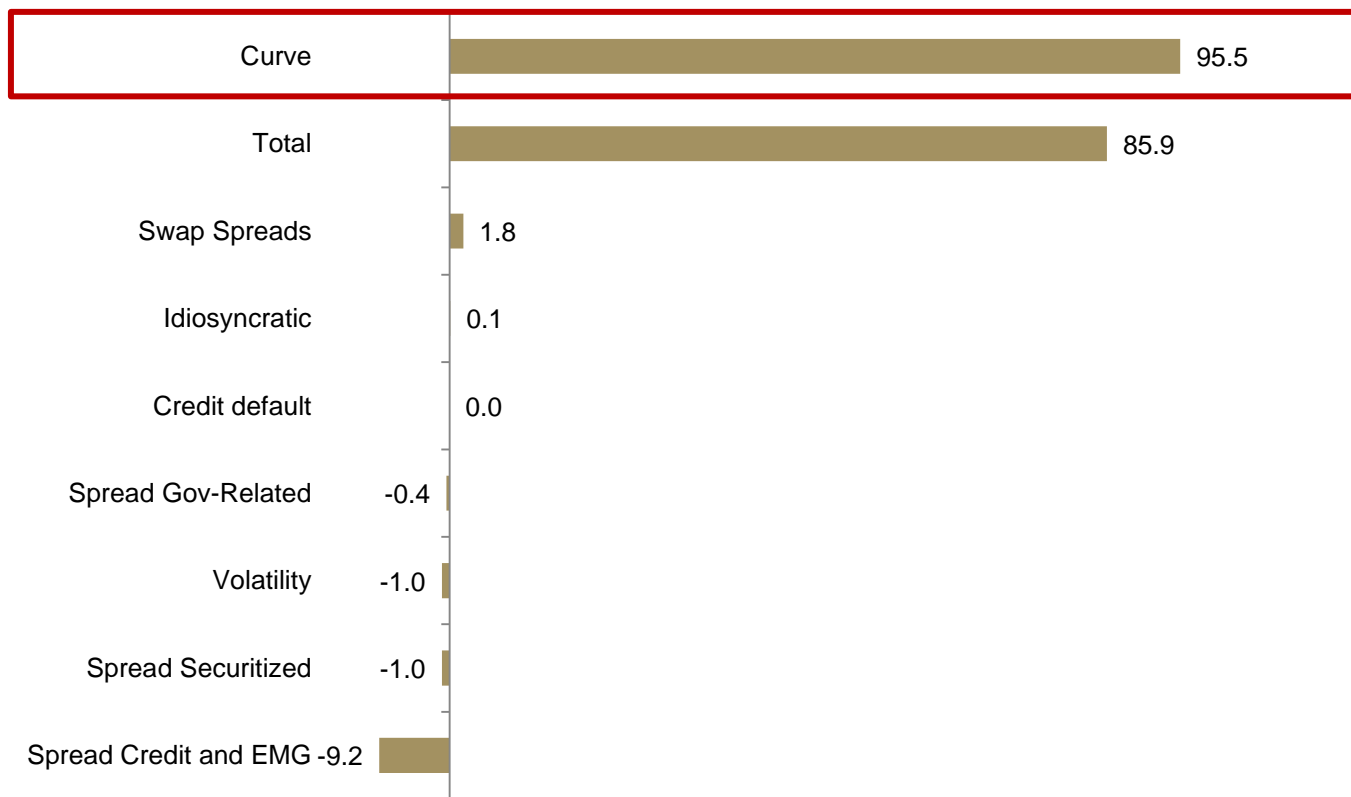
Source: Barclays POINT, Lord Abbett. For illustrative purposes only.



# DURATION RISK DOMINATES OTHER RISKS IN THE AGGREGATE INDEX

## BARCLAYS AGGREGATE: SOURCES OF VARIATION IN RETURNS

(AS OF 06/30/2019)



Source: Barclays POINT, Lord Abbett

\*Bloomberg Barclays US Aggregate Index versus cash.

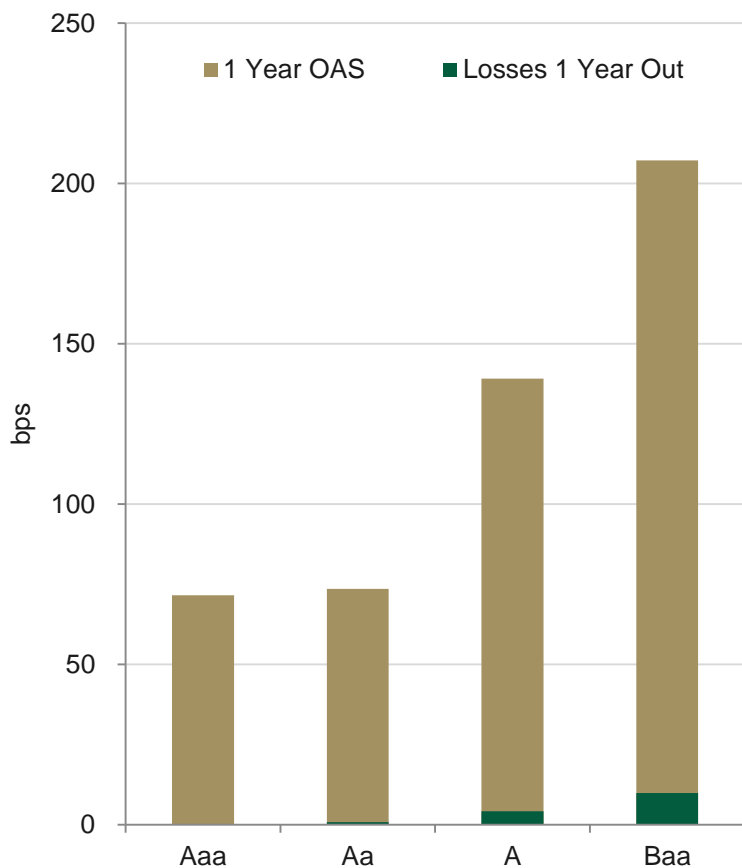
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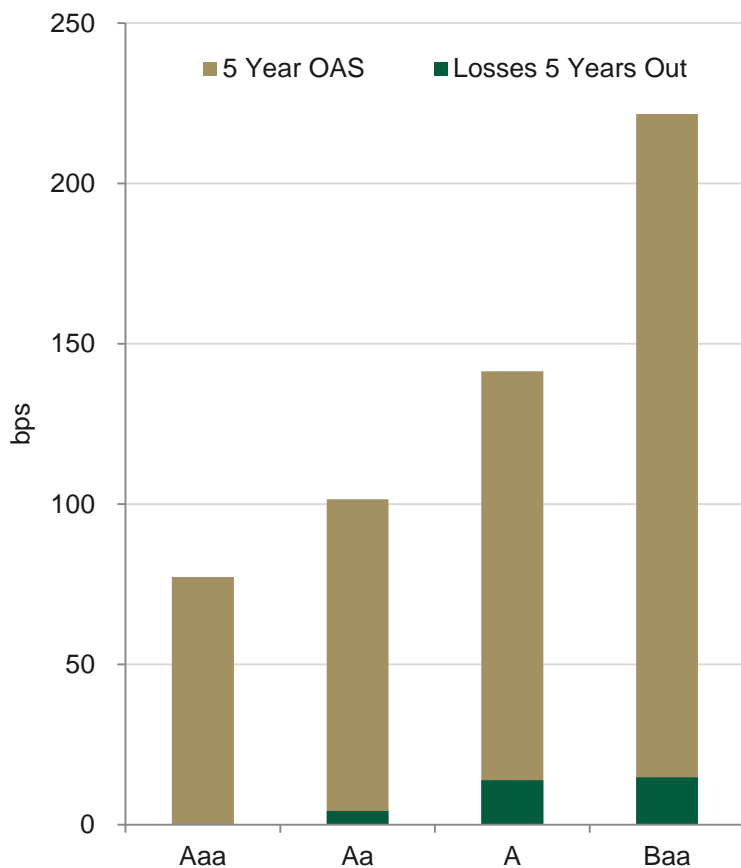
# SPREADS HAVE MORE THAN COMPENSATED FOR CREDIT LOSSES

Investment grade corporate credit spreads have provided much greater compensation than what would be expected from credit losses, especially in short maturities ...

### AVERAGE CREDIT SPREADS VS. LOSS RATES BY LETTER RATING, ONE YEAR HORIZON\*



### AVERAGE CREDIT SPREADS VS. LOSS RATES BY LETTER RATING, FIVE YEAR HORIZON\*

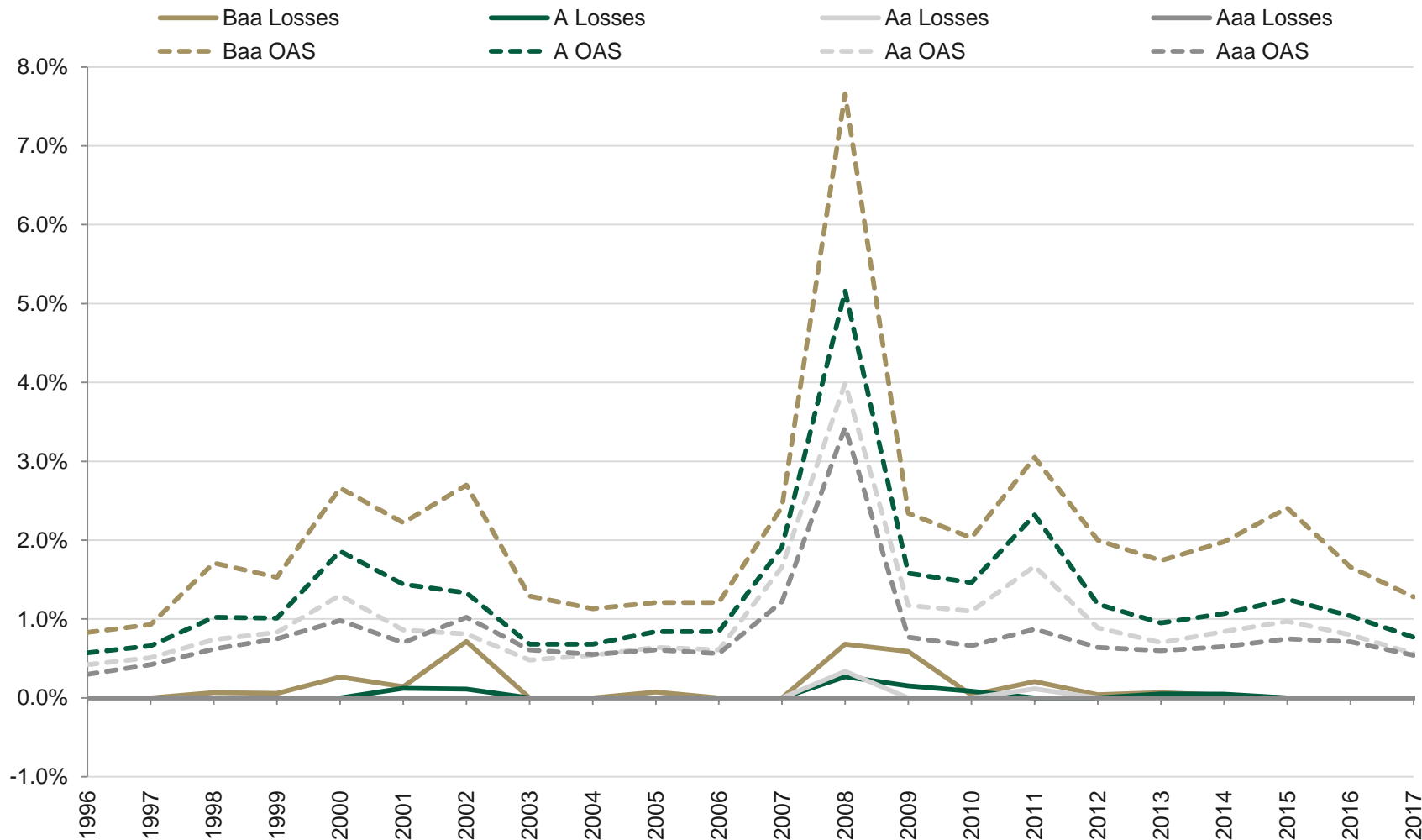


Source: Moody's and Lord Abbett. **Past performance is not a reliable indicator or guarantee of future results.** \*Yield spread data covers 2000-2017. Losses cover 1998-2017. Loss data based on following a cohort of bonds for 1 and 5 years. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment.



# CREDIT SPREADS VERSUS ANNUAL CREDIT LOSS RATES

Additional spread compensation relative to credit losses has been persistent.  
In times of stress, spread widening has exceeded increases in credit losses



Source: Moody's 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 any particular investment.

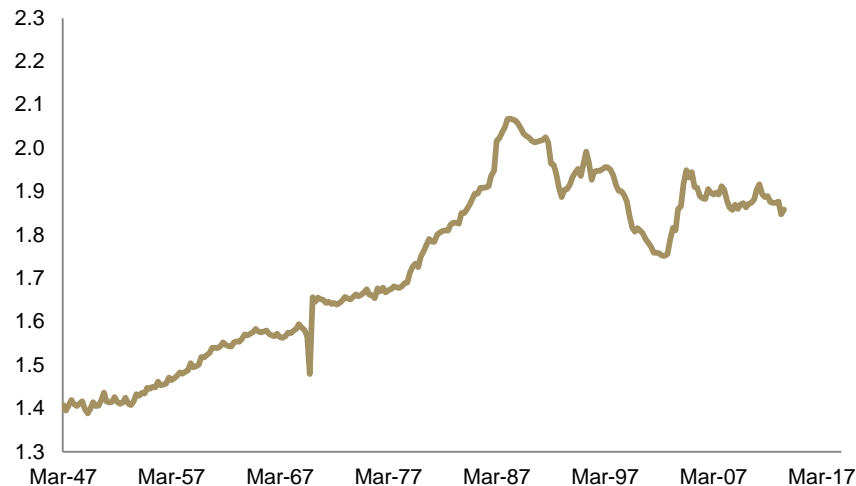


# NO SMOKING GUN OF SYSTEMIC LEVERAGE IN THE US

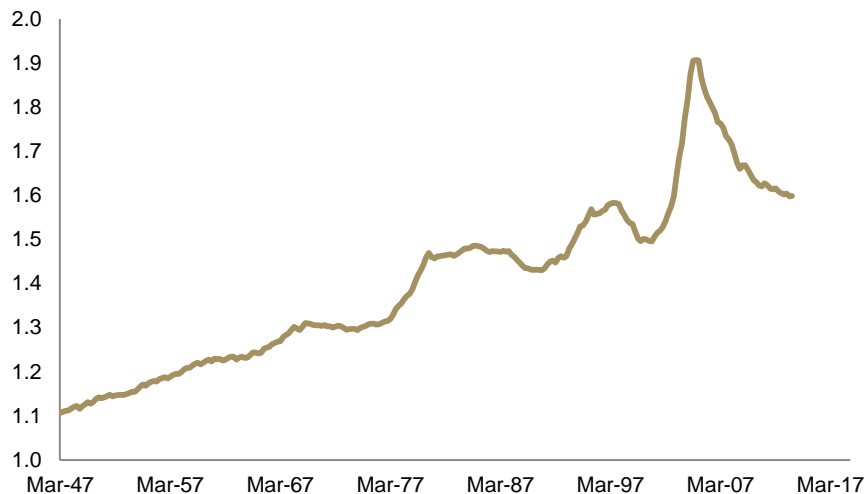
U.S. HOUSEHOLD LEVERAGE:  
TOTAL ASSETS DIVIDED BY NET WORTH



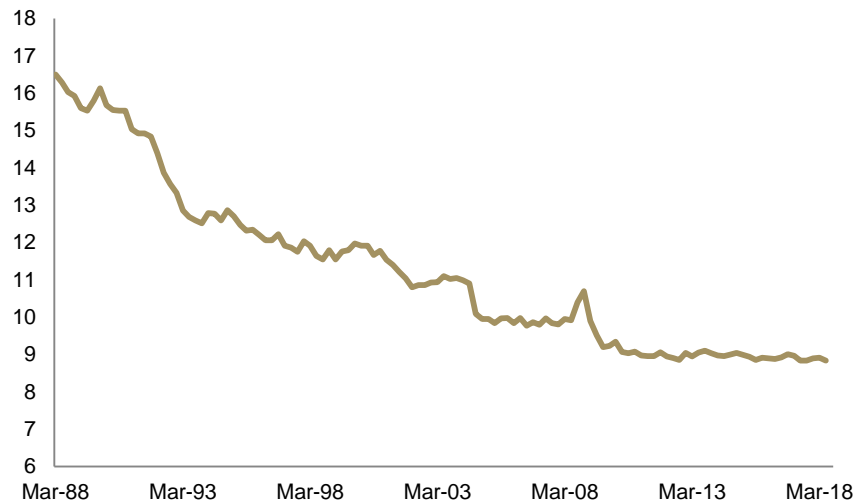
U.S. NON-FINANCIAL CORPORATION LEVERAGE:  
TOTAL ASSETS DIVIDED BY NET WORTH



U.S. NON-FINANCIAL NON-CORPORATE LEVERAGE:  
TOTAL ASSETS DIVIDED BY NET WORTH



U.S. BANK LEVERAGE:  
TOTAL ASSETS TO EQUITY

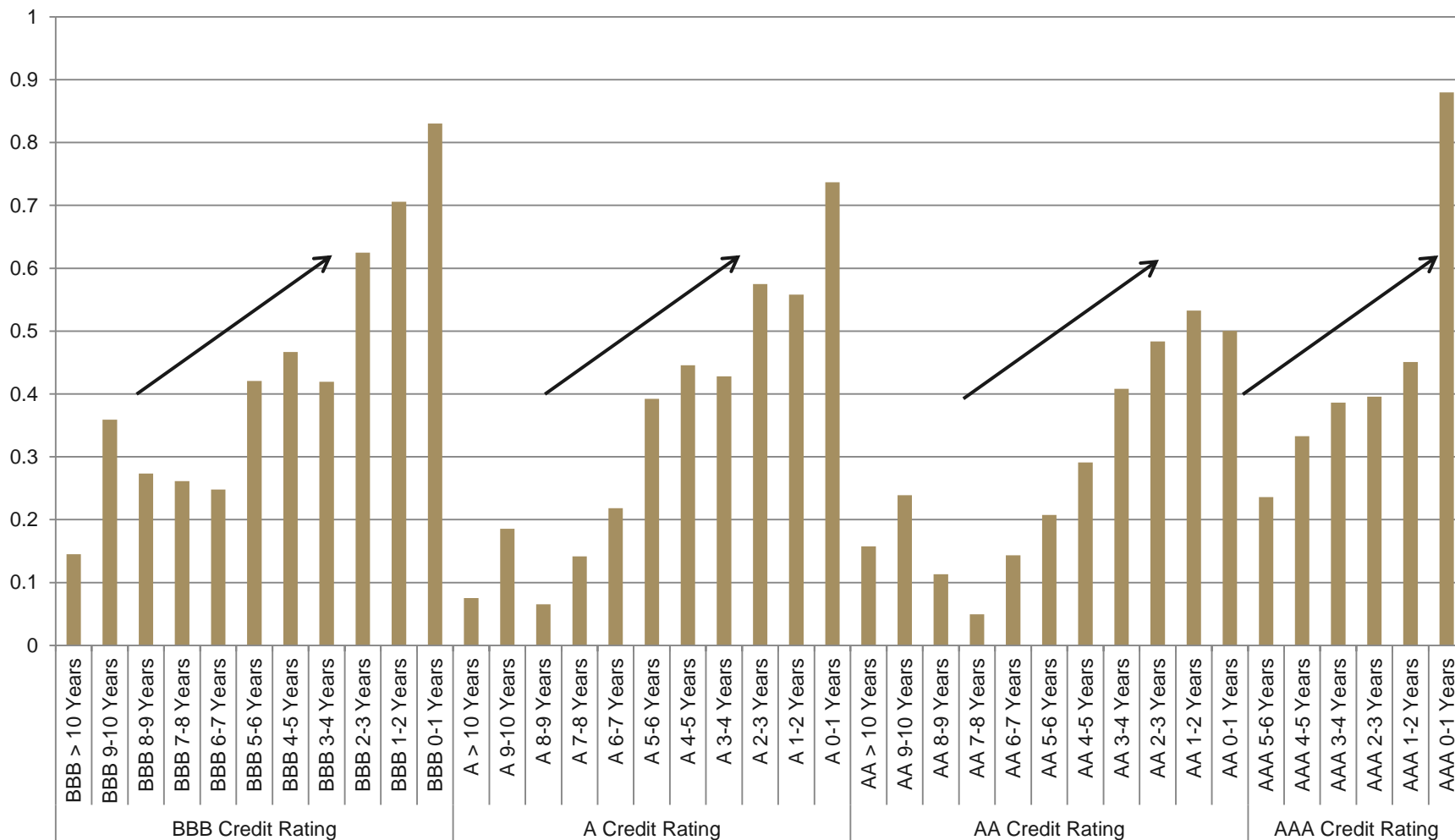


Source: Bloomberg and Lord Abbett. As of 12/31/2018. For illustrative purposes only. Does not represent any specific portfolio managed by Lord Abbett or any particular investment.



# PERSISTENT MISPRICING OF RISK

## SHARPE RATIOS FOR CORE FIXED INCOME BY QUALITY AND EFFECTIVE DURATION (01/01/1998 to 06/30/2019)



Source: Barclay's POINT, Lord Abbett.

Based on the Bloomberg Barclays U.S. Aggregate Bond Index. 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



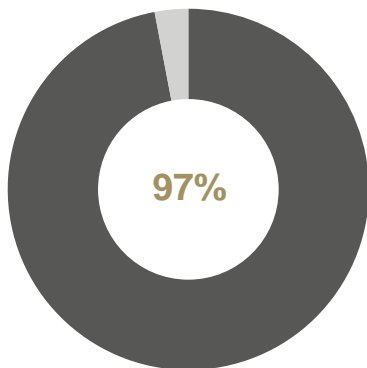


# SHORT MATURITY CREDIT: CONSISTENT EXCESS RETURNS

## SHORT-TERM BONDS RELATIVE TO TREASURIES<sup>1</sup>

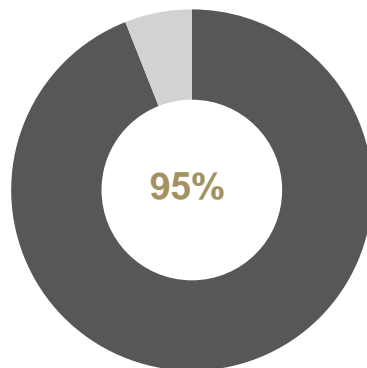
(AS OF 06/30/2019)

Short Maturity  
Investment-Grade Corporates<sup>2</sup>  
Outperformed in



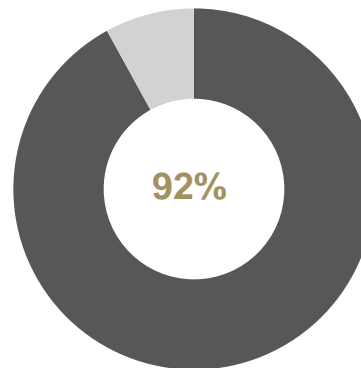
Of Rolling Five-Year Periods  
(01/01/1976-06/30/2019)

Short Maturity  
Investment-Grade CMBS<sup>3</sup>  
Outperformed in



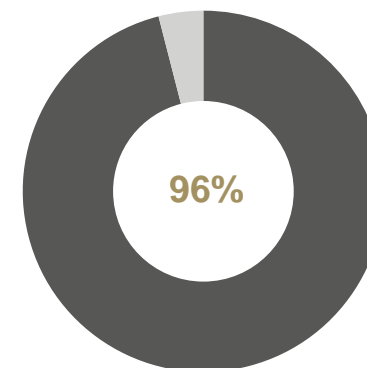
Of Rolling Five-Year Periods  
(01/01/1997-06/30/2019)

Short Maturity  
Investment-Grade ABS<sup>4</sup>  
Outperformed in



Rolling Five-Year Periods  
(01/01/1997-06/30/2019)

Short Maturity  
High Yield Bonds<sup>5</sup>  
Outperformed in



Of Rolling Five-Year Periods  
(08/01/1988-06/30/2019)

Short maturity, credit-sensitive sectors have consistently generated higher returns than short maturity Treasuries

Source: Bloomberg Barclays, Bloomberg, and Morningstar, Inc. For illustrative purposes only. **Past performance is not a reliable indicator or guarantee of future results.** The value of an investment in fixed-income securities will change as interest rates fluctuate and in response to market movements. As interest rates fall, the prices of debt securities tend to rise. As rates rise, prices tend to fall. 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.

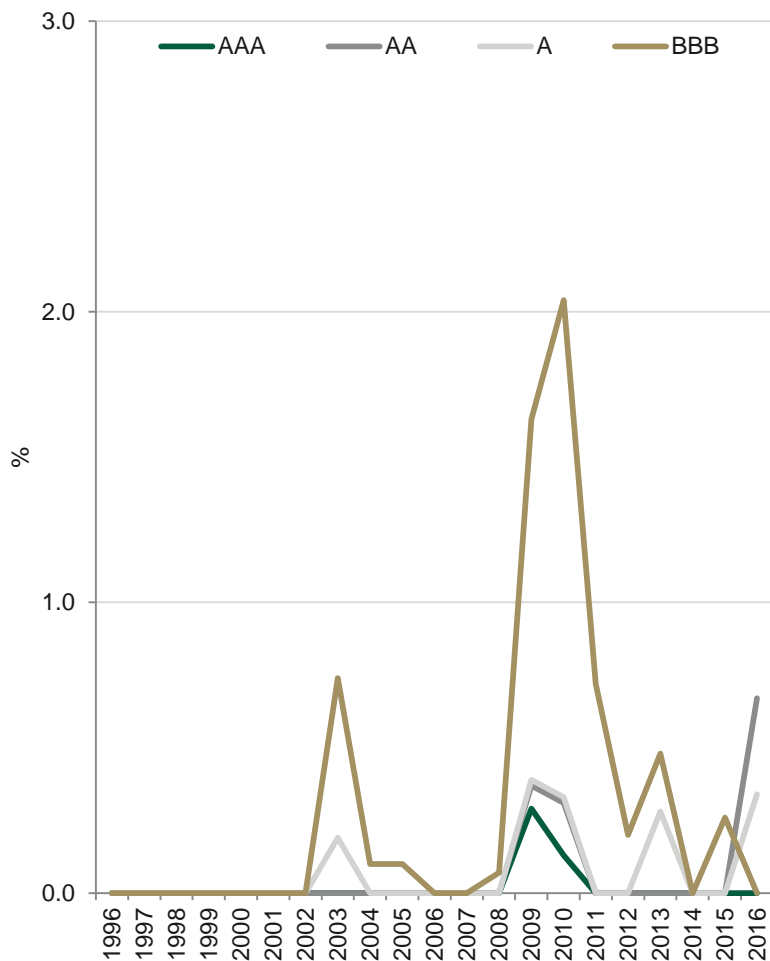
<sup>1</sup>Bloomberg Barclays 1-3 Year Government Index. <sup>2</sup>ICE BofAML 1-3 Year Corporate Index. <sup>3</sup>Bloomberg Barclays 1-3.5 Year CMBS Index. <sup>4</sup>ICE BofAML ABS Fixed Rate 0-3 Year Index. <sup>5</sup>Bloomberg Barclays 1-3 Year High Yield Index. Rolling five-year returns as of 06/30/2019. Beginning dates for the rolling five-year return series are the inception dates of the respective indexes. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.



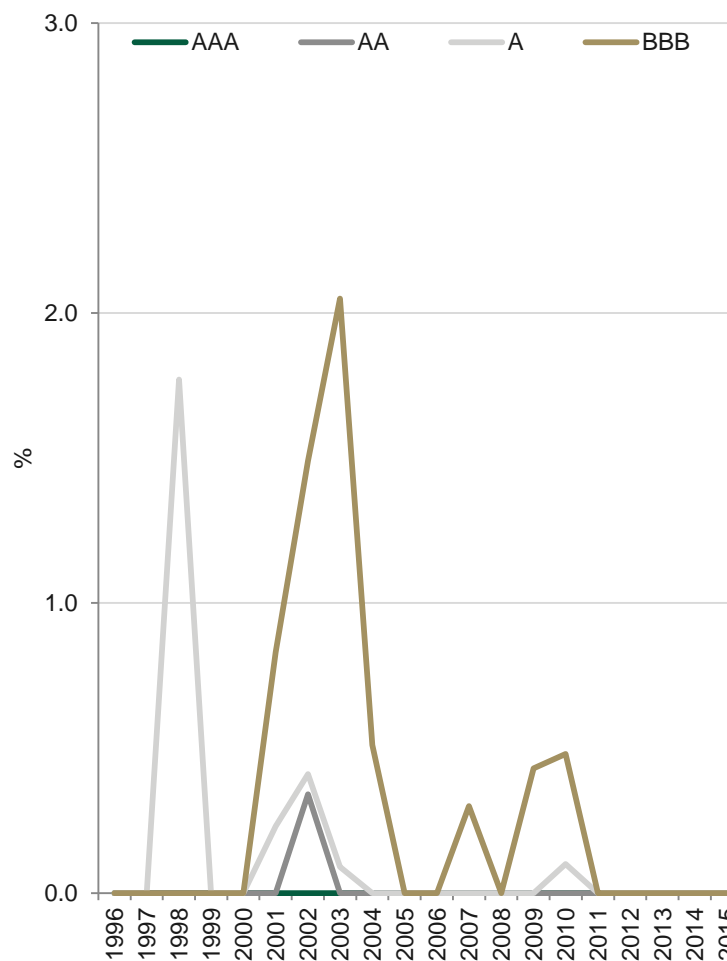
# SECURITIZED PRODUCTS PROVIDE DIVERSIFICATION POTENTIAL

Investment grade securitized products have had very low default rates  
Diversifying across corporate credit and securitized sectors may reduce sensitivity to systemic risk

## U.S. CMBS: ONE-YEAR DEFAULT RATES (1986-2016)



## U.S. ABS: ONE-YEAR DEFAULT RATES (1986-2016)



Source: S&P Global Ratings. Data most recent available.

For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment.

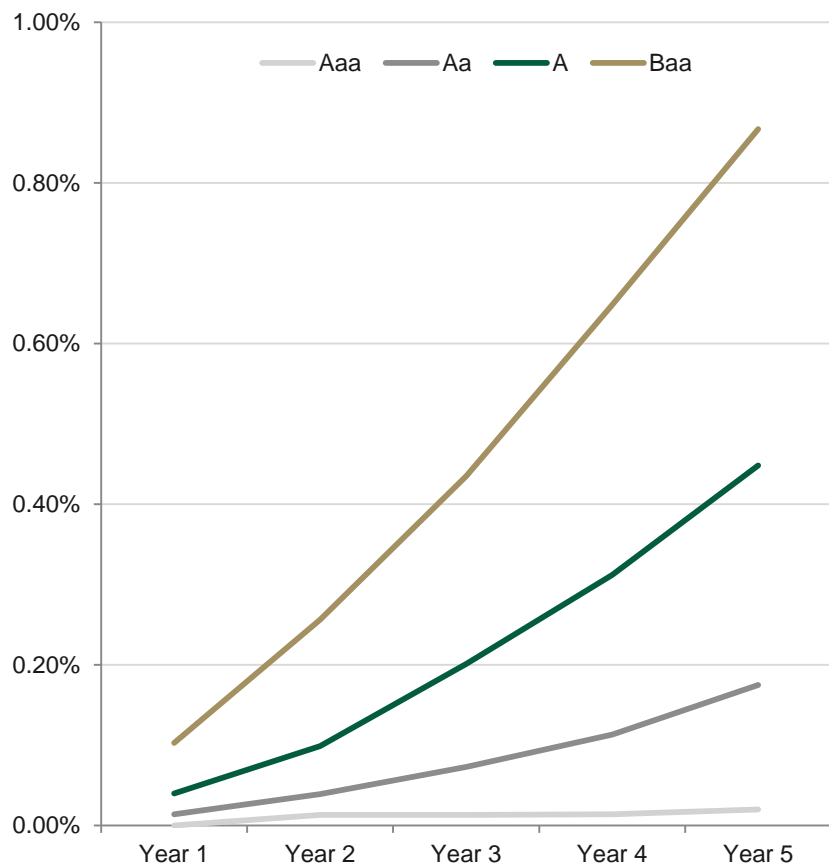


# POSITIVE TERM STRUCTURE OF DEFAULTS

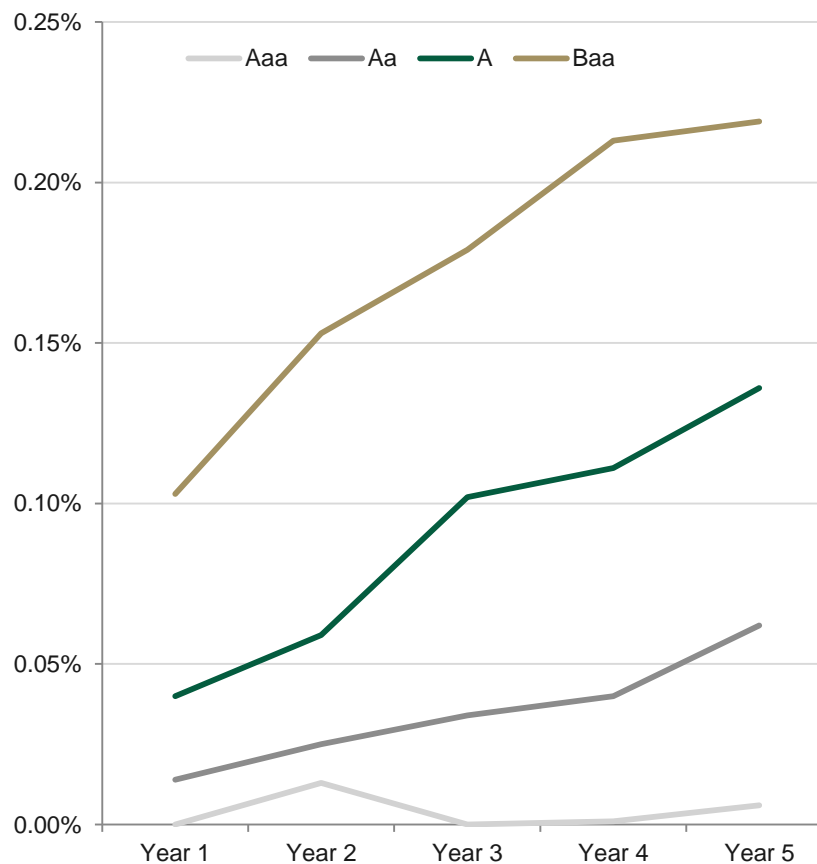
**Cumulative defaults** increase as your time horizon extends ...

... but **average annual default rates** also increase with each passing year

### AVERAGE CUMULATIVE CREDIT LOSS RATES BY LETTER RATING (1983-2017)\*



### AVERAGE ANNUAL CREDIT LOSS RATES BY LETTER RATING (1983-2017)\*



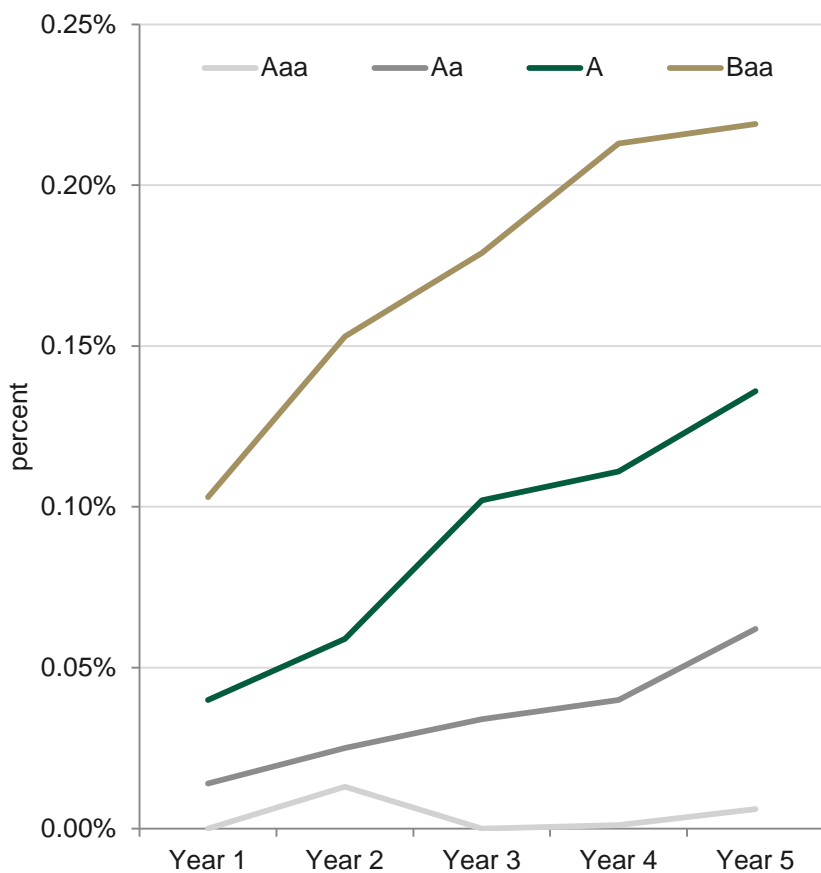
Source: Moody's and Lord Abbett. \*Based on average default rates and senior unsecured bond recoveries measured on issuer-weighted basis. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment.



# TERM STRUCTURE OF DEFAULTS: STEEPER THAN SPREADS

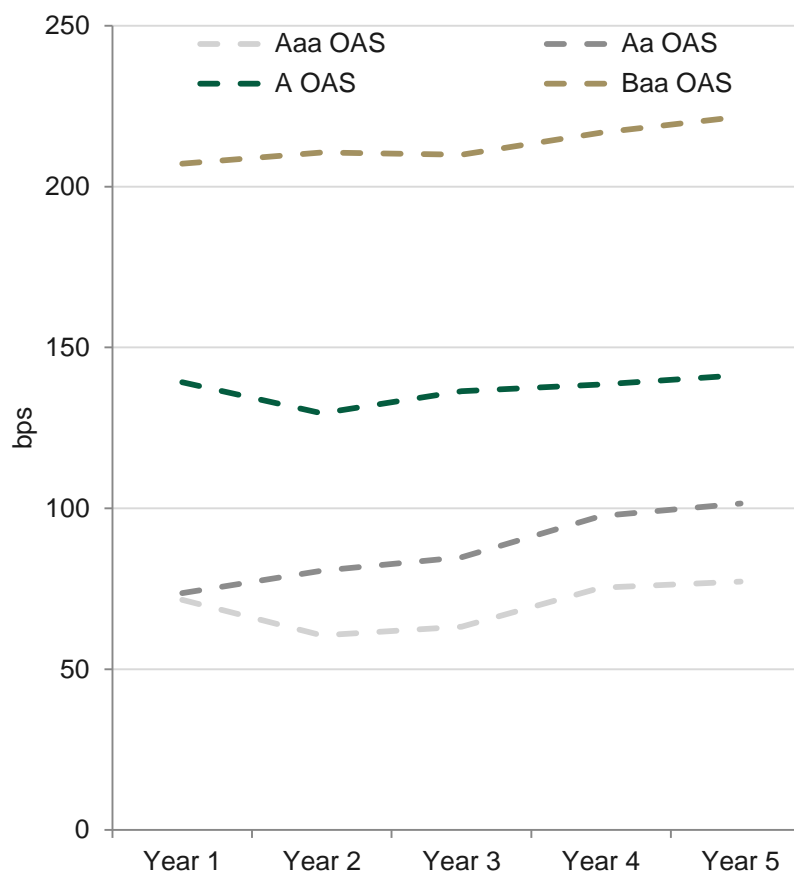
While the term structure of **defaults** has been **upward sloping** ...

### AVERAGE ANNUAL CREDIT LOSS RATES BY LETTER RATING (1983-2017)\*



... the term structure of **credit spreads** has been **relatively flat**

### AVERAGE CREDIT SPREADS BY LETTER RATING (1983-2017)\*

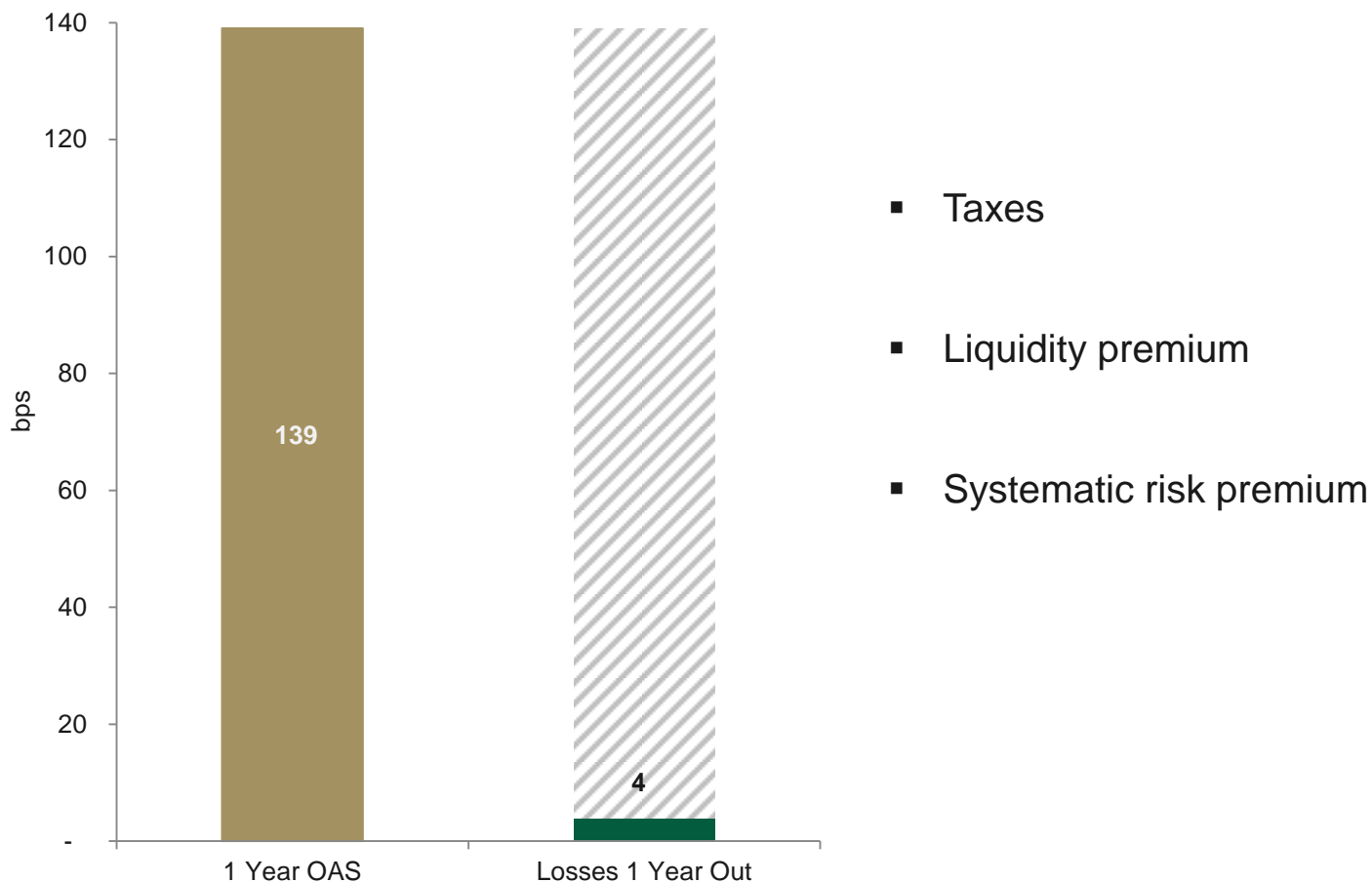


Source: Moody's and Lord Abbett. \*Based on average default rates and senior unsecured bond recoveries measured on issuer-weighted basis. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment.



# LARGE SPREAD IN CORPORATES DUE TO A COMBINATION OF FACTORS

## 1 YEAR 'A' RATED CREDIT OAS VERSUS LOSSES



Source: Moody's and Lord Abbett. As of 12/31/2017. Data most recent available. Yield spread data covers 2000-2017. Losses cover 1998-2017. Loss data based on following a cohort of bonds for 1 and 5 years. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment.



# MIGRATION RATES HAVE NOT FULLY EXPLAINED THE PREMIUM

## AVERAGE ONE-YEAR LETTER RATING MIGRATION RATES (1970 – 2017\*)

From\To	Aaa	Aa	A	Baa	Ba	B	Caa	Ca-C	WR	Default
Aaa	87.71%	7.94%	0.58%	0.07%	0.02%	0.00%	0.00%	0.00%	3.67%	0.00%
Aa	0.82%	85.15%	8.51%	0.42%	0.06%	0.04%	0.02%	0.00%	4.95%	0.02%
A	0.05%	2.46%	86.78%	5.37%	0.48%	0.11%	0.04%	0.01%	4.64%	0.05%
Baa	0.03%	0.14%	4.12%	85.72%	3.79%	0.69%	0.15%	0.02%	5.17%	0.17%

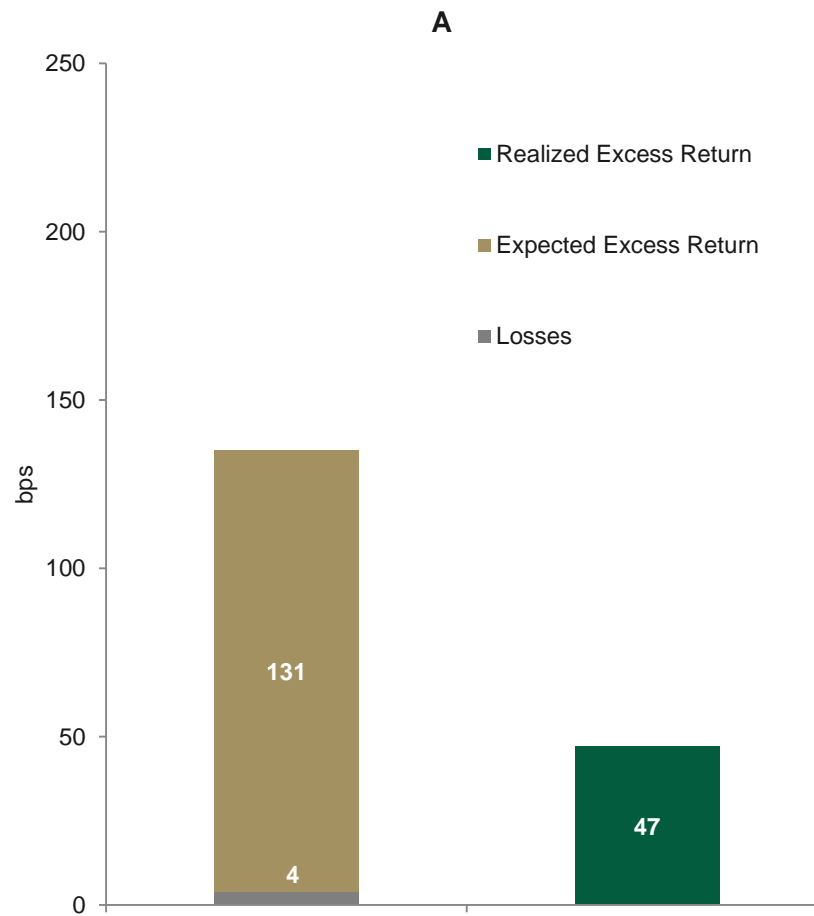
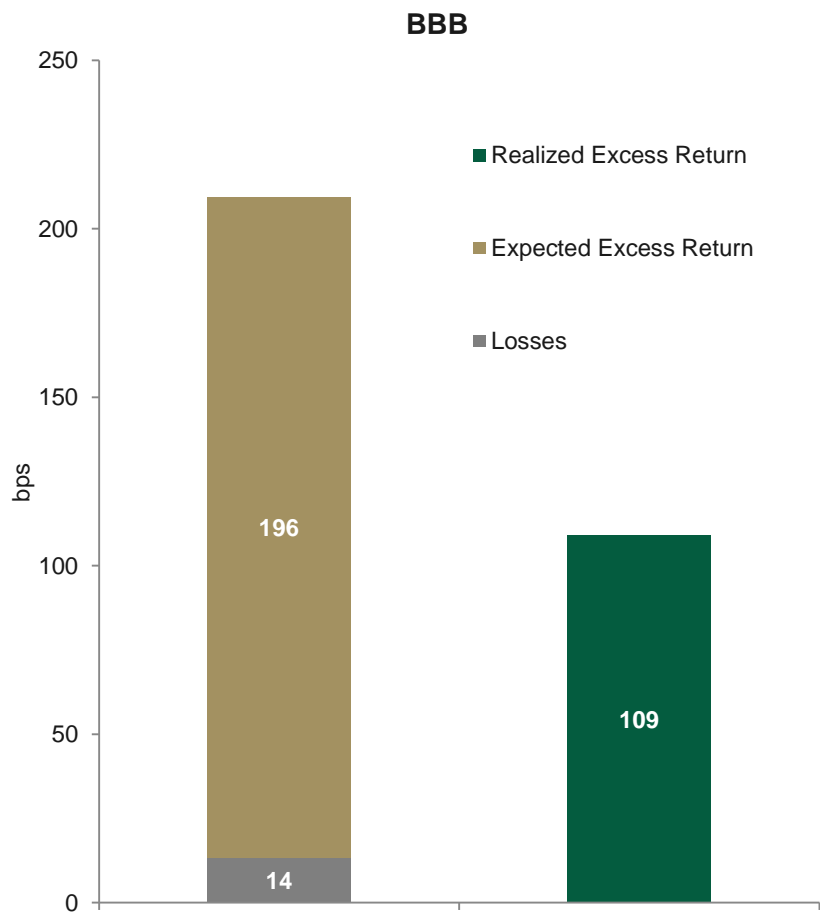
## AVERAGE FIVE-YEAR LETTER RATING MIGRATION RATES (1970-2017\*)

From\To	Aaa	Aa	A	Baa	Ba	B	Caa	Ca-C	WR	Default
Aaa	53.36%	23.51%	4.99%	0.64%	0.31%	0.03%	0.05%	0.00%	17.04%	0.07%
Aa	2.20%	45.70%	23.68%	4.01%	0.81%	0.26%	0.12%	0.03%	22.94%	0.26%
A	0.19%	7.33%	51.38%	14.64%	2.47%	0.80%	0.16%	0.02%	22.35%	0.67%
Baa	0.16%	1.04%	12.33%	49.33%	7.96%	2.55%	0.59%	0.09%	24.50%	1.46%

Source: Moody's. As of 12/31/2017. Data most recent available. \*Last cohort formed on 1/1/2013. WR is withdrawn rating (became unrated or was called). For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment.



# EX ANTE VS EX POST – DUAL CREDIT SPREAD PUZZLES



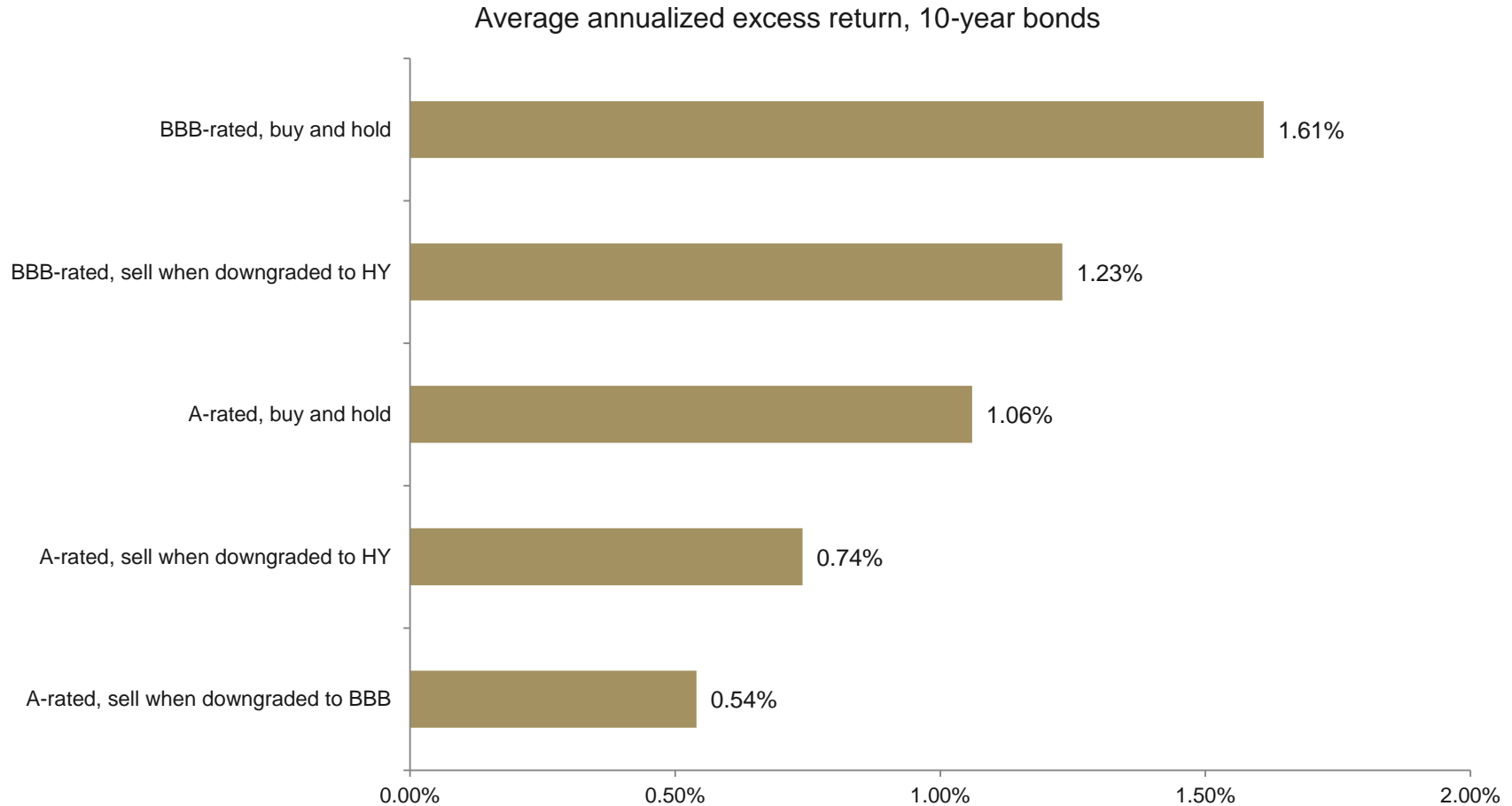
Source: Moody's, Barclays, and Lord Abbett. Data is from 1996 to 2017.

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 any particular investment.



# EX ANTE VS EX POST – DUAL CREDIT SPREAD PUZZLES

## BUY-AND-HOLD HAS OUTPERFORMED ACROSS RATINGS



Source: BofA Merrill Lynch Global Research. As of 06/30/2018. Data most recent available.

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 any particular investment.

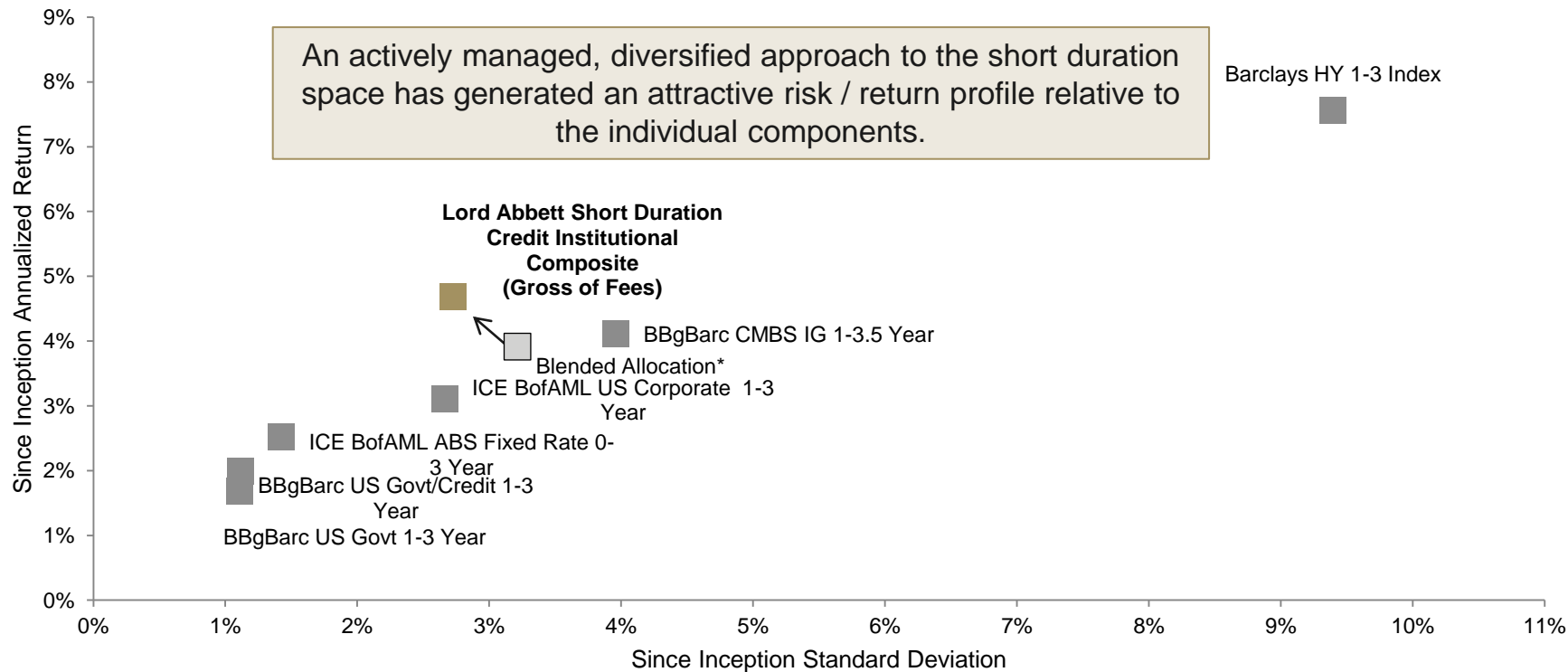




# LORD ABBETT: DIVERSIFIED, ACTIVELY MANAGED APPROACH

## RISK / RETURN

(01/01/2008 – 06/30/2019)



Short Duration Credit Institutional Composite	1 Year	3 Years	5 Years	10 Years
Gross of Fees	5.53%	3.42%	2.90%	4.40%
Net of Fees	5.32%	3.21%	2.68%	4.16%

\*Hypothetical Blended Allocation includes 30% ICE BofAML US Corps 1-3 Year, 30% BbgBarc CMBS 1 - 3.5Year, 15% ICE BofAML ABS Fixed Rate 0-3 Year, 15% BbgBarc HY 1-3 Index, 10% BBgBarc US Govt/Credit 1-3 Year.

**Past performance is not a reliable indicator or guarantee of future results.** The gross performance shown does not reflect the deduction of investment advisory fees, but does reflect the deduction of transaction costs. Net of fees performance reflects the deduction of the highest applicable management fee ("Model Net Fee") that would be charged based on the fee schedule appropriate to you for this mandate without the benefit of breakpoints. Please be advised that the composite may include other investment products that are subject to management fees that are inapplicable to you but are in excess of the Model Net Fee. Therefore, the actual performance of all the portfolios in the composite on a net-of-fees basis will be different, and may be lower, than the Model Net Fee performance. However, such Model Net Fee performance is intended to provide the most appropriate example of the impact management fees would have by applying management fees relevant to you to the gross performance of the composite. For additional performance information, including the effect of fees on performance, please refer to the Composite presentation. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.

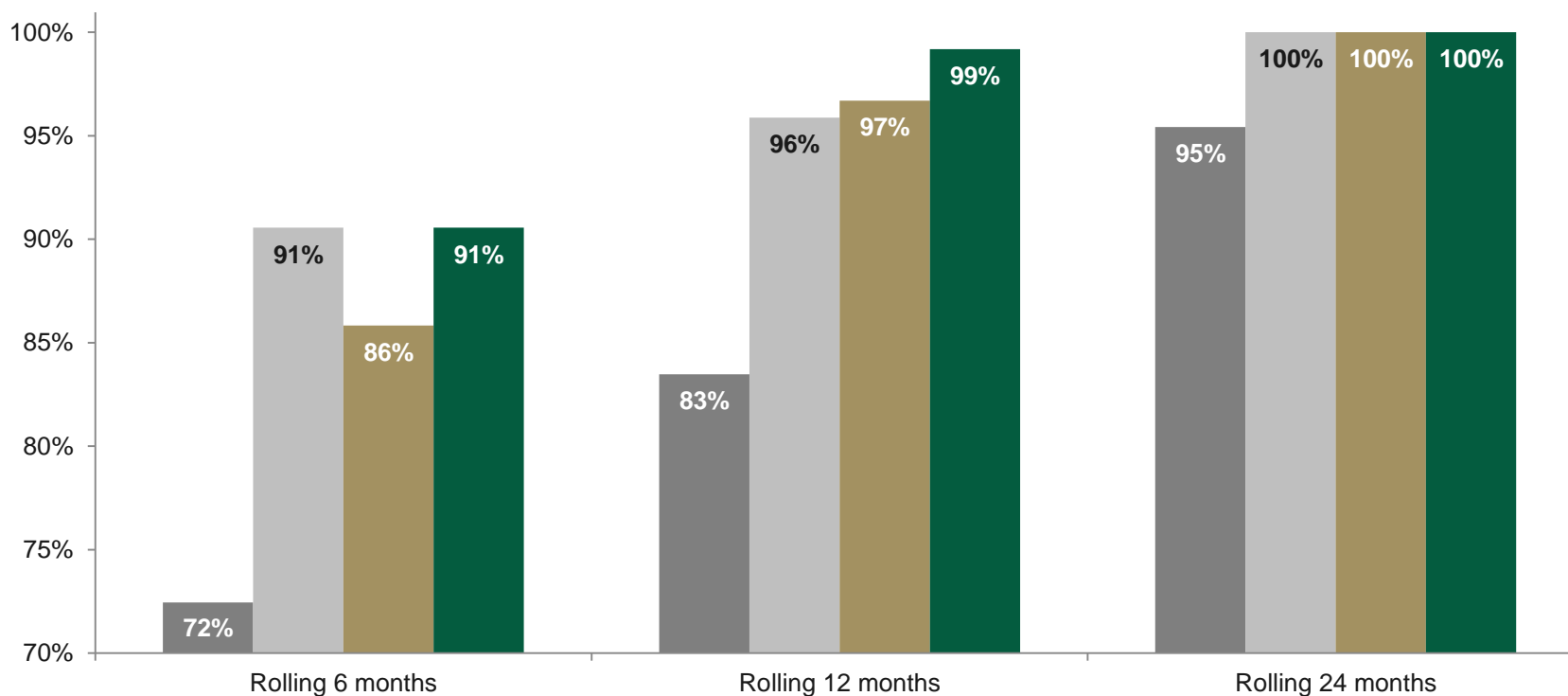


# RETURN OF PRINCIPAL: HISTORICAL LIKELIHOOD FOR SHORT-TERM CORPORATE BONDS AND BLENDED SHORT CREDIT

## PERCENTAGE OF TIME PERIODS WITH POSITIVE RETURNS

(ROLLING RETURNS: 01/01/2008 – 12/31/2018)

	Annualized Return	Standard Deviation
■ Bloomberg Barclays U.S. Aggregate Bond Index	3.64%	3.23%
■ ICE BofAML U.S. Corps 1-3 Year Index	2.92%	2.71%
■ Short Duration Multisector Blend*	3.42%	2.73%
■ Short Duration Credit Institutional Composite**	4.51%	2.77%



Source: Bloomberg and Lord Abbett.

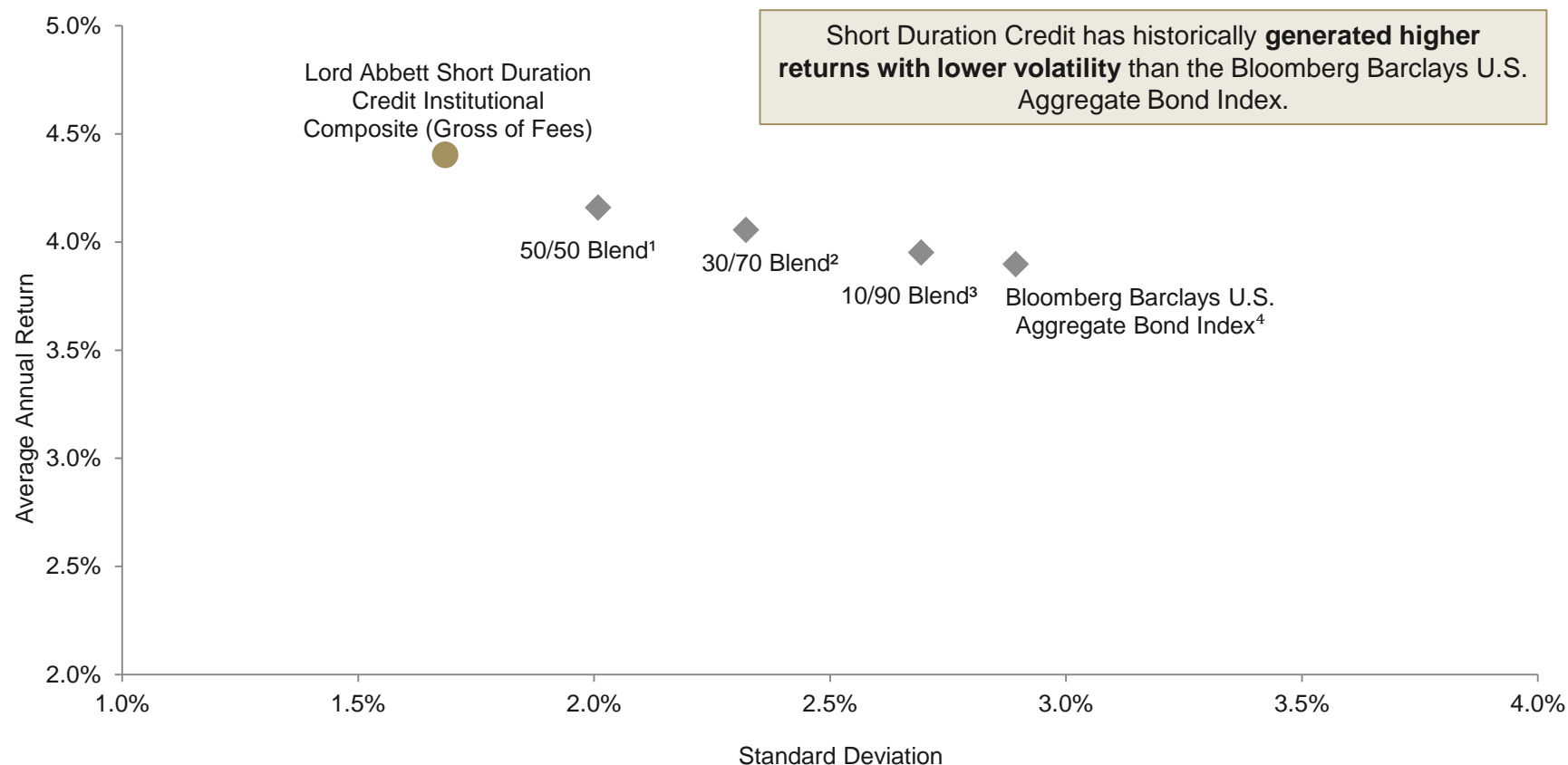
\*Hypothetical Blended Allocation includes 30% ICE BofAMLUS Corps 1-3 Year Index, 30% BbgBarcCMBS 1 -3.5Year Index, 15% ICE BofAMLABS Fixed Rate 0-3 Year Index, 15% BbgBarcHY 1-3 Index, 10% BBgBarcUS Govt/Credit 1-3 Year Index. Past performance is not a reliable indicator or guarantee of future results. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment. \*\*Gross of fees.



# SHORT DURATION: A COMPLEMENT TO A CORE BOND ALLOCATION

## SHORT DURATION CREDIT INSTITUTIONAL COMPOSITE VERSUS THE BLOOMBERG BARCLAYS AGGREGATE

10-YEAR RISK/RETURN AS OF 06/30/2019



Source: Morningstar.

**Past performance is not a reliable indicator or guarantee of future results.** The gross performance shown does not reflect the deduction of investment advisory fees, but does reflect the deduction of transaction costs. The blend portfolios are hypothetical and do not represent an actual index or portfolio.

<sup>1</sup>50% Short Duration Composite (Gross of Fees)/ 50% Bloomberg Barclays U.S. Aggregate Bond Index. <sup>2</sup>30% Short Duration Composite (Gross of Fees)/ 70% Bloomberg Barclays U.S. Aggregate Bond Index. <sup>3</sup>10% Short Duration Composite (Gross of Fees)/ 90% Bloomberg Barclays U.S. Aggregate Bond Index. <sup>4</sup>Bloomberg Barclays U.S. Aggregate Bond Index. Please refer to the Composite presentation in the Appendix for important performance information, including the effect of fees on performance. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.



## APPENDIX

LORD ABBETT



# END NOTES TO PERFORMANCE

The Global Investment Performance Standards (GIPS®) compliant performance results shown represent the investment performance record for the Lord, Abbett & Co. LLC (Lord Abbett) **Short Duration Credit Institutional Composite**. Prior to April 1, 2013, the composite was named Short Duration Fixed Income Institutional Composite. This composite is comprised of all fully discretionary portfolios managed on behalf of institutional investors investing primarily in taxable short duration investment grade debt securities of various types. The portfolios may also invest in lower-rated debt securities, including non-U.S. debt securities denominated in foreign currencies and floating or adjustable rate senior loans. Effective November 2017, only accounts with a value of \$40 million or more are included in the composite. Effective July 2014, only accounts with an initial value of \$100 million or more are included in the composite. Effective January 2018, accounts funded on or before the 15<sup>th</sup> of the month will be included in the Composite effective the first day of the first following month. Accounts funded after the 15<sup>th</sup> of the month will be included effective on the first day of the second following month. Prior to January 2018, other than registered investment companies sponsored by Lord Abbett, accounts opened/funded on or before the 15<sup>th</sup> day of the month were included in the Composite effective the first day of the second following month and accounts opened/funded after 15<sup>th</sup> of the month were included effective on the first day of the third following month. Registered investment companies sponsored by Lord Abbett are included in the Composite in the first full month of management. Closed accounts are removed from the Composite after the last full month in which they were managed in accordance with applicable objectives, guidelines, and restrictions. Performance results are expressed in U.S. dollars and reflect reinvestment of any dividends and distributions. The Composite was created in 2008. A complete list of Lord Abbett composites and a description of their investment strategies is available on request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

For GIPS® purposes, the firm is defined as Lord, Abbett & Co. LLC (“Lord Abbett”). Total Firm Assets are the aggregate fair value of all discretionary and non-discretionary assets for which the Firm has investment management responsibility. Accordingly, Total Firm Assets include, but are not limited to, mutual funds (all classes of shares), privately placed investment funds, non-U.S. domiciled investment funds, separate/institutional portfolios, individual portfolios and separately managed accounts (“Wrap Fee/SMA Portfolios”) managed by Lord Abbett. Total Firm Assets also include any collateralized, structured investment vehicle, such as a collateralized debt obligation or collateralized loan obligation, for which Lord Abbett has been appointed as the collateral manager. For the period prior to January 1, 2000, the definition of the Firm does not include any hedge fund or SMA program accounts where Lord, Abbett & Co. LLC did not have the records so long as it is impossible for Lord, Abbett & Co. LLC to have the records (within the meaning of relevant GIPS® standards interpretations). Total Firm Assets also exclude separately managed program accounts that involve model delivery.

The number of portfolios and total assets in the Composite, and the percentage of total “firm” assets represented by the Composite at the end of each calendar year for which performance information is provided are as follows:

Calendar Year Ended	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
# of Portfolios	11	7	3	2	2	1	1	1	1	1
Total Assets (\$M)	\$45,184	\$43,387	\$38,072	\$34,127	\$37,197	\$33,783	\$28,523	\$16,733	\$11,525	\$4,443
Percentage of Firm Assets	28.06%	27.79%	28.29%	27.52%	27.36%	24.88%	22.30%	15.60%	10.80%	5.00%
Total Firm Assets (\$M)	\$161,055	\$156,110	\$134,565	\$124,007	\$135,945	\$135,786	\$127,753	\$107,449	\$106,528	\$88,895
Dispersion	0.03	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lord Abbett Short Duration Credit Institutional Composite Gross (Annual)	1.84%	2.91%	4.64%	1.03%	2.33%	2.23%	7.25%	3.77%	7.10%	17.86%
Lord Abbett Short Duration Credit Institutional Composite Gross (3 year Annualized Return*)	3.13%	2.85%	2.66%	1.86%	3.91%	4.40%	6.03%	9.42%	7.98%	N/A
Lord Abbett Short Duration Credit Institutional Composite Gross (3 year Annualized Ex-Post Standard Deviation*)	1.06%	1.18%	1.33%	1.27%	1.49%	1.76%	1.77%	3.07%	4.70%	N/A
Lord Abbett Short Duration Credit Institutional Composite Net (Annual)	1.64%	2.70%	4.39%	0.79%	2.08%	1.99%	7.00%	3.53%	6.84%	17.58%
Lord Abbett Short Duration Credit Institutional Composite Net (3 year Annualized Return*)	2.90%	2.61%	2.41%	1.62%	3.66%	4.15%	5.78%	9.15%	7.73%	NA
ICE BofAML 1-3 year U.S. Corporate Index (Annual)	1.62%	1.91%	2.39%	1.01%	1.19%	1.78%	4.49%	1.76%	4.86%	14.69%
ICE BofAML 1-3 year U.S. Corporate Index (3 year Annualized Return*)	1.97%	1.77%	1.53%	1.32%	2.47%	2.67%	3.69%	6.97%	5.39%	N/A
ICE BofAML 1-3 year U.S. Corporate Index (3 year Annualized Ex-Post Standard Deviation*)	0.87%	0.84%	0.88%	0.77%	0.98%	1.21%	1.43%	2.96%	4.91%	N/A

\*N/A for performance periods with less than 3 years of data based on the composite inception date.



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Dispersion is represented by the asset-weighted standard deviation, a measure that explains deviations of portfolio rates of return from the asset-weighted composite return. Only portfolios that have been managed within the Composite style for a full year are included in the asset-weighted standard deviation calculation. The measure may not be meaningful (N/A) for composites consisting of five or fewer portfolios or for periods of less than a full year.

The performance of the Composite is shown net and gross of advisory fees, and reflects the deduction of transaction costs. The deduction of advisory fees and expenses (and the compounding effect thereof over time) will reduce the performance results and, correspondingly, the return to an investor. Net performance of the Composite as presented in the table on the previous page reflects the deduction of a "model" advisory fee, calculated as the highest advisory fee, borne by any account (without giving effect to any performance fee that may be applicable) in the Composite (an annual rate of 0.20% of assets from April 1, 2017 forward, prior to April 1, 2017 an annual rate of 0.24% of assets) and other expenses (including trade execution expenses). **For example, if \$10 million were invested and experienced a 10% compounded annual return for 10 years, its ending dollar value, without giving effect to the deduction of the advisory fee, would be \$25,937,425. If an advisory fee of 0.20% of average net assets per year for the 10-year period were deducted, the annual total return would be 9.78% and the ending dollar value would be \$25,469,675. The management fee schedule is as follows: 0.20% on the first \$50 million, 0.17% on the next \$100 million, 0.15% on the next \$100 million, and 0.13% on all assets over \$250 million.** Net-of-fee performance reflects the deduction of the highest applicable institutional advisory fee that would be charged to a new institutional client account based on the current fee schedule for this strategy. The composite includes one or more registered investment companies sponsored by Lord Abbett ("Lord Abbett Funds") that are subject to fees and expenses that would be inapplicable to an institutional client account. Therefore, the actual performance of Lord Abbett Fund accounts included in the composite may be lower than the net-of-fee composite performance presented. Fees and expenses applicable to the Lord Abbett Funds are disclosed in each Fund's Prospectus, which is available upon request. Past performance does not guarantee future results. Certain securities held in portfolios contained in this composite may have valuations determined using both subjective observable and subjective unobservable inputs. The Firm's valuation hierarchy does not materially differ from the hierarchy in the GIPS Valuation Principles. Portfolios in this composite may be managed against an internal index that is constructed utilizing sectors and sub-sectors of publicly available indices. The weights of the sectors and sub-sectors of the internal index may vary over time and differ materially from the sectors and weightings of the benchmark Index.

Lord Abbett claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Lord, Abbett & Co. LLC has been independently verified for the periods 1993 through 2017. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Short Duration Credit Institutional composite has been examined for the periods 2008 through 2017. The verification and performance examination reports are available upon request.

The ICE BofAML 1-3 year U.S. Corporate Index is an unmanaged index comprised of U.S. dollar denominated investment grade corporate debt securities publicly issued in the U.S. domestic market with between one and three year remaining to final maturity. Prior to May 2013, the benchmark for the composite was the Bloomberg Barclays Capital 1-3 Year Government/Credit Bond Index. Lord Abbett believes the ICE BofAML 1-3 year U.S. Corporate Index is more representative of the investment strategy based on the strategy's higher allocation to corporates credit and reduced exposure to U.S. Government securities. The benchmarks have not been examined by Deloitte & Touche LLP.

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Past performance is not a reliable indicator or a guarantee of future results. Differences in account size, timing of transactions, and market conditions prevailing at the time of investment may lead to different results among accounts. Differences in the methodology used to calculate performance also might lead to different performance results than those shown. Composite performance is compared to that of an unmanaged index, which does not incur management fees, transaction costs, or other expenses associated with a managed account.



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