LORD ABBETT

MARKET INSIGHTS & CURRENT INVESTMENT OPPORTUNITIES

CFA Society Miami

First Quarter 2020

OUR FIRM

AT A GLANCE

- Independent, privately held firm
- 46 partners
- Assets under management: $179.5B*
- 162 investment professionals with an average of 18 years of industry experience

LORD ABBETT 90 YEARS 1929-2019

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

JERSEY CITY ▪ LONDON ▪ DUBLIN ▪ PARIS ▪ MONTEVIDEO ▪ TOKYO

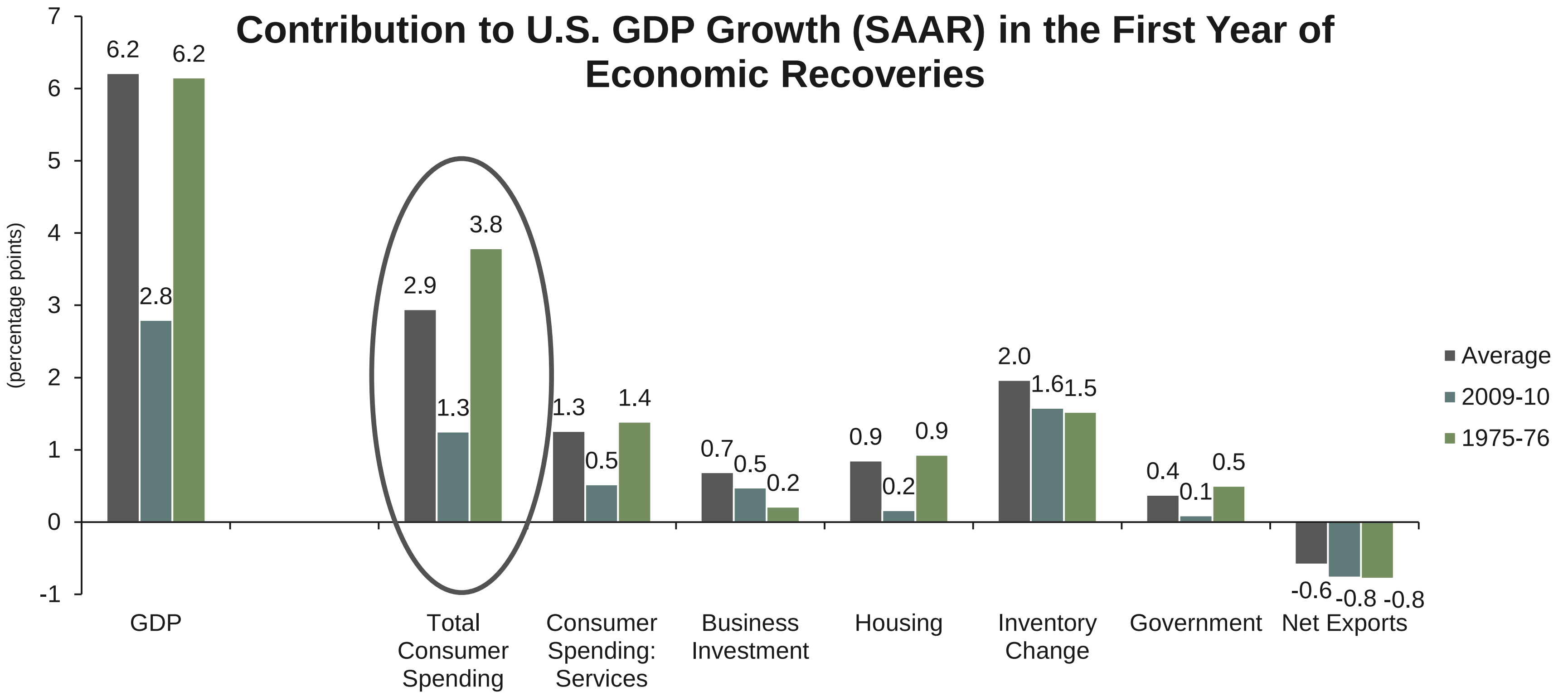
Data as of 03/31/2020.
*Includes approximately $1 billion for which Lord Abbett provides investment models to managed account sponsors.

SUMMARY

- The global economy has fallen into a deep recession of uncertain depth and duration.
- Monetary and fiscal policy have responded very swiftly and forcefully as faltering economies threatened to trigger widespread financial distress.
- The “shape” of the recovery – V,U,L, or some combination – is yet to be determined but doesn’t matter as much as many seem to believe.

GEOMETRY OF ECONOMIC RECOVERY

V-shaped recoveries are driven by strong consumer spending



Source: Bloomberg.

POWERFUL FISCAL RESPONSE HELPS CONSUMERS

Generous income support for unemployed workers in the U.S.

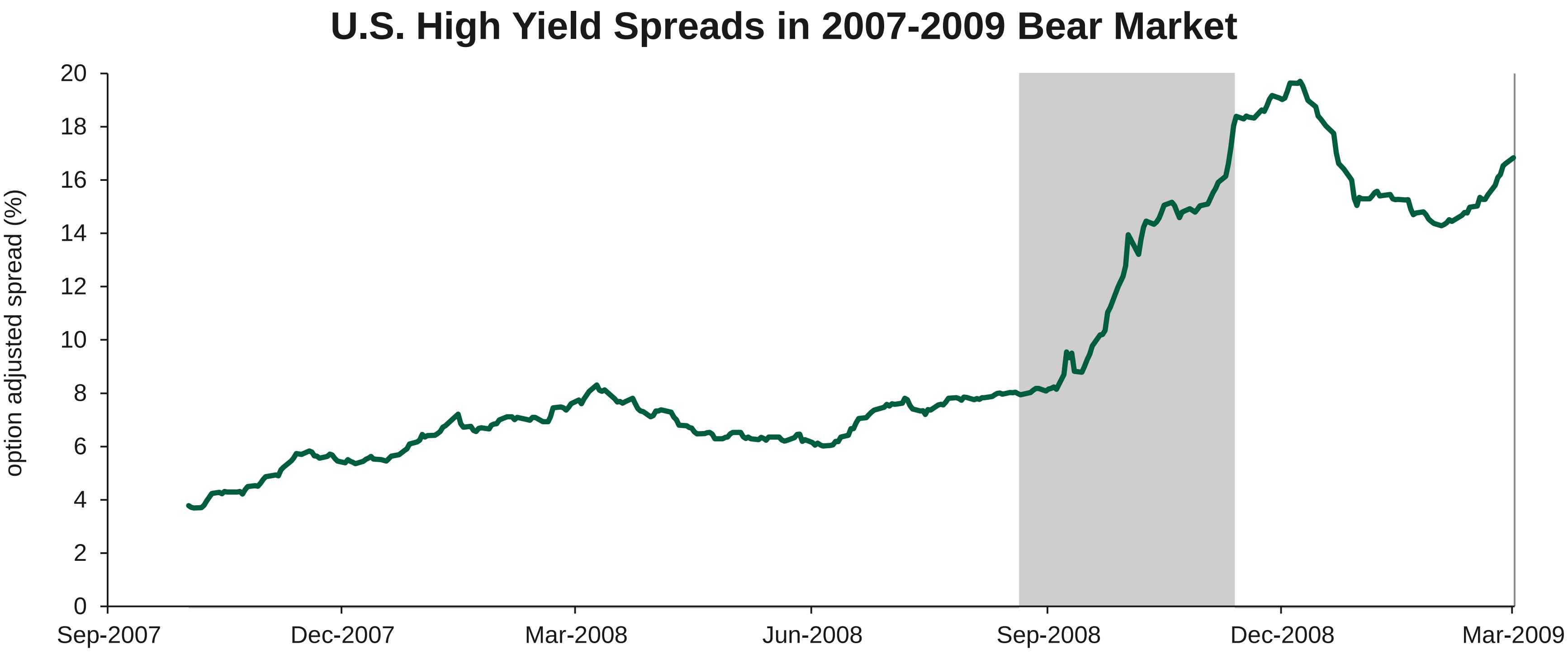
CARES Act Income Support for Unemployed Workers

Average Weekly Earnings	Normal Unemployment Insurance Payment[1]		*SPECIAL* SUPPLEMENT		Replacement Weekly Earnings
$974	$438	+	$600	=	$1,038

Source: Lord Abbett. [1]Based on U.S. average 45% replacement ratio.

CREDIT TYPICALLY BOTTOMS BEFORE EQUITIES

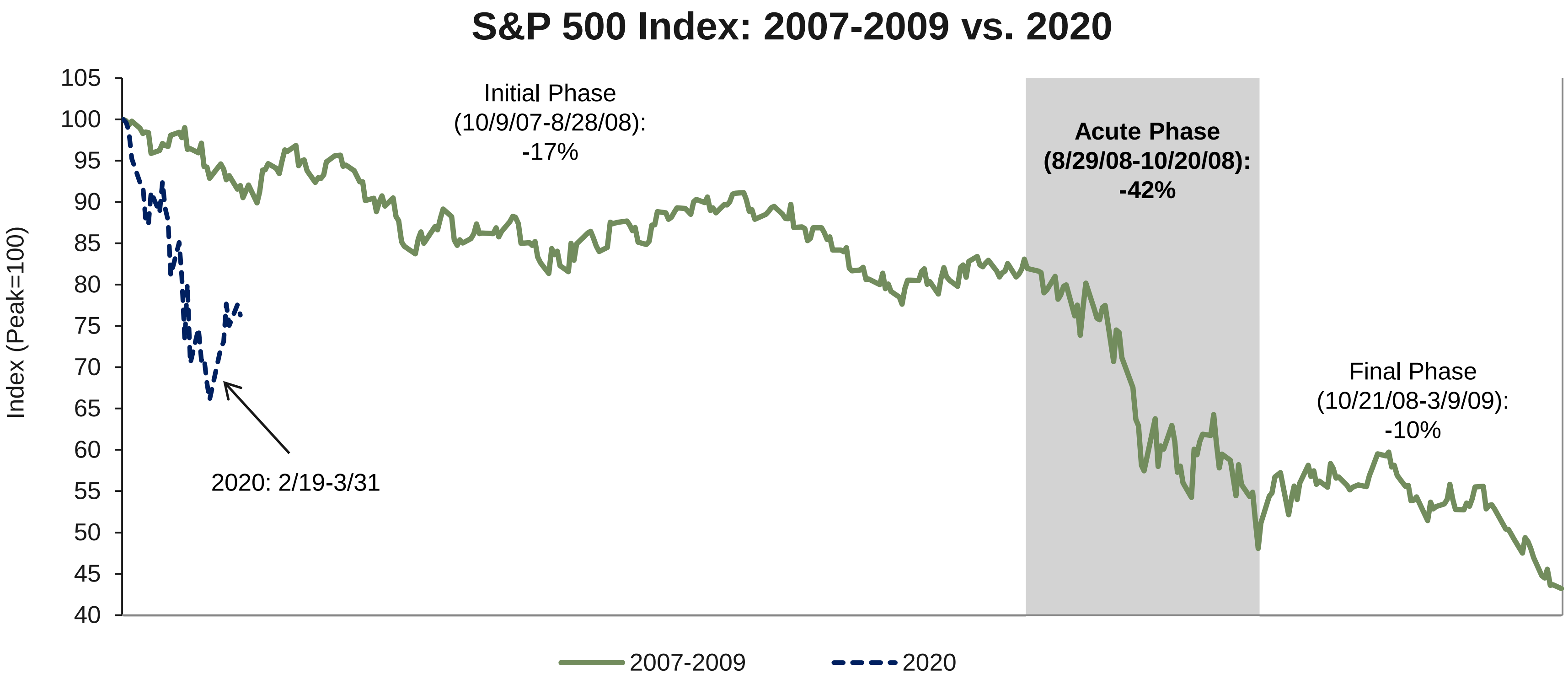
Credit spreads hit widest before stocks bottomed



Source: Bloomberg. Data based on Bloomberg Barclays US Corporate High Yield 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.

LITTLE PRECEDENT FOR AN “ACUTE” PHASE SO EARLY

Acute phase frontloaded in 2020 but recession to persist



Source: Bloomberg and Lord Abbett. 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.

MARKETS TEND TO BE VERY FORWARD LOOKING

The shape of the recovery isn't crucial for investors; stocks almost always rally strongly before a recession ends

REAL STOCK PRICES AROUND BUSINESS CYCLE TROUGHS			
Date of Real S&P 500 Low Month End Close	Date of Business Cycle Trough	Real S&P 500 Low to Business Cycle Trough (months)	Percent Change in Real Stock Prices from S&P Low to Business Cycle Trough
6/49	10/49	4	**14.5**
9/53	5/54	8	**24.8**
12/57	4/58	4	**6.9**
10/60	2/61	4	**18.5**
6/70	11/70	5	**17.5**
12/74	3/75	3	**19.5**
3/80	7/80	4	**15.6**
7/82	11/82	4	**28.7**
10/90	3/91	5	**22.1**
9/02	11/01	-10	**-29.8**
2/09	6/09	4	**23.8**
		+3.2	**14.7**

Source: National Bureau of Economic Research, Bloomberg, and Lord Abbett. 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.

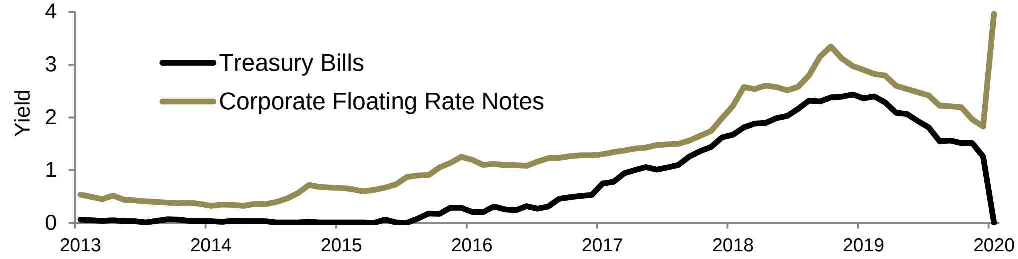
SUMMING UP

- COVID-19 pandemic gives rise to unprecedented uncertainty
- Powerful negative shock to GDP has elicited unprecedented counter-cyclical monetary and fiscal policy
- Rapid recovery and extended bear market in risk assets are both possible. It’s just too early to know which is more likely
- Shape of the economic recovery—V, U, L, or some combination—isn’t a key factor for investors. Stocks almost always rally powerfully before a recession ends, regardless of whether the recovery is powerful or feeble

INVESTING IN VOLATILE MARKETS

CASH HOARDING CAUSED EXTREME STRESS IN MONEY MARKETS

INVESTMENT GRADE CORPORATE FLOATING RATE NOTES[1] VS. TREASURY BILLS[2]

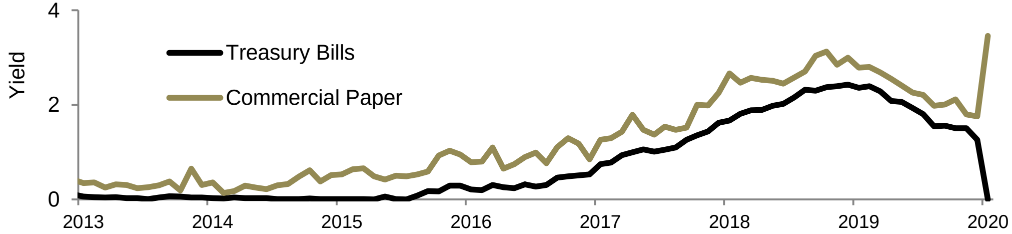


INVESTMENT GRADE CORPORATE

(S&P STUDY OF DEFAULTS, 1981 – 2016, ONE YEAR DEFAULT RATES)

Rating	Default Rate
AAA	0.00%
AA	0.02%
A	0.06%
BBB	0.18%

COMMERCIAL PAPER VS. TREASURY BILLS[2]

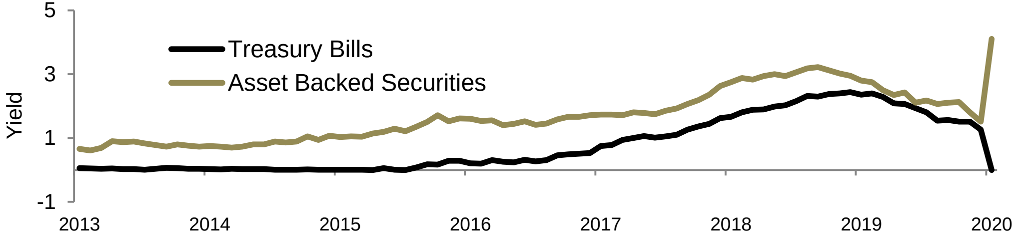


NON-FINANCIAL COMMERCIAL PAPER

(MOODY'S STUDY OF DEFAULTS, 1972-2017 90 DAY HORIZON)

Rating	Default Rate
P-1	0.004%
P-2	0.01%
P-3	0.05%

ASSET-BACKED SECURITIES[3] vs. TREASURY BILLS[2]



ASSET-BACKED SECURITIES

(S&P STUDY OF DEFAULTS, 1983 – 2016, ONE YEAR DEFAULT RATES)

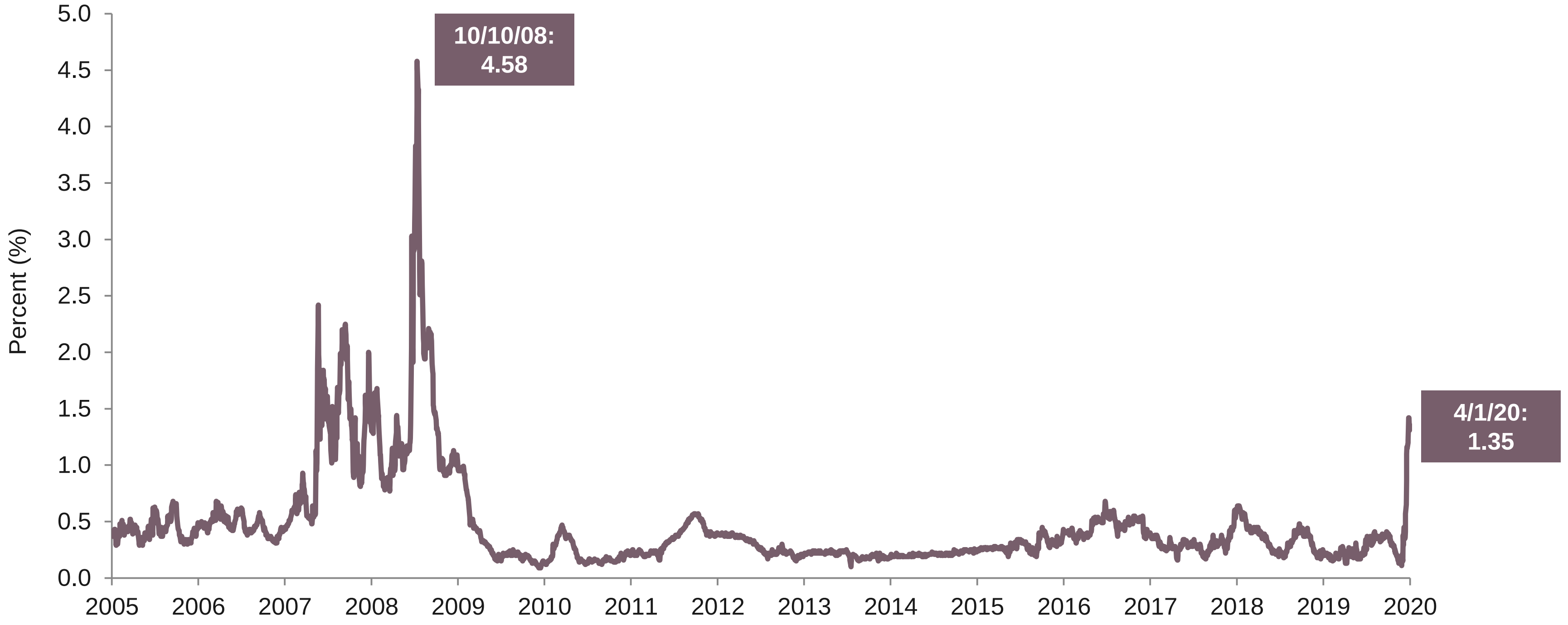
Rating	Default Rate
AAA	0.00%
AA*	0.01%
A	0.10%

* Default rate on AA-rated ABS was 0% every year except 2002

Source: Bloomberg Barclays & ICE Data Indices, LLC. Data from 12/31/2013- 3/27/20. [1]Bloomberg Barclays USFRN <18mos. [2]Bloomberg Barclays 3 Month U.S. T-Bill Index. [3]ICE BofA ABS 0-3 yr Fixed Rate. **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. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.

BANK BALANCE SHEET CONSTRAINTS PUSHED LIBOR HIGHER

SPREAD BETWEEN 3-MONTH LIBOR AND 3-MONTH U.S. TREASURY BILL
(TRAILING 15 YEARS, AS OF 04/01/2020)

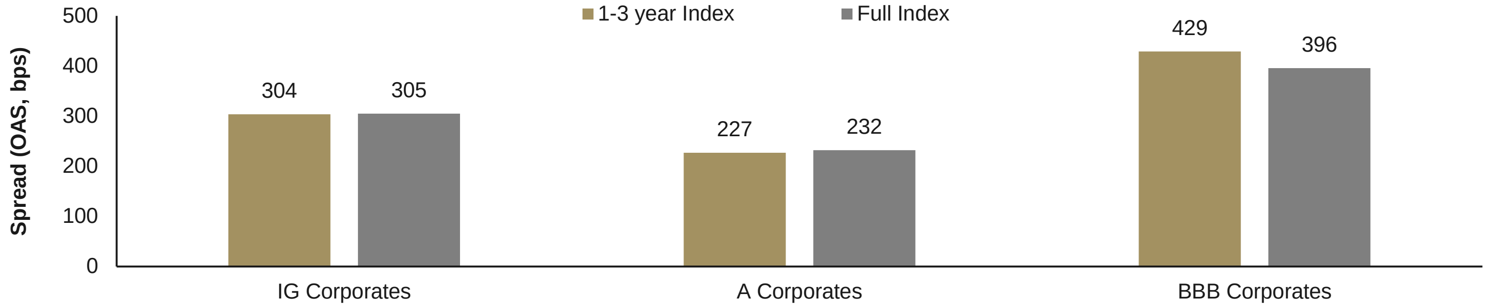


Source: Bloomberg. Past performance is not a reliable indicator or guarantee of future results. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment.

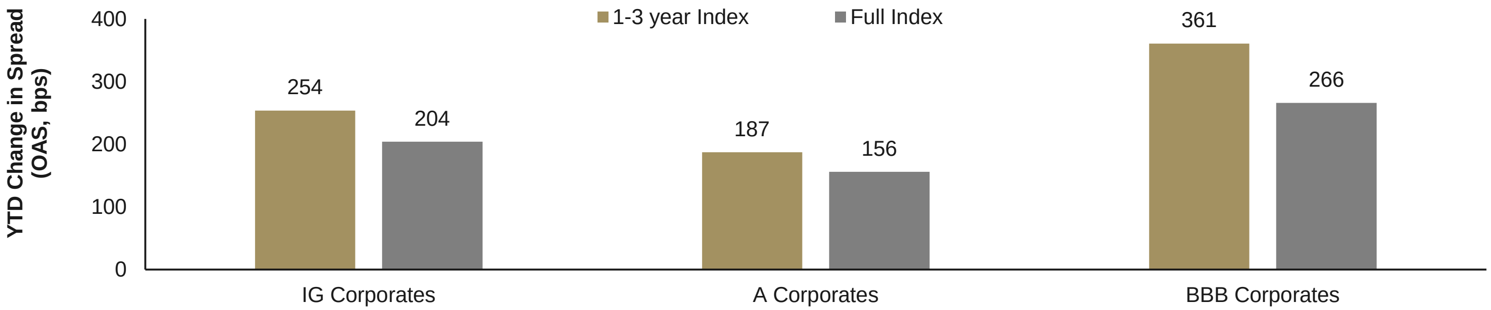
SELLING PRESSURES DISTORTED VALUATIONS IN IG CORPORATES

INVESTMENT GRADE CORPORATE SPREADS
(AS OF 3/31/2020)

Index Effective Duration
US Corporate Bond Index* = 7.9 years
US Corporate 1-3 year Index = 1.9 years



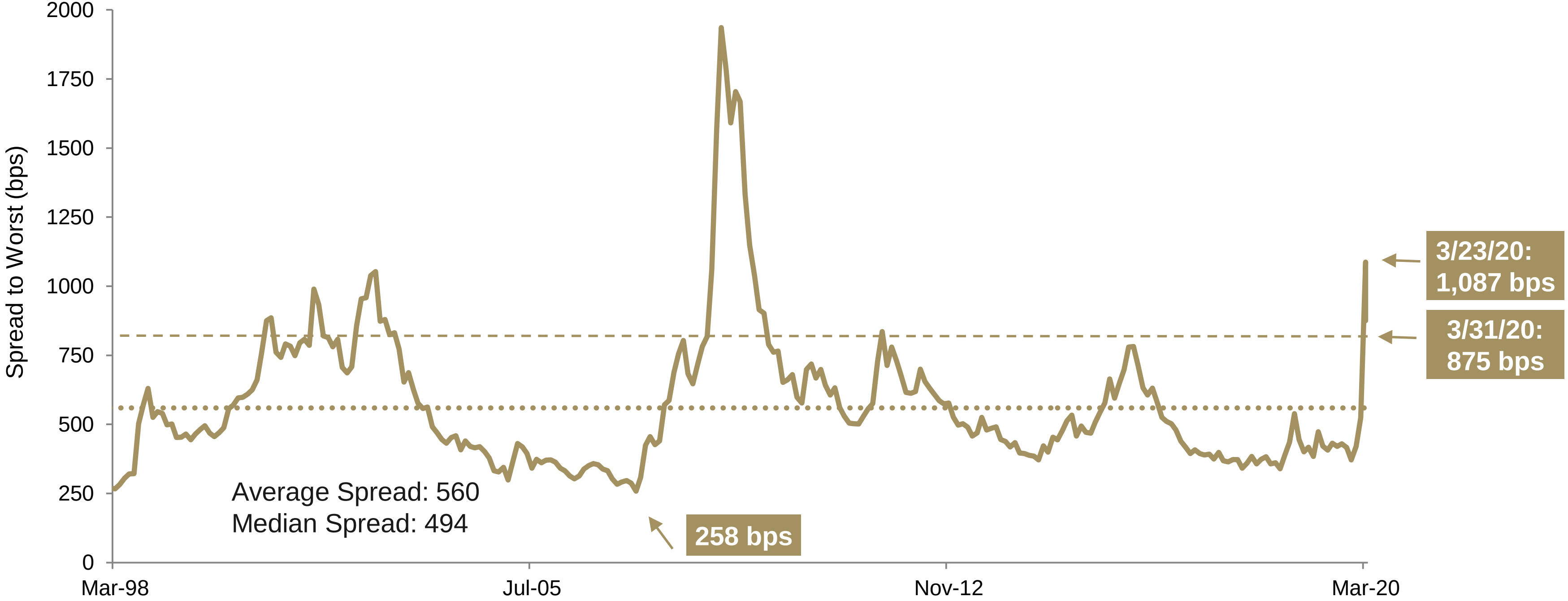
YEAR TO DATE CHANGES IN SPREADS
(YTD AS OF 3/31/2020)



Source: ICE BAML US Corporate Master Index and US Corporate 1-3 year Index. All data as of 03/31/2020. The historical data are for illustrative purposes only, do not represent the performance of any specific portfolio managed by Lord Abbett or any particular investment, and are not intended to predict or depict future results. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. **Past performance is not a reliable indicator or guarantee of future results.** Bps represents a basis point. One basis point equals 0.01%.

HIGH YIELD: HISTORICALLY RAPID SPREAD WIDENING

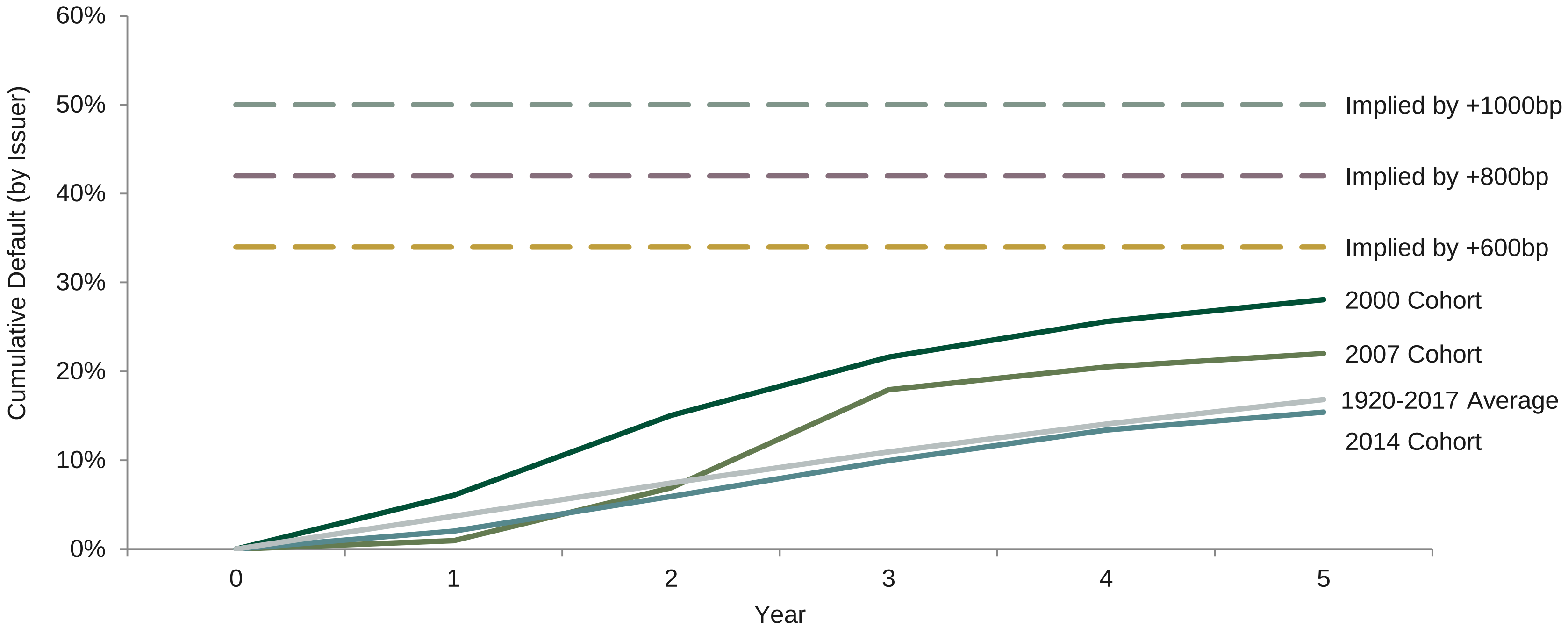
ICE BAML U.S. HIGH YIELD INDEX SPREADS
(AS OF 03/31/2020)



Source: ICE Data Indices, LLC. Yield spreads represented by the ICE BofA U.S. High Yield Constrained Index. **Past performance is not a reliable indicator or guarantee of future results.** It is important to note that the high-yield market may not perform in a similar manner under similar conditions in the future. 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. Bps represents a basis point. One basis point equals 0.01%.

HIGH YIELD: 'WHAT'S IN THE PRICE' FROM A DEFAULT PERSPECTIVE?

HIGH YIELD SPREADS HAVE ALREADY PRICED IN A SEVERE DEFAULT OUTCOME

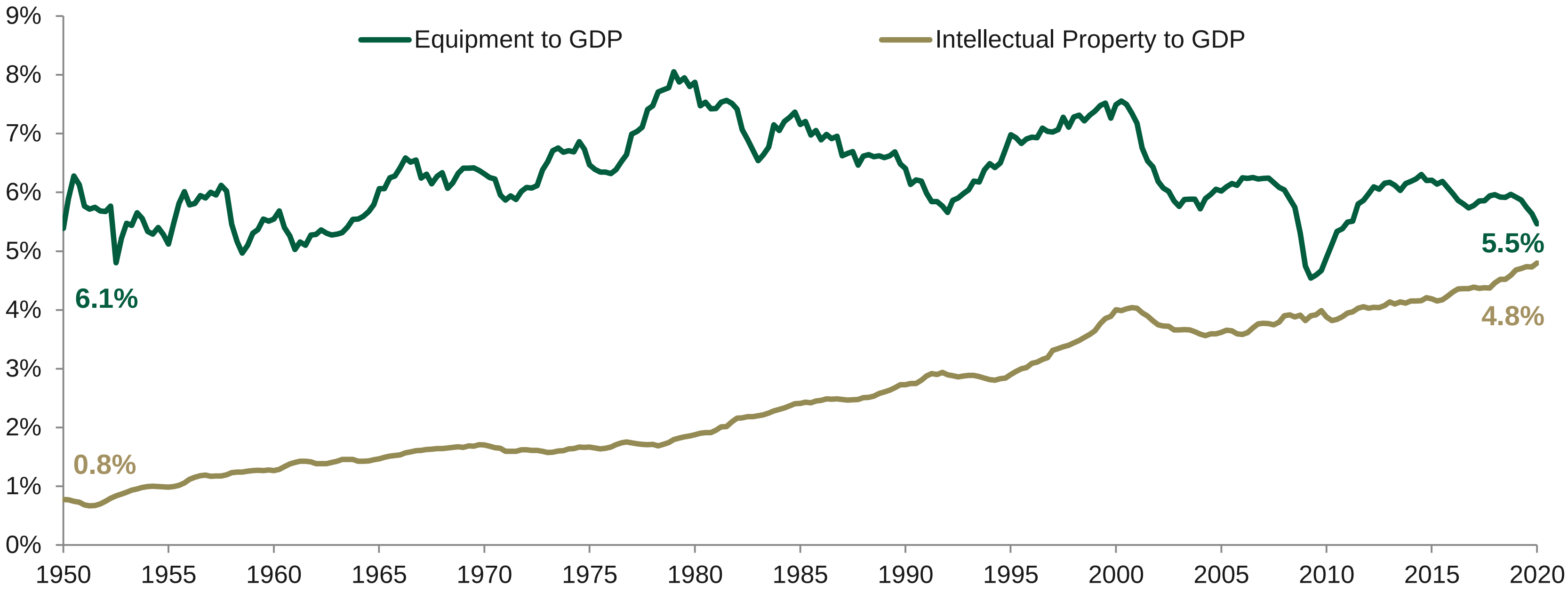


Source: Moody's and Lord Abbett.. Data as of 12/31/2019. Implied cumulative default analysis assumes 5 year term and 30% recovery.

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. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.

INTELLECTUAL PROPERTY HAS GROWN IN ECONOMIC SIGNIFICANCE

Contribution to GDP



Source: Bloomberg. Data as of 03/31/2020.
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. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment.

HIGH INNOVATION GROWTH STOCKS: THE "NEW CORE" ASSET CLASS

- Innovation has been dominating market returns for the past decade, even though flows have shifted away from Growth Equity U.S. mutual funds.
- Innovative companies have been growing fastest organically and we believe represent an existential threat to slower, older, less-efficient technologies and industries.
- In our view, the current crisis has amplified these differences in strength of secular growth areas of the economy and economically-dependent areas.
- Over the next decade, we believe innovation stocks will lead the way out of this cyclical bear market, and will no longer be a "satellite" asset class for investors, but the **New Core equity asset class**.
- We believe there are **Six Innovation Megatrends** of this secular growth super-cycle that will drive both the economy and investor returns for the next decade:

Cloud Technology	**Artificial Intelligence**	**Biotechnology**
Medical Devices and Diagnostics	**E-Commerce and Life Brands**	**Virtual Empowerment**

The economy is increasingly evolving into a binary story of two types of companies:
You are either an innovator or a company vulnerable to the disruptive effects of innovation

CONTACT INFORMATION

Samantha Scher
Managing Director, U.S. Institutional
Sscher@LordAbbett.com
(201) 827-4335

Timothy Poulin
Relationship Manager, U.S. Institutional
Tpoulin@LordAbbett.com
(201) 827-2788

IMPORTANT INFORMATION

The views and information discussed in this material are as of 03/31/2020 unless otherwise indicated, are subject to change, and may not reflect the views of the firm as a whole. The views expressed are at a specific point in time, are opinions only, and should not be relied upon as a forecast, or research or investment advice regarding a particular investment or the markets in general. Information discussed should not be considered a recommendation to purchase or sell securities.

The information in this presentation is only for illustrative purposes and is intended to provide general investment education and is not intended to provide legal, tax or investment advice. It is not intended to be relied upon as a forecast or research regarding a particular investment or the markets in general, nor is it intended to predict or depict performance of any investment or serve as a recommendation or offer to buy or sell securities.

Risks to consider: The value of investments in fixed-income securities will change as interest rates fluctuate and in response to market movements. Generally, when interest rates rise, the prices of debt securities fall, and when interest rates fall, prices generally rise. Fixed-income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Lower-rated securities are subject to greater credit risk, default risk, and liquidity risk. Credit risk is the risk that debt issuers will become unable to make timely interest payments, and at worst will fail to repay the principal amount. U.S. 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. Although U.S. government securities are guaranteed as to payments of interest and principal, their market prices are not guaranteed and will fluctuate in response to market movements. The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies and/or sectors in the economy.

Statements concerning financial market trends are based on current market conditions, which will fluctuate. There is no guarantee that markets will perform in a similar manner under similar conditions in the future.

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.

IMPORTANT INFORMATION

Credit Quality 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 **basis point** is one one-hundredth of a percentage point.

Spread is the percentage difference in current yields of various classes of fixed-income securities versus Treasury bonds or another benchmark bond measure. A bond spread is often expressed as a difference in percentage points or basis points (which equal one-one hundredth of a percentage point).

The **option-adjusted spread (OAS)** is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option. Typically, an analyst uses the Treasury securities yield for the risk-free rate.

Duration is an approximate measure of a bond's price sensitivity to changes in interest rates.

Federal funds rate (fed funds rate) is the interest rate at which a depository institution lends immediately available funds (balances at the Federal Reserve) to another depository institution overnight.

A **yield curve** is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates.

Spread-to-worst measures the dispersion of returns between the best and worst performing security in a given market, usually bond markets, or between returns from different markets.

<u>ICE BofAML Index Information:</u>

<u>Bloomberg Barclays Index Information:</u>

LORD ABBETT