



LORD ABBETT®

## THE EVOLVING LANDSCAPE OF DEFINED CONTRIBUTION

*DOL Impacts and Opportunities*

MARCH 31, 2019

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## AT A GLANCE

- Independent, privately held firm
- 51 partners
- Assets under management: \$176.7 billion\*
- 167 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 03/31/2019.

\*Includes approximately \$1.2 billion for which Lord Abbett provides investment models to managed account sponsors.



## TAXABLE BOND CATEGORY

TOP **3** FOR 5- &  
10-YEAR  
PERIODS

TOP **4** IN 6 OF  
THE PAST  
8 YEARS

### **Barron's/Lipper Annual Ranking\***

As part of "Barron's Best Mutual Fund Families" annual ranking.

Barron's, "Best Fund Families of 2018," March 11, 2019. 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, 2018, minus the effects of 12b-1 fees and sales charges. Barron's Fund Family Rankings are awarded annually.

**Past performance is not a reliable indicator or guarantee of future results. Please see "Important Information" regarding Barron's rankings.**

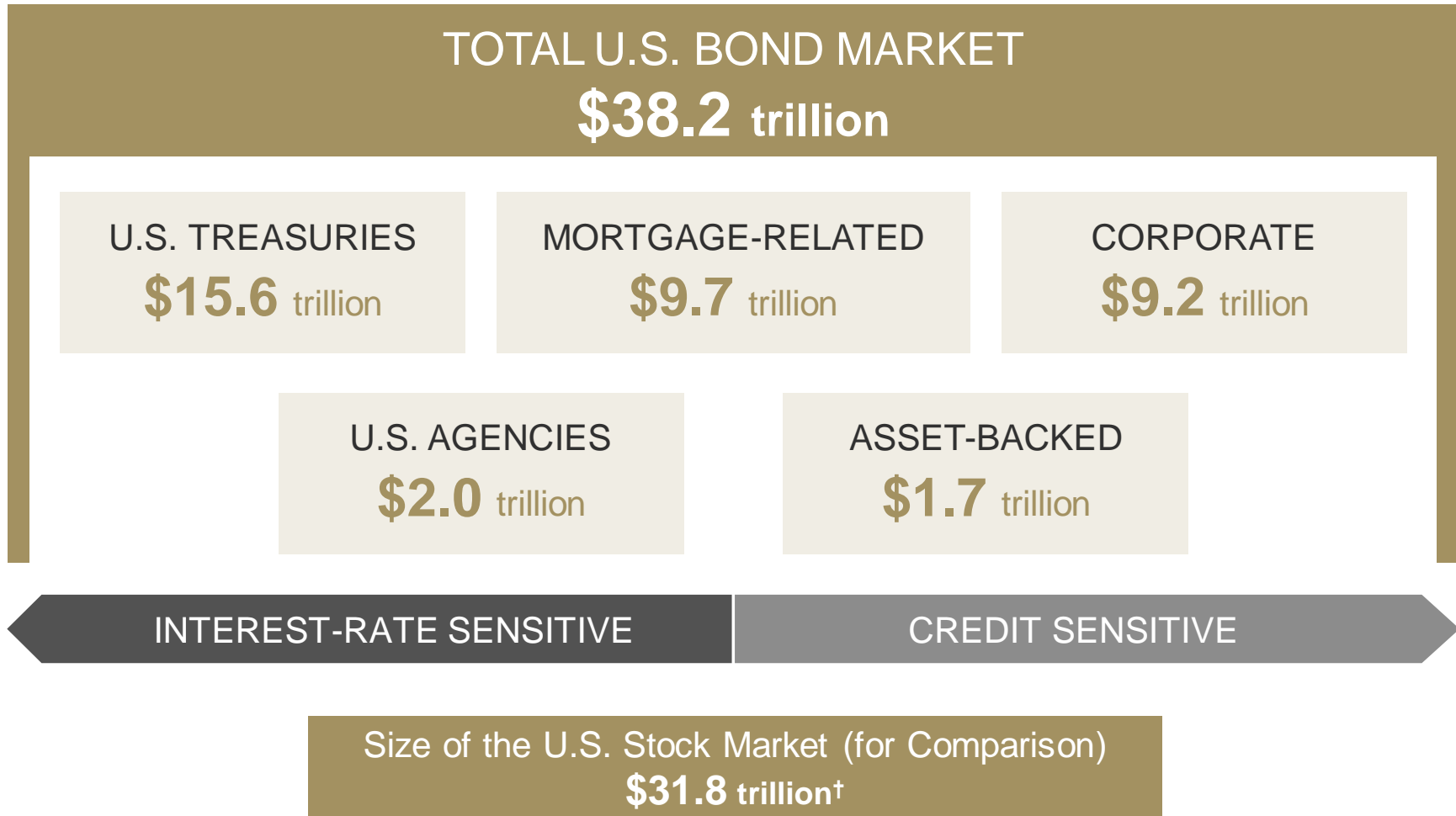


## FIXED-INCOME MARKETS

LORD ABBETT



# THE U.S. BOND MARKET IS LARGE AND DIVERSE



Source: SIFMA; 4Q 2018 data, updated quarterly on a lag, as of 12/31/2018. Excludes money markets and municipals.

<sup>†</sup>Source: Russell 3000; data as of March 31, 2019.

Please note: Stocks are subject to greater risk and market volatility, while bonds are subject to greater risks of default and interest-rate volatility. Data are the most recent available.



# DIVERSIFICATION IN FIXED INCOME: BOND MARKET RETURNS VARY

## U.S. FIXED-INCOME SECTOR RETURNS

(AS OF 03/31/2019)

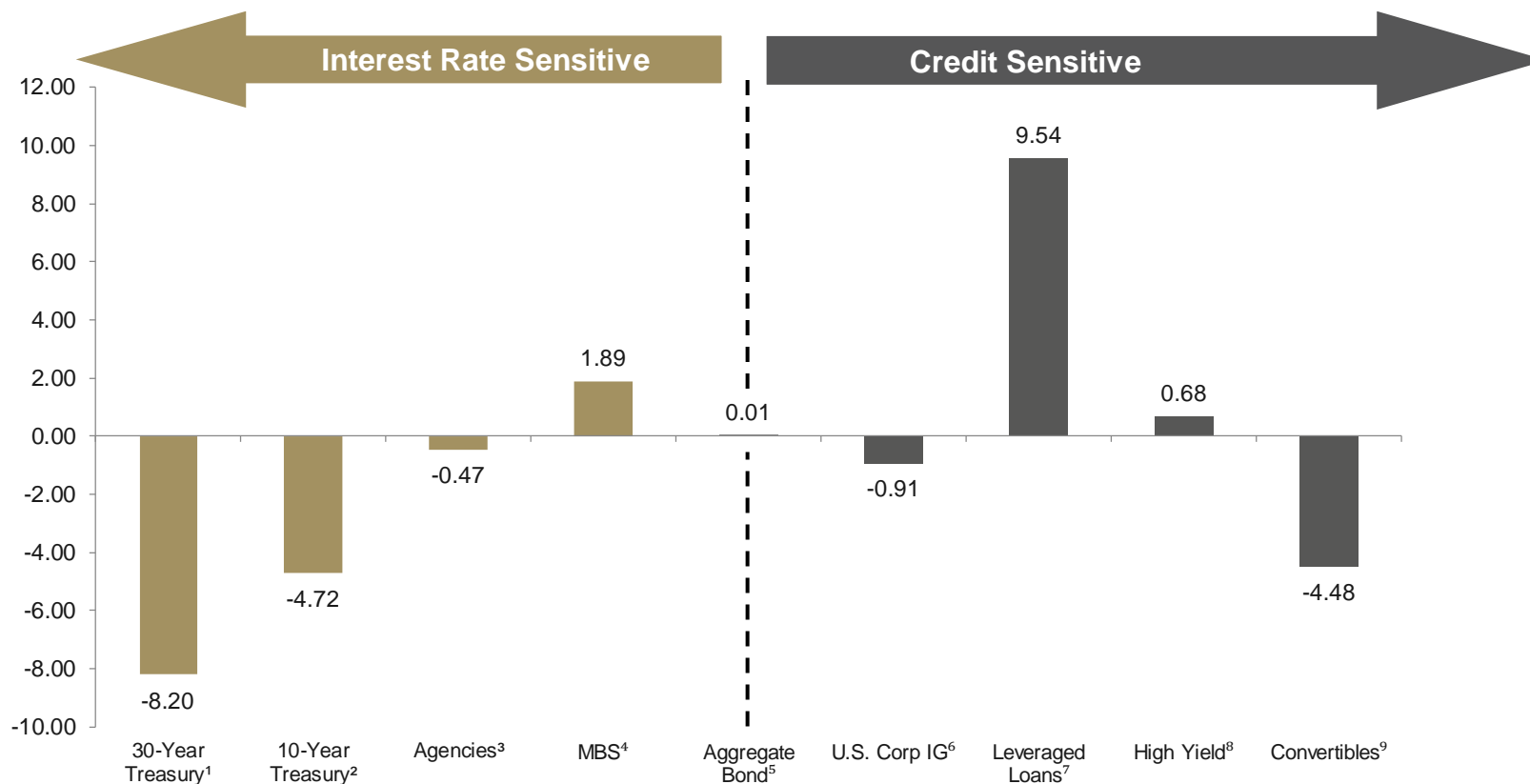
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD
13.74 Treasury	58.21 High Yield	28.81 CMBS	13.56 TIPS	15.81 High Yield	7.44 High Yield	9.05 Municipals	3.30 Municipals	17.13 High Yield	7.50 High Yield	1.77 ABS	7.26 High Yield
9.26 Agency	44.87 Lev. Loans	15.12 High Yield	10.70 Municipals	10.04 CMBS	6.15 Lev. Loans	7.46 Corporates	1.51 MBS	9.88 Lev. Loans	6.42 Corporates	1.34 Agency	5.14 Corporates
8.34 MBS	28.14 CMBS	9.98 Lev. Loans	9.81 Treasury	9.82 Corporates	0.18 CMBS	6.08 MBS	1.25 ABS	6.11 Corporates	5.45 Municipals	1.28 Municipals	3.78 Lev. Loans
5.24 Aggregate	24.71 ABS	9.00 Corporates	8.15 Corporates	9.43 Lev. Loans	-0.27 ABS	5.97 Aggregate	1.01 Agency	4.68 TIPS	4.25 Lev. Loans	1.14 Lev. Loans	3.23 CMBS
-2.35 TIPS	18.68 Corporates	6.54 Aggregate	7.84 Aggregate	6.98 TIPS	-1.38 Agency	5.05 Treasury	0.94 CMBS	3.50 CMBS	3.54 Aggregate	1.01 CMBS	3.19 TIPS
-2.47 Municipals	12.91 Municipals	6.31 TIPS	6.47 CMBS	6.78 Municipals	-1.41 MBS	4.21 CMBS	0.84 Treasury	2.65 Aggregate	3.51 CMBS	0.99 MBS	2.94 Aggregate
-4.94 Corporates	11.41 TIPS	5.87 Treasury	6.23 MBS	4.21 Aggregate	-1.53 Corporates	3.64 TIPS	0.55 Aggregate	2.03 ABS	3.01 TIPS	0.86 Treasury	2.90 Municipals
-12.72 ABS	5.93 Aggregate	5.85 ABS	5.14 ABS	3.66 ABS	-2.02 Aggregate	3.58 Agency	-0.38 Lev. Loans	1.67 MBS	2.47 MBS	0.01 Aggregate	2.17 MBS
-22.71 CMBS	5.89 MBS	5.37 MBS	4.98 High Yield	2.59 MBS	-2.55 Municipals	2.45 High Yield	-0.68 Corporates	1.39 Agency	2.31 Treasury	-1.26 TIPS	2.11 Treasury
-26.16 High Yield	1.53 Agency	4.36 Agency	4.82 Agency	2.16 Agency	-2.75 Treasury	2.06 Lev. Loans	-1.44 TIPS	1.04 Treasury	2.06 Agency	-2.08 High Yield	1.81 Agency
-28.75 Lev. Loans	-3.57 Treasury	2.38 Municipals	1.82 Lev. Loans	1.99 Treasury	-8.61 TIPS	1.88 ABS	-4.47 High Yield	0.25 Municipals	1.55 ABS	-2.51 Corporates	1.48 ABS

Source: Bloomberg Barclays Live and Credit Suisse. Sector returns shown are Bloomberg Barclays indexes as follows: U.S. Aggregate Index, U.S. MBS Fixed Rate Index, U.S. Corporate Investment Grade Index, Municipal Bond Index, U.S. Corporate High Yield Index, U.S. Treasury Index, U.S. TIPS Index, ABS Index, and U.S. Agency Index. Credit Suisse Leveraged Loan Index used for leveraged loans. **Past performance is not a reliable indicator or guarantee of future results.** Current performance may be higher or lower than the performance data quoted. This historical table is an illustration of the most commonly used indexes representative of various sectors of the bond market and does not depict or predict the performance of any specific portfolio managed by Lord Abbett or any particular investment. Please note not all sectors are represented nor is this an asset allocation recommendation. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.



# PERFORMANCE DURING 1994-95 RATE HIKES

## TOTAL RETURNS IN MAJOR BOND CATEGORIES (DURING FED RATE HIKES 02/01/1994 - 02/28/1995)



<sup>1</sup> ICE BofA Merrill Lynch U.S. Treasury Current 30-Year Index

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

<sup>5</sup> Bloomberg Barclays U.S. Aggregate Bond Index

<sup>7</sup> Credit Suisse Leveraged Loan Index

<sup>9</sup> ICE BofA Merrill Lynch All Convertibles All Qualities Index

<sup>2</sup> ICE BofA Merrill Lynch U.S. Treasury Current 10-Year Index

<sup>4</sup> Bloomberg Barclays U.S. MBS Index

<sup>6</sup> Bloomberg Barclays U.S. Corporate Investment Grade Bond Index

<sup>8</sup> Credit Suisse High Yield Index

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

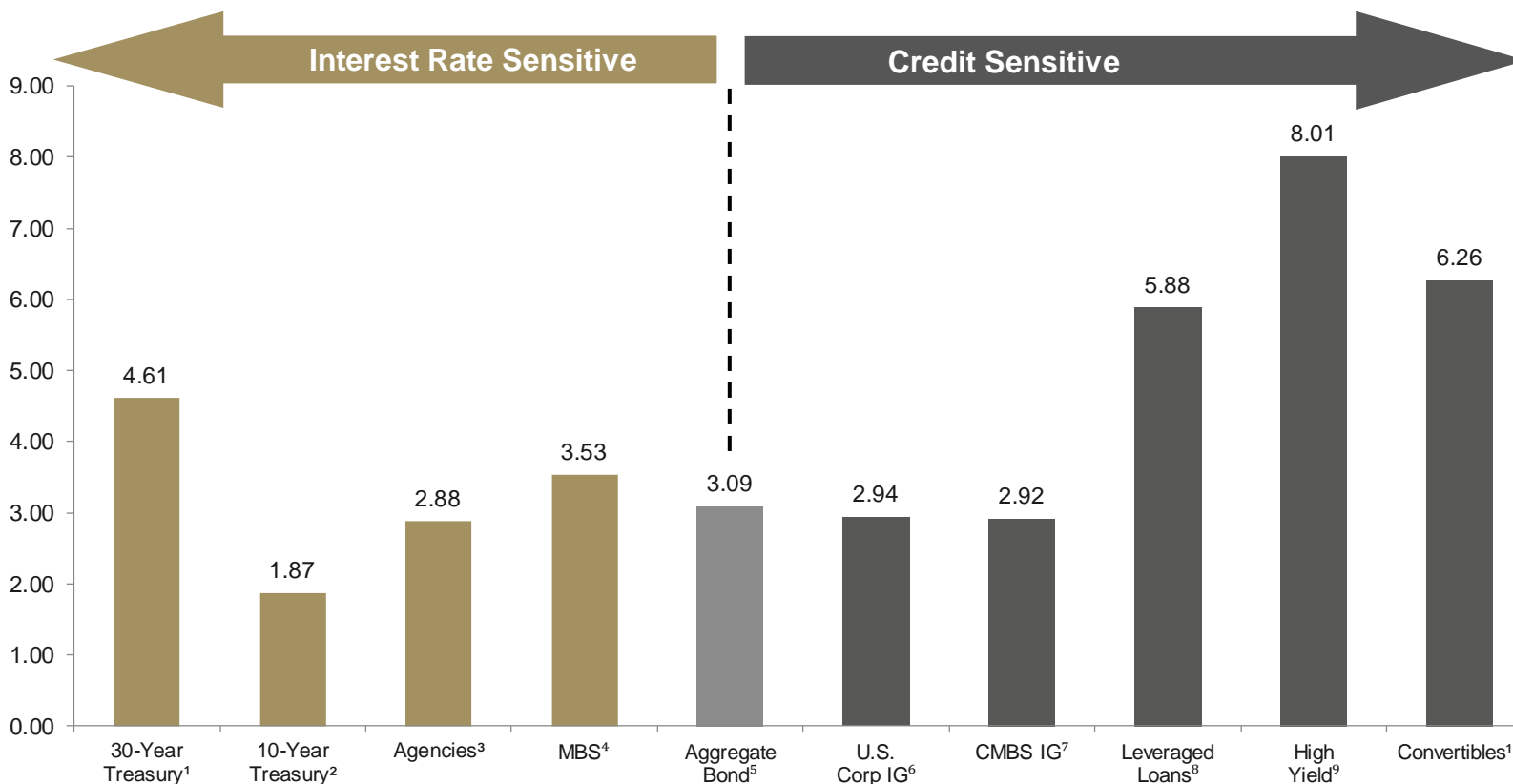
Source: Bloomberg Barclays, ICE Data Indices, LLC., Credit Suisse, and Morningstar, Bloomberg. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.



# PERFORMANCE DURING 2004-06 RATE HIKES

## TOTAL RETURNS IN MAJOR BOND CATEGORIES

(DURING FED RATE HIKES 06/01/2004 - 06/30/2006)



<sup>1</sup> ICE BofA Merrill Lynch U.S. Treasury Current 30-Year Index

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

<sup>5</sup> Bloomberg Barclays U.S. Aggregate Bond Index

<sup>7</sup> Bloomberg Barclays CMBS Investment Grade Index

<sup>9</sup> Credit Suisse High Yield Index

<sup>2</sup> ICE BofA Merrill Lynch U.S. Treasury Current 10-Year Index

<sup>4</sup> Bloomberg Barclays U.S. MBS Index

<sup>6</sup> Bloomberg Barclays U.S. Corporate Investment Grade Bond Index

<sup>8</sup> Credit Suisse Leveraged Loan Index

<sup>10</sup> ICE BofA Merrill Lynch All Convertibles All Qualities Index

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

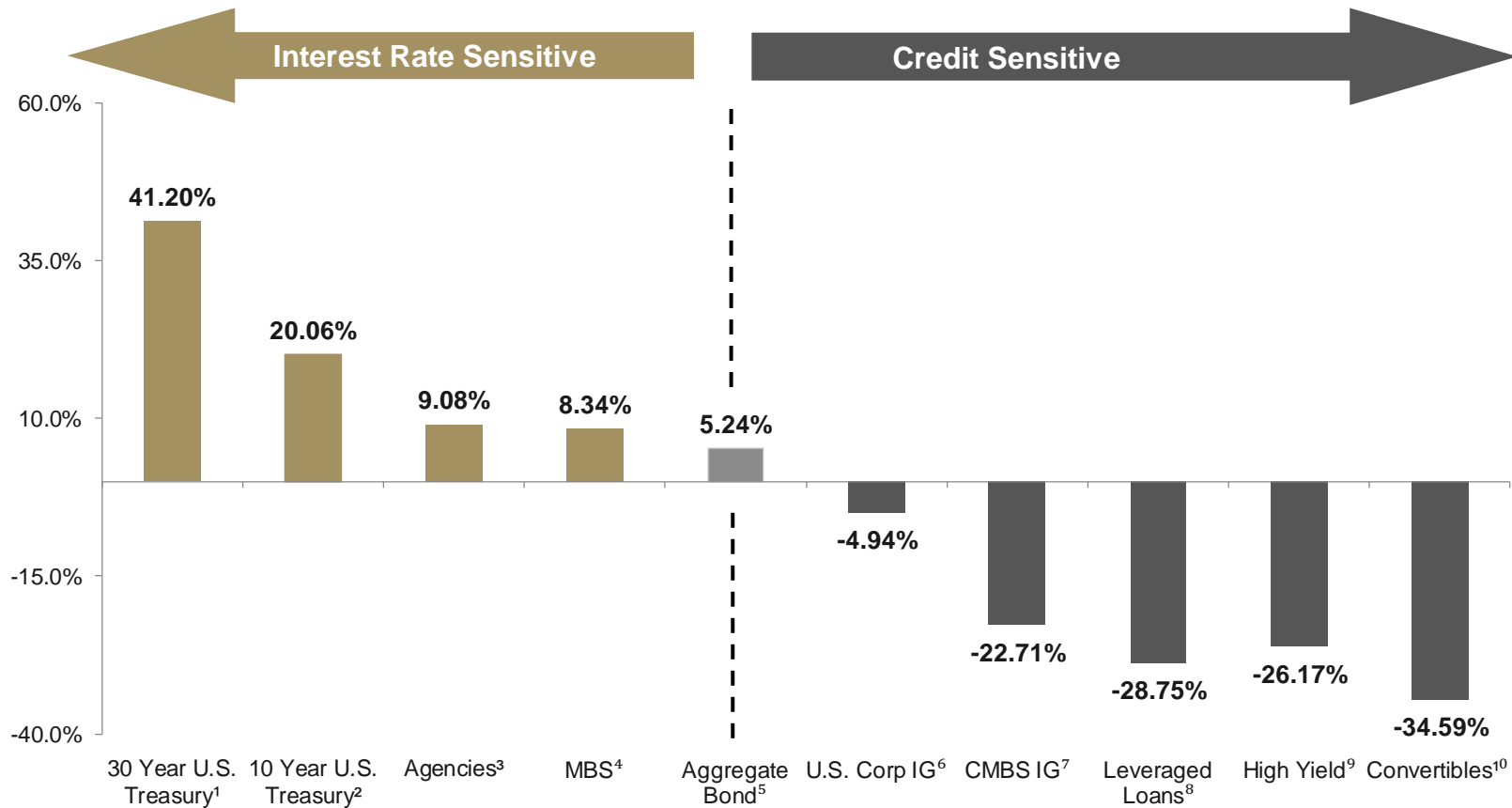
Source: Bloomberg Barclays, ICE Data Indices, LLC., Credit Suisse, and Morningstar, Bloomberg. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. U. S. Federal Reserve (Fed)





# NOT ALL BONDS ACT ALIKE: 2008 PERFORMANCE

## TOTAL RETURNS IN MAJOR BOND CATEGORIES FOR 2008 CALENDAR YEAR



<sup>1</sup> ICE BofA Merrill Lynch 30 Year U.S. Treasury Index

<sup>3</sup> Bloomberg Barclays Aggregate Agency Index

<sup>5</sup> Bloomberg Barclays U.S. Aggregate Bond Index

<sup>7</sup> Bloomberg Barclays Investment Grade CMBS Index

<sup>9</sup> Credit Suisse High Yield Index

<sup>2</sup> ICE BofA Merrill Lynch 10 Year U.S. Treasury Index

<sup>4</sup> Bloomberg Barclays Mortgage Backed Securities Index

<sup>6</sup> Bloomberg Barclays U.S. Corporate Investment Grade Index

<sup>8</sup> Credit Suisse Leveraged Loan Index

<sup>10</sup> Bloomberg Barclays Convertibles Composite Index

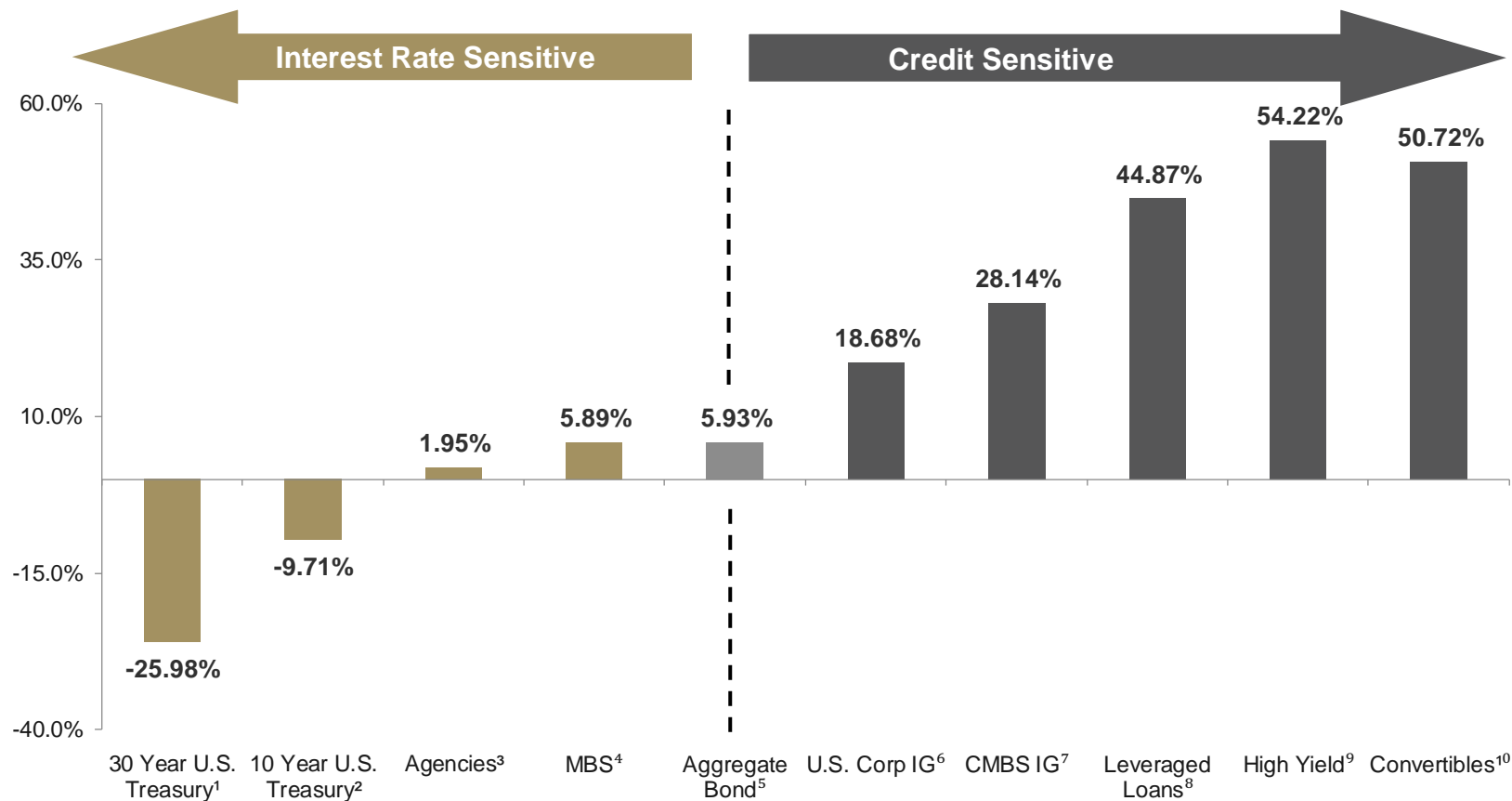
**Past performance is not a reliable indicator or guarantee of future results.**

Source: Bloomberg Barclays, ICE Data Indices, LLC., Credit Suisse, and 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.



# NOT ALL BONDS ACT ALIKE: 2009 PERFORMANCE

## TOTAL RETURNS IN MAJOR BOND CATEGORIES FOR 2009 CALENDAR YEAR



<sup>1</sup> ICE BofA Merrill Lynch 30 Year U.S. Treasury Index

<sup>3</sup> Bloomberg Barclays Aggregate Agency Index

<sup>5</sup> Bloomberg Barclays U.S. Aggregate Bond Index

<sup>7</sup> Bloomberg Barclays Investment Grade CMBS Index

<sup>9</sup> Credit Suisse High Yield Index

<sup>2</sup> ICE BofA Merrill Lynch 10 Year U.S. Treasury Index

<sup>4</sup> Bloomberg Barclays Mortgage Backed Securities Index

<sup>6</sup> Bloomberg Barclays U.S. Corporate Investment Grade Index

<sup>8</sup> Credit Suisse Leveraged Loan Index

<sup>10</sup> Bloomberg Barclays Convertibles Composite Index

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Source: Bloomberg Barclays, ICE Data Indices, LLC., Credit Suisse, and 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.



# CURRENT DC MENUS ARE DESIGNED FOR CAPITAL APPRECIATION

AVERAGE NUMBER OF EQUITY OPTIONS: **14**

	Value	Core	Growth
Large	✓	✓	✓
Mid	✓	✓	✓
Small	✓	✓	✓

International	✓ ✓
Global	✓ ✓
Emerging Markets	✓

AVERAGE NUMBER OF FIXED INCOME OPTIONS: **2**

	Short	Interm.	Long
High	✓	✓	
Medium			
Low			

International	
Global	
Emerging Markets	



## **3 Key Challenges:**

1. Provide Consistent Returns
2. Generate Attractive Income
3. Address the Imbalance Between Equity & Fixed Income

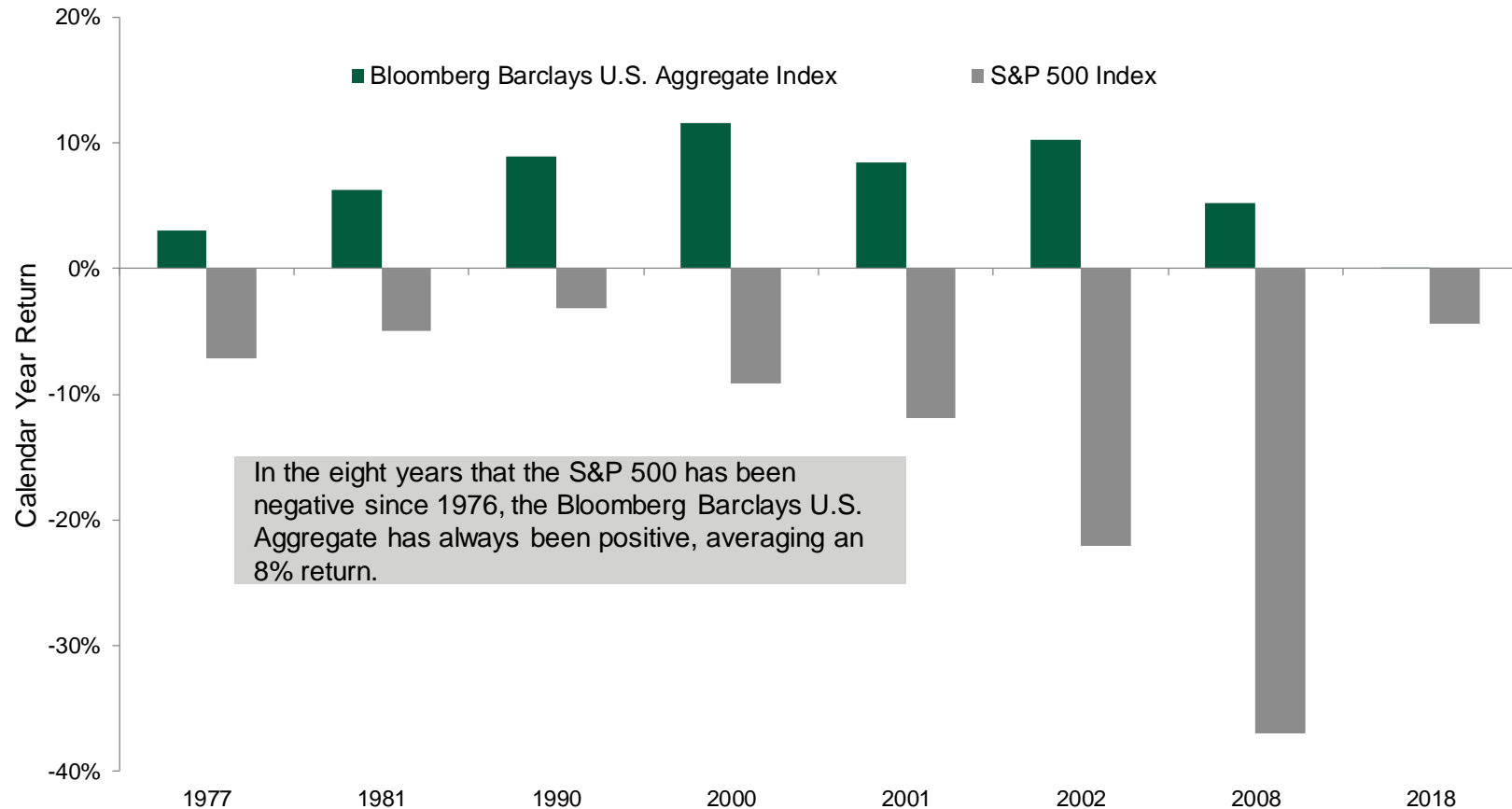


**HISTORICALLY PROVIDED  
CONSISTENT RETURNS**

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## INTERMEDIATE-TERM BONDS: Historical Positive Returns During Difficult Equity Markets

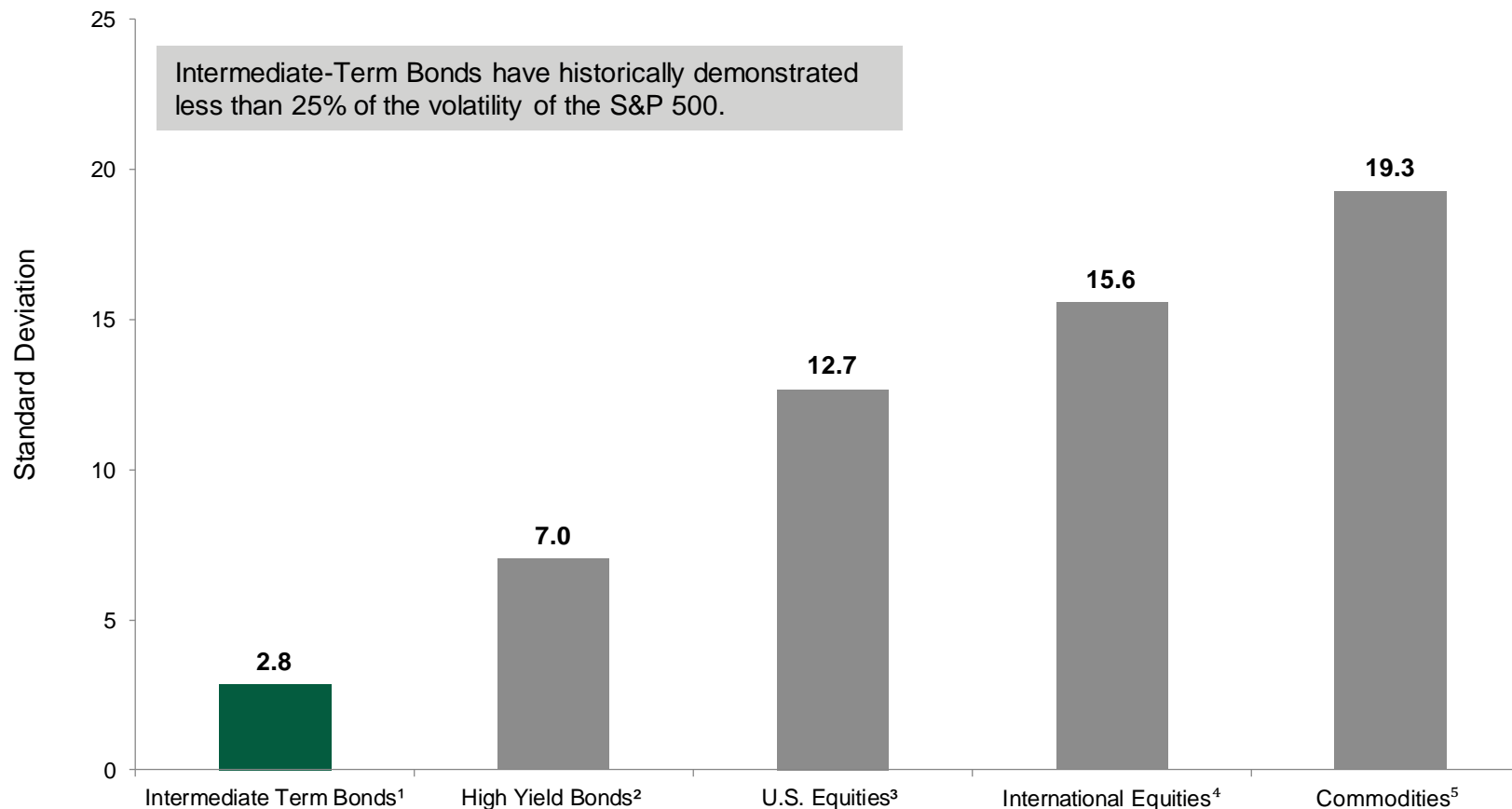


Source: Morningstar. As of 12/31/2018. **Past performance is not a reliable indicator or guarantee of future results.** For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment. During other time periods index returns may have had different results. 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.



# LOW VOLATILITY MAY PROVIDE PORTFOLIO STABILITY

## VOLATILITY OF BROAD ASSET CLASSES (TRAILING 10 YEAR AS OF 03/31/2019)



<sup>1</sup> Bloomberg Barclays U.S. Aggregate Bond Index

<sup>2</sup> Bloomberg Barclays U.S. High Yield Index

<sup>3</sup> S&P 500 Index

<sup>4</sup> MSCI EAFE Index

<sup>5</sup> S&P GSCI Commodities Index

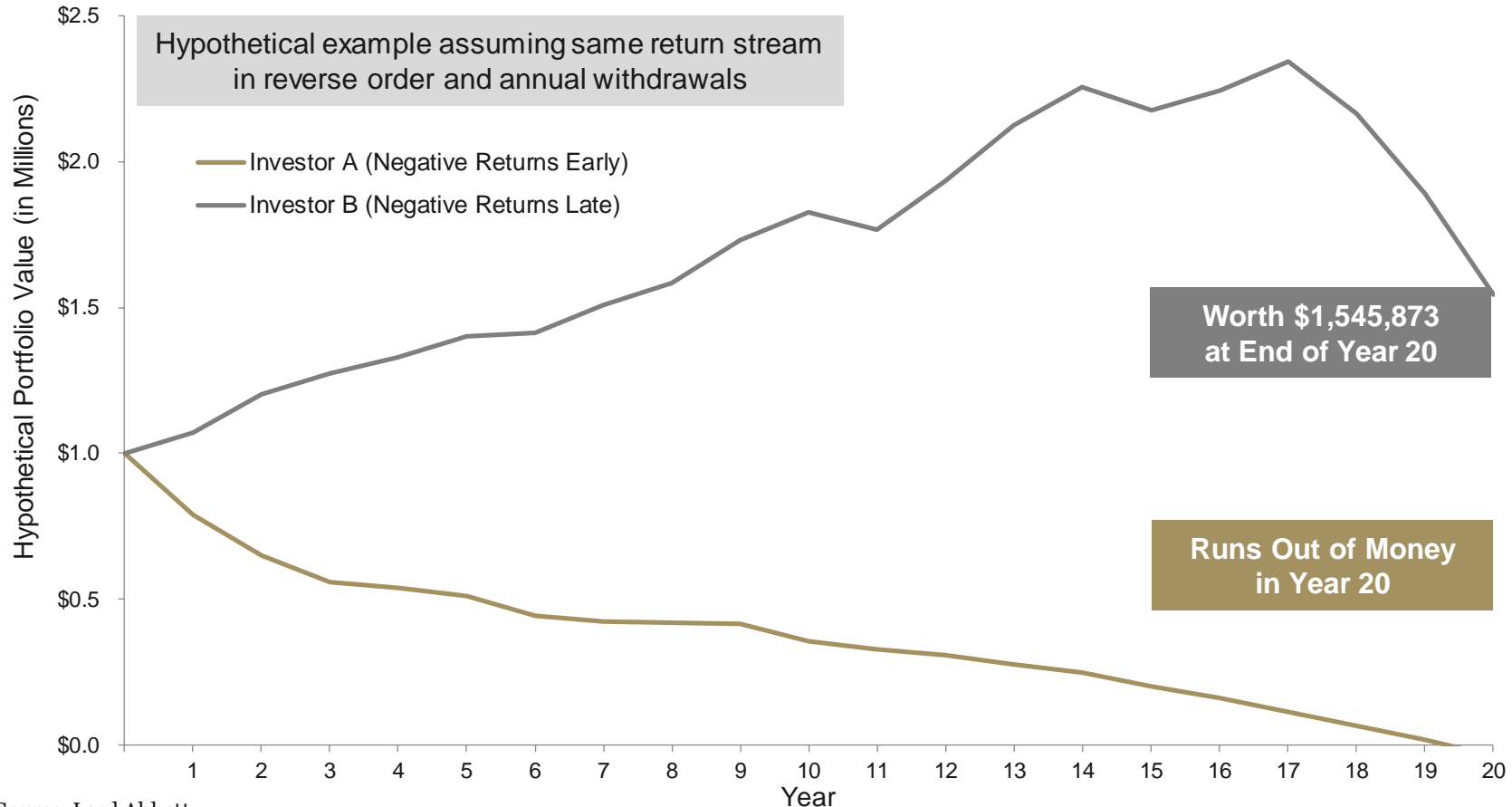
Source: Morningstar. Trailing 10-year standard deviation for Bloomberg Barclays U.S. Aggregate Bond Index, S&P 500 Index, Bloomberg Barclays U.S. High Yield Index, MSCI EAFE Index and S&P GSCI Commodities Index. **Past performance is not a reliable indicator or guarantee of future results.** For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment. 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.



# WHY DOES CONSISTENCY MATTER?

## SEQUENCE OF RETURNS CAN HARM RETURNS WHEN TAKING WITHDRAWALS

Two sample portfolios over 20 years, with a starting value of \$1 million, based on scenarios listed below



Source: Lord Abbett.

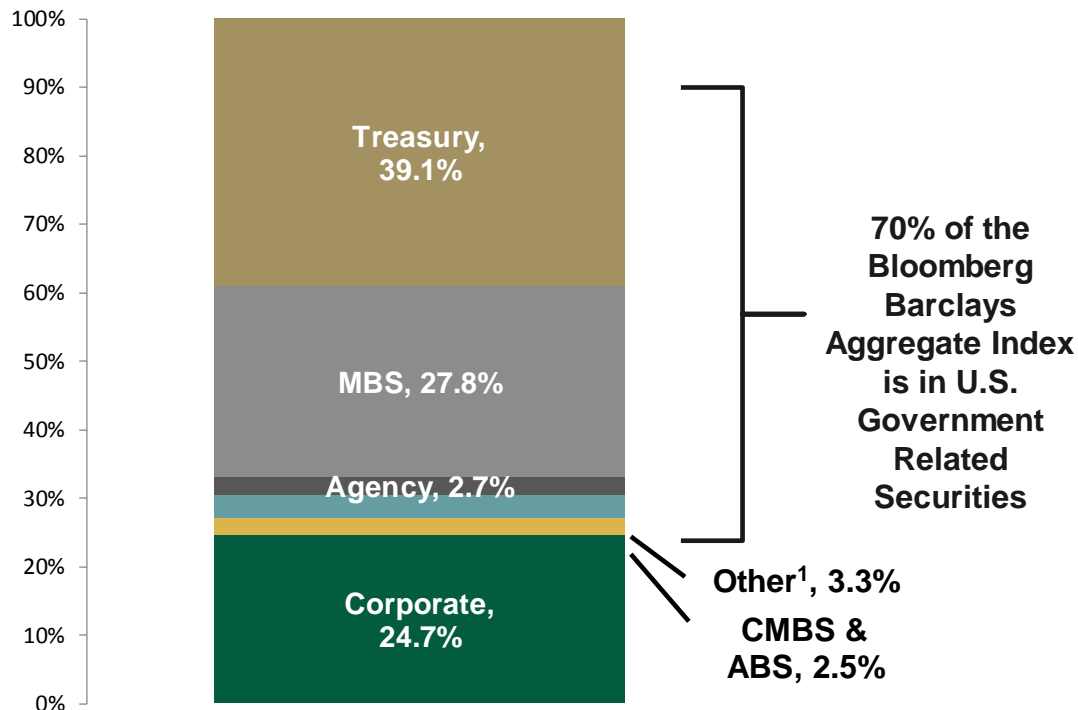
Note: This chart looks at the effect the sequence of returns can have on your portfolio value over a long period of time. Other factors that may affect the longevity of assets include the investment mix, taxes, (federal, state or municipal), and expenses related to investing. If these were taken into account, the hypothetical values shown may be different. This is a hypothetical illustration. This illustration assumes a hypothetical initial portfolio balance of \$1,000,000 with no additions and withdrawals of \$60,000 a year for 20 years. Each portfolio earns identical 7.5% average nominal annual rates of return over 20 years; the gold line represents a scenario in which negative returns are clustered early on in a retirement.

**Past performance is not a reliable indicator or guarantee of future results.** For illustrative purposes only and does not reflect any specific portfolio managed by Lord Abbett or any particular investment. Dividends are not guaranteed and may be increased, decreased, or suspended altogether at the discretion of the issuing company.





## BLOOMBERG BARCLAYS U.S. AGGREGATE BOND INDEX (AS OF 03/31/2019)



### CHARACTERISTICS

Duration <sup>2</sup>	5.8 Yrs.
Yield <sup>3</sup>	2.94%

Source: Bloomberg Barclays.

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

<sup>1</sup>“Other” refers to sovereign, supranational, and local authorities. <sup>2</sup>Represents modified adjusted duration of the Bloomberg Barclays U.S. Aggregate Bond Index.

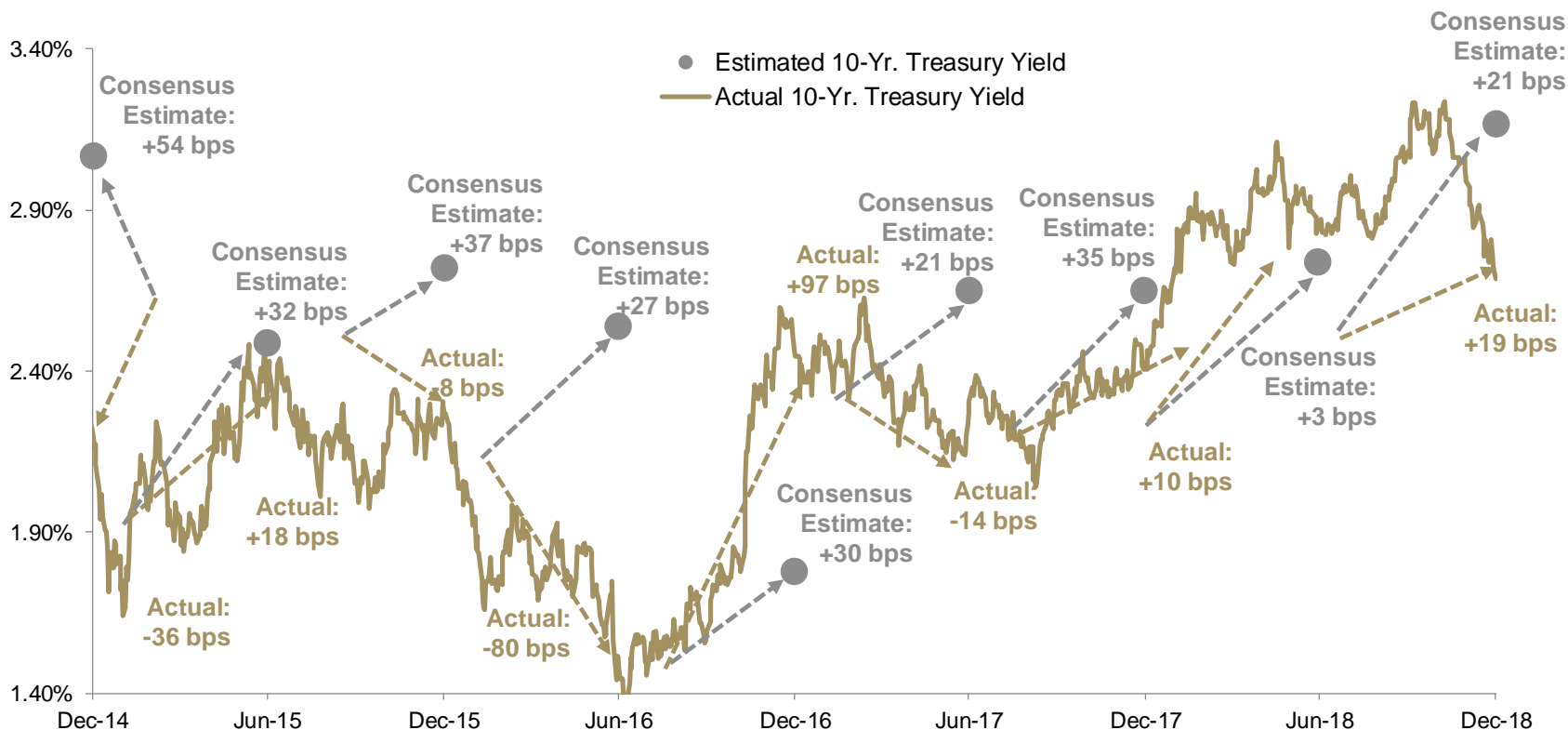
<sup>3</sup>Represents yield to maturity of the Bloomberg Barclays U.S. Aggregate Bond Index. Yield to maturity is the rate of return anticipated on a bond if held until it matures. Duration is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. 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.



# THE POTENTIAL BENEFITS OF A DURATION-NEUTRAL STRATEGY

## EXPERTS CONTINUE TO MISS ON INTEREST-RATE FORECASTS

Six-Month interest-rate forecast surveyed by *The WSJ* vs. actual yield movement for indicated periods



Source: *The Wall Street Journal* Economic Forecasting Survey and the U.S. Department of the Treasury. Data represent the six-month forecast and actual yield for the 10-year U.S. Treasury bond. *The Wall Street Journal* surveys a group of nearly 50 economists on more than 10 major economic indicators on a monthly basis. 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. Investors may experience different results. Due to market volatility, the market may not perform in a similar manner in the future. Market forecasts and projections are based on current market conditions and are subject to change without notice. A basis point is one one-hundredth of a percentage point. As of 12/31/2018. **Past performance is not a reliable indicator or guarantee of future results.**



SEEK TO GENERATE ATTRACTIVE  
INCOME

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# A WORLD OF NEGATIVE INTEREST RATES

## YIELDS ON VARIOUS MATURITIES OF DEVELOPED-NATION GOVT. BONDS (AS OF 03/31/2019)

Country	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year	15 Year	20 Year	30 Year
Switzerland	-0.78	-0.80	-0.77	-0.76	-0.71	-0.66	-0.59	-0.53	-0.48	-0.41	-0.14	0.01	0.16
Japan	-0.18	-0.18	-0.19	-0.20	-0.20	-0.21	-0.21	-0.20	-0.15	-0.09	0.12	0.33	0.50
Germany	-0.58	-0.61	-0.61	-0.54	-0.45	-0.42	-0.34	-0.26	-0.17	-0.07	0.16	0.35	0.57
Denmark		-0.66			-0.50	-0.35		-0.19		-0.01		0.33	
Netherlands		-0.60	-0.61	-0.54	-0.44	-0.35	-0.26	-0.17	-0.06	0.03	0.29	0.40	0.62
Finland	-0.57	-0.56	-0.55	-0.47	-0.36	-0.31	-0.17	-0.09	0.06	0.17	0.53		0.86
Austria	-0.56	-0.56	-0.45	-0.39	-0.28	-0.18	-0.04	0.02	0.12	0.23	0.61	0.69	1.03
France	-0.54	-0.54	-0.46	-0.38	-0.27	-0.16	-0.05	0.07	0.19	0.32	0.71	0.85	1.29
Sweden		-0.51		-0.37	-0.26	-0.10		0.05	0.17	0.31	0.49	0.79	
Belgium	-0.54	-0.51	-0.44	-0.30	-0.18	-0.08	0.04	0.17	0.29	0.41	0.79	1.07	1.45
Ireland	-0.57		-0.28	-0.27	-0.12	0.03	0.16		0.40	0.55	0.93	1.14	1.35
Spain	-0.34	-0.38	-0.23	-0.11	0.05	0.39	0.61	0.79	0.92	1.09	1.54	1.70	2.24
Italy	0.03	0.23	0.80	1.11	1.50	1.79	2.05	2.06	2.27	2.49	3.08	3.25	3.47
United States	2.39	2.26	2.21		2.23		2.31			2.41			2.82
United Kingdom	0.66	0.64	0.65		0.76	0.77	0.83	0.90		1.00	1.34	1.48	1.55

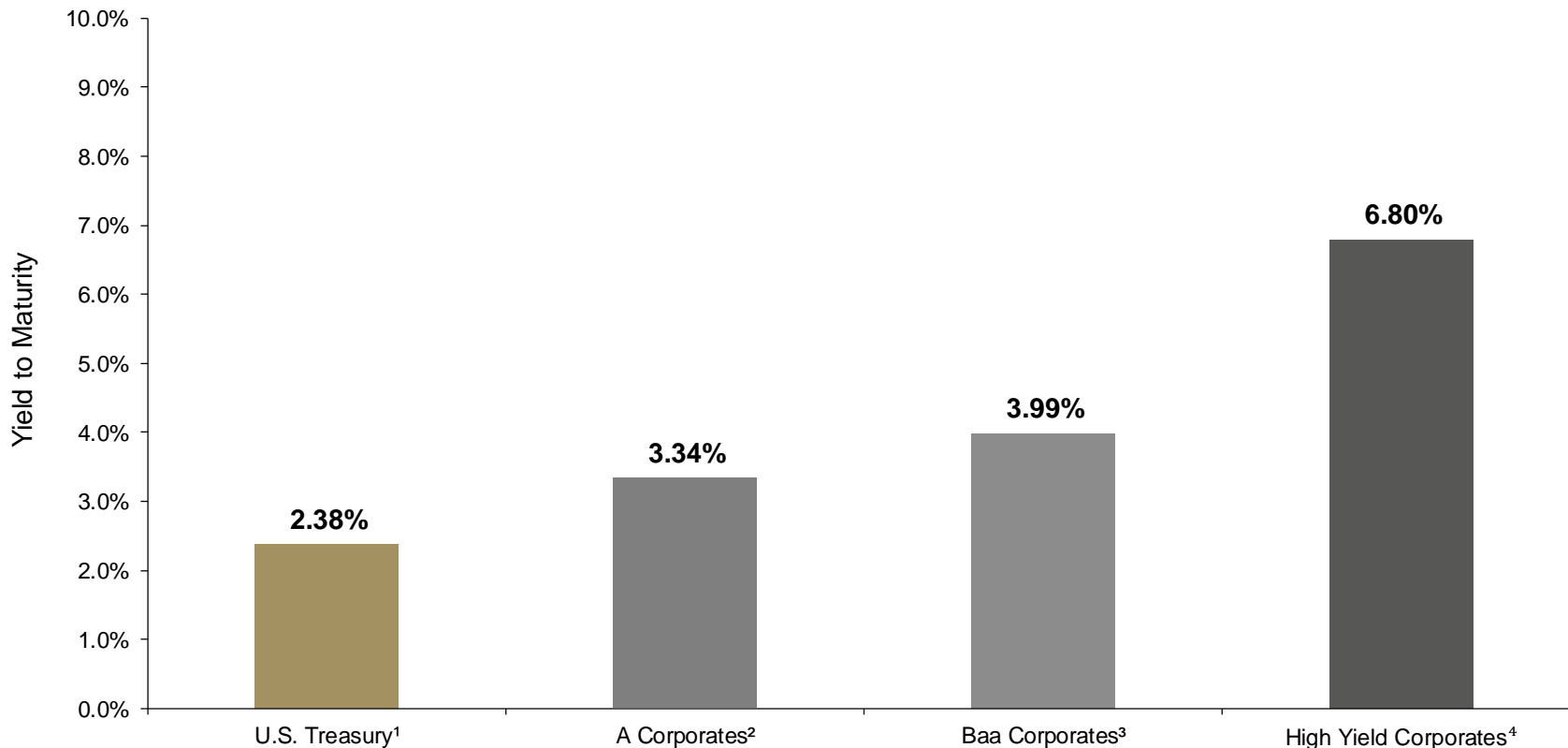
- Approximately \$10T in global debt now trades at yields below zero
- U.S. fixed income offers relatively high yields versus the rest of the developed world

Source: Bloomberg and U.S. Treasury Department. **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.



## YIELDS ON U.S. FIXED-INCOME INDEXES

(AS OF 03/31/2019)



<sup>1</sup> Bloomberg Barclays U.S. Treasury Yield Index <sup>2</sup> Bloomberg Barclays U.S. Corporate A-Rated Index <sup>3</sup> Bloomberg Barclays U.S. Corporate Baa-Rated Index

<sup>4</sup> Credit Suisse High Yield Index (Yield to Worst)

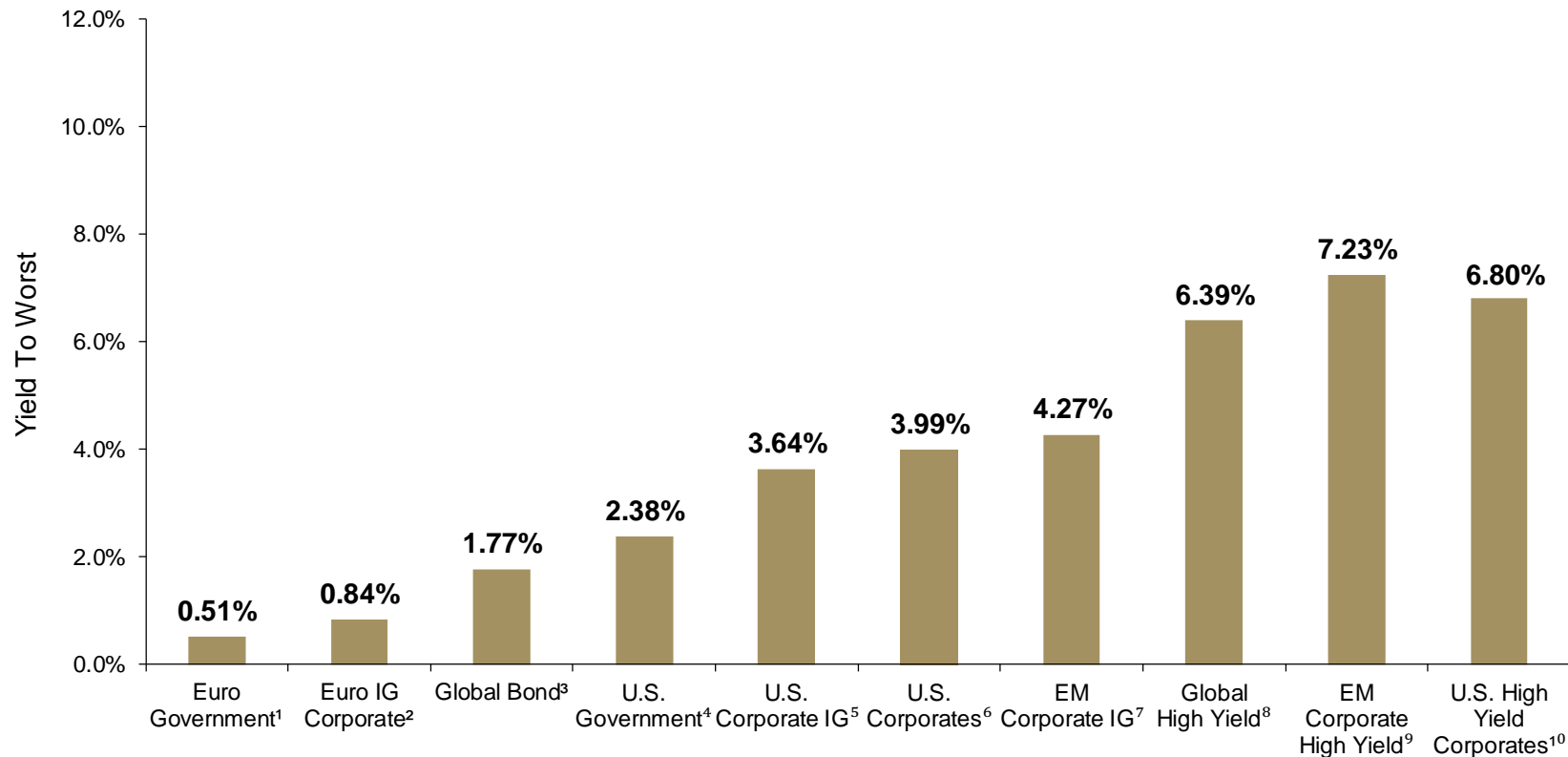
Source: Bloomberg Barclays and Credit Suisse.

**Past performance is not a reliable indicator or guarantee of future results.** High-yielding non-investment-grade bonds involve higher risk than investment-grade bonds. Adverse conditions may affect the issuer's ability to pay interest and principal on these securities. 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.



## YIELDS ON U.S. FIXED-INCOME INDEXES

(AS OF 03/31/2019)



<sup>1</sup> Bloomberg Barclays Euro Aggregate Treasury Index

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

<sup>5</sup> Bloomberg Barclays U.S. Corporate Investment Grade Index

<sup>7</sup> J.P. Morgan CEMBI Broad Diversified Investment Grade Index

<sup>9</sup> J.P. Morgan CEMBI Broad Diversified Non-Investment Grade Index

<sup>2</sup> Bloomberg Barclays Euro Aggregate Corporate Index

<sup>4</sup> Bloomberg Barclays U.S. Government Index

<sup>6</sup> Bloomberg Barclays U.S. Corporate Baa-Rated Index

<sup>8</sup> ICE BofAML Global High Yield Index

<sup>10</sup> Credit Suisse U.S. High Yield Index

Source: Bloomberg Barclays, Bloomberg, ICE Data Indices, LLC, JP Morgan, and Credit Suisse.

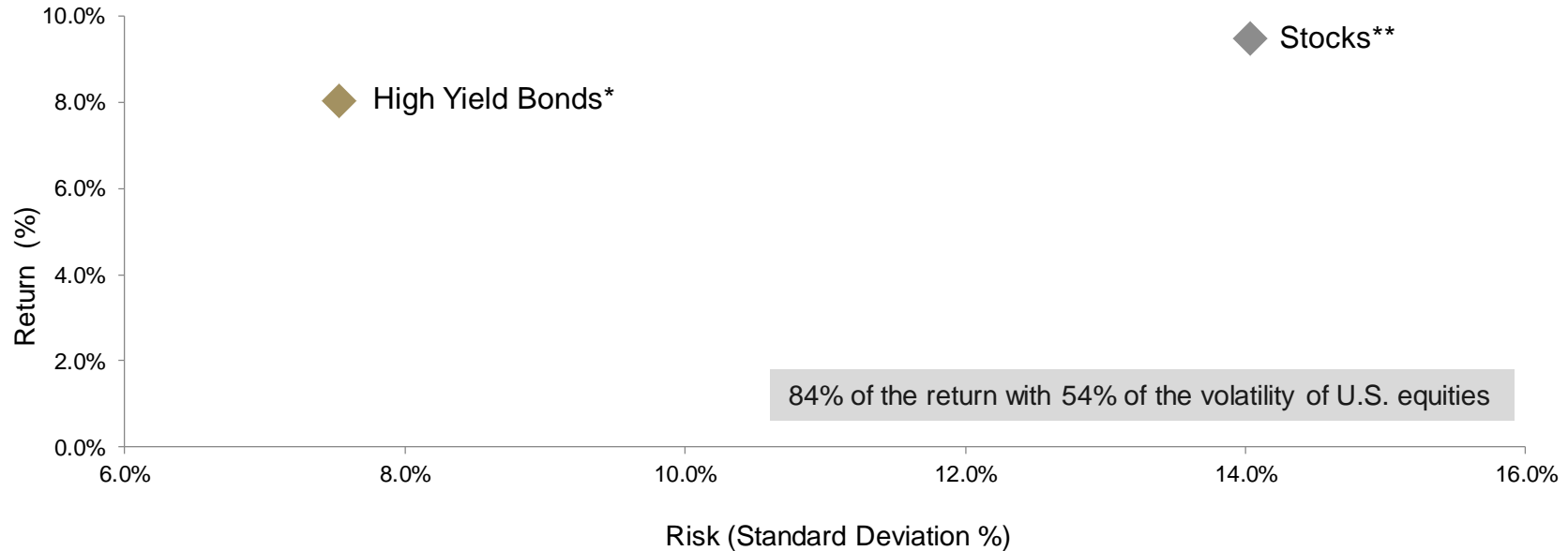
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# HIGH YIELD HAS PROVIDED ATTRACTIVE RETURN FOR LEVEL OF RISK

## U.S. HIGH-YIELD VERSUS U.S. EQUITIES

(01/01/1992 - 03/31/2019)



	Return	Standard Deviation	Sharpe Ratio
High Yield Bonds (CS HY Index)*	8.01%	7.53%	0.73
Stocks (S&P 500 Index)**	9.48%	14.03%	0.54

Source: Credit Suisse.

\*High Yield bonds are represented by the Credit Suisse High Yield Index. \*\*Stocks are represented by the S&P 500 Index.

**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. 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.



**ADDRESS THE IMBALANCE  
BETWEEN EQUITY & FIXED INCOME**

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# CURRENT DC MENUS ARE DESIGNED FOR CAPITAL APPRECIATION

AVERAGE NUMBER OF EQUITY OPTIONS: **14**

	Value	Core	Growth
Large	✓	✓	✓
Mid	✓	✓	✓
Small	✓	✓	✓

International	✓ ✓
Global	✓ ✓
Emerging Markets	✓

AVERAGE NUMBER OF FIXED INCOME OPTIONS: **2**

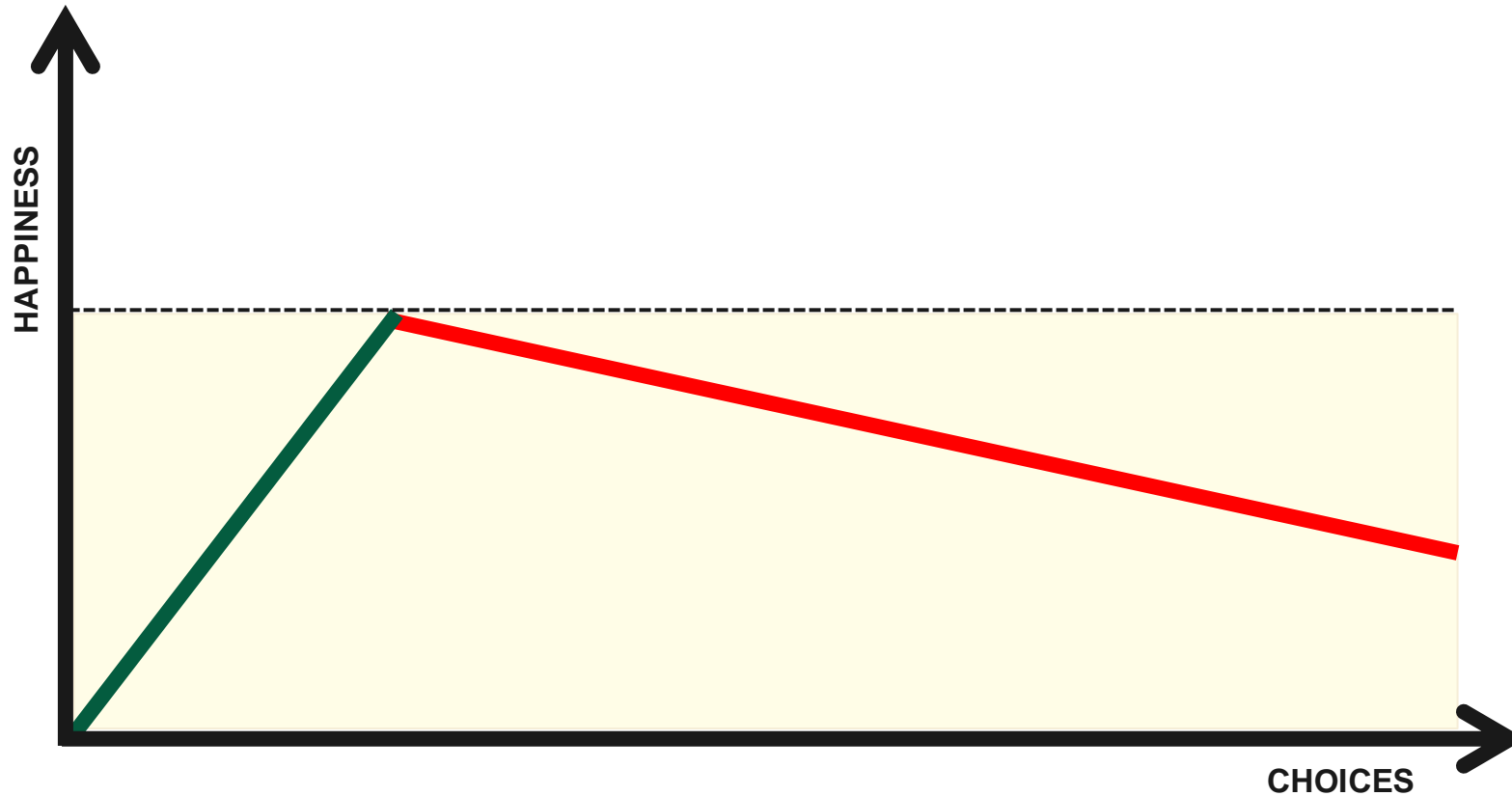
	Short	Interm.	Long
High	✓	✓	
Medium			
Low			

International	
Global	
Emerging Markets	



# CHOICE: TOO MUCH OF A GOOD THING?

PARADOX OF CHOICE:  
LESS IS MORE – TOO MUCH CHOICE IS STRESSFUL



26

**More options *lead to fewer actions.* Fewer options *lead to more actions.***



## THE STUDY:

A grocery store conducted 2 tasting sessions. In one session, shoppers were allowed to sample 24 flavors of jam. In the other session, they were allowed to sample 6 flavors.

### 24 Choices of Jam

- Attracted **60%** of shoppers
- Shoppers sampled **2** flavors on average
- **3%** of shoppers bought jam

vs.



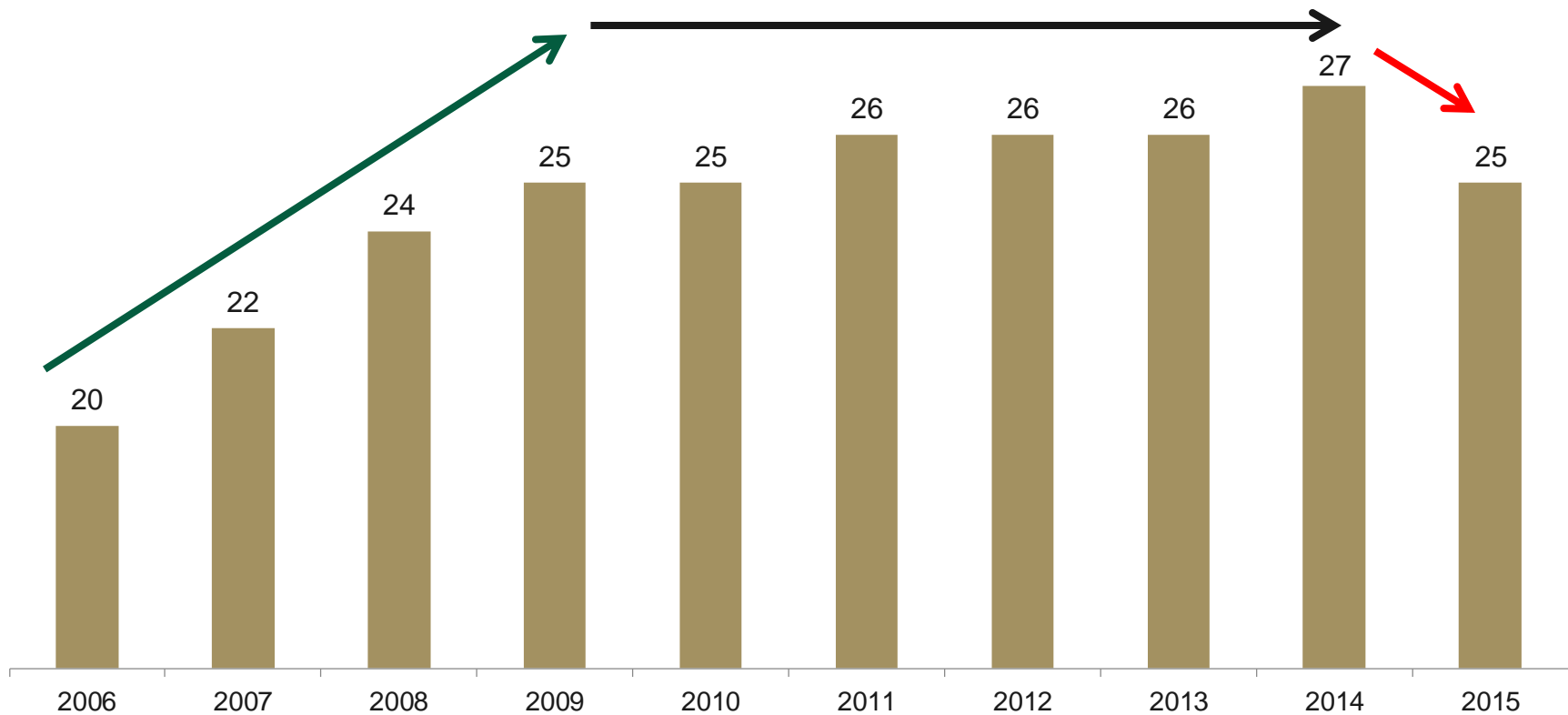
### 6 Choices of Jam

- Attracted **40%** of shoppers
- Shoppers sampled **2** flavors on average
- **30%** of shoppers bought jam



# TREND TOWARDS CONSOLIDATION

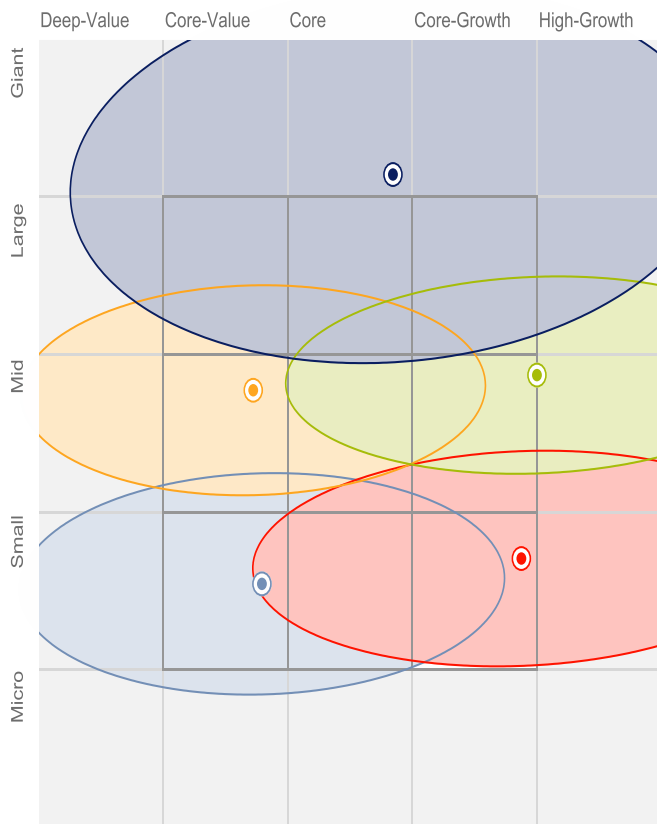
## AVERAGE NUMBER OF INVESTMENT OPTIONS IN 401(K) PLANS



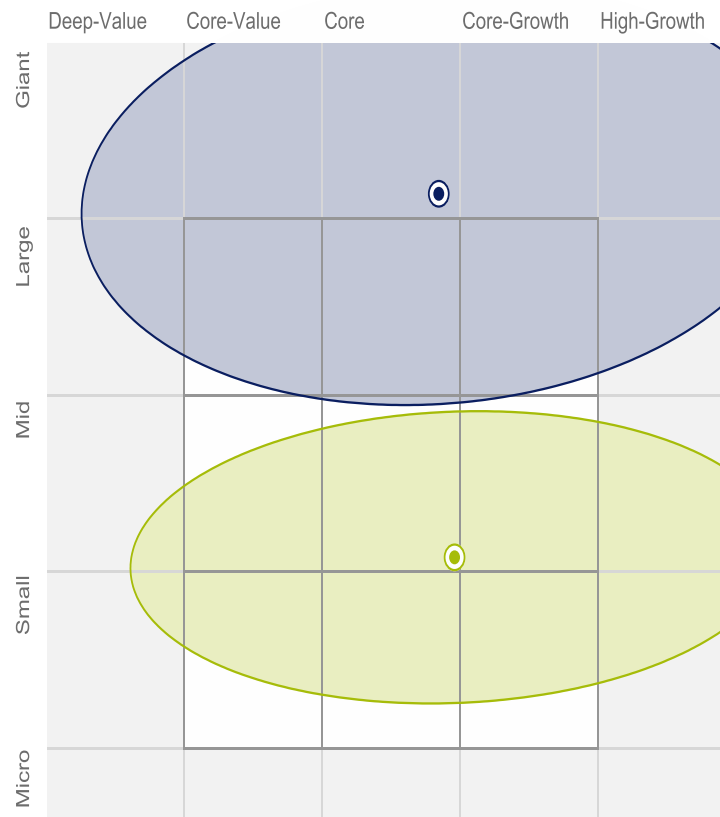
Source: ICI Brightscope DC Plan Profiles 2015. Most recent data available.



# MARKET COVERAGE



- S&P 500
- Russell 2000 Growth
- Russell Mid Cap Growth
- Russell 2000 Value
- Russell Mid Cap Value



- S&P 500
- Russell 2500



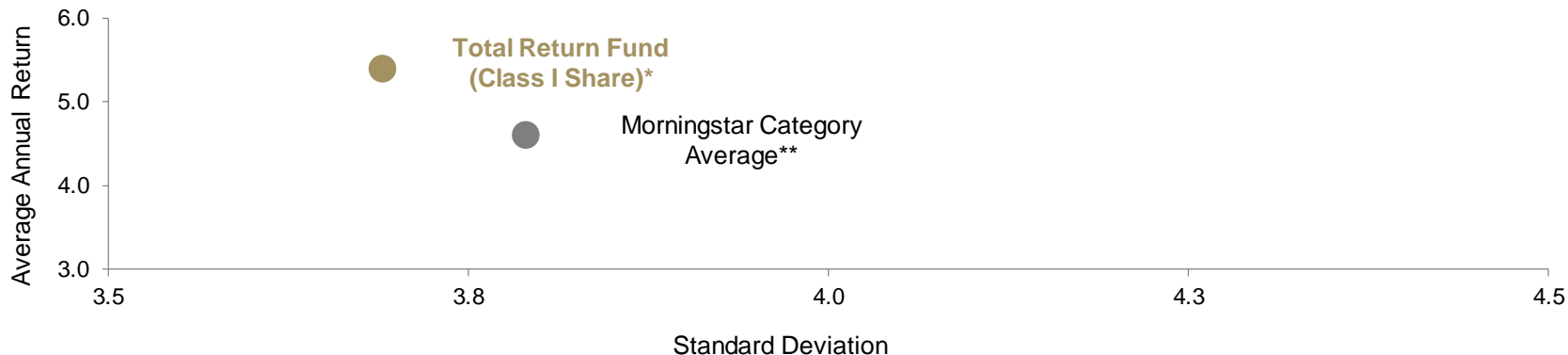
## INVESTMENT IDEAS

LORD ABBETT



# ATTRACTIVE RISK-ADJUSTED RETURNS

## SINCE INCEPTION (08/31/2000) RETURNS AS OF 03/31/2019



AS OF 03/31/2019	3 Year		5 Year		10 Year		15 Year	
	Sharpe Ratio	Information Ratio	Sharpe Ratio	Information Ratio	Sharpe Ratio	Information Ratio	Sharpe Ratio	Information Ratio
Total Return Fund (Class I Share)*	0.54	-0.01	0.80	-0.29	1.53	0.81	0.89	0.28
Morningstar Category Average**	0.44	-0.58	0.66	-0.68	1.31	-0.01	0.68	-0.32
Morningstar Category Peer Rank**	32 294/903	33 309/903	26 180/771	35 256/771	21 119/565	16 97/565	14 51/407	8 30/407

**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 their original cost. You can obtain performance data current to the most recent month end by calling Lord Abbett at (888) 522-2388 or referring to our website at lordabbett.com.**

\*Average Annual Total Returns are based on changes in net asset value and assume reinvestment of all distributions and do not reflect deduction of any front-end sales charges which are not applicable for Class I Shares, if these charges were included returns would be lower. Class I Shares are not subject to sales charges and are available only to institutional investors and certain others, including retirement plans. Instances of high double-digit returns were achieved primarily during favorable market conditions and may not be sustainable over time. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. \*\*Morningstar Intermediate-Term Bond Funds Category. Morningstar Category rankings reflect all share classes within the category and are based on total return and do not reflect the effect of sales charges. 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. **Please see "Important Performance and Other Information."**



# A FOUNDATION FOR A BOND ALLOCATION

LORD ABBETT TOTAL RETURN FUND: Strong Returns, Consistent Performance, and Attractive Income.  
CLASS I SHARE TICKER: LTRYX

## Experienced, Tenured Team

Managed through a collaboration of more than 50 investment professionals in portfolio management, credit research, and trading.

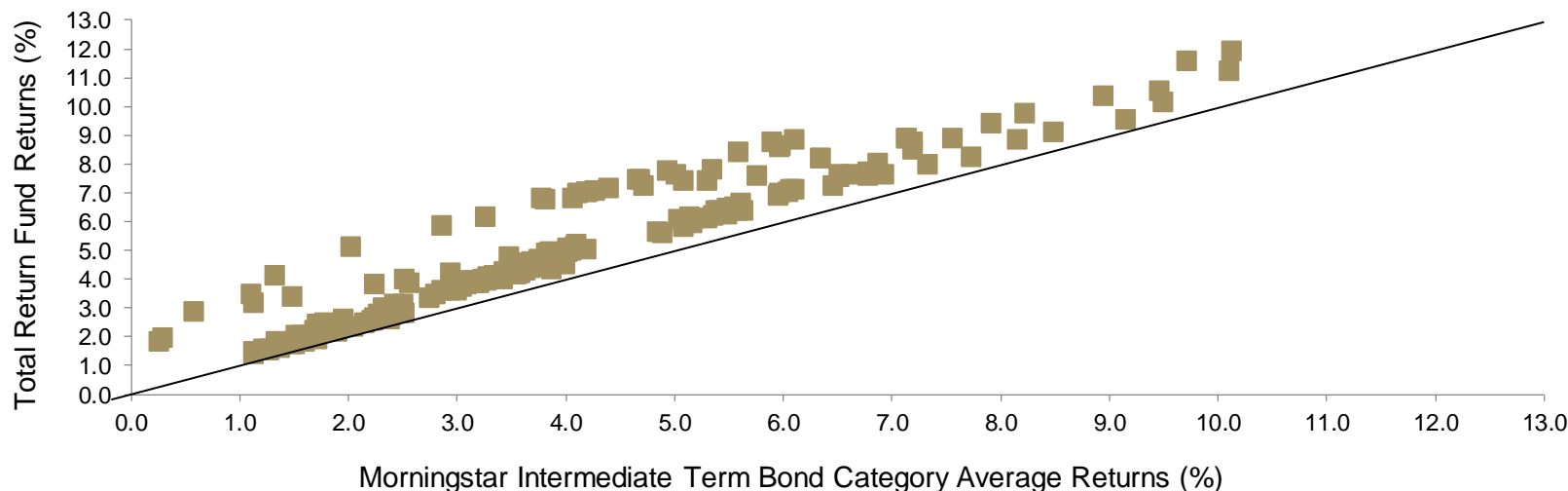
## Disciplined, Flexible Approach

Utilizes a blend of fundamental research and quantitative analysis in seeking to add value through sector rotation, security selection, and rigorous risk management.

## Consistent, Risk-Adjusted Returns

Offers a track record of generating above-average returns with below-average risk in a variety of market environments, versus its peers in the Morningstar Intermediate-Term Bond Category.

THE FUND HAS OUTPERFORMED THE CATEGORY 100% OF THE TIME  
OVER 188 MONTHLY ROLLING THREE-YEAR PERIODS (08/31/2000 – 03/31/2019)



Source: Morningstar. 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. Note: Total Return Fund Class I share returns vs. Morningstar Intermediate Term Bond Category Average (08/31/2000 - 03/31/2019). Performance during other time periods may have been different or negative. Due to market volatility the Fund may not perform in a similar manner in the future. Performance for other share classes may vary. **Past performance is not a reliable indicator or guarantee of future results.**





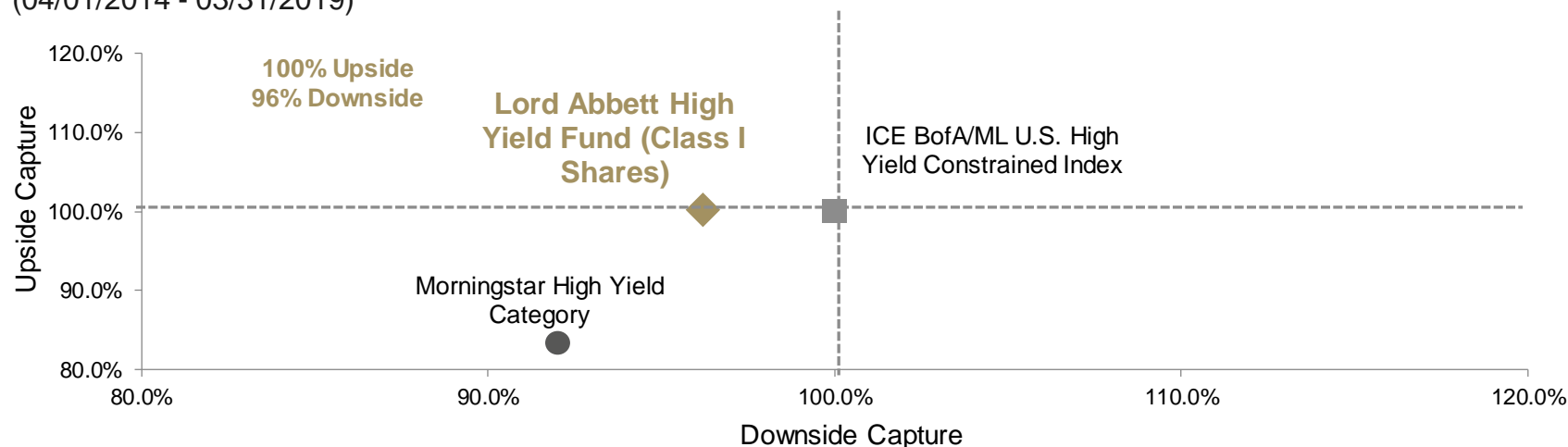
### AN OPPORTUNISTIC APPROACH

(AS OF 12/31/2018)

ICE BofAML U.S. High Yield Constrained Index Returns by Rating	2012	2013	2014	2015	2016	2017	2018
High Yield Index, BB-Rated	14.36%	5.19%	5.34%	-1.04%	13.22%	7.17%	-2.46%
High Yield Index, CCC-Rated	20.27%	12.96%	-2.57%	-15.02%	36.46%	10.59%	-4.14%
<b>Difference CCC-BB</b>	<b>5.91%</b>	<b>7.77%</b>	<b>-7.91%</b>	<b>-13.98%</b>	<b>23.24%</b>	<b>3.42%</b>	<b>-1.68%</b>

### ATTRACTIVE UPSIDE/DOWNSIDE CAPTURE

(04/01/2014 - 03/31/2019)



The ability to adapt to the market environment has led to **greater upside** in rising markets and **better protection** in falling markets.

Source: Morningstar and ICE Data Indices. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. \*Morningstar High Yield Bond Category. Morningstar category averages reflect all share classes within the category and are based on total return including the reinvestment of dividends and capital gains, if any, and do not reflect the effect of sales charges.

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



# A CORE HIGH-YIELD HOLDING FOR A FULL MARKET CYCLE

## HIGH YIELD FUND

CLASS I SHARE TICKER: LAHYX

### A Heritage of High Yield

Brings a 45 year history of high-yield investing, focused on fundamental, bottom-up credit research.

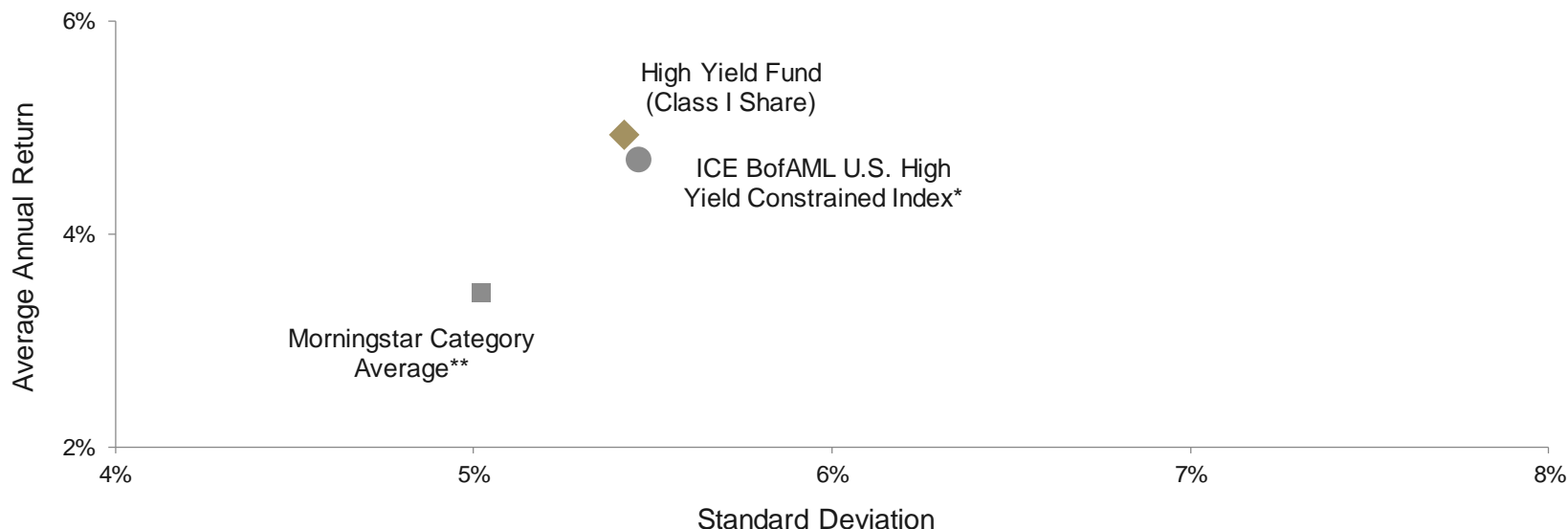
### An Opportunistic Approach

Provides the flexibility to adjust to the market environment and take advantage of opportunities across the credit spectrum.

### Outstanding Results

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

## TRAILING 5 YEARS AS OF 03/31/2019



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

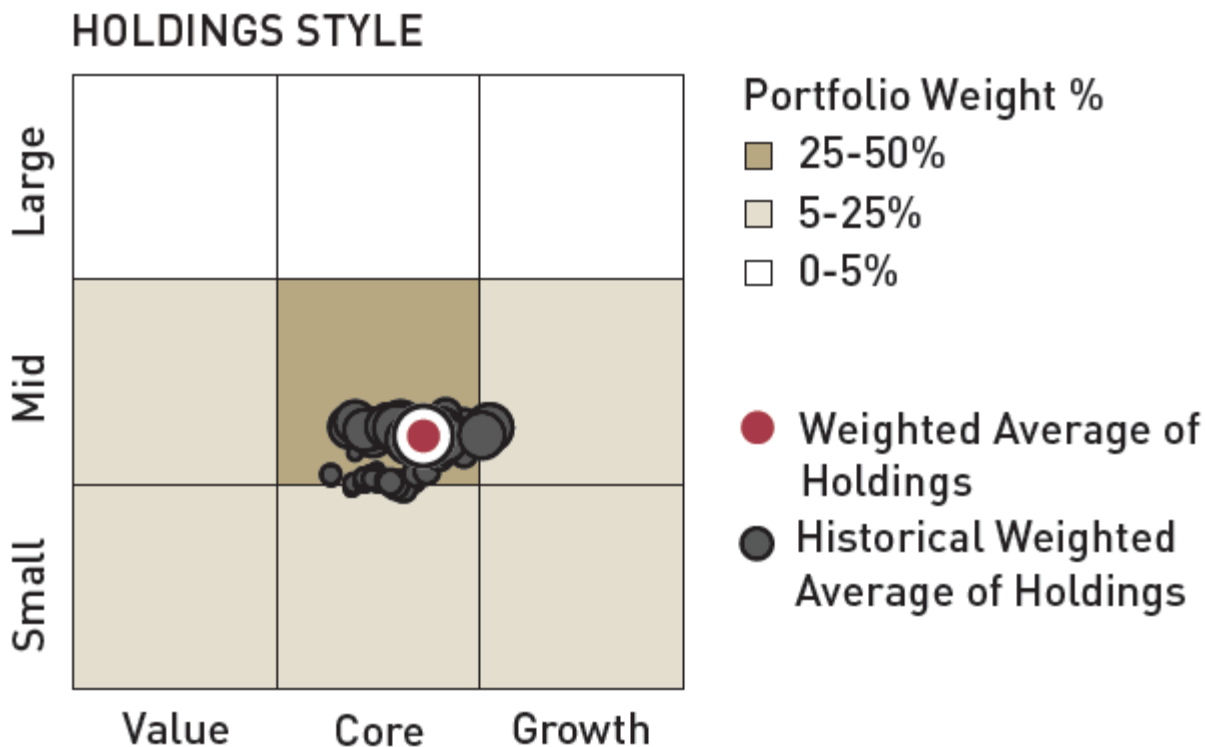
Average Annual Total Returns are based on changes in net asset value and assume reinvestment of all distributions and do not reflect deduction of any front-end sales charges which are not applicable for Class I Shares. Class I Shares are available only to institutional investors and certain others, including retirement plans. \*Source: ICE Data Indices, LLC. \*\*Morningstar High Yield Bond Funds Category.



# VALUE OPPORTUNITIES FUND: ACROSS CAPITALIZATION AND STYLE

## LORD ABBETT VALUE OPPORTUNITIES FUND

CLASS I SHARE TICKER: LVOYX



35

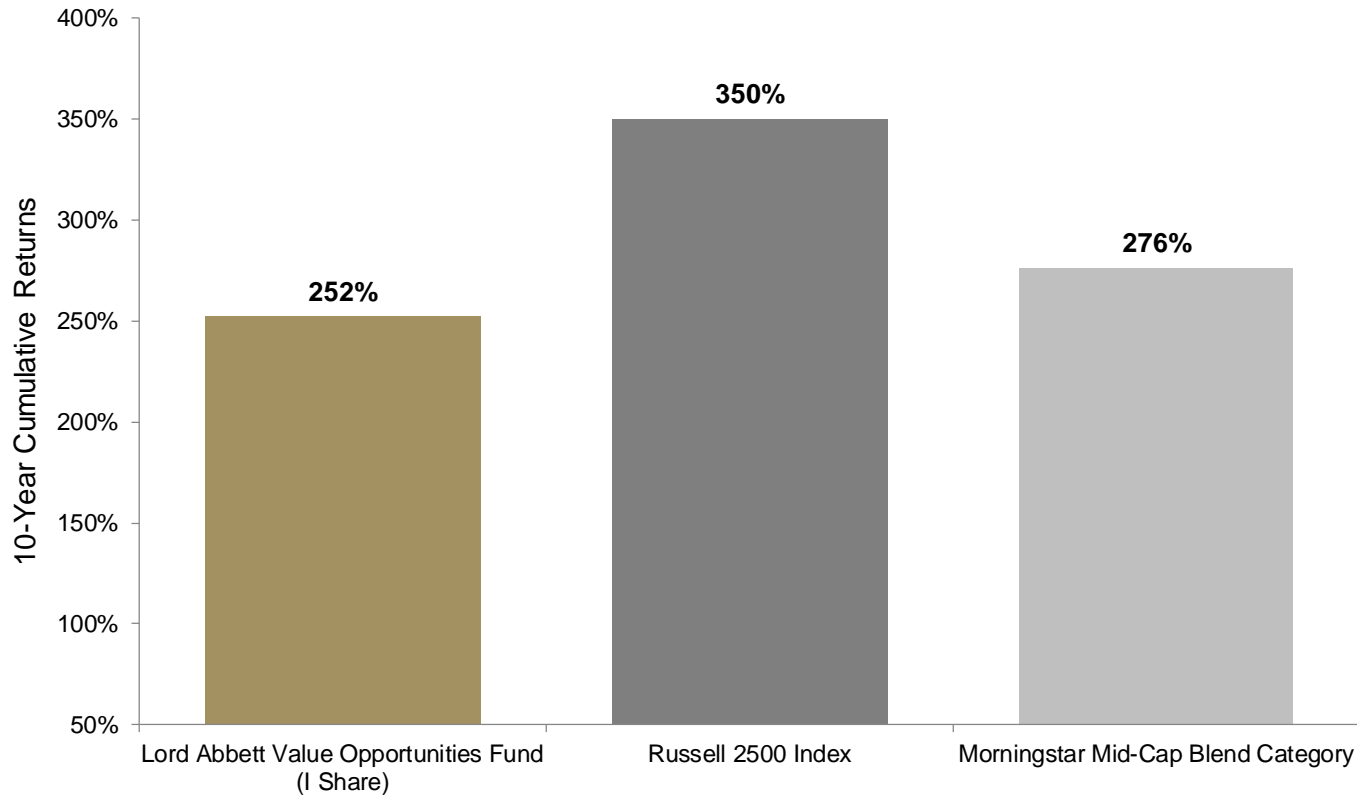
Small- and mid-cap managers have the flexibility of a larger universe, allowing them to find opportunities in different segments of the market.

Source: Morningstar Direct.

As of 02/28/2019. Most recent available. The Fund's portfolio is actively managed and portfolio characteristics, such as individual holdings and sector weightings may change significantly over time.



## LONG-TERM PERFORMANCE AND RANKINGS (AS OF 03/31/2019)



**Percentile Ranking\***  
**73<sup>rd</sup>**  
10 Years  
(165/234)

Source: Lord Abbett, Russell, and Morningstar. \*Morningstar Mid-Cap Blend Category. Value Opportunities I share rankings within the Morningstar Mid-Cap Blend Category for the one-year period was 65% (295/457) and for the five-year period was 69% (205/330) as of 03/31/2019. Returns are based on changes in net asset value and assume reinvestment of all distributions and do not reflect deduction of any front-end sales charges which are not applicable for Class I shares, if these charges were included returns would be lower. Class I shares are not subject to sales charges and are available only to institutional investors and certain others, including retirement plans. **Rankings** reflect all share classes within the category and are based on total return and do not reflect the effect of sales charges. Each Fund is ranked within a universe of funds similar in investment objective. **Peer group averages** reflect all share classes within the category and are based on total return including the reinvested dividend and capital gains, if any, and exclude sales charges.

**Performance during other time periods may have been different or negative. The performance quoted represents past performance, which is no indication 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.**



# MUTUAL FUND PERFORMANCE

## AVERAGE ANNUAL TOTAL RETURNS

CLASS I SHARE (AS OF 03/31/2019)

Fund	1 Year	3 Years	5 Years	10 Years
<b>Total Return</b>	4.08%	2.64%	2.84%	5.12%
<b>High Yield</b>	3.27%	8.10%	4.93%	10.96%
<b>Value Opportunities</b>	1.51%	7.35%	5.38%	13.41%

**Total Return Fund Expense Ratio: Gross: 0.48% ; Net: 0.44% ; High Yield Fund Expense Ratio: 0.70%; Value Opportunities Fund Expense Ratio: 0.86%**

Average Annual Total Returns are based on changes in net asset value and assume reinvestment of all distributions and do not reflect deduction of any front-end sales charges which are not applicable for Class I shares, if these charges were included returns would be lower. Class I shares are not subject to sales charges and are available only to institutional investors and certain others, including retirement plans.

The Total Return Fund's Class I share net expense ratio takes into account contractual fee waivers/expense reimbursements that currently are scheduled to remain in place through 03/31/2020. For periods when fees and expenses were waived and/or reimbursed, the Fund benefited by not bearing such expenses. Without such fee waivers/reimbursements, performance would have been lower.

**The 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 th at 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 INFORMATION

## **Barron's Information**

\*Among 57 qualifying fund families. Based on net total return of the one-year period ending 12/31/2018. Barron's Best Mutual Fund Families, March 11, 2019, Lord Abbett Funds ranked 21 out of 57, 3 out of 55, 3 out of 49 mutual fund families within the taxable bond category for the 1-, 5- and 10- year periods ending 12/31/2018, respectively. 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

Barron's, "Best Fund Families of 2018," March 11, 2019. 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, 2018, minus the effects of 12b-1 fees and sales charges. Barron's Fund Family Rankings are awarded annually.

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# IMPORTANT INFORMATION

## **Morningstar Information**

The Morningstar Intermediate Term Bond Average represents funds that focus on corporate, government, foreign, or other issues with an average duration of greater than or equal to 3.5 years but less than or equal to six years, or an average effective maturity of more than four years but less than 10 years.

Fund rankings within the Morningstar Intermediate Term Bond Category, which may change monthly, are based on total returns calculated by the ranking entity. Rankings do not take into account sales charges, if applicable, but include reinvestment of dividends and capital gains, if any.

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

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Morningstar Mid-Cap Blend Category: The typical mid-cap blend portfolio invests in U.S. stocks of various sizes and styles, giving it a middle-of-the-road profile. Most shy away from high-priced growth stocks, but aren't so price-conscious that they land in value territory. The U.S. mid-cap range for market capitalization typically falls between \$1 billion-\$8 billion and represents 20% of the total capitalization of the U.S. equity market. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

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## **Index Information**

Indices 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. Aggregate Bond Index is an unmanaged index composed of securities from the Bloomberg Barclays Government/Corporate Bond Index, Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization.

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

The S&P 500® Index is widely regarded as the standard for measuring large cap U.S. stock market performance and includes a representative sample of leading companies in leading industries.

The Credit Suisse High Yield Index is an unmanaged, trader-priced index constructed to mirror the characteristics of the high-yield market. The index includes issues rated BB and below by S&P or Moody's, with par amounts greater than \$75 million.



# IMPORTANT INFORMATION

**The Russell 2500™ Index** is a market cap weighted index that includes the smallest 2,500 companies covered in the Russell 3000 Index, which measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

Performance data quoted is historical. **Past performance is not a reliable indicator or 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.

## A Note about Risk

**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.

**High Yield Fund:** The Fund is subject to the general risks associated with investing in debt securities, including market, credit, liquidity, and interest rate risk. The Fund invests primarily in high-yield, lower-rated securities, sometimes called junk bonds. These securities carry increased risks of price volatility, illiquidity, and the possibility of default in the timely payment of interest and principal. The Fund may invest in foreign or emerging market securities, which may be adversely affected by economic, political, or regulatory factors and subject to currency volatility and greater liquidity risk. The Fund may invest in derivatives, which are subject to greater liquidity, leverage, and counterparty risk. These factors can affect Fund performance.

**Value Opportunities Fund:** The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies, including market, liquidity, currency, and political risks. Mid and small cap company stocks tend to be more volatile and may be less liquid than large cap company stocks. Mid and small cap companies typically experience higher risk of failure than large cap companies. Investments in value companies can continue to be undervalued for long periods of time and be more volatile than the stock market in general. These factors can adversely affect Fund performance.

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





# IMPORTANT INFORMATION

## 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.

**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.

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

**Sharpe ratio** is a ratio that measures risk-adjusted performance. It is calculated by subtracting the risk-free rate from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns.

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