MULTI-ASSET DIRECTIONS

Perspectives on Multi-Asset Class Funds


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Global equities, and risk assets more broadly, continued to rise in the first quarter of 2017 as economic growth improved and expectations for corporate earnings were revised upwards. The gains took place despite another rate increase by the U.S. Federal Reserve (Fed), the third in the past fifteen months, and rumblings from key members of the European Central Bank (ECB) Governing Council that it would soon be imperative to begin discussing when to start tapering asset purchases. The persistence of the global "reflation" rally despite the removal of monetary stimulus on the margin added further evidence that improving fundamentals are critical to maintaining asset prices as central banks begin unwinding the extraordinary monetary stimulus provided to offset the effects of the 2007-2009 financial crisis.

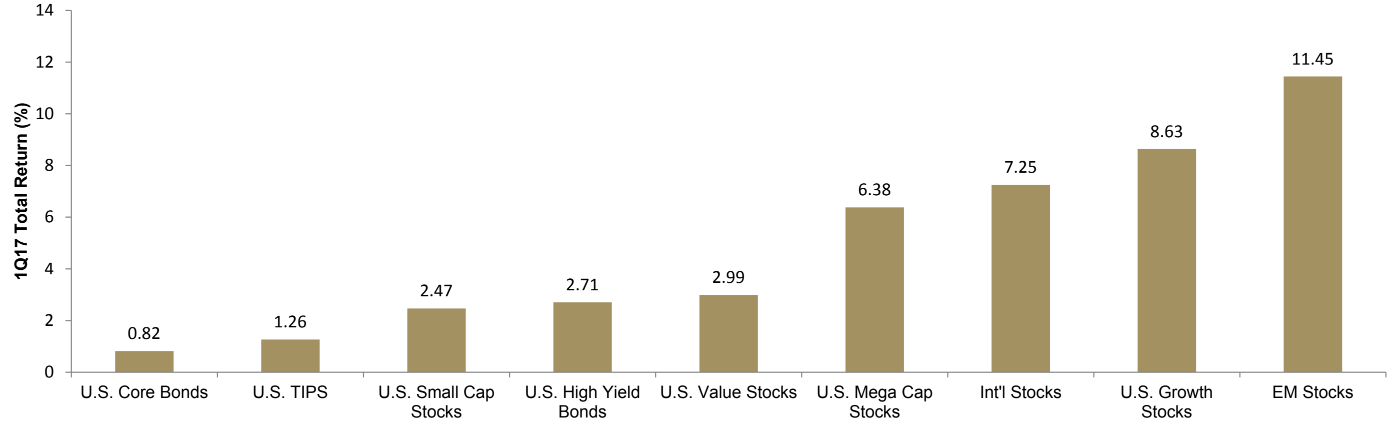
The potential for corporate earnings to continue generating positive surprises has also improved due to the prospects for regulatory reform and stimulative fiscal policy in the U.S. While the scope of these measures is still unknown, they have the potential to lower costs, stimulate demand, and extend the business expansion that started all the way back in mid-2009. While optimistic policy expectations were dented somewhat by the failure of the U.S. House of Representatives to pass a long-promised repeal and reform of the Affordable Care Act, investors appeared willing to believe that the political prospects for less contentious business-friendly initiatives was still intact.

Emerging market equities may have captured the buoyant optimism among global investors best; they rose by double-digits in Q1, led by a recovery in Asia. The surge was triggered by indications that economic growth in China had improved and was likely to remain stable through the end of 2017, when a new five year political cycle begins. In India, a risky currency reform aimed at reducing corruption and improving the government's revenue-raising capabilities seems to have been achieved without as much of a short-term depressive effect on economic growth as had been feared. Meanwhile, all emerging economies should be disproportionate beneficiaries of a global export recovery, the early signs of which are proliferating.

A moderation in inflation expectations allowed the yield curve to flatten in the U.S. in the first quarter as higher short-term rates were matched with a modest decline in long-term yields. Credit spreads continued narrowing, although they finished wider than the tightest levels reached in early March. Thus, high yield bonds continued outperforming as they continued to benefit from improving corporate credit fundamentals stemming from an improving economic outlook.

Economic and Market Indicators

ASSET CLASS RETURNS: FIRST QUARTER 2017



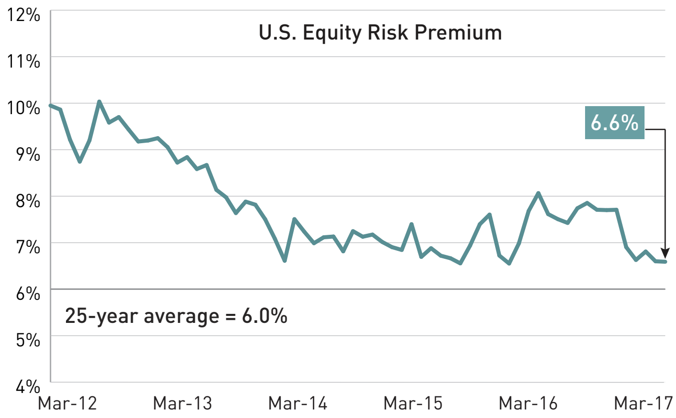
Source: Morningstar. Data as of 03/31/2017.

The investment categories listed in this chart are represented by the following indexes: U.S. Core Bonds, Bloomberg Barclays U.S Aggregate Bond Index; U.S. TIPS, Bloomberg Barclays Capital U.S. Treasury TIPS Index; U.S. Small Cap Stocks, Russell 2000 Index; U.S. Value Stocks, Russell 3000 Value Index; U.S. Mega Cap Stocks, Russell Top 200 Index; International Stocks, MSCI EAFE Index; U.S. Growth Stocks, Russell 3000 Growth Index; EM Stocks, MSCI EM Index. **Past Performance is not a reliable indicator or guarantee of future results.** 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 deduction of fees and expenses and are not available for direct investment.

ALLOCATION STRATEGY

The risk of deflation has faded, but inflation remains below the central bank target rate in most countries. Thus, in the relatively few cases in which monetary policy has been tightened, it has been done gradually, conditional on a specific trajectory for economic growth. Meanwhile, the fiscal drag that was so prevalent in 2010-2014 has turned to neutrality or outright stimulus. These favorable settings for the key policy variables provide a fertile setting for risk asset prices to continue rising, notwithstanding already generous valuations and an uncertain political environment in some cases. In the first quarter of 2017, growth outperformed value and small caps underperformed large caps in the U.S. equity market, but we expect that improving economic growth and increasing inflation pressure will reverse those advantages over the balance of the year. Meanwhile, we expect that non-U.S. stocks will outperform U.S. equities and have shifted our asset weightings to reflect the potential for higher returns overseas.

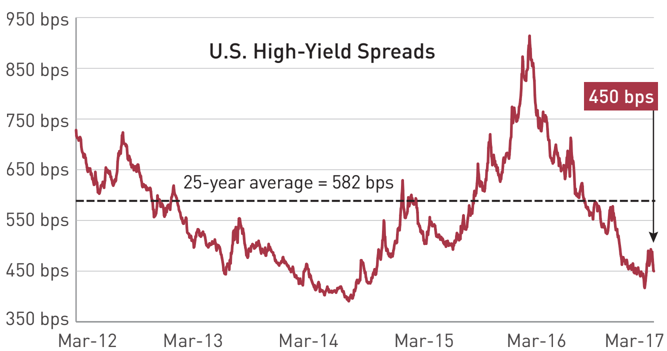
Increased Exposure to International Equities



Source: Lord Abbett. Data as of 03/31/2017.

Until recently, investors were reluctant to take advantage of the attractive valuations embedded in non-U.S. stocks as political risk stemming from elections across Europe posed a risk of renewed instability in the region. Those risks have receded as the populist candidate fell short of the expected level of support in the Netherlands and a pro-E.U. candidate appears poised to prevail in France. Meanwhile, an unexpectedly strong economic recovery has taken hold in the Eurozone, driving earnings growth sharply above expectations and unemployment to its lowest level since 2009. With European stocks selling at an attractive discount to U.S. stocks, we believe a tactical shift towards non-U.S. stocks is appropriate.

Maintained Favorable Outlook on Credit



Source: Credit Suisse. Data as of 03/31/2017.

We continue to favor high yield over core bond exposure. The yield advantage is narrower than usual, but we believe that the interest rate risk is asymmetric and tilted toward rising yields as the economy continues to grow. With inflation still below the Fed's 2% target and rising only gradually, however, there is a good chance that the current economic expansion will continue for several more years, making it the longest in U.S. history. Under those conditions, high yield spreads have room to tighten further. Indeed, before the current expansion ends, it is possible that we could experience the narrowest spreads on record.

Reduced Long U.S. Dollar Exposure

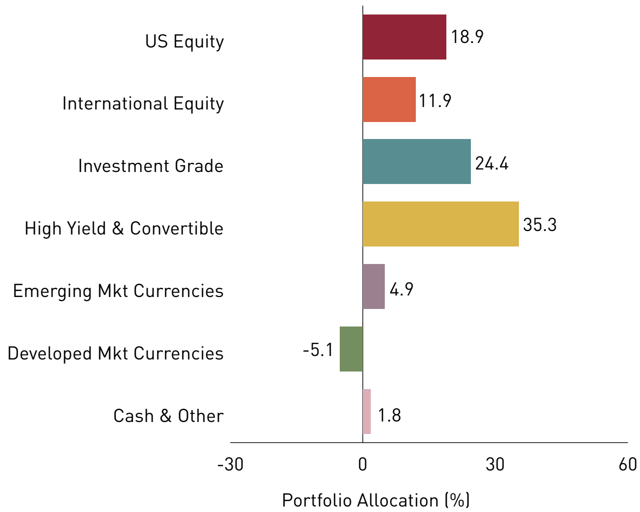
Source: Bloomberg. Data as of 03/31/2017.

While the U.S. dollar weakened in the first quarter, we believe this is a temporary reversal in a longer term uptrend. U.S. monetary policy is being tightened sooner and more vigorously than monetary policy outside the U.S. because the American economy is much closer to full employment than other countries. This puts it in a better position to absorb the headwind of tighter policy, including a rising exchange rate. The current uptrend started several years ago, and is thus somewhat long in the tooth, but this shouldn't, by itself, discourage a dollar-bullish position. While we have scaled back our long position from where it stood in mid-2016, we still favor the U.S. dollar over foreign currencies.

PORTFOLIO POSITIONING

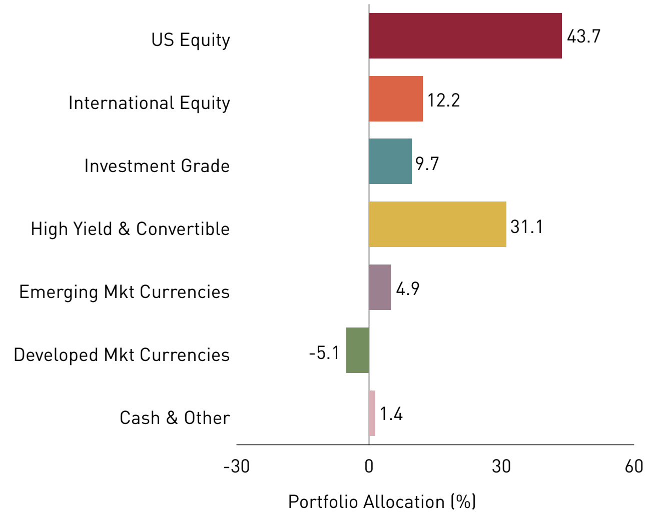
Multi-Asset Income Fund

The Fund seeks to capture income and return opportunities across a wide investment universe, including traditional and nontraditional asset classes.



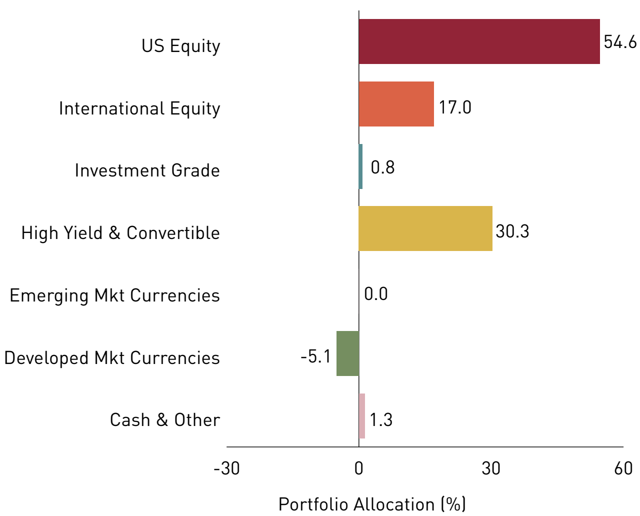
Multi-Asset Balanced Opportunity Fund

The Fund seeks to balance long-term growth of capital and attractive income by capturing return opportunities across a wide variety of asset classes.



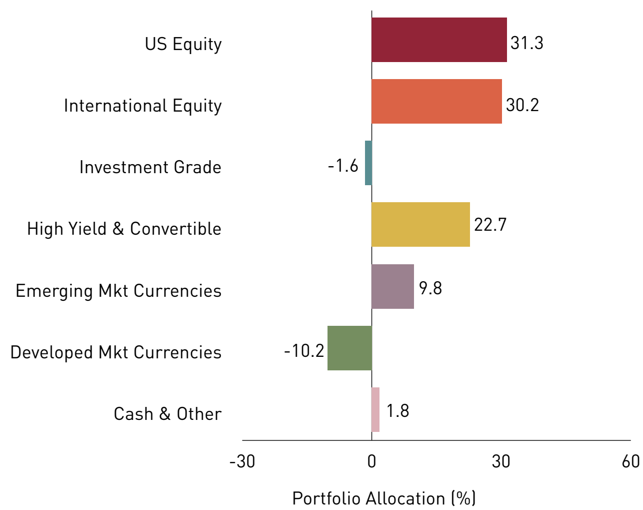
Multi-Asset Growth Fund

The Fund seeks to deliver long-term growth of capital by capturing return opportunities across a wide variety of asset classes.



Multi-Asset Global Opportunity Fund

The Fund seeks to deliver long-term growth of capital by capturing return opportunities across a wide variety of asset classes, both within and outside the United States.



The percentages shown are based on individual securities owned in one or more of the underlying funds as well as derivatives held directly by the Fund or in underlying funds. The percentages shown may not directly correspond with calculations utilized to meet prospectus requirements. Derivatives are valued at their net notional value and are included in the allocation to the asset class that they synthetically replicate. Long and short positions are netted. The Fund's portfolio is actively managed and therefore, its percentage allocations may change from time to time. Holdings are for informational purposes only and are not a recommendation to buy, sell, or hold any security.

MULTI-ASSET INCOME CLASS	SYMBOL
CLASS A:	ISFAX
CLASS C:	ISFCX
CLASS F:	LIGFX
CLASS I:	ISFYX
CLASS R2:	LIGQX
CLASS R3:	LIXRX
CLASS R4:	LIXSX
CLASS R5:	LIXTX
CLASS R6:	LIXVX

MULTI-ASSET BALANCED OPPORTUNITY CLASS	SYMBOL
CLASS A:	LABFX
CLASS C:	BFLAX
CLASS F:	BLAFX
CLASS I:	LABYX
CLASS R2:	BLAQX
CLASS R3:	BLARX
CLASS R4:	BLASX
CLASS R5:	BLATX
CLASS R6:	BLAVX

MULTI-ASSET GROWTH CLASS	SYMBOL
CLASS A:	LWSAX
CLASS C:	LWSCX
CLASS F:	LGXFX
CLASS I:	LWSYX
CLASS R2:	LGIQX
CLASS R3:	LGIRX
CLASS R4:	LGIKX
CLASS R5:	LGITX
CLASS R6:	LGIVX

MULTI-ASSET GLOBAL OPPORTUNITY CLASS	SYMBOL
CLASS A:	LAGEX
CLASS C:	LAGCX
CLASS F:	LAGFX
CLASS I:	LGEYX
CLASS R2:	LAGQX
CLASS R3:	LARRX
CLASS R4:	LARSX
CLASS R5:	LARTX
CLASS R6:	LARVX

The views and information discussed in this commentary are as of 03/31/2017, are subject to change, and may not reflect the views of the firm as a whole. The views expressed in market commentaries are at a specific point in time and 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.

Investors should carefully consider the investment objectives, risks, charges, and expenses of the Lord Abbett funds. This and other important information is contained in each fund's summary prospectus and/or prospectus. To obtain a prospectus or summary prospectus on any Lord Abbett mutual fund, contact your investment professional or Lord Abbett Distributor LLC at 888-522-2388, or visit us at lordabbett.com. Read the prospectus carefully before investing.

Past performance is not indicative of future results.

Equity risk premium is the excess return that the overall stock market is expected to provide over the 10-Year U.S. Treasury bond.

A Note about Risk: Each fund of funds invests in underlying funds that may engage in a variety of investment strategies involving certain risks; these funds of funds may be subject to the particular risks of the underlying funds in the proportion to which each fund invests in them. Performance may be lower than the performance of the asset class that they were selected to represent. Because the Multi-Asset Income Fund will be more heavily invested in fixed-income funds than equity funds, it will be more affected by the risks associated with debt securities. Similarly, since the Multi-Asset Growth Fund and the Multi-Asset Global Opportunity Fund will be more heavily invested in equity funds than fixed-income funds, they will be more affected by the risks associated with stocks and other equity investments. Given the Multi-Asset Balanced Opportunity Fund's more balanced allocation among fixed-income funds and equity funds, it will be affected by risks associated with equity and fixed-income investments. Since the Multi-Asset Global Opportunity Fund will invest significantly in international securities, it will be more affected by the risks associated with international securities, including greater price fluctuations, less governmental regulation, and higher transaction costs, and may also be affected by changes in currency rates or currency controls. The value of the underlying funds' investments and the net asset values of the shares of both the fund of funds and the underlying funds will fluctuate in response to various market and economic factors related to the equity and fixed-income markets, as well as to the financial condition and prospects of issuers in which the underlying funds invest. Some of the underlying funds can invest in either high-yield securities, sometimes called junk bonds, or small/emerging growth companies. Investments in these types of securities are subject to greater volatility than either higher-grade securities or more established companies, respectively. Bonds may be subject to credit risk, which is the risk that the issuer will fail to make timely payments of interest and principal, and also may be subject to call, liquidity, interest-rate, and general market risks. Stocks and bonds can decline due to adverse issuer, market, regulatory, or economic developments. International markets may be less liquid and can be more volatile than U.S. markets. Foreign currency exchange rates may fluctuate significantly over short periods of time. They are generally determined by supply and demand in the foreign exchange markets and relative merits of investments in different countries, actual or perceived changes in interest rates, and other complex factors. Currency exchange rates also can be affected unpredictably by intervention (or the failure to intervene) by U.S. or foreign governments or central banks, or by currency controls or political developments. These factors can affect funds of funds' performance.

There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest long-term, especially during periods of downturn in the market. Market forecasts and projections are based on current market conditions and are subject to change without notice. Projections should not be considered a guarantee.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity and involve investment risks, including possible loss of principal amount invested.

Asset allocation cannot guarantee a profit or protect against loss in declining markets.

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