



LORD ABBETT

AN ALL-WEATHER APPROACH TO INVESTING

Lessons for a Lifetime of Investing
December 31, 2020

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Lord Abbett
90 Hudson Street
Jersey City, NJ 07302

NOT FDIC INSURED—NO BANK GUARANTEE—MAY LOSE VALUE



OUR FIRM

AT A GLANCE

- Independent, privately held firm
- 46 partners
- Assets under management: \$223.7B*
- 158 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

JERSEY CITY

LONDON

DUBLIN

Data as of 12/31/2020.

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



OUR AGENDA

- 
- The background of the slide is a full-page photograph of a long, straight asphalt road that recedes into the distance. The road is flanked by dry, yellowish-brown fields and sparse vegetation. In the background, there are large, rugged mountains, some with patches of snow. A very bright light source, likely the sun, is positioned directly in the center of the road's horizon, creating a strong lens flare and illuminating the scene with a warm, golden light. The sky is filled with dramatic, dark clouds.
- The Market Tends to Reward Long-Term Investors
 - Weakness Presents Buying Opportunities
 - Time In The Market Matters, Not Market Timing
 - Diversification Is Important



DID YOU KNOW?



EVERY MINUTE



Facebook users share nearly

2.5M
pieces of content



Twitter users tweet nearly

300K
times



Instagram users post nearly

220K
photos



YouTube users upload

72hr
of new video content



Apple users download nearly

50K
apps



Email users send more than

20M
messages



Amazon generates more than

\$80K
in online sales



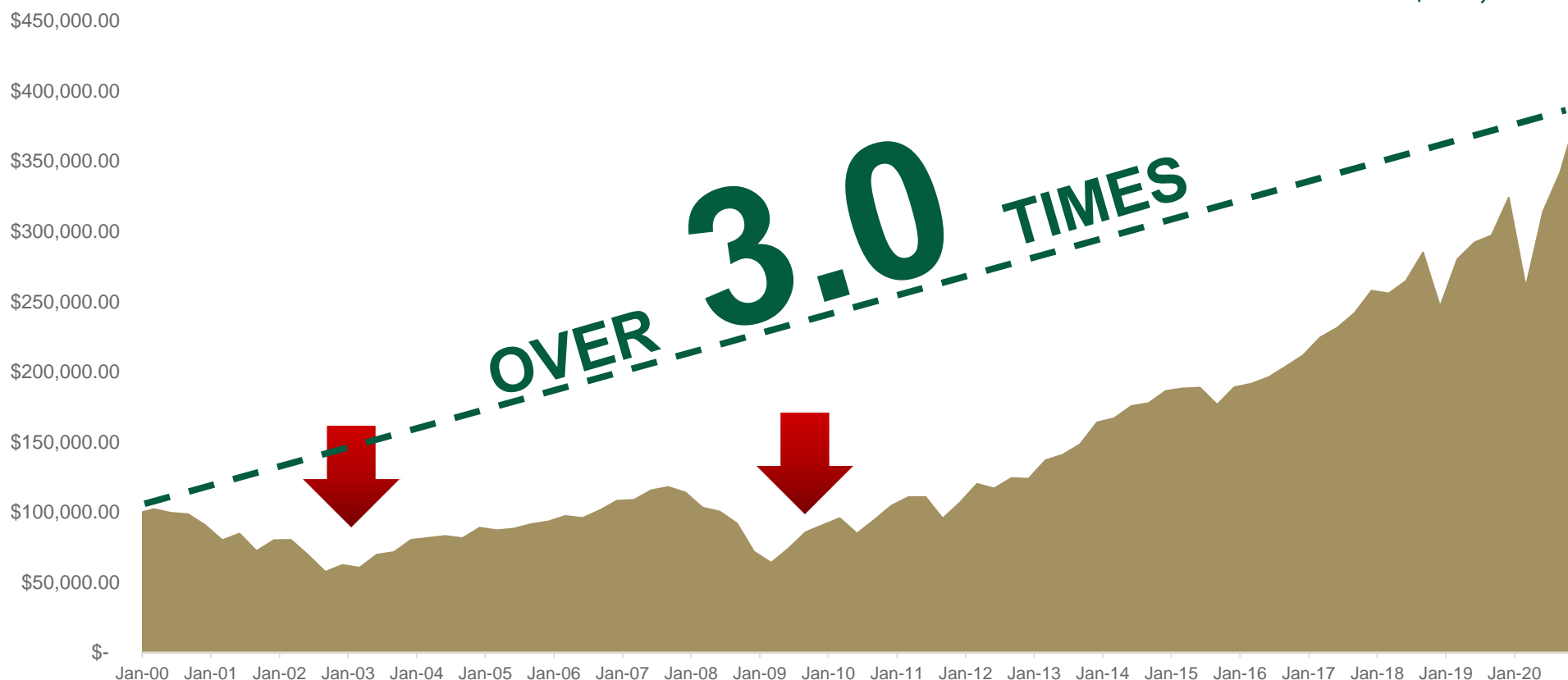
THE LAST 18 YEARS HAVE BEEN CHALLENGING, BUT REWARDING

HYPOTHETICAL GROWTH OF \$100,000 INVESTED IN THE S&P 500 INDEX (01/01/2000–12/31/2020)

Since 2000, stocks have declined almost 50% twice....

But overall, an investment in the S&P 500 has grown over 3.0 times

\$383,860



Past performance is no guarantee of future results.

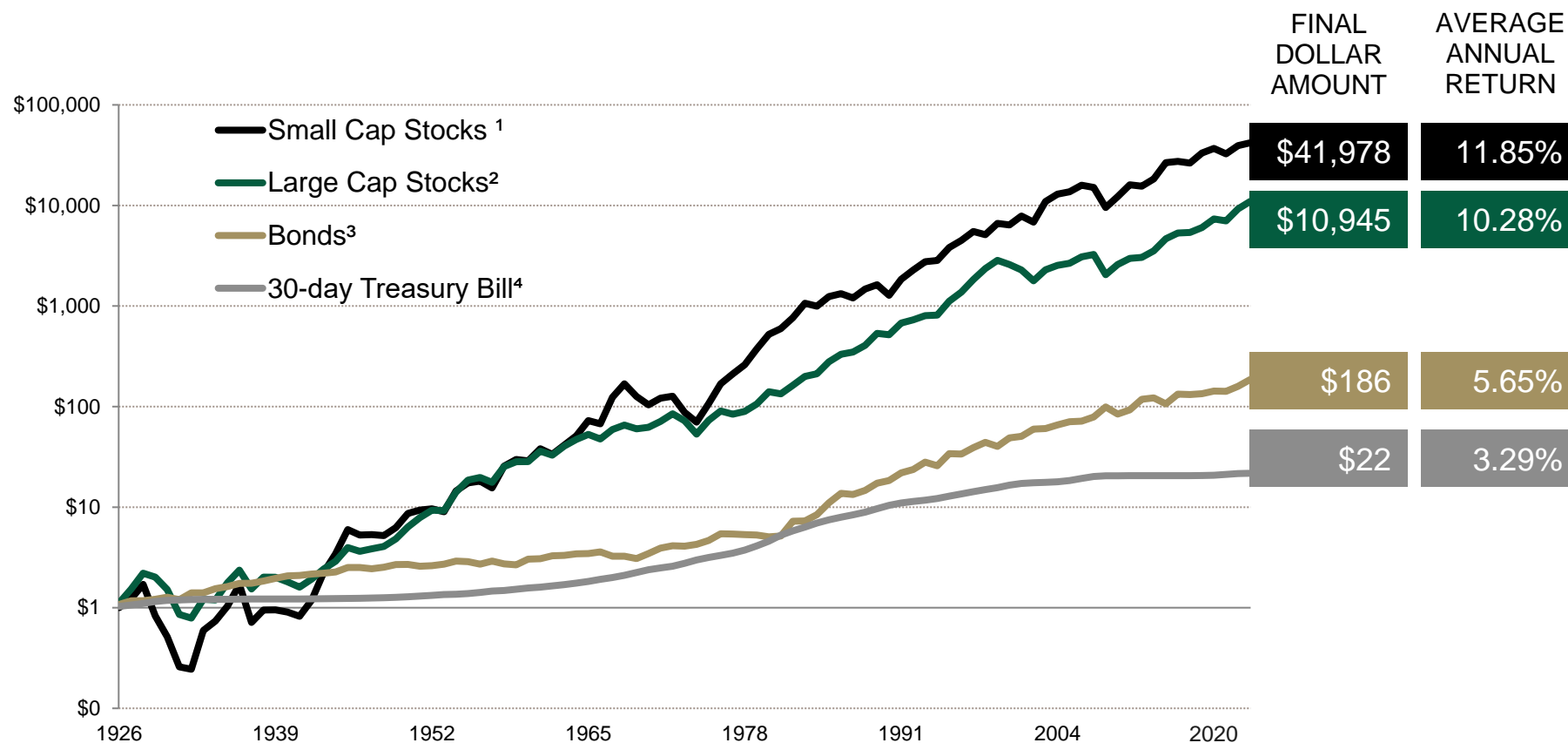
This hypothetical illustration is based on the growth of a \$100,000 investment from 01/01/2000–12/31/2020. For illustrative purposes only.

Source: Standard & Poor's (S&P 500® Index). The index is unmanaged, does not reflect the deduction of fees or expenses, and is not available for direct investment.



LONG-TERM RETURNS HAVE FAVORED STOCKS

GROWTH OF A \$1 INVESTMENT (12/31/1926 – 12/31/2020)



Source: Morningstar. **Past performance is not a reliable indicator or a guarantee of future results.** The values in the above illustration do not include the effect of taxes or inflation, which can erode the purchasing power of an investment over time. If these factors were accounted for, the values would be lower. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. An investor may not experience similar results. Stocks are subject to greater risk and market volatility, while bonds are subject to greater risks of default and interest-rate volatility. Bonds are also subject to call, credit, liquidity, interest-rate, and general market risks. 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. Please see “Glossary” for definitions of terms and indexes. ¹Ibbotson Associates SBBI Small Company Stock Index ²Ibbotson Associates SBBI Large Company Stock Index. ³Ibbotson Associates SBBI Long-Term Govt. Bond Index. ⁴Ibbotson Associates SBBI U.S. 30-Day Treasury Bill Index.



LIKE WEATHER, MARKET RETURNS ARE VARIABLE

S&P 500 INDEX CALENDAR-YEAR TOTAL RETURNS (1926-2020)

Volatility has always been
a part of the market...

POSITIVE RETURNS: 73% (70 YEARS)

NEGATIVE RETURNS: 27% (25 YEARS)

-20% or more



6 Years

-20% to -10%



5 Years

-10% to 0%



14 Years

14 Years



0% to 8%

6 Years



8% to 12%

15 Years



12% to 20%

35 Years



20% or More

...but in the past 94 years, stocks have
been positive nearly $\frac{3}{4}$ of the time

Source: Morningstar, S&P Dow Jones Indices, and Lord Abbett.

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WHAT IS THE OLDEST RULE IN INVESTING?

BUY LOW



SELL HIGH



But do investors actually do it?



MARKET VOLATILITY LEADS TO EMOTIONAL DECISIONS

TOP 10 WORST QUARTERS IN THE S&P 500 SINCE 2000 (2000-2020)

Date	Quarterly Performance	Net New Flows (\$M)	Subsequent 1-Year Return
2008-Q4	-21.90%	(\$13,338)	26.40%
2020-Q1	-19.60%	(\$60,249)	-
2002-Q3	-17.30%	(\$55,644)	27.12%
2001-Q3	-14.70%	(\$25,680)	-17.27%
2011-Q3	-13.90%	(\$65,067)	30.39%
2018-Q4	-13.50%	(\$38,216)	31.49%
2002-Q2	-13.40%	\$9,560	1.07%
2001-Q1	-11.90%	\$96,592	0.17%
2010-Q2	-11.40%	(\$18,240)	32.52%
2009-Q1	-11.00%	(\$50,445)	50.76%
2008-Q1	-9.40%	(\$41,675)	-36.99%
AVERAGE		(\$23,885)	13%

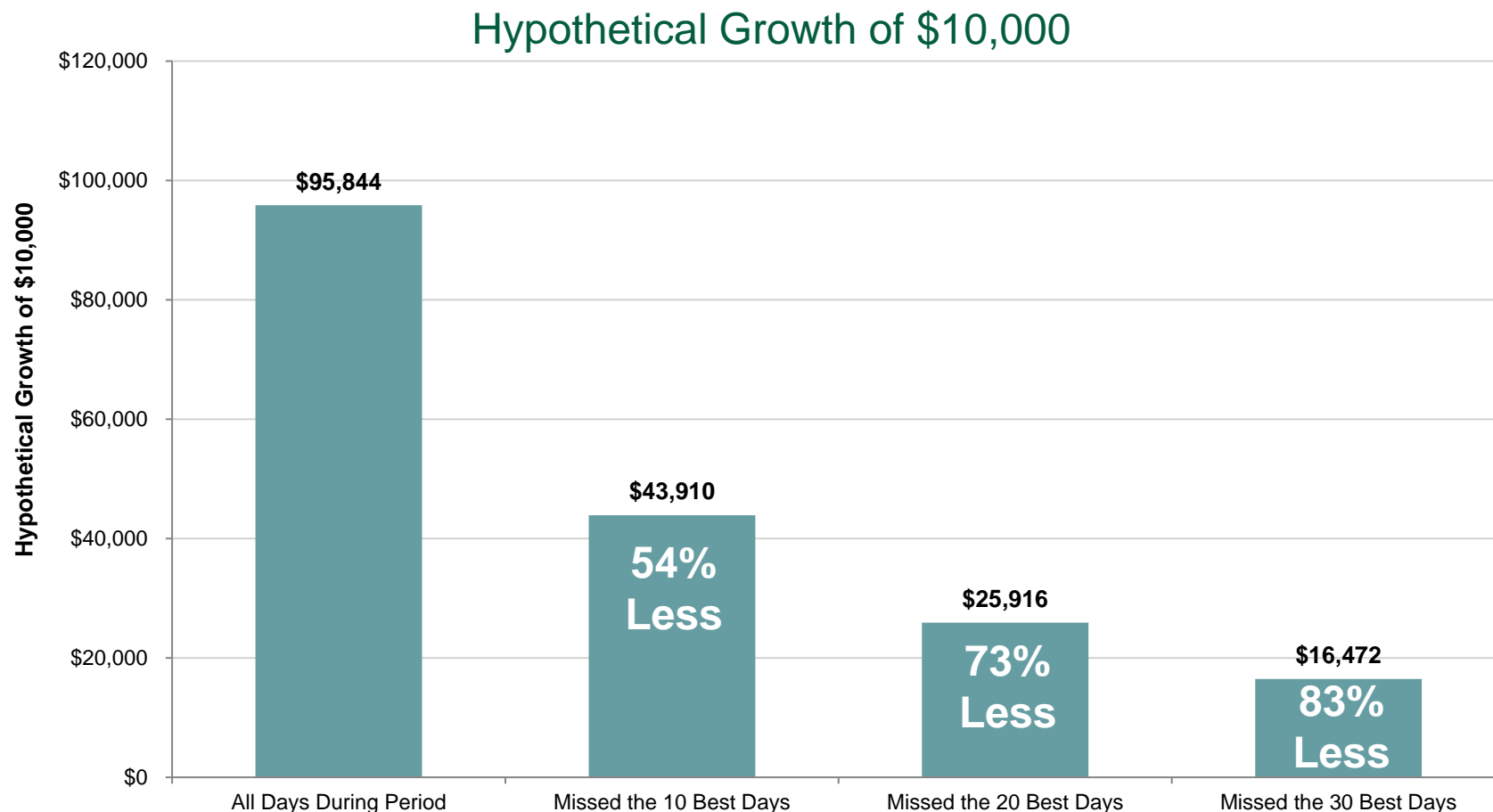
Performance data quoted above are historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. For illustrative purposes only and does not represent any specific portfolio managed by Lord Abbett or any particular investment.

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IT'S TIME IN THE MARKET, NOT TIMING THE MARKET

THIS IS WHAT HAPPENS TO YOUR PORTFOLIO WHEN YOU MISS THE BEST DAYS
(S&P 500 ANNUALIZED RETURNS AND GROWTH OF \$10,000 FOR JANUARY 1, 1996 – DECEMBER 31, 2020)



Source: Standard & Poor's and Lord Abbett. Returns are measured based on the S&P 500® Index. The "best" days to be invested are defined as those on which the S&P 500 Index delivered its highest returns for the given periods based on historical data. Annualized return and total return assumes the reinvestment of all dividends and/or capital gains. **Past performance is not a reliable indicator or a guarantee of future results.**

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IT'S NOT JUST ABOUT EQUITIES...

U.S. BOND MARKET

\$45.5
trillion

vs

U.S. STOCK MARKET

\$43.2
trillion

Source: SIFMA; 3Q 2020 data, updated quarterly on a lag, as of 09/30/2020. Excludes money markets and municipals.
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.



BOND RETURNS HAVE VARIED IN THE PAST DECADE

U.S. FIXED-INCOME SECTOR RETURNS (AS OF 12/31/2020)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	14.54 Corporates	10.99 TIPS
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	14.32 High Yield	9.89 Corporates
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	8.72 Aggregate	8.00 Treasury
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	8.43 TIPS	7.61 CMBS
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	8.27 CMBS	7.51 Aggregate
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	8.17 Lev. Loans	7.11 High yield
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	7.54 Municipals	5.48 Agency
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	6.86 Treasury	5.21 Municipals
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	6.35 MBS	4.52 ABS
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	5.89 Agency	3.87 MBS
-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	4.53 ABS	2.78 Lev. Loans

Source: Bloomberg Index Services Limited 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.



CASE IN POINT: TREASURIES

U.S. FIXED-INCOME SECTOR RETURNS

(AS OF 12/31/2020)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	14.54 Corporates	10.99 TIPS
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FOR LONG-TERM INVESTORS, WE BELIEVE DIVERSIFICATION IS IMPORTANT

LEADING ASSET CLASSES (1987-2020)

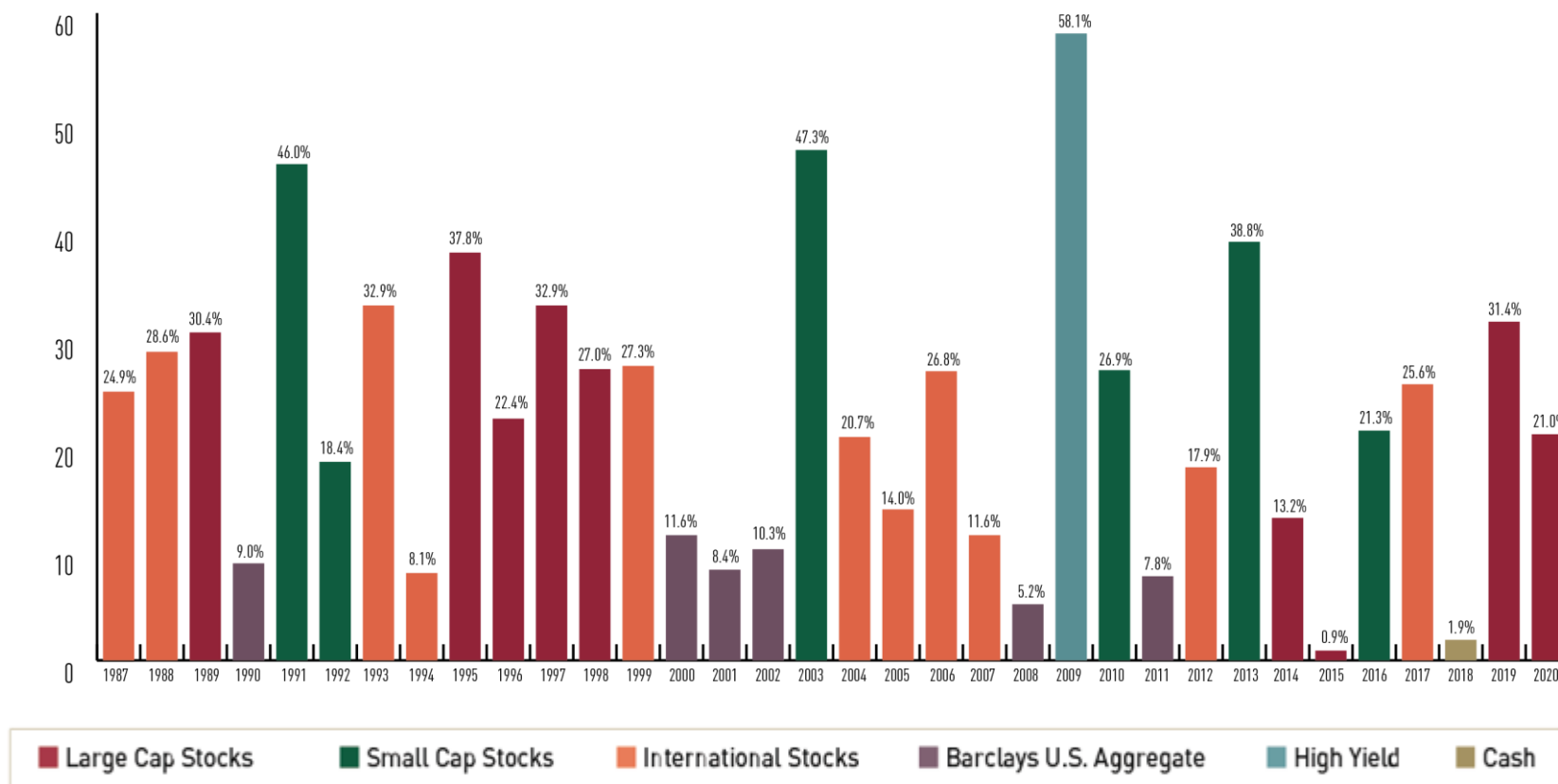


Chart depicts the best annual return (calendar year) among the listed groups for the period 1987-2020.

The investment categories listed in this chart are represented by the following indexes: Large Cap Stocks, Russell 1000 Index; Small Cap Stocks, Russell 2000 Index; International Stocks, MSCI EAFE Index; Barclays Agg., Bloomberg Barclays U.S. Aggregate Bond Index; High-Yield Bonds, BofA Merrill Lynch U.S. High Yield Master II Constrained Index; Cash, Citigroup 3-Month Treasury Bill Index.

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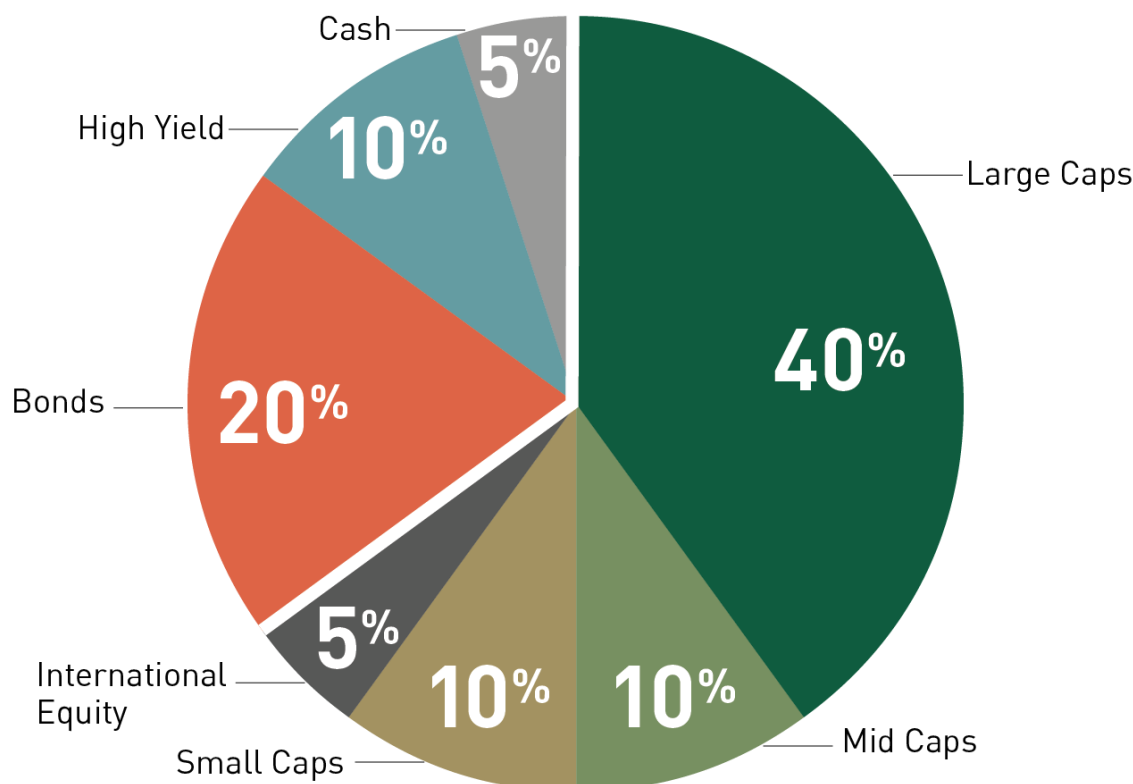


PUTTING IT ALL TOGETHER

Hypothetical Portfolio: 65% Stocks/30% Bonds/5% Cash

Timeframe: 1990–2020 (30 calendar years)

Initial investment: \$1,000,000



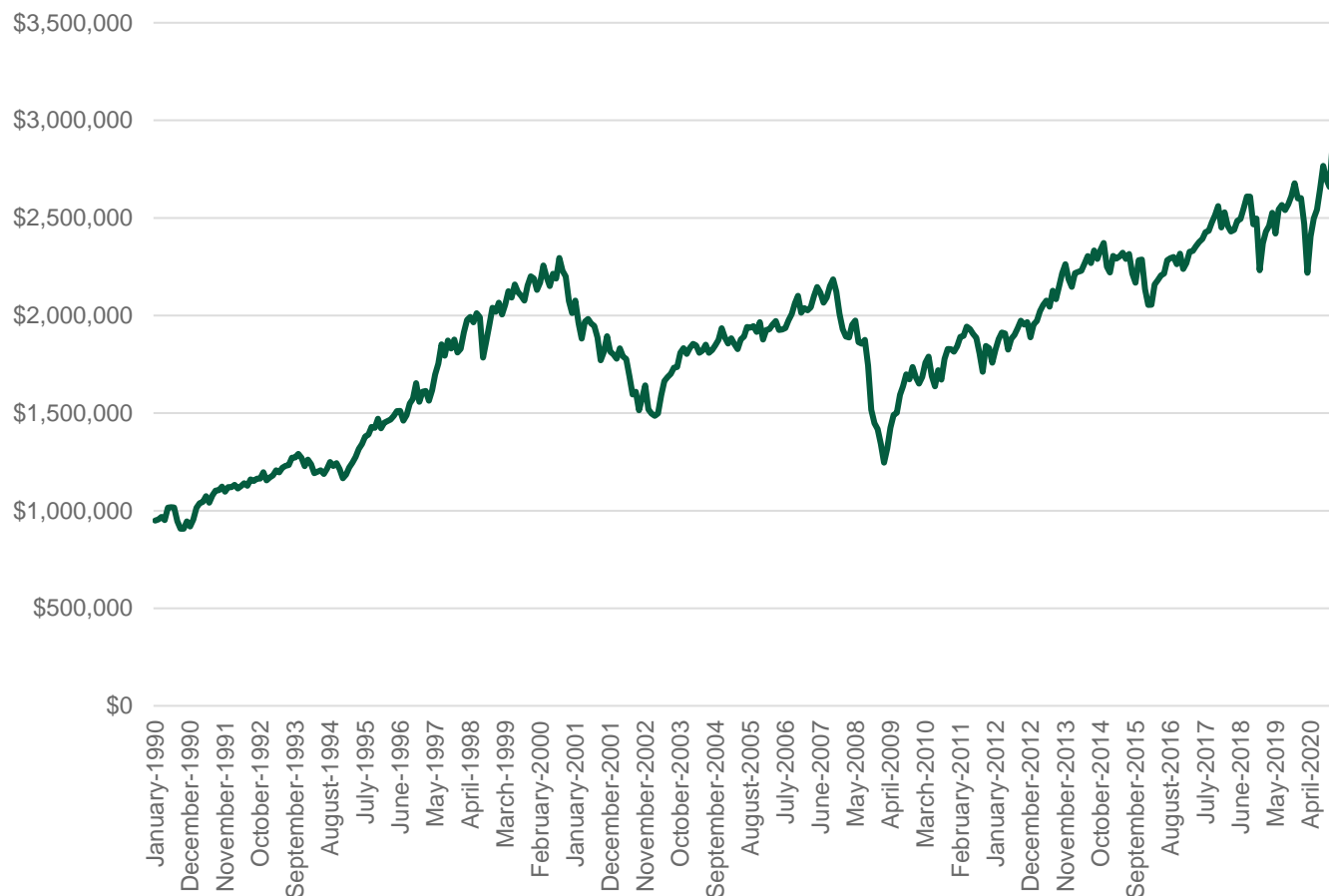
Large Caps= Russell Top 200 Index. Mid Caps= Russell Mid Cap Index. Small Caps= Russell 2000. International Equity = MSCI EAFE Index. High Yield= ICE BofA US High Yield Index. Bonds = BBgBarc US Agg Bond Index.

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



WHAT WOULD YOUR INVESTMENT EXPERIENCE HAVE BEEN?

GROWTH OF \$1M: A HYPOTHETICAL INVESTMENT WITH 5% ANNUAL WITHDRAWALS 1990-2020



Worth
\$2.85M
today

Provided
\$3.00M
of income
over 30 years

Source: Morningstar.

This hypothetical illustration is based on the growth of \$1,000,00 investment from 01/01/1990– 12/31/2020. Neither diversification nor asset allocation can guarantee a profit or protect against loss in declining markets. The investment values do not take into account the effect of taxes or inflation which can erode the value of an investment over time. For illustrative purposes only and does not represent any specific Lord Abbett mutual fund or any particular investment. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.

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HOW CAN I INVEST LIKE THE PROS?

INSTITUTIONAL INVESTOR PROCESS

- ✓ Hire consultant
- ✓ Evaluate asset allocation
- ✓ Implement allocation mixes
- ✓ Select and hire managers
- ✓ Monitor Progress



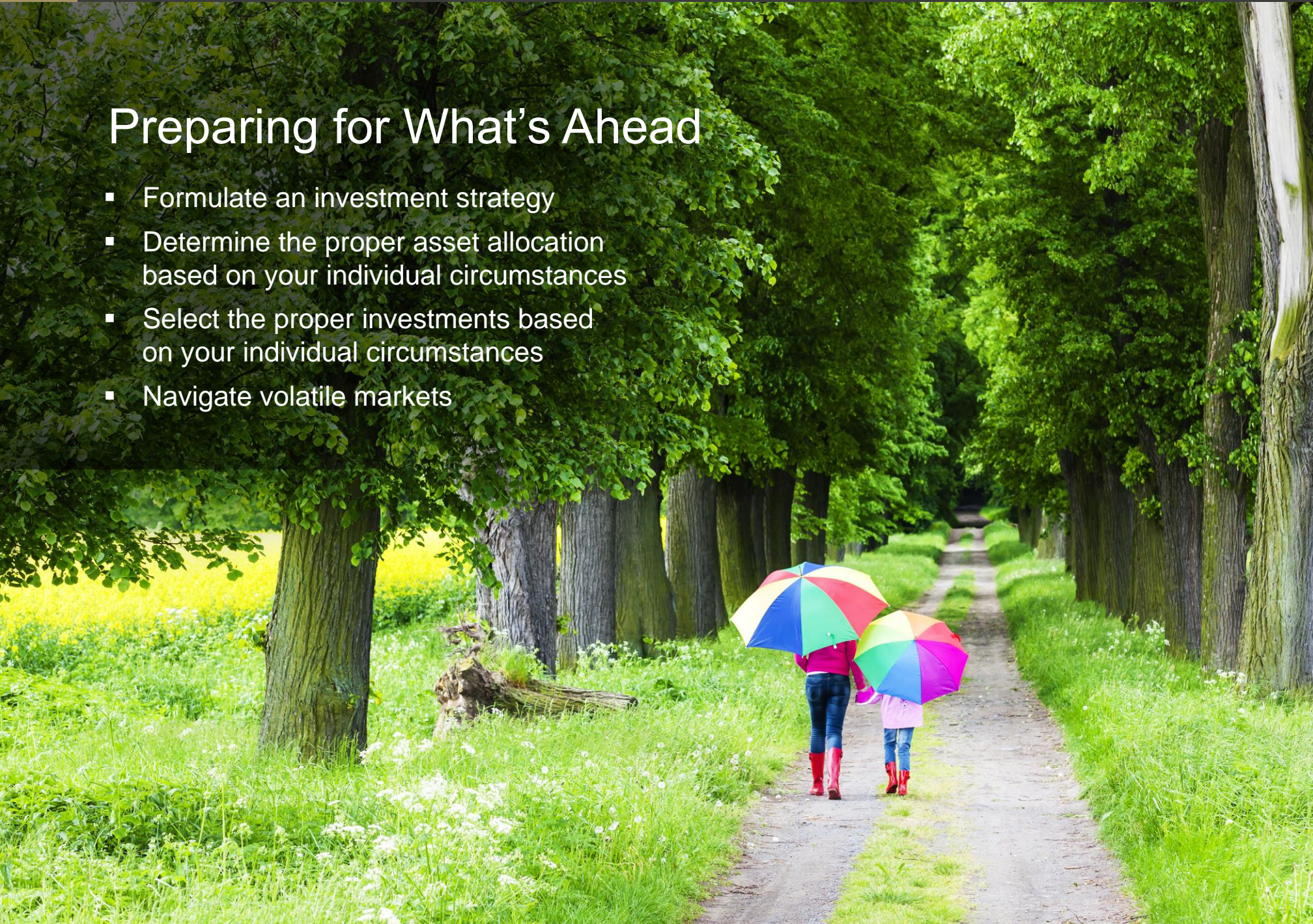
INDIVIDUAL INVESTOR PROCESS

- ✓ Hire financial advisor
- ✓ Evaluate needs and goals
- ✓ Implement allocation mixes
- ✓ Select and hire managers
- ✓ Monitor Progress



Preparing for What's Ahead

- Formulate an investment strategy
- Determine the proper asset allocation based on your individual circumstances
- Select the proper investments based on your individual circumstances
- Navigate volatile markets





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