



LORD ABBETT®

VALUE OPPORTUNITIES FUND

Bay County Voluntary Employees' Beneficiary Association

DECEMBER 10, 2013

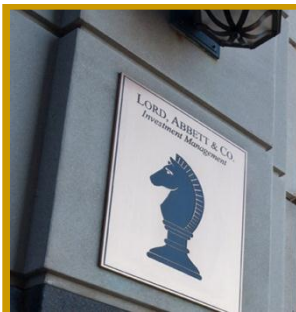
Michael Cibelli
Portfolio Specialist

Table of Contents



| | <i>Page</i> |
|---|-------------|
| The Lord Abbett Story | 2 |
| Investment Philosophy and Process | 8 |
| Investment Performance | 11 |
| Attribution Analysis | 13 |
| Portfolio Characteristics | 19 |
| Appendix | 22 |
| Annual Rates of Return | |
| Investment Team Biographies | |
| Important Performance and Other Information | |

The Lord Abbett Story



Founded in 1929, Lord Abbett is an independent, privately held money management firm.

We have a singular focus on the management of money

100% of our revenues are derived from one activity—the management of money

We view our business as the practice of a craft

Our approach is not a commodity but a craft practiced by skilled and experienced professionals

We are committed to the stewardship of our clients' assets

We understand and accept the responsibility entrusted to us—and hold ourselves accountable for the results



What Makes us Different?



How we manage the firm



Our consistency of culture

- Driven by independent ownership
- Provides long-term perspective
- Fosters thoughtfulness, judgment, and insight
- Enables organizational stability

Our singular focus

- Promotes firm-wide integrity
- Driven to deliver a quality investment experience
- Shapes our organizational structure



What Makes us Different?



How we manage money



Our belief in active management

- More than 45 portfolio managers, with an average tenure of 18 years of industry experience
- A team-based approach that seeks to actively exploit market inefficiencies

A commitment to research

- More than 70 investment professionals with specialized industry knowledge
- Research analysts utilize fundamental and quantitative research to uncover timely investment opportunities

An adherence to risk management

- Our processes focus on the balance between risk and reward
- Ongoing management of the appropriate exposure to company, industry, and economic events



Organizational Structure



Daria L. Foster
Managing Partner

Douglas B. Sieg
Partner
Client Services

Robert I. Gerber, Ph.D.
Partner
Investments

Lawrence H. Kaplan
Partner
Legal & Compliance

Joan A. Binstock
Partner
Operations & Finance

Michael L. Radziemski
Partner
Technology

Diane R. Tornejal
Partner
Human Resources

Lord Abbett at a Glance



\$136 BILLION IN ASSETS UNDER MANAGEMENT

Including more than \$1 billion from current and former partners, employees and their families

EQUITY ASSETS

34%

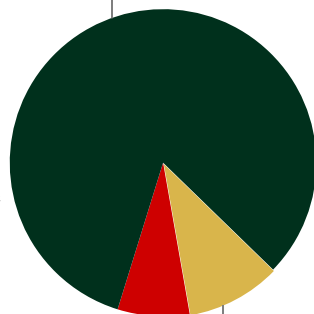
Domestic Equity: 82%

Heritage Collection

- Large to Micro Value
- Large Cap Core
- Large to Micro Growth

Calibrated Suite

- Large & Mid Cap Value
- Dividend Growth
- Equity Income



Multi-Asset: 8%

- Diversified Income
- Balanced
- Growth & Income
- Global Allocation

International: 10%

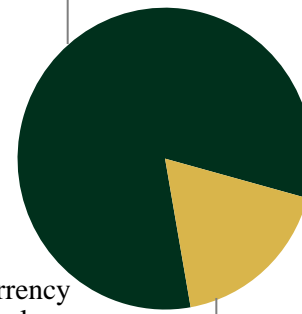
- EAFE Plus
- ACWI ex US
- Dividend Income
- Small Cap

FIXED INCOME ASSETS

66%

Taxable: 82%

- Short Credit
- Government
- Core & Core Plus
- Corporate
- Inflation Focused
- Bank Loan
- Multi-Sector
- High Yield
- Convertible
- Emerging Markets Currency
- Emerging Markets Local Bond

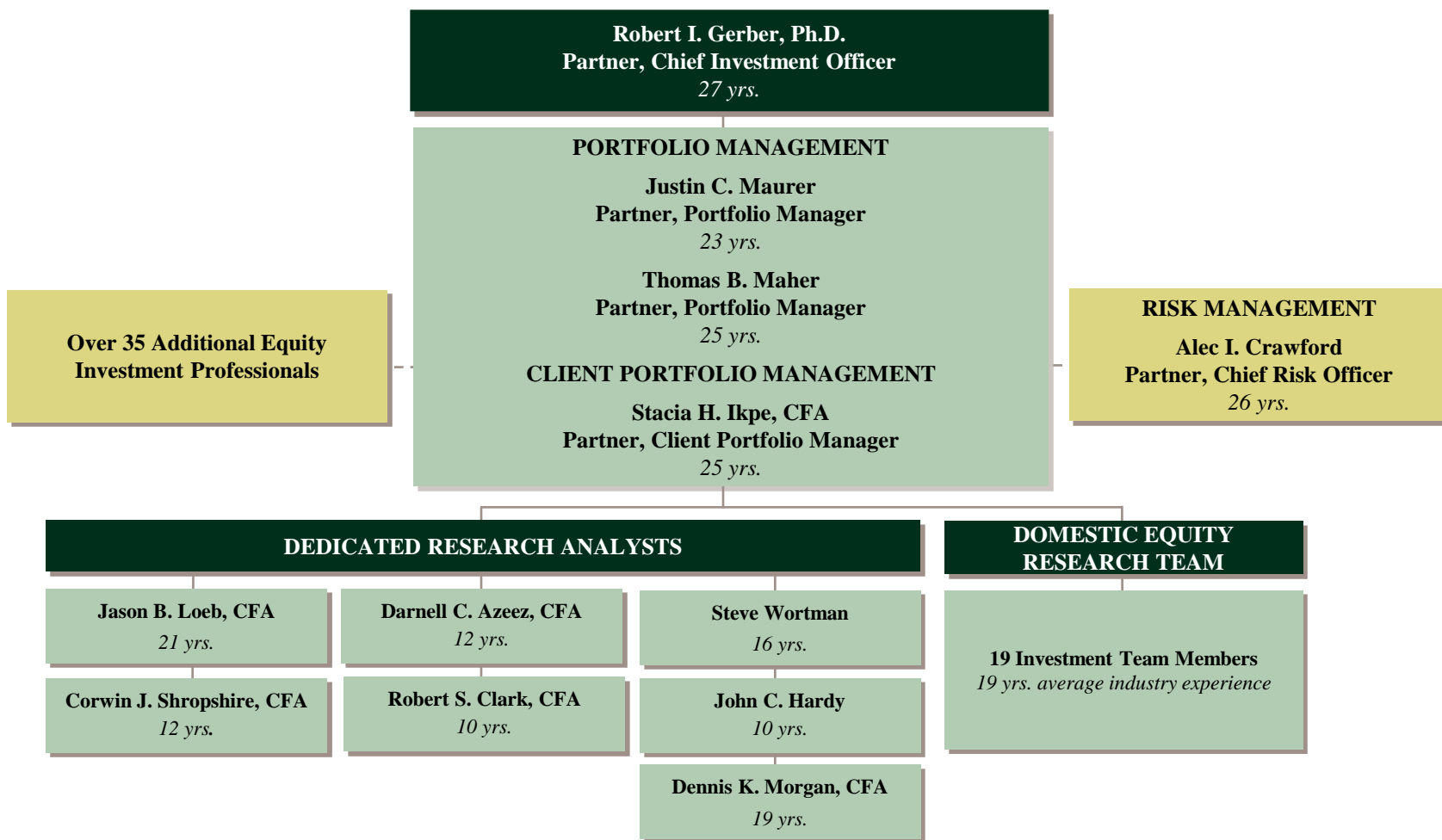


Tax Free: 18%

- Short, Intermediate & Long
- AMT Free
- State Specific
- High Yield

Note: Assets under management data is as of 09/30/2013 unless noted and includes approximately \$1.4 billion for which Lord Abbett provides investment models to managed account sponsors.

Investment Team

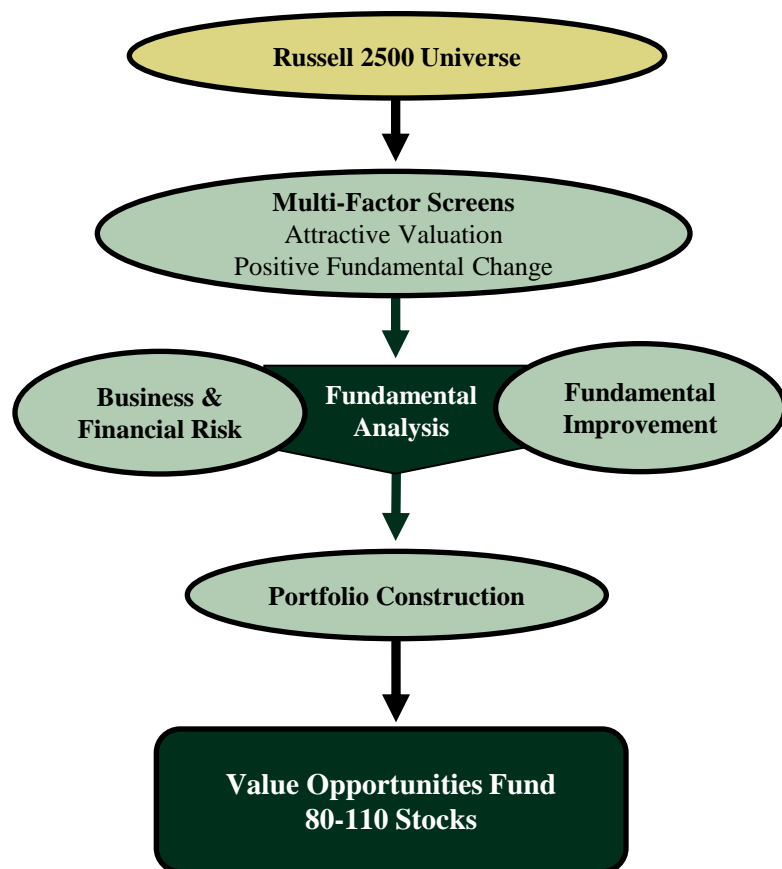




Lord Abbett's Smid Cap Value investment team believes:

- Mispriced small-mid capitalization companies with improving fundamentals are often poised for appreciation.
- Quantitative screens, fundamental research, and an experienced portfolio management team can identify companies positioned for capital appreciation.
- A well-diversified portfolio of undervalued stocks with a discernible catalyst should produce attractive risk-adjusted returns over time.

Investment Process



Primary investment universe

- Market capitalization range of the Russell 2500™ Index
- Stocks selling at the lower end of their historical valuations
- Valuation determination based on traditional metrics

Screen for a positive fundamental change

- Sales improvements and earnings surprises
- Improved operating margins
- Insider buying

Perform fundamental analysis

- Analyze company's competitive positioning and potential earnings power
- Identify company and/or industry specific catalyst
- Visit with top management, suppliers, customers, and competitors
- Supplement analysis with brokerage community

Construct portfolio

- “Quality” attributes (leading market share, attractive rates of profitability, management depth)
- Attractive valuation
- Value generating catalyst
- Attractive risk/reward profile



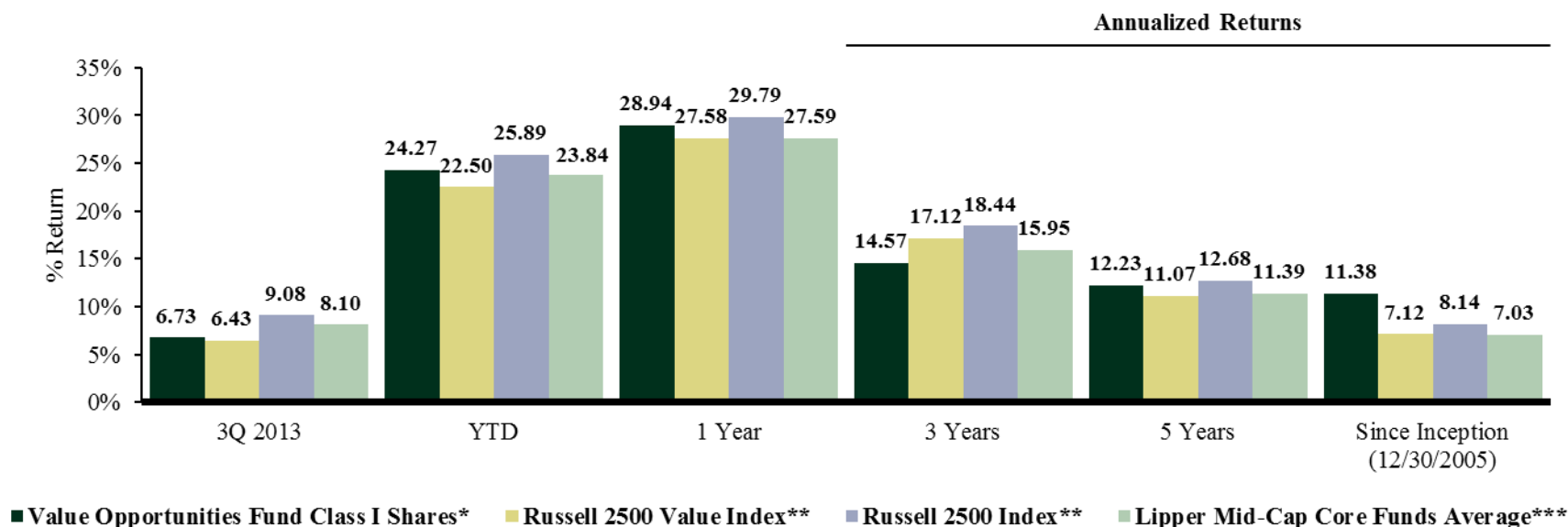
Securities are continuously monitored and evaluated for sale when:

- Price appreciation changes risk/reward profile
- Prospective fundamental change in business outlook
- Research discovers more attractive replacement
- Positions approach 5% of portfolio market value

Rates of Return



As of 09/30/2013



Expense Ratio: 0.96%

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 www.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.

Source: Russell. *Source: Lipper Analytical Services. Lipper Funds Averages are based on a universe of funds with similar investment objectives as the Fund. Peer group averages include the reinvested dividends and capital gains, if any, and exclude sales charges. Peer group since inception performance is as of 12/31/2005.

Please see "Important Performance and Other Information."

Mutual Fund Peer Group Comparison



As of 09/30/2013

| | YTD | 1 Year | 3 Years | 5 Years | Since Inception | Expense Ratio |
|--|---------------|---------------|---------------|---------------|-----------------------------|---------------|
| Value Opportunities Fund (I Shares)[†] | 24.27% | 28.94% | 14.57% | 12.23% | 11.38%⁽¹⁾ | 0.96% |
| Russell 2500™ Value Index* | 22.50 | 27.58 | 17.12 | 11.07 | 7.12 | |
| Russell 2500™ Index* | 25.89 | 29.79 | 18.44 | 12.68 | 8.14 | |
| Lipper Mid-Cap Core Funds Average** | 23.84 | 27.59 | 15.95 | 11.39 | 7.03 | |
| Percentile Ranking (I Shares) | 41 | 28 | 73 | 37 | 2 | |
| Arithmetic Ranking (I Shares) | 151/374 | 103/369 | 233/319 | 103/280 | 4/218 | |
| Morningstar Mid-Cap Blend Funds Average*** | 23.27 | 27.46 | 15.63 | 11.17 | 6.74 | |
| Percentile Ranking (I Shares) | 39 | 30 | 68 | 38 | N/A | |
| Arithmetic Ranking (I Shares) | 158/406 | 120/404 | 231/338 | 115/302 | N/A | |

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 www.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 charge 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. *Source: Russell. **Source: Lipper Analytical Services. Lipper Funds Averages are based on a universe of funds with similar investment objectives as the Fund. Peer group averages include the reinvested dividends and capital gains, if any, and exclude sales charges. ***Source: Morningstar, Inc. Rankings in the Morningstar® Funds Category Averages are based on total returns at net asset value and include the reinvestment of all distributions. Peer group since inception performance is as of 12/31/2005. ⁽¹⁾Inception date for all share classes is 12/30/2005.

Please see "Important Performance and Other Information."

Attribution Analysis: 3Q 2013



As of 09/30/2013

| Sectors* | Value Opportunities Fund | | Russell 2500™ Value Index | | Variance | | | |
|----------------------------|--------------------------|------------|---------------------------|------------|------------------|---------------|------------|--|
| | Avg. Weight% | Base Rtn% | Avg. Weight% | Base Rtn% | Stock Selection% | Group Weight% | Total% | |
| Consumer Discretionary | 13.4 | 12.8 | 11.0 | 7.1 | 0.7 | 0.0 | 0.8 | Largest Contributor-Stock Selection |
| Financials | 27.3 | 3.1 | 37.4 | 2.8 | 0.1 | 0.4 | 0.5 | Largest Contributor-Sector Underweight |
| Energy | 7.2 | 13.4 | 7.1 | 10.3 | 0.2 | 0.0 | 0.2 | |
| Information Technology | 13.1 | 10.8 | 9.7 | 11.2 | -0.1 | 0.2 | 0.1 | |
| Consumer Staples | 3.7 | 4.9 | 2.2 | 4.0 | 0.0 | 0.0 | 0.0 | |
| Utilities | 6.1 | -0.3 | 8.3 | 0.9 | -0.1 | 0.1 | 0.0 | |
| Telecommunication Services | 0.0 | 0.0 | 0.9 | 12.4 | 0.0 | -0.1 | -0.1 | |
| Health Care | 8.7 | 5.0 | 4.8 | 9.7 | -0.4 | 0.1 | -0.2 | |
| Materials | 8.0 | 6.5 | 5.7 | 10.9 | -0.3 | 0.1 | -0.2 | Largest Detractor-Stock Selection |
| Industrials | 10.4 | 9.1 | 13.0 | 11.7 | -0.3 | -0.1 | -0.4 | Largest Detractor-Stock Selection |
| Cash | 2.1 | 0.0 | 0.0 | 0.0 | 0.0 | -0.1 | -0.1 | |
| Total | 100.0 | 6.9 | 100.0 | 6.4 | 0.0 | 0.5 | 0.5 | |

Source: Wilshire AtlasSM ("Wilshire"). The performance results shown are supplemental to the performance record for the Fund, please refer to "Rates of Return" for the Fund's performance record. Performance data shown above is historical. **Past performance is not indicative of future results. Current performance may be higher or lower than the performance data shown.** Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. Please see Appendix for information "About Wilshire" and the calculation of performance attribution information and for "Important Performance and Other Information". *GICS Sectors. Sectors may include many industries. The Fund's portfolio is actively managed and portfolio characteristics, such as individual holdings and sector weightings, may change significantly over time.

Performance Highlights: 3Q 2013



As of 09/30/2013

| Largest Contributors | Ticker | % Contribution |
|--|---------------|---------------------------|
| Cimarex Energy Co. Energy | XEC | 0.41 |
| CapitalSource, Inc. Financials | CSE | 0.34 |
| Penske Automotive Group, Inc. Consumer Discretionary | PAG | 0.34 |
| Akamai Technologies, Inc. Information Technology | AKAM | 0.30 |
| NCR Corp. Information Technology | NCR | 0.28 |

| Largest Detractors | Ticker | % Contribution |
|--|---------------|---------------------------|
| Rovi Corp. Information Technology | ROVI | -0.25 |
| Abercrombie & Fitch Co. Consumer Discretionary | ANF | -0.16 |
| Equity Lifestyle Properties, Inc. Financials | ELS | -0.13 |
| Camden Property Trust Financials | CPT | -0.13 |
| Myriad Genetics, Inc. Health Care | MYGN | -0.13 |

“% contribution” reflects the effect of the individual stock's performance on the Fund's overall performance for the quarter ended 09/30/2013. Individual holdings and their effect on Fund performance may change significantly over time. Investors should consider the overall performance of the Fund before making a decision on whether or not to invest in the Fund. GICS Sectors.

Attribution Analysis: YTD



As of 09/30/2013

| Sectors* | Value Opportunities Fund | | Russell 2500™ Value Index | | Variance | | | |
|----------------------------|--------------------------|-------------|---------------------------|-------------|------------------|---------------|------------|-------------------------------------|
| | Avg. Weight% | Base Rtn% | Avg. Weight% | Base Rtn% | Stock Selection% | Group Weight% | Total% | |
| Energy | 6.3 | 35.8 | 7.1 | 17.1 | 1.1 | 0.1 | 1.2 | Largest Contributor-Stock Selection |
| Financials | 26.2 | 20.8 | 34.6 | 18.6 | 0.6 | 0.4 | 1.0 | Largest Contributor-Stock Selection |
| Information Technology | 14.7 | 34.1 | 9.5 | 28.2 | 0.9 | 0.1 | 1.0 | |
| Utilities | 5.4 | 19.2 | 8.4 | 15.1 | 0.2 | 0.2 | 0.4 | |
| Consumer Discretionary | 11.4 | 30.9 | 11.5 | 30.3 | 0.2 | 0.0 | 0.2 | |
| Industrials | 11.9 | 31.3 | 13.6 | 29.3 | 0.3 | -0.2 | 0.1 | |
| Health Care | 8.2 | 27.7 | 5.7 | 32.1 | -0.3 | 0.3 | 0.0 | |
| Telecommunication Services | 0.0 | 0.0 | 0.9 | 26.0 | 0.0 | 0.0 | 0.0 | |
| Materials | 10.1 | 14.6 | 6.3 | 14.9 | 0.2 | -0.5 | -0.3 | Largest Detractor-Sector Overweight |
| Consumer Staples | 4.0 | 17.0 | 2.3 | 32.2 | -0.6 | 0.1 | -0.5 | Largest Detractor-Stock Selection |
| Cash | 1.9 | 0.1 | 0.0 | 0.0 | 0.0 | -0.4 | -0.4 | |
| Total | 100.0 | 25.1 | 100.0 | 22.5 | 2.6 | 0.0 | 2.6 | |

Source: Wilshire AtlasSM ("Wilshire"). The performance results shown are supplemental to the performance record for the Fund, please refer to "Rates of Return" for the Fund's performance record. Performance data shown above is historical. **Past performance is not indicative of future results. Current performance may be higher or lower than the performance data shown.** Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. Please see Appendix for information "About Wilshire" and the calculation of performance attribution information and for "Important Performance and Other Information". *GICS Sectors. Sectors may include many industries. The Fund's portfolio is actively managed and portfolio characteristics, such as individual holdings and sector weightings, may change significantly over time.

Performance Highlights: YTD



As of 09/30/2013

| Largest Contributors | Ticker | % Contribution |
|--|---------------|---------------------------|
| Red Robin Gourmet Burgers, Inc. Consumer Discretionary | RRGB | 0.75 |
| Rock-Tenn Co. Materials | RKT | 0.74 |
| Actavis, Inc. Health Care | ACT | 0.68 |
| East West Bancorp, Inc. Financials | EWBC | 0.62 |
| Jacobs Engineering Group, Inc. Industrials | JEC | 0.61 |

| Largest Detractors | Ticker | % Contribution |
|--|---------------|---------------------------|
| Abercrombie & Fitch Co. Consumer Discretionary | ANF | -0.29 |
| Nuance Communications, Inc. Information Technology | NUAN | -0.24 |
| Axiall Corp. Materials | AXLL | -0.22 |
| DDR Corp. Financials | DDR | -0.20 |
| BioMed Realty Trust, Inc. Financials | BMR | -0.20 |

“% contribution” reflects the effect of the individual stock’s performance on the Fund’s overall performance for the year to date ended 09/30/2013. Individual holdings and their effect on Fund performance may change significantly over time. Investors should consider the overall performance of the Fund before making a decision on whether or not to invest in the Fund. GICS Sectors.



Attribution Analysis: One Year

As of 09/30/2013

| Sectors* | Value Opportunities Fund | | Russell 2500™ Value Index | | Variance | | | |
|----------------------------|--------------------------|-------------|---------------------------|-------------|------------------|---------------|------------|--|
| | Avg. Weight% | Base Rtn% | Avg. Weight% | Base Rtn% | Stock Selection% | Group Weight% | Total% | |
| Energy | 6.1 | 40.9 | 7.1 | 19.6 | 1.2 | 0.2 | 1.4 | Largest Contributor-Stock Selection |
| Financials | 25.5 | 23.7 | 34.1 | 21.6 | 0.6 | 0.6 | 1.2 | Largest Contributor-Sector Underweight |
| Information Technology | 15.0 | 38.9 | 9.5 | 35.0 | 0.6 | 0.2 | 0.8 | |
| Utilities | 5.5 | 19.6 | 8.5 | 14.6 | 0.3 | 0.3 | 0.7 | |
| Materials | 10.3 | 26.6 | 6.5 | 23.5 | 0.6 | -0.3 | 0.3 | |
| Health Care | 8.6 | 32.2 | 5.9 | 33.4 | 0.0 | 0.2 | 0.1 | |
| Telecommunication Services | 0.0 | 0.0 | 1.0 | 17.8 | 0.0 | 0.1 | 0.1 | |
| Consumer Staples | 4.3 | 24.1 | 2.3 | 42.8 | -0.8 | 0.2 | -0.6 | |
| Industrials | 12.1 | 38.1 | 13.7 | 41.6 | -0.3 | -0.3 | -0.6 | Largest Detractor-Sector Underweight |
| Consumer Discretionary | 11.0 | 31.7 | 11.5 | 38.9 | -0.6 | -0.1 | -0.7 | Largest Detractor-Stock Selection |
| Cash | 1.6 | 0.2 | 0.0 | 0.0 | 0.0 | -0.4 | -0.4 | |
| Total | 100.0 | 30.0 | 100.0 | 27.6 | 1.8 | 0.7 | 2.4 | |

Source: Wilshire AtlasSM ("Wilshire"). The performance results shown are supplemental to the performance record for the Fund, please refer to "Rates of Return" for the Fund's performance record. Performance data shown above is historical. **Past performance is not indicative of future results. Current performance may be higher or lower than the performance data shown.** Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. Please see Appendix for information "About Wilshire" and the calculation of performance attribution information and for "Important Performance and Other Information". *GICS Sectors. Sectors may include many industries. The Fund's portfolio is actively managed and portfolio characteristics, such as individual holdings and sector weightings, may change significantly over time.

Performance Highlights: One Year



As of 09/30/2013

| Largest Contributors | Ticker | % Contribution |
|--|---------------|---------------------------|
| Red Robin Gourmet Burgers, Inc. Consumer Discretionary | RRGB | 0.85 |
| FleetCor Technologies, Inc. Information Technology | FLT | 0.81 |
| Mohawk Industries, Inc. Consumer Discretionary | MHK | 0.74 |
| Rock-Tenn Co. Materials | RKT | 0.73 |
| Actavis, Inc. Health Care | ACT | 0.73 |

| Largest Detractors | Ticker | % Contribution |
|--|---------------|---------------------------|
| Nuance Communications, Inc. Information Technology | NUAN | -0.44 |
| Atlas Air Worldwide Holdings, Inc. Industrials | AAWW | -0.31 |
| Axiall Corp. Materials | AXLL | -0.23 |
| DDR Corp. Financials | DDR | -0.21 |
| Abercrombie & Fitch Co. Consumer Discretionary | ANF | -0.21 |

“% contribution” reflects the effect of the individual stock's performance on the Fund's overall performance for the twelve months ended 09/30/2013. Individual holdings and their effect on Fund performance may change significantly over time. Investors should consider the overall performance of the Fund before making a decision on whether or not to invest in the Fund. GICS Sectors.

Portfolio Characteristics



As of 09/30/2013

| | Value Opportunities Fund | Russell 2500™ Value Index | <i>Russell 2500™ Index</i> |
|---|---|--------------------------------------|---------------------------------------|
| Total Net Assets (\$M) | \$3,013.8 | N/A | N/A |
| Number of Holdings | 98 | 1,691 | 2,472 |
| Weighted Average Market Capitalization (\$M) | \$5,729 | \$3,208 | \$3,463 |
| Median Market Capitalization (\$M) | \$4,773 | \$822 | \$956 |
| Long Term Growth (<i>IBES Median</i>) | 13.0% | 10.0% | 13.1% |
| Price/Book Ratio | 2.1x | 1.5x | 2.3x |
| Price/Earnings Ratio (<i>without negative earnings</i>) | 20.0x | 17.5x | 20.4x |
| Price/Sales Ratio | 1.4x | 1.3x | 1.5x |
| Return on Equity (<i>5 Year Average</i>) | 9.2% | 6.6% | 9.6% |

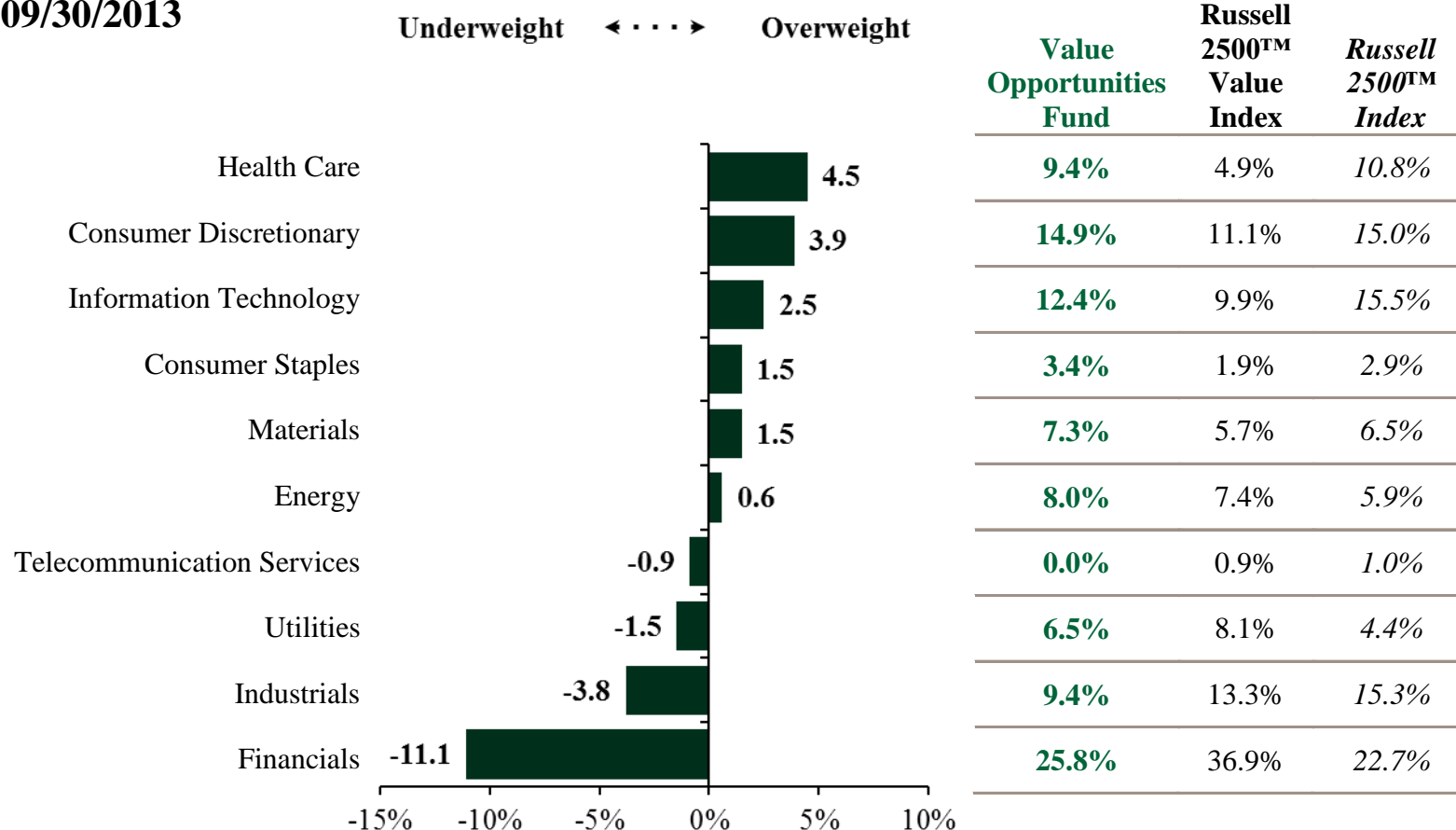
The Fund's portfolio is actively managed and Fund characteristics may change significantly over time. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. For portfolio characteristics definitions please see the glossary in the Appendix. Source: The Bank of New York Mellon Corp. All characteristics with the exception of Number of Holdings, Total Net Assets and Median Market Capitalization are based upon a weighted average of the securities held in the fund.

Please see "Important Performance and Other Information."

Sector Allocation



As of 09/30/2013



Source: Wilshire AtlasSM ("Wilshire"). Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. Please see Appendix for information "About Wilshire" and the calculation of performance attribution information and for "Important Performance and Other Information". GICS Sectors. Sectors may include many industries. The Fund's portfolio is actively managed and portfolio characteristics, such as individual holdings and sector weightings, may change significantly over time.

Ten Largest Holdings



As of 09/30/2013

| Company Name | Sector* | % of Total |
|---|------------------------|-------------------|
| Jarden Corp. | Consumer Discretionary | 2.0 |
| CapitalSource, Inc. | Financials | 1.9 |
| Actavis, Inc. | Health Care | 1.9 |
| NCR Corp. | Information Technology | 1.9 |
| Mohawk Industries, Inc. | Consumer Discretionary | 1.8 |
| Reliance Steel & Aluminum Co. | Materials | 1.6 |
| Hartford Financial Services Group, Inc. | Financials | 1.6 |
| Akamai Technologies, Inc. | Information Technology | 1.6 |
| Arch Capital Group Ltd. | Financials | 1.6 |
| PerkinElmer, Inc. | Health Care | 1.5 |
| Total | | 17.4% |

The Fund's portfolio is actively managed and Fund characteristics, including the ten largest holdings, may differ as of a more recent date and will vary significantly over time. *GICS Sectors.



Appendix

Annual Rates of Return



| | Value Opportunities Fund (Class I Shares)* | Russell 2500™ Value Index** | Russell 2500™ Index** |
|------|---|--|----------------------------------|
| 2012 | 10.13% | 19.21% | 17.88% |
| 2011 | -3.83% | -3.36% | -2.51% |
| 2010 | 24.91% | 24.82% | 26.71% |
| 2009 | 34.27% | 27.68% | 34.39% |
| 2008 | -27.49% | -31.99% | -36.79% |
| 2007 | 11.28% | -7.27% | 1.38% |
| 2006 | 29.41% | 20.18% | 16.16% |

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 www.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.

**Source: Russell.

Please see "Important Performance and Other Information."

Investment Team



Robert I. Gerber, Ph.D., Partner, Chief Investment Officer

Mr. Gerber is the Chief Investment Officer and is responsible for directing the portfolio management, research and trading activities for our equity and fixed income strategies. He is the portfolio manager of the Allocation Strategies and the chair of the Asset Allocation Investment Committee. Mr. Gerber joined Lord Abbett in 1997 as Director of Taxable Fixed Income Management and was named Partner in 1998. His prior experience includes: Shareholder and Senior Portfolio Manager-Mortgage Group at Sanford C. Bernstein & Co., Inc.; and Vice President, Fixed-Income Research at the First Boston Corporation. Before his entry into the investment management business, Mr. Gerber had a career in academics, teaching economics at the State University of New York at Albany, Vassar College and Columbia University. Mr. Gerber received a BA from Union College and an MA and Ph.D. from Columbia University. He has been in the investment business since 1987.

Alexander I. Crawford, Partner, Chief Risk Officer - Domestic Equity Investments

Mr. Crawford is the Chief Risk Officer for Domestic Equity Investments responsible for identifying and managing risk in Lord Abbett's equity portfolios. Mr. Crawford joined Lord Abbett in 2012, and was named Partner in 2013. His prior experience includes: Managing Director and Global Head of Risk Management at Ziff Brothers Investments; Managing Director and Head of Agency MBS Strategy at RBS Greenwich Capital; Managing Director and Head of Mortgage and Cross-Rates Strategy at Deutsche Bank Securities; Vice President and Head of Mortgage Strategy at Morgan Stanley; Vice President, Research Liaison at Goldman Sachs; and Vice President, Research Liaison at CS First Boston. Mr. Crawford earned an AB from Harvard College and has been in the investment business since 1988.

Justin C. Maurer, Partner, Portfolio Manager

Mr. Maurer is a portfolio manager of the smid cap, small cap and micro cap value equity strategies. Mr. Maurer joined Lord Abbett in 2001 as a research analyst for the small cap value equity strategy and was named Partner in 2009. His prior experience includes: Director, US Fundamental Equity Research at Merrill Lynch; Vice President, Equity Research at McDonald Investments; and Assistant Vice President and Financial Analyst at Key Corporation. Mr. Maurer received a BA from Baldwin-Wallace College and an MBA from Case Western Reserve University. He has been in the investment business since 1991.

Thomas B. Maher, Partner, Portfolio Manager

Mr. Maher is a portfolio manager of the smid cap, small cap and micro cap value equity strategies. Mr. Maher joined Lord Abbett in 2003 as a research analyst for the mid cap growth equity strategy and was named Partner in 2010. His prior experience includes: Senior Equity Analyst at Invesco; Senior Analyst at Centurion Investment Group, L.P.; Vice President-Investment Research at Lynch & Mayer, Inc.; and Associate at Aiyer Investments. Mr. Maher received a BS from Georgetown University and an MBA from New York University. He has been in the investment business since 1989.

Investment Team



Stacia H. Ikpe, CFA, Partner, Equity Product Strategist & Client Portfolio Manager

Ms. Ikpe is the equity product strategist and client portfolio manager supporting clients, prospects and business relationships for our smid cap value, small cap value, and micro cap value equity strategies. Ms. Ikpe joined Lord Abbett in 2006, and was named Partner in 2011. Her prior experience includes: Senior Research Analyst at Prudential Investments; Investment Consultant at Prudential Retirement Services. Ms. Ikpe received a BS from the University of Minnesota and an MBA from Columbia University. She is a holder of a Chartered Financial Analyst designation. She has been in the investment business since 1989.

Dennis K. Morgan, CFA, Research Analyst

Mr. Morgan is a research analyst for the smid cap value equity strategy. Mr. Morgan joined Lord Abbett in 2008. His prior experience includes: Vice President/Senior Research Analyst and Co-Portfolio Manager at Neuberger Berman; Research Associate at Bear Stearns; and Research Analyst at Dreman Value Advisors. Mr. Morgan received a BS from The College of New Jersey. He is the holder of a Chartered Financial Analyst designation and has been in the investment business since 1995.

Steve Wortman, Research Analyst

Mr. Wortman is a research analyst for the smid cap value equity strategy. Mr. Wortman joined Lord Abbett in 2005. His prior experience includes: Managing Director, Research Analyst at Babson Capital Management; Hedge Fund Analyst at Wynnefield Capital; Senior Equity Research Analyst at Sidoti & Company, LLC; and Equity Research Analyst at Schroder & Company. Mr. Wortman received a BS from the University of Florida. He has been in the investment business since 1998.

John C. Hardy, Research Analyst

Mr. Hardy is a research analyst for the smid cap value equity strategy. Mr. Hardy joined Lord Abbett in 2011. His prior experience includes Vice President, Senior Financial Analyst – Clean Technology at Gleacher & Co.; Vice President, Senior Financial Analyst – Clean Technology at American Technology Research, Inc.; Associate Research Analyst – Technology at American Technology Research Inc.; and Trading Assistant at American Technology Research, Inc. Mr. Hardy received a BS from Cornell University. He has been in the investment business since 2003.

Darnell C. Azeez, CFA, Research Analyst

Mr. Azeez is a research analyst for the small and micro cap value equity strategies. Mr. Azeez joined Lord Abbett in 2002 as an Internal Wholesaler and subsequently became Associate Director of Institutional Mutual Funds and then Director of Public Fund Marketing before he transitioned to a research analyst in 2007. Mr. Azeez received a BA from Lafayette College and is the holder of a Chartered Financial Analyst designation. He has been in the investment business since 2002.

Investment Team



Robert S. Clark, CFA, Research Analyst

Mr. Clark is a research analyst on the small and micro cap value equity strategies. Mr. Clark joined Lord Abbett in 2010. His prior experience includes Security Analyst & Portfolio Manager at Turner Investment Partners and various positions at People's Bank. Mr. Clark received a BS from Bryant College and an MBA from Yale University. He is the holder of a Chartered Financial Analyst designation and has been in the investment business since 2004.

Jason B. Loeb, CFA, Research Analyst

Mr. Loeb is a research analyst for the small and micro cap value equity strategies. Mr. Loeb joined Lord Abbett in 1997. His prior experience includes: Portfolio Analyst at BlackRock Financial Management; and Account Executive at Hibbard Brown & Company. Mr. Loeb received a BA from Richard Stockton College of New Jersey. He is the holder of a Chartered Financial Analyst designation and has been in the investment business since 1992.

Corwin J. Shropshire, CFA, Research Analyst

Mr. Shropshire is a research analyst on the small and micro cap value equity strategies. Mr. Shropshire joined Lord Abbett in 2010. His prior experience includes: Equity Analyst at New Amsterdam Partners, LLC; Portfolio Manager at Cayuga Fund, LLC; and various positions at Delphi Automotive Systems. Mr. Shropshire received a BA from Morehouse College and an MBA from Cornell University. He is the holder of a Chartered Financial Analyst designation and has been in the investment business since 2002.

About Wilshire



The Wilshire Atlas Variance Analysis tool provides a methodology for explaining the difference in performance between a portfolio and its benchmark, based on the decomposition of returns. The user specifies the portfolio, index, link frequency, sector and weighting. The weighting can be shown as beginning, average or end weights and is used for display purposes only.

| Portfolio Weight | Portfolio Base Return | Benchmark Weight | Benchmark Base Return | Stock Selection | Group Weight | Total |
|---|--------------------------|---------------------|--------------------------|--------------------|-----------------|-------|
| <p>Weight (Portfolio): This is the average weight of each group in the portfolio. Alternatively, the weight at the end of the reporting period, or on average across the reporting period, may be selected.</p> <p>Base Return (Portfolio): This is the weighted average holding period return for the securities in each group. This weighted average is calculated for each link period using beginning weights and then the resulting values are linked together to calculate the displayed value.</p> <p>Weight (Benchmark): This is the average weight of each group in the benchmark. Alternatively, the weight at the end of the reporting period, or on average across the reporting period, may be selected.</p> <p>Base Return (Benchmark): This is the weighted average holding period return for the benchmark securities in each group. This weighted average is calculated for each link period using beginning weights, then the resulting values are linked together to calculate the displayed value.</p> <p>Stock Selection Variance: This is the success of selection decisions within each group versus the benchmark. It is calculated for each link period using the following equation: Stock Selection Variance = $W_{P,G} * (R_{P,G} - R_{B,G})$, where $W_{P,G}$ = Weight of the group in the portfolio, $R_{P,G}$ = Return of the group in the portfolio, $R_{B,G}$ = Return of the group in the benchmark.</p> <p>Group Weighting Variance: This is the result of weighting decisions in each group versus the benchmark. It is calculated for each link period using the following equation: Group Weighting Variance = $(W_{P,G} - W_{B,G}) * (R_{B,G} - R_{B,T})$, where $W_{P,G}$ = Weight of the group in the portfolio, $W_{B,G}$ = Weight of the group in the benchmark, $R_{B,G}$ = Return of the group in the benchmark, $R_{B,T}$ = Overall return of the benchmark.</p> <p>Total Variance: This is the sum of group weighting and stock selection variances. This represents the amount of total variance that is explained by the selection and allocation decisions for each group.</p> <p>Hedging Cost: This is the contribution due to the difference in the risk-free rates between currencies and is a function of the time left to maturity. It can be positive or negative, depending on the interest rate differentials between the long and short currencies. The hedge cost for each contract is calculated individually by multiplying its exposure by its hedge cost; then these contributions are summed to give the total contribution shown on the report.</p> <p>Hedging Effect: This is the contribution due to hedging. It is calculated by multiplying the exposure associated with each currency forward by the portion of the forward's return due to currency fluctuations; then, each of the forward's contributions are summed together to give the total that appears in the Contribution Summary table. The return that is used in the calculation excludes the hedge cost.</p> <p>Portfolio Return: This is the sum of each of contributions displayed in the Contribution Summary table.</p> | | | | | | |

Wilshire generated returns are calculated gross of fees based on end of day prices and do not capture intraday cash flow, price changes or trading activity, and therefore are subject to some variance from Lord Abbett returns. In addition, Wilshire and Lord Abbett may use different pricing sources and methodologies.

Not Classified securities represent those securities which have not been assigned an official GICS Direct classification. GICS Direct, a joint product of Standard & Poor's and MSCI, provides industry classifications for more than 40,000 companies and over 45,000 securities. Not Classified securities may include, but are not limited to: Exchange-Traded Funds (ETFs), pink sheet-listed issues, pre-IPO placements, private placements, secondary issues, open-end funds, closed-end funds, and non-operating establishments.

Under certain circumstances, Lord Abbett may elect to have Wilshire map an ETF holding to the relevant characteristics represented by that ETF's underlying index in order to reflect the exposure and performance contributed by the ETF to the overall portfolio. When this option is selected, Wilshire will remove the ETF from the Not Classified category and instead allocate the ETF's exposures across the relevant attributes based on the composition of the ETF's underlying index.

Glossary of Portfolio Characteristics



Long Term Growth (IBES Median) is the consensus outlook for a portfolio's EPS growth. I/B/E/S provides medians of research analysts' estimates for companies' long-term (typically five years) growth rates.

Median Market Capitalization is a measurement of the market capitalization of the holding that is in the arithmetic middle of the portfolio or index.

Price/Book Ratio is a ratio that helps determine whether a stock is undervalued or overvalued. It is calculated by dividing a stock's price per share by its book value per share.

Price/Earnings Ratio (trailing) is a ratio that reflects how much a stock costs relative to its earnings. It is calculated by dividing the current stock price by the trailing earnings per share.

Price/Sales Ratio is a ratio for valuing a stock relative to its sales. It is calculated by dividing a stock's current price by its revenue per share for the trailing 12 months.

Return on Equity (5 Year Average) is a measurement of how much profit a company earned relative to the amount of a shareholder's equity that is found on a company's balance sheet. It is calculated by taking the arithmetic average of the five most recent fiscal year-end ROE ratios.

Weighted Average Market Capitalization is the average market capitalization of all companies held in the portfolio.

Important Performance and Other Information



Morningstar Information:

Morningstar, Inc. ©2013. All rights reserved. The information contained herein is the proprietary information of Morningstar, Inc., may not be copied or redistributed for any purpose and may only be used for non-commercial, personal purposes. The information contained herein is not represented or warranted to be accurate, correct, complete or timely. Morningstar, Inc., shall not be responsible for investment decisions, damages, or other losses resulting from the use of this information. Past performance is no guarantee of future performance. Morningstar, Inc. has not granted consent for it to be considered or deemed an "expert" under the Securities Act of 1933.

Lipper Information:

Lipper, Inc. ©2013 Reuters. All rights reserved. Any copy, republication or redistribution of Lipper content is expressly prohibited without the prior written consent of Lipper.

Performance data quoted is historical. Past performance is 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 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.

The Russell 2500™ Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index, which represents approximately 20% of the total market capitalization of the Russell 3000 Index.

The Russell 2500™ Value Index measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

Index Information: Indexes are unmanaged, do not reflect the deduction of fees or expenses, and an investor cannot invest directly in an index.

A note about risk: 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. These factors can affect Fund performance. Investing in small and mid-sized companies generally involves greater risks than investing in the stocks of large companies.

Important Performance and Other Information



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

Mutual funds are not insured by the FDIC, are not deposits or other obligations of, or guaranteed by banks, and are subject to investment risks including possible loss of principal amount invested. Lord Abbett Distributor LLC is the principal underwriter of the Lord Abbett Mutual Funds.