

STATEMENT OF FINANCIAL CONDITION

Lord Abbett Distributor LLC (SEC I.D. No. 8-00216)  
September 30, 2020

With Report of Independent Registered Public Accounting Firm

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

OMB APPROVAL	
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SEC FILE NUMBER
8-00216

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 10/01/2019 AND ENDING 09/30/2020  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: LORD ABBETT DISTRIBUTOR LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

90 HUDSON STREET

(No. and Street)

JERSEY CITY

(City)

NJ

(State)

07302-3973

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

TONY PEREIRA

(201) 827-2255

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

ERNST & YOUNG LLP

(Name - if individual, state last, first, middle name)

5 TIMES SQUARE

(Address)

NEW YORK

(City)

NEW YORK

(State)

10036

(Zip Code)

CHECK ONE:

<input checked="" type="checkbox"/>
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Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

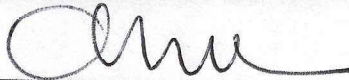
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)



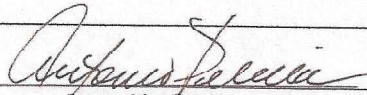
## OATH OR AFFIRMATION

I, TONY PEREIRA, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LORD ABBETT DISTRIBUTOR LLC of and for the year ended September 30, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

ALEXANDRA G. MUCHA  
Notary Public, State of New Jersey  
My Commission Expires  
April 12, 2021



Notary Public



Signature

CHIEF ACCOUNTING OFFICER

Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Lord Abbett Distributor LLC  
(SEC I.D. No. 8-00216)

Statement of Financial Condition  
September 30, 2020

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## **Report of Independent Registered Public Accounting Firm**

To the Managing Member of Lord Abbett Distributor LLC

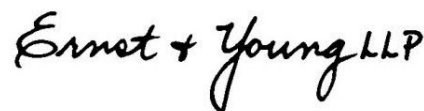
### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Lord Abbett Distributor LLC (the Company) as of September 30, 2020 and the related notes (the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at September 30, 2020, in conformity with U.S. generally accepted accounting principles.

### **Basis for Opinion**

This financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



We have served as the Company’s auditor since 2013.  
New York, NY

November 23, 2020

Lord Abbett Distributor LLC  
Statement of Financial Condition  
September 30, 2020

**Assets**

Cash and cash equivalents (including Lord Abbett U.S. Government and Government Sponsored Enterprises Money Market Fund, Inc. of \$9,764,617)	\$ 40,685,298
Prepaid distribution costs	30,842,458
Receivable for distribution and service fees and sales commissions	23,125,052
Due from Managing Member <i>(Note 5)</i>	244,261
Other assets	116,079
Total assets	<u>\$ 95,013,148</u>

**Liabilities and Member's Equity**

Liabilities:

Marketing support payable	\$ 18,307,002
Due to Managing Member <i>(Note 5)</i>	2,723,521
Accounts payable and accrued expenses	1,256,721
Total liabilities	<u>22,287,244</u>

Member's equity:

Capital	1,512,296,358
Accumulated deficit	<u>(1,439,570,454)</u>
Total Member's equity	72,725,904
Total liabilities and Member's equity	<u>\$ 95,013,148</u>

*See accompanying notes to statement of financial condition.*

Lord Abnett Distributor LLC  
Notes to Statement of Financial Condition  
September 30, 2020

**1. Organization**

Lord Abnett Distributor LLC (the “Company”) is a New York limited liability company engaged in the general business of underwriting and distributing securities of investment companies. The Company is a broker-dealer registered with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Lord, Abnett & Co. LLC (the “Managing Member”), a Delaware limited liability company, has a 100% interest in the Company.

Company revenue is largely dependent on the total value of assets and sales of domestic investment companies (“Investment Companies”) which are sponsored and managed by the Managing Member. Accordingly, fluctuations in financial markets impact the Company’s revenue and results of operations. The Investment Companies are related parties to the Company. Management believes that all transactions between related parties are on terms equivalent or similar to what they would be if they were with third parties.

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 because the Company’s activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i) of the Rule.

The Managing Member has represented it will continue to make capital contributions to the Company to ensure the continued operations of the Company and compliance with capital requirements through September 30, 2021.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

This financial statement has been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and are presented in United States (“U.S.”) dollars.

**Cash and Cash Equivalents**

The Company maintains cash balances at two financial institutions. Cash and cash equivalents include money market investments with original maturities of three months or less. Investments in Lord Abnett U.S. Government and Government Sponsored Enterprises Money Market Fund, Inc. are

Lord Abbett Distributor LLC  
Notes to Statement of Financial Condition (continued)  
September 30, 2020

**2. Summary of Significant Accounting Policies (continued)**

recorded at stable net asset value (“NAV”) which are valued based on NAV per share as an acceptable proxy of fair value. Such investments are considered cash equivalents. Cash and cash equivalents held at financial institutions, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation. The Company does not have any restricted cash.

The Company’s cash is primarily on deposit at Bank of America. The Company is subject to concentration risk should this financial institution be unable to fulfill its obligations.

**Prepaid Distribution Costs**

Commissions paid in advance to unaffiliated third party brokers in connection with the sale of Class A and C shares of the Investment Companies are capitalized and amortized over one year.

**Receivable for Distribution and Service Fees and Sales Commissions**

Receivable for distribution and service fees include 12b-1 fees that are owed from the Investment Companies, which are affiliated companies. Sales commissions are earned upon sale of securities of the Investment Companies.

**Marketing Support Payable**

Marketing support payable includes 12b-1 fees payable to unaffiliated third party broker-dealers.

**Revenue Recognition**

On October 1, 2018, the Company adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers (ASC Topic 606) (“ASU 2014-09”) using a modified retrospective approach. As a result of the adoption, the presentation of certain costs from a net presentation within revenue has changed to a gross presentation, particularly those related to 12b-1 payments to brokers and commissions paid to brokers.

Distribution and service fees are accrued monthly based on the average net assets of the Investment Companies. Fees earned in connection with the offering of the securities of the Investment Companies are presented gross, with 12b-1 fees paid to unaffiliated third-party broker-dealers as an expense.

The income from Class A and C contingent deferred sales charges accrued and collected is deferred and amortized over six months with one-half of the income being recognized in the month collected.



Lord Abbett Distributor LLC  
Notes to Statement of Financial Condition (continued)  
September 30, 2020

**2. Summary of Significant Accounting Policies (continued)**

Sales commission income is recorded on a trade date basis upon sale of securities of the Investment Companies.

Dividend income is earned on a monthly basis from the Lord Abbett U.S Government and Government Sponsored Enterprises Money Market Fund, Inc.

Interest income is earned on a monthly basis from cash balances in Bank of America accounts.

**Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses are comprised of deferred income for Class A and C contingent deferred sales charges, expense accruals and dealer commissions payable.

**Allocated Expenses**

The Company receives services from the Managing Member, which provides the use of its employees, facilities and utilities and other business-related expenses. The Company has amounts due from/to the Managing Member resulting primarily from such transactions (Note 5). An allocation methodology, pursuant to an expense sharing agreement, has been applied on a consistent basis to shared expenses to equate the proportional cost of a service or product to the proportional use or benefit derived by the Company.

**Income Taxes**

The Company is a single member limited liability company and is treated as a disregarded entity for federal tax purposes. Accordingly, there is no provision for federal income tax in the accompanying financial statement. Such taxes are the responsibility of the Managing Member.

**Use of Estimates**

The preparation of this financial statement in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of this financial statement. Actual results could differ from these estimates.

**Recent Accounting Pronouncements**

In August 2018, the FASB issued ASU No. 2018-13 Fair Value Measurement (Topic 820), Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement and is effective for all entities for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal

Lord Abbett Distributor LLC  
Notes to Statement of Financial Condition (continued)  
September 30, 2020

**2. Summary of Significant Accounting Policies (continued)**

years, but entities are permitted to early adopt either the entire standard or only the provisions that eliminate or modify the requirements. The Company is currently evaluating and will implement necessary reporting changes effective October 1, 2020.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires that, at lease inception, a lessee recognize in the statement of financial condition a right-of-use asset, representing the right to use the underlying asset for the lease term, and a lease liability, representing the liability to make lease payments. In addition, ASU 2016-02 requires expanded disclosure about the nature and terms of lease agreements and is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period.

The Company reflects allocated expenses for leases agreements in facilities and equipment on the Statement of Income. As the Company does not have the right to obtain substantial economic benefits from the use of the asset created by lease contracts, nor have the right to direct how and for what purposes the asset can be used, the Company does not hold any operating lease within the scope of the ASU 2016-02. As such, the adoption of this new accounting standard did not result in any impact to the Financial Statement of the Company.

In June 2016, the FASB issued ASU No. 2016-13, new guidance amending the current incurred loss impairment methodology. The new standard amends the methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This ASU will change how companies measure credit losses on most financial instruments, including accounts receivable. Companies will be required to estimate lifetime expected credit losses, which is generally expected to result in earlier recognition of credit losses. The guidance is effective for annual periods beginning after December 15, 2019. The Company is currently evaluating and will implement necessary reporting changes effective October 1, 2020.

**3. Regulatory Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1 under the Securities Exchange Act of 1934), which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15 to 1. Regulatory net capital and aggregate indebtedness may fluctuate on a daily basis.

As of September 30, 2020, the Company had regulatory net capital of \$29,050,271 and a regulatory net capital requirement of \$1,485,817. The Company's ratio of aggregate indebtedness to regulatory net capital was 0.77 to 1 at September 30, 2020. Rule 15c3-1 provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital of the broker/dealer is less than the amount required under Rule 15c3-1.

Lord Abbett Distributor LLC  
Notes to Statement of Financial Condition (continued)  
September 30, 2020

**4. Fair Value Measurements**

The Company applies Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – unadjusted quoted prices in active markets for identical investments;

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.); and

Level 3 – significant unobservable inputs (including the Company’s own assumptions in determining the fair value of investments).

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques employed maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the Company’s investment assets included in cash and cash equivalents, at fair value as of September 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 9,764,617	\$ -	\$ -	\$ 9,764,617

Investments in open-ended money market funds are valued at their net asset value at the close of each business day. Changes in valuation techniques may result in transfers into or out of an assigned level within the three-tier hierarchy. All transfers between different levels within the three-tier hierarchy are deemed to have occurred as of the beginning of the reporting period. There have been no such transfers between levels for the year ended September 30, 2020.

Lord Abbett Distributor LLC  
Notes to Statement of Financial Condition (continued)  
September 30, 2020

**5. Related-Party Transactions**

As noted above, the Company receives certain services from the Managing Member and, as a result, due to Managing Member represents allocated expenses and certain direct expenses paid for by the Managing Member on behalf of the Company, which are reimbursable to the Managing Member.

Amounts due to and due from the Managing Member at September 30, 2020 are as follows:

Due to Managing Member:	\$2,723,521
Due from Managing Member:	\$244,261

The Managing Member contributed additional capital of \$12,000,000 through direct cash contributions during the year ended September 30, 2020.

Distribution and service fees revenue and sales commissions' revenue are derived from the Investment Companies which are sponsored and managed by the Managing Member. Such revenues are collected monthly from the Investment Companies.

For the year ended September 30, 2020, expenses that were allocated from the Managing Member were comprised of personal services, facilities and equipment, consultant agency and other personnel costs, travel and entertainment and research and market data services.

**6. Commitments and Contingencies**

From time to time, the Company is involved in litigation matters arising in connection with the conduct of its business. Based on available information and consultation with legal counsel, the Company does not believe that such matters will have a material effect on the Company's financial condition, results of operations or cash flows for the year ended September 30, 2020.

**7. Other Matters**

The outbreak of coronavirus ("Covid-19") and subsequent global pandemic began significantly impacting the U.S and global financial markets and economies during the past year. The ultimate impact of COVID-19 and the extent to which it will impact the Company's normal course of business, results of operations and cash flows will depend on future developments, which are highly uncertain and difficult to predict. As of now, there is no material impact for the Company's performance due to COVID-19. Management continues to monitor and evaluate the situation.

**8. Subsequent Events**

Management evaluated all events that occurred from September 30, 2020 through November 23, 2020, the date the financial statement was available to be issued. During that period, the Company did not have any material recognizable subsequent events.