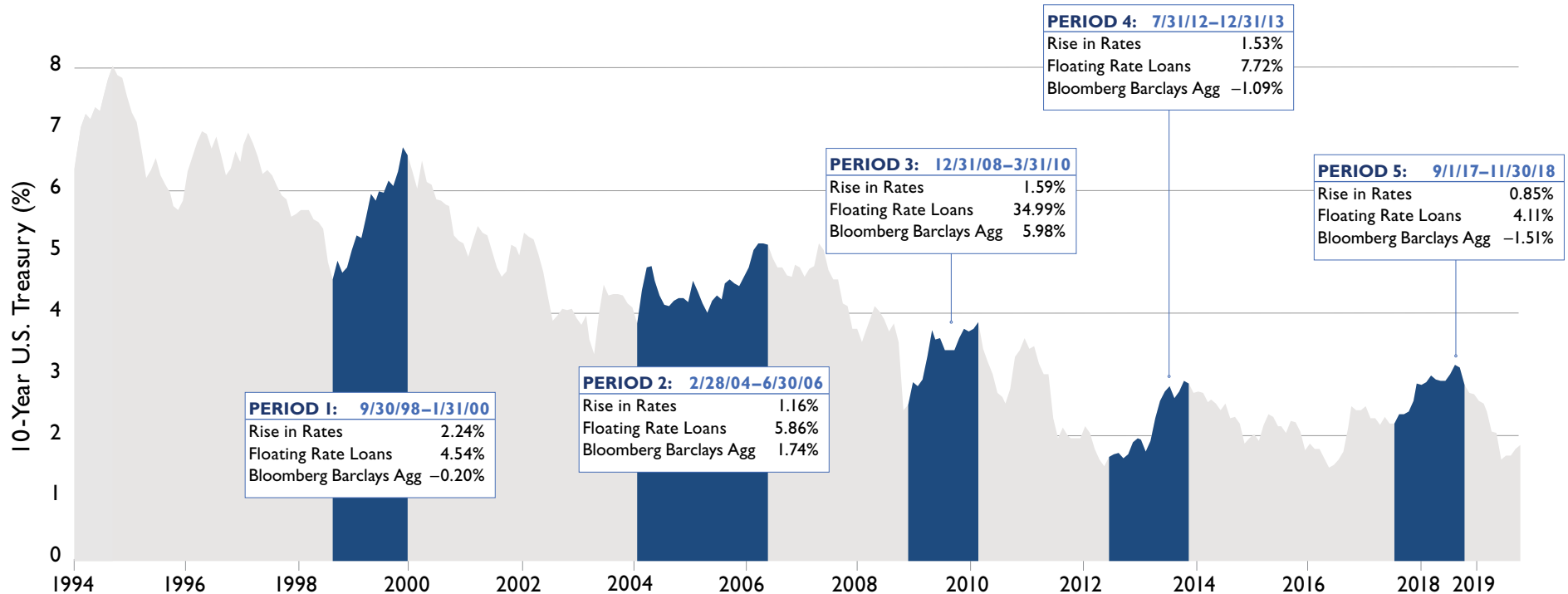




In Rising Interest Rate Environments, Floating Rate Loans Have Historically Performed Well.

Below are the five rising interest-rate environments in the last 25 years that lasted 12 months or longer.



Source: Morningstar®, Inc. as of 12/31/19.

Past performance does not guarantee future performance, ensure a profit, or protect against loss. Index performance is not illustrative of the performance of Pacific Funds Floating Rate Income. For performance on Pacific Funds Floating Rate Income, visit PacificFunds.com. "Rise in Rates" refers to the 10-year U.S. Treasury rate. Floating-rate bank loan returns are based on the Credit Suisse Leveraged Loan Index, which is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. It is not based on the return of any specific fund. Rising interest-rate environments were determined using the month-end rates of U.S. Treasuries over a 25-year period through 12/31/19. "Bloomberg Barclays Agg" refers to the Bloomberg Barclays U.S. Aggregate Bond Index, which is composed of investment-grade U.S. government bonds, investment-grade corporate bonds, mortgage pass-through securities, and asset-backed securities. The index's total return consists of price appreciation/depreciation and income as a percentage of the original investment. Indexes are unmanaged and cannot be invested in directly.

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DIVERSIFICATION MATTERS

Floating Rate Loans Can Help Complement a Diversified Fixed-Income Investment Strategy.

Regardless of the interest-rate environment, opportunities within fixed income exist.

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Annual Index Return 2010-2019 (%)	U.S. High-Yield	15.12	U.S. Govt 9.02	EM Debt 17.95	U.S. High-Yield 7.44	U.S. Inv Grade Corp 7.46	EM Debt 1.29	U.S. High-Yield 17.13	EM Debt 8.17	Cash 1.87	U.S. Inv Grade Corp 14.54
	EM Debt	12.84	U.S. Inv Grade Corp 8.15	U.S. High-Yield 15.81	Floating Rate 6.15	Bloomberg Barclays Agg 5.97	U.S. Govt 0.86	EM Debt 9.88	U.S. High-Yield 7.50	Floating Rate 1.14	U.S. High-Yield 14.32
	Floating Rate	9.97	Bloomberg Barclays Agg 7.84	U.S. Inv Grade Corp 9.82	Cash 0.07	U.S. Govt 4.92	Bloomberg Barclays Agg 0.55	Floating Rate 9.88	U.S. Inv Grade Corp 6.42	U.S. Govt 0.88	EM Debt 13.11
	U.S. Inv Grade Corp	9.00	EM Debt 6.97	Floating Rate 9.43	U.S. Inv Grade Corp -1.53	EM Debt 4.76	Cash 0.05	U.S. Inv Grade Corp 6.11	Floating Rate 4.25	Bloomberg Barclays Agg 0.01	Bloomberg Barclays Agg 8.72
	Bloomberg Barclays Agg	6.54	U.S. High-Yield 4.98	Bloomberg Barclays Agg 4.21	Bloomberg Barclays Agg -2.02	U.S. High-Yield 2.45	Floating Rate -0.38	Bloomberg Barclays Agg 2.65	Bloomberg Barclays Agg 3.54	U.S. High-Yield -2.08	Floating Rate 8.17
	U.S. Govt	5.52	Floating Rate 1.82	U.S. Govt 2.02	U.S. Govt -2.60	Floating Rate 2.06	U.S. Inv Grade Corp -0.68	U.S. Govt 1.05	U.S. Govt 2.30	EM Debt -2.46	U.S. Govt 6.83
	Cash	0.13	Cash 0.10	Cash 0.11	EM Debt -4.12	Cash 0.03	U.S. High-Yield -4.47	Cash 0.33	Cash 0.86	U.S. Inv Grade Corp -2.51	Cash 2.28
	Year-End Federal Funds Target Rate %	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.50	2.50	1.75
10-Year Treasury Yield %	3.30	1.89	1.78	3.04	2.17	2.27	2.45	2.40	2.69	1.92	

Calculations assume dividends and capital gains are reinvested and do not include any managerial expenses. The performance data herein represents past performance which does not guarantee future returns. Source: Bloomberg Barclays, Credit Suisse and Morningstar®, Inc., 2020. Federal Funds Target Rate from Federal Reserve Bank of New York, 12/19. The Federal Funds Target Rate is set by the Federal Open Market Committee (FOMC), and is the interest rate that depository institutions charge one another for overnight loans of deposits at the Federal Reserve. 10-year U.S. Treasury yield from the St. Louis Federal Reserve. A 10-year Treasury yield is the market interest rate on U.S. Treasury bonds that will mature 10 years from the date of purchase. The U.S. Govt category is represented by the Bloomberg Barclays U.S. Government Index, which includes securities issued by the U.S. government (i.e., securities in the Treasury and Agency Indexes). The Bloomberg Barclays Agg category is represented by the Bloomberg Barclays U.S. Aggregate Bond Index, which includes investment-grade U.S. government and corporate bonds, mortgage pass-through securities, and asset-backed securities. The U.S. Inv Grade Corp category is represented by Bloomberg Barclays U.S. Corporate Bond Index, which includes publicly issued U.S. corporate and specified foreign debentures, investment-grade securities, and secured notes that meet the specified maturity, liquidity, and quality requirements. The EM Debt category is represented by the Bloomberg Barclays Emerging Markets Index, which includes U.S. dollar-denominated debt from emerging markets in the following regions: Americas, Europe, Middle East, Africa, and Asia. The Floating Rate category is represented by the Credit Suisse Leveraged Loan Index, which is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. **Index performance is not illustrative of the performance of the Pacific Funds Floating Rate Income.** The U.S. High-Yield category is represented by the Bloomberg Barclays U.S. High-Yield Index, which covers the universe of fixed rate, non-investment-grade debt. The Cash category is represented by the ICE BofA Merrill Lynch U.S. 3-Month Treasury Bill Index (T bill). A diversified portfolio does not guarantee future results, ensure a profit, or protect against loss.

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