PACIFIC FUNDS TRENDS

INVESTMENT IDEAS FOR TODAY'S PORTFOLIOS

JANUARY 2021

FLOATING YOUR WAY THROUGH FIXED-INCOME TURBULENCE

Is Now the Right Time to Invest in Floating-Rate Loans?

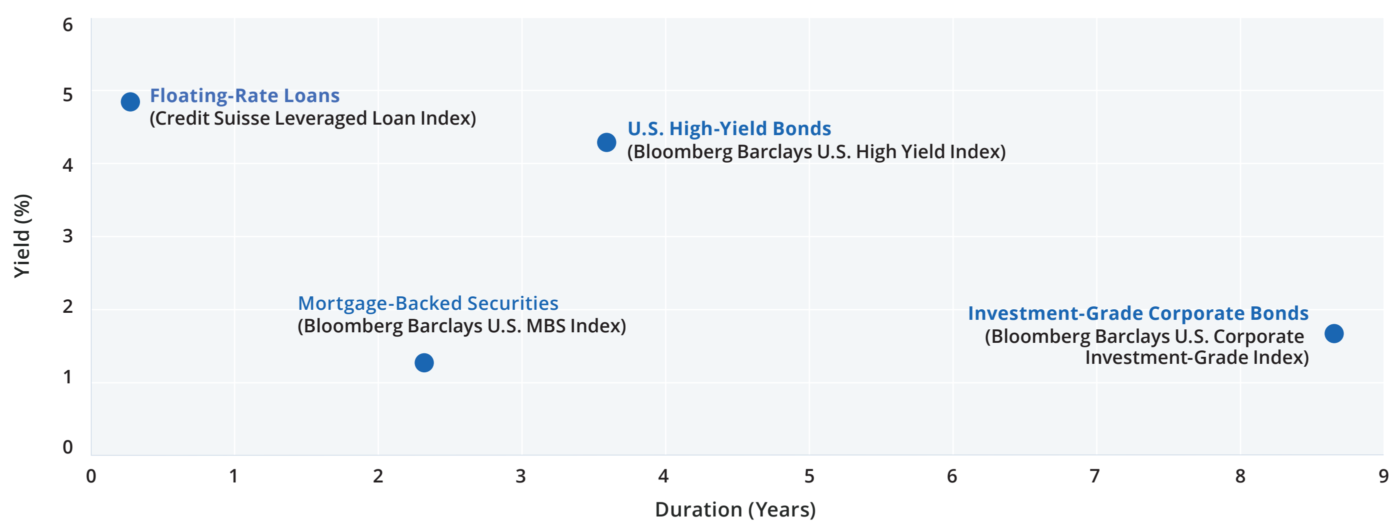
During the last two decades, investors have experienced both record low levels for interest rates as well as periods of rising-rate environments. And today, amid the uncertainties surrounding the Federal Reserve's policy action of short-term U.S. interest rates, some investors may want to rethink their fixed-income allocations.

In such an environment, your clients may want to consider the potential advantages of adding floating-rate loans to their portfolios. Floating-rate loans are designed to provide a source of income and can offer the benefit of diversification, which can help navigate various market environments in both the short- and long-term.

Buoying Up Portfolios in a Persistently Low-Yield Environment

As interest rates have declined, so too have yields on traditional fixed-income asset classes. Interest rates are still at historically low levels, and in a low-yield environment, floating-rate coupons can rise to the occasion. The coupons on floating-rate loans rise as interest rates rise, which can help offset the decline in bond prices. Historically, floating-rate loans have provided more income per year of duration than other traditional fixed-income asset classes. This typically results in less interest-rate sensitivity than traditional fixed-income asset classes.

Higher Income Potential with Lower Duration



Source: Bloomberg Barclays and Credit Suisse as of 12/31/20.

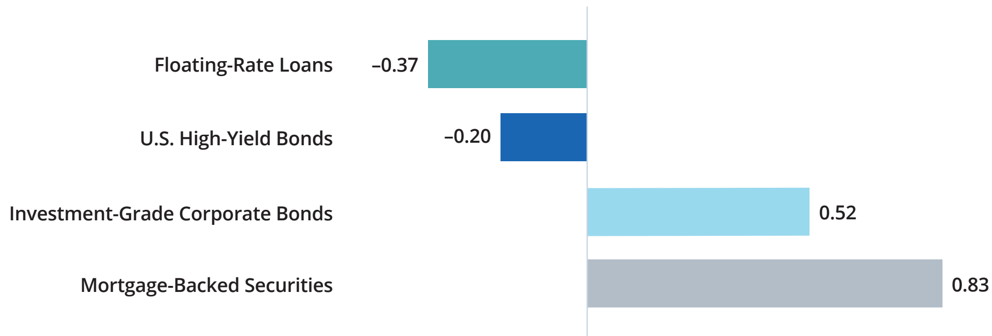
No bank guarantee • May lose value • Not FDIC insured

A Source of Diversification

One of the risks inherent in traditional fixed-income asset classes is interest-rate risk, which can be measured by correlation to U.S. Treasuries. While most fixed-income asset classes can be an appropriate addition to a portfolio regardless of what is happening with interest rates, certain fixed-income asset classes have the potential to provide better diversification because each asset class reacts differently to changes in interest rates.

For example, floating-rate loans have historically carried a low or negative correlation to U.S. Treasuries, providing positive returns in rising interest-rate environments. This is because floating-rate loans generally have a lower sensitivity to interest-rate movements than other fixed-income asset classes since coupon rates can be periodically reset. This can provide a diversification benefit when added to a portfolio.

20-Year Correlation to U.S. Treasuries

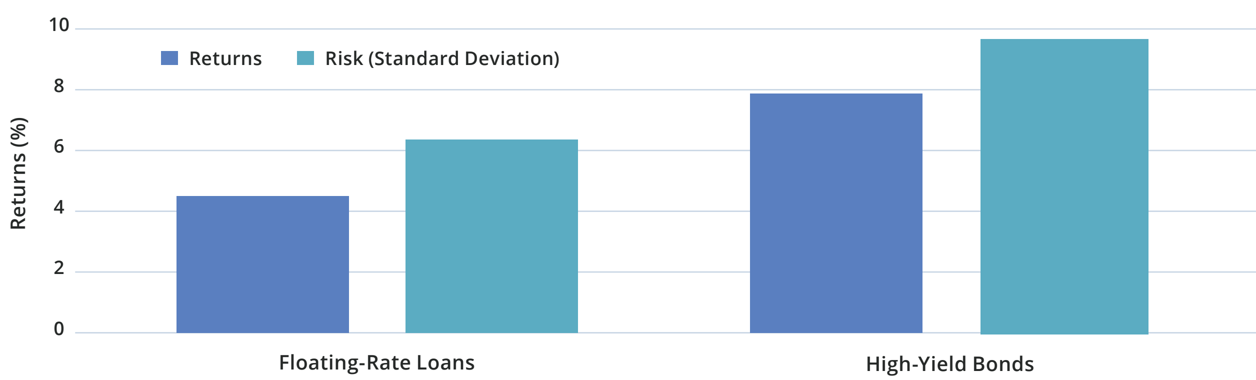


Source: Morningstar Inc. as of 12/31/20.

Rising Above the Risks

The challenge investors face when constructing a diversified fixed-income portfolio is identifying asset classes that have the potential to achieve attractive returns while assuming minimal risk. Investors should be aware that during periods of economic decline, floating-rate loans could struggle as these securities could be exposed to an increased credit risk. However, in contrast to other high-yield asset classes, floating-rate loans sit at the top of a company's capital structure, are usually secured by assets, and may feature terms or covenants that offer holders of loans some measure of downside protection (for example, minimum levels of liquidity). The unique structure of floating-rate loans, in addition to their lower duration, may help reduce the effects of interest-rate risk and volatility. Together, these attributes allow floating-rate loans to potentially provide attractive levels of return with a reduced level of risk.

Risk/Return Profile



Source: Morningstar Inc. as of 12/31/20.

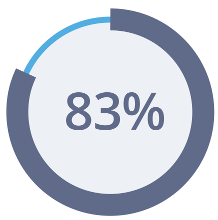
Indexes are unmanaged and cannot be invested in directly. Further, they hold no cash and incur no expenses.

Pacific Funds Floating Rate Income

Pacific Funds[SM] Floating Rate Income is designed to seek high levels of income while limiting interest-rate sensitivity by investing primarily in floating-rate loans. The Fund has generated consistent returns relative to both its benchmark and the Morningstar Category™ average across a variety of environments. Since inception, the Fund has outperformed the Morningstar Bank Loan category in every rolling three-year period.

Pacific Funds Floating Rate Income Outperformed the Morningstar Bank Loan Category

OF ROLLING 1-YEAR PERIODS



29 out of 35 Periods

OF ROLLING 3-YEARS PERIODS

27 out of 27 Periods

Source: Morningstar® Inc., as of 12/31/20. Morningstar Category: Bank Loan (256 funds as of 12/31/20). The Morningstar Category Average is the average return for the peer group based on the returns of each individual fund within the group for the period shown. This average assumes reinvestment of dividends and capital gains, if any, and excludes sales charges.

For more information about
Pacific Funds Floating Rate Income, visit
PacificFunds.com.

FLOATING RATE INCOME

Class A	Class C	Advisor Class
PLFLX	**PLBCX**	**PLFDX**

Advisor Class shares as of December 31, 2020

Morningstar Rating™ ★★★★

Overall Rating out of 232 Bank Loan funds based on risk-adjusted returns

CALENDAR YEAR-END RETURNS (%)

2012	2013	2014	2015	2016	2017	2018	2019	2020
10.49	6.22	0.30	0.80	8.84	4.27	0.36	8.24	1.45

PERFORMANCE

Total Returns (%)			Annualized Total Returns (%)		
3-Month	YTD	1-Year	3-Year	5-Year	Since Fund Inception 6/30/11
2.87	1.45	1.45	3.29	4.57	4.26

Advisor Class shares incepted 6/29/12. **Net** (reflects waivers, reductions, reimbursements, and the limitation of certain "Other Expenses")and **gross** (reflects the total annual operating expenses) **expense ratio** are 0.78% and 0.92%, respectively. Performance shown prior to that date is hypothetical and is that of Class I shares (6/30/11 inception date), restated to reflect applicable service and/or 12b-1 fees. Advisor Class shares are sold at net asset value without an initial sales charge and do not include a contingent deferred sales charge. Performance reflects any applicable fee waivers and expense reimbursements. All share classes may not be available at all firms, and not all investors may be eligible for all share classes. Please see the prospectus for additional information about availability.

For performance data current to the most recent month-end, call Pacific Funds at (800) 722-2333 or go to PacificFunds.com/Performance. Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the performance quoted. The investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than the original cost.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. The top 10% of funds in each category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. Morningstar Ratings for other share classes may have different performance characteristics. © 2020 Morningstar Investment Management, LLC. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The Fund's Advisor Class also received a five-year rating of four stars out of 207 funds and three-year rating of four stars out of 232 funds. For Overall, three-, five-, and ten-year (if applicable) Morningstar Ratings for other share classes, visit PacificFunds.com/Performance.

About Principal Risks

All investing involves risks including the possible loss of the principal amount invested. There is no guarantee the Fund will achieve its investment goal. Corporate bonds are subject to issuer risk in that their value may decline for reasons directly related to the issuer of the security. Not all U.S. government securities are checked or guaranteed by the U.S. government, and different government securities are subject to varying degrees of credit risk. Mortgage-related and other asset-backed securities are subject to certain rules affecting the housing market or the market for the assets underlying such securities. The Fund is subject to liquidity risk (the risk that an investment may be difficult to purchase, value, and sell particularly during adverse market conditions, because there is a limited market for the investment, or there are restrictions on resale) and credit risk (the risk an issuer may be unable or unwilling to meet its financial obligations, risking default). High-yield/high-risk bonds ("junk bonds") and floating-rate loans (usually rated below investment grade) have greater risk of default than higher-rated securities/higher-quality bonds that may have a lower yield. The Fund is also subject to foreign-markets risk.

Pacific Life Insurance Company is the administrator for Pacific Funds. It is not a fiduciary and therefore does not give advice or make recommendations regarding insurance or investment products.

Investors should consider a fund's investment goal, risks, charges, and expenses carefully before investing. The prospectus and/or summary prospectus should be read carefully before investing.

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