

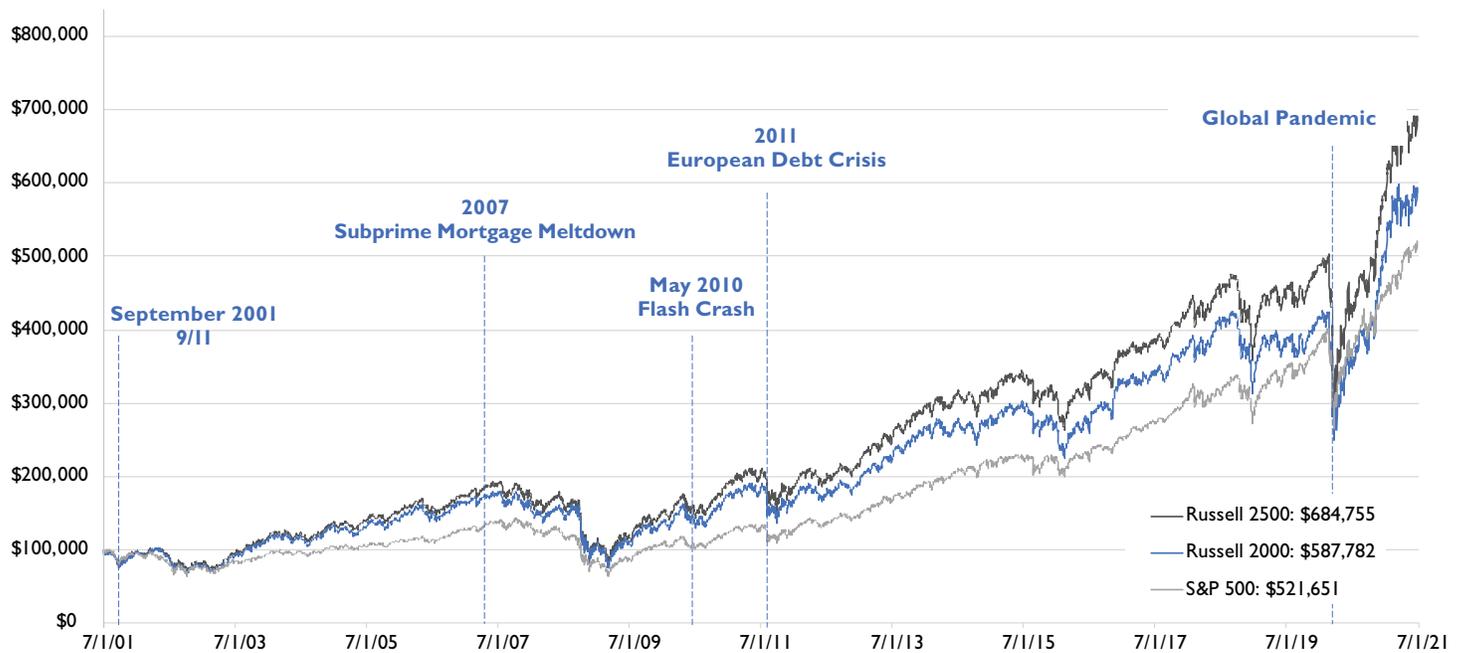


# PACIFIC FUNDS

## WHY ABANDON A RISING STAR?

Many investors allocate their U.S. equity holdings among both large-cap stocks for their relative stability, and small-cap stocks for their expectational upside, which refers to the potential for companies to significantly outperform market expectations over the long term. But what happens to the opportunity offered by small-caps when they become mid-caps? Managers of small-cap funds are typically obligated to abandon them, even when they may not have reached their full potential. But why sell stocks that have consistently outperformed their smaller and larger peers over time? Small/mid-cap managers are uniquely positioned to both identify stock opportunities early, and be able to hold them so they may reach their full potential. As you can see in the chart below, over the long term, this strategy resulted in significant outperformance.

**During the last 20 years, small/mid-cap strategies—focusing on a mix of small-cap and mid-cap stocks, as measured by the Russell 2500™ Index—outperformed both large-cap stocks (measured by the S&P 500® index) and small-cap stocks (measured by the Russell 2000® Index).**



Source: Morningstar®, as of 7/1/01-6/30/21.

### What is the Russell 2500 Index?

- A subset of the Russell 3000® Index that measures the performance of the small- to mid-cap segment of the U.S. equities universe
- Includes stocks in the Russell 2000 Index (the smallest 2,000 companies in the market) plus the next 500 companies, based on market capitalization (current average is \$7.18 billion)
- Provides a benchmark for active managers who have the ability to invest in both small- and mid-cap stocks, giving them the opportunity to capitalize on stocks that they feel have long-term growth potential

Source: Morningstar as of 6/30/21.

**No bank guarantee • May lose value • Not FDIC insured**

Rothschild & Co Asset Management US Inc. (Rothschild & Co) is the subadvisor to Pacific Funds Small/Mid-Cap and the rest of the Pacific Funds<sup>SM</sup> U.S. Equity Funds lineup.

## Fund Overview

- Rothschild & Co's process allows managers to hold companies they believe have good expectational upside relative to the market as they move along the market-capitalization spectrum.
- The Fund seeks to provide both long-term capital appreciation and a controlled level of risk in down markets.
- Under normal circumstances, the Fund invests at least 80% of assets in equity securities of small- and mid-cap U.S. companies.

## Pacific Funds Small/Mid-Cap (Advisor Class) as of June 30, 2021

### Performance

Total Returns (%)			Annualized Total Returns (%)		
3-Month	YTD	1-Year	3-Year	5-Year	Since Fund Inception 12/31/14
4.44	19.39	55.78	11.24	13.81	10.61

### Calendar Year-End Returns (%)

2015	2016	2017	2018	2019	2020
0.53	14.79	17.13	-11.67	23.37	9.46

**For performance data current to the most recent month-end, call Pacific Funds at (800) 722-2333 or go to [PacificFunds.com/Performance](http://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.**

Advisor Class shares inception on 1/11/16. **Effective 8/1/20 through 7/31/21, net** (reflects waivers, reductions, reimbursements, and the limitation of certain "Other Expenses") and **gross** (reflects the total annual operating expenses) **expense ratios** are 0.95% and 0.98%, respectively. The Fund acquired the assets of the Rothschild U.S. Small/Mid-Cap Fund (the Predecessor Fund) in a reorganization transaction on 1/11/16. The Fund's objectives (goals), policies, guidelines, and restrictions are substantially the same as those of the Predecessor Fund. The performance figures shown for Advisor Class shares of the Fund reflect the historical performance of the then-existing Institutional Class shares of the Predecessor Fund for periods prior to 1/11/16. The performance figures for periods prior to 1/11/16 have not been adjusted to reflect fees and expenses of Advisor Class shares of the Fund. If these returns had been adjusted, then performance for the share classes could vary from the returns shown based on differences in their fee and expense structures. The Institutional Class shares of the Predecessor Fund commenced operations on 12/31/14.

For more information, call (800) 722-2333 or visit [PacificFunds.com](http://PacificFunds.com).

### Definitions

The **Russell 2000 Index** measures the performance of the small-cap segment of the US equity universe and is a subset of the Russell 3000<sup>®</sup> Index.

The **S&P 500** index is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the U.S. stock market.

**About Principal Risks:** All investing involves risk, including the possible loss of the principal amount invested. There is no guarantee that the Fund will achieve its investment goal. Equity securities tend to go up or down in value, sometimes rapidly and unpredictably. Small- and mid-capitalization companies may be more susceptible to liquidity risk and price volatility risk, and more vulnerable to economic, market, and industry changes than larger, more established companies.

*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. The prospectus can be obtained by visiting [PacificFunds.com](http://PacificFunds.com).**

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