Share Classes, Breakpoints & CDSC Waivers

Pacific Life Funds offers investors Class A, Class B, and Class C shares of the Portfolio Optimization Funds. Even though these classes represent ownership of the same fund, each class is subject to different types and levels of sales charges, and bears different levels of expenses.

Your registered representative can help you choose the fund or funds that are appropriate for you based upon your investment objective, risk tolerance, time horizon, and other factors. Your registered representative can also explain to you the various expenses associated with each share class and help you choose the share class that is most appropriate for you. The class of shares that best corresponds with your financial goals depends upon several factors. When choosing among classes, you should consider the following questions:

- How long do I plan to hold the shares?
- How much money do I intend to invest?
- Will I be purchasing more shares in the future?
- What expenses will I pay for each class?
- Do I qualify for any sales charge discounts?

You should also understand how the various fees, expenses, and charges would affect your investment over time. Once you understand the differences among the share classes, you can then make an informed decision and select a share class that matches your needs, resources, and investment timeline. Your registered representative will generally receive compensation no matter which share class you select; however, that compensation may vary between share classes and may vary with the size of your investment. Thus, a registered representative may have an incentive for you to invest in one share class over another (e.g., a purchase of $100,000 of Class B shares generally results in greater compensation to the selling broker-dealer versus a similar purchase of Class A shares that takes advantage of a breakpoint).

The following table summarizes key information about the Class A, B and C shares (except with respect to the PL Money Market Fund) to help you make your investment decision, including the various expenses associated with each of these share classes. More detailed information about each of these share classes is provided in the next section.

<table>
<thead>
<tr>
<th>Share Class</th>
<th>Front-end Sales Charge</th>
<th>Annual Distribution and/or Service Fees</th>
<th>CDSC</th>
<th>Conversion to Class A Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A</td>
<td>YES — for purchases below $1,000,000 (front-end sales charge reductions begin at $50,000).</td>
<td>0.25%</td>
<td>NONE — for purchases below $1,000,000.</td>
<td>N/A</td>
</tr>
<tr>
<td>Class B</td>
<td>NONE</td>
<td>1.00%</td>
<td>YES — up to 5.00% on shares redeemed within a certain period.</td>
<td>YES — after eight (8) years.</td>
</tr>
<tr>
<td>Class C</td>
<td>NONE</td>
<td>1.00%</td>
<td>YES—1.00% on shares redeemed within one year of purchase.</td>
<td>NO — annual expenses continue at the Class C level throughout the life of your investment.</td>
</tr>
</tbody>
</table>

To pay for the cost of promoting the funds and servicing your account, each class of shares, other than Class A shares, has adopted a Distribution and Service (12b-1) Plan in accordance with Rule 12b-1 under the 1940 Act. A non 12b-1 Service Plan has been adopted for Class A shares. Because 12b-1 and service fees are paid out of the fund’s assets on an ongoing basis, they will increase the cost of your investment over time. Higher ongoing 12b-1 fees may be less advantageous than paying a front-end sales charge and lower ongoing service fees. Higher 12b-1 fees mean a higher expense ratio, so Class B and Class C shares pay correspondingly lower dividends and may have a lower total return than Class A shares. The relative impact of a front-end sales charge and ongoing annual expenses will depend on various factors, including the length of time a share is held.
The fees and expenses imposed on Class B and Class C shares may, depending upon the amount invested and the length of time the shares are held, total more than the front-end sales charges imposed on purchases of Class A shares.

Because Class B shares convert into Class A shares after they have been held for eight years (and become subject to a reduced service fee instead of a 12b-1 fee after the conversion), an investment in Class C shares may cost you more over time than an investment in Class B shares or Class A shares.

Certain share classes may be subject to a contingent deferred sales charge (CDSC) upon redemption, depending on the length of time shares are held. Information about calculation of applicable CDSC appears after the descriptions of each share class. CDSC waivers are available in certain circumstances. For information regarding available CDSC waivers, please see Ways You Can Avoid or Minimize Sales Charges (Breakpoints and Waivers) in this section following the CDSC calculation information.

Although the share class that you choose is ultimately your decision, you should seek to learn which share class is economically more attractive for your particular situation so that you can make an informed decision. As an example, shareholders making investments below the first Class A “breakpoint” (or discount) level at $50,000 are generally better off purchasing Class B shares. On the other hand, shareholders making significant investments for long periods of time may find that Class A shares (with breakpoint savings) are the most cost-effective way to invest in Pacific Life Funds. For more information on share classes or other mutual fund investing topics, please refer to the websites of the Financial Industry Regulatory Authority (FINRA), formerly NASD (www.FINRA.org/investorinformation) and the SEC (www.sec.gov/investor.shtml).

### Class A Shares

Class A shares of each fund are charged a 0.25% non 12b-1 Service Fee. Because service fees are paid out of the fund’s assets on an ongoing basis, they will increase the cost of your investment over time.

Each purchase is subject to the following front-end sales charge:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Sales charge as a % of offering price</th>
<th>Sales charge as a % of Net Amount Invested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $50,000</td>
<td>5.50%</td>
<td>5.82%</td>
</tr>
<tr>
<td>$50,000 to under $100,000</td>
<td>4.75%</td>
<td>4.99%</td>
</tr>
<tr>
<td>$100,000 to under $250,000</td>
<td>3.75%</td>
<td>3.90%</td>
</tr>
<tr>
<td>$250,000 to under $500,000</td>
<td>3.00%</td>
<td>3.09%</td>
</tr>
<tr>
<td>$500,000 to under $1,000,000</td>
<td>2.10%</td>
<td>2.15%</td>
</tr>
<tr>
<td>$1,000,000 and over</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

As noted in the table above, discounts (breakpoints) are available for larger purchases. For information regarding available discounts, please see the Ways You Can Avoid or Minimize Sales Charges (Breakpoints and Waivers) section immediately following the descriptions of share class sales charges and CDSC calculation information.

If your account value, including the amount of your current investment, totals $1 million or more, you will not pay a front-end sales charge on the current investment amount. However, if you sell these shares (for which you did not pay a front-end sales charge) within one year of purchase, you will pay a CDSC of 1%.

**PL Money Market Fund:** Class A shares of the PL Money Market Fund are sold at NAV without an initial sales charge. A front-end sales charge applies when you exchange PL Money Market Fund shares into Class A shares of another available fund. Sales charges do not apply to reinvested dividends or capital gains distributions. The PL Money Market Fund is not available for direct investment by investors in Class R shares. In accordance with Pacific Life Funds exchange policy, Class A shares of the PL Money Market Fund may be exchanged for Class A, B or C shares of the Portfolio Optimization Funds. Conversely, Class A, B or C shares of the Portfolio Optimization Funds may be exchanged for Class A shares of the PL Money Market Fund. For assets initially invested in the PL Money Market Fund, the CDSC period will begin when the shares are exchanged into Class B or C shares of a Portfolio Optimization Fund.
Class B Shares

Class B shares are offered at NAV without a front-end sales charge. Annual 12b-1 fees are 1.00%. Each purchase of Class B shares has its own CDSC period, and you may be charged a CDSC on shares that you sell within a certain period of time after you purchased them. Sales charges do not apply to reinvested dividends or capital gains distributions. After eight years, Class B shares convert to Class A shares, thus reducing your future annual expenses.

<table>
<thead>
<tr>
<th>Year of redemption</th>
<th>CDSC on shares sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5.00%</td>
</tr>
<tr>
<td>2</td>
<td>4.00%</td>
</tr>
<tr>
<td>3</td>
<td>4.00%</td>
</tr>
<tr>
<td>4</td>
<td>3.00%</td>
</tr>
<tr>
<td>5</td>
<td>2.00%</td>
</tr>
<tr>
<td>6</td>
<td>2.00%</td>
</tr>
<tr>
<td>7</td>
<td>1.00%</td>
</tr>
<tr>
<td>8 and after</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

The initial and subsequent purchase maximum per transaction for Class B shares is less than $100,000. Generally, it is more advantageous for an investor that is considering an investment in Class B shares of $100,000 or more to invest in Class A shares instead. You should carefully consider whether two or more purchases totaling $100,000 or more are suitable in light of your own circumstances. It is your responsibility to inform your financial intermediary or Pacific Life Funds of any and all other accounts that may be linked together for the purposes of determining whether the application of the right of accumulation or the use of a letter of intent would make Class A Shares a more suitable investment than Class B Shares.

Class C Shares

Class C shares are offered at NAV without a front-end sales charge. Annual 12b-1 fees are 1.00%. Sales charges do not apply to reinvested dividends or capital gain distributions. You will also be charged a 1% CDSC on shares that you redeem within 1 year of purchase. There’s no conversion to Class A shares, so annual expenses continue at the higher Class C level throughout the life of your investment.

The initial and subsequent purchase maximum per transaction for Class C shares is less than $1 million. If you were to invest $1 million or more, in most cases Class A shares would be the most advantageous choice. You should carefully consider whether two or more purchases totaling $1 million or more are suitable in light of your own circumstances. It is your responsibility to inform your financial intermediary or Pacific Life Funds of any and all other accounts that may be linked together for the purposes of determining whether the application of the right of accumulation or the use of a letter of intent would make Class A Shares a more suitable investment than Class C shares.

Calculation of Contingent Deferred Sales Charges (CDSC)

Certain investments in Class A, Class B, and Class C shares may be subject to a CDSC. To keep your CDSC as low as possible, the amount of the CDSC will be based on the lesser of your purchase price or redemption price. We will first sell shares in your account that are not subject to a CDSC and then will sell shares in the order in which they were purchased (i.e., first in, first out). There is no CDSC on shares acquired through the reinvestment of dividends and capital gains distributions. The CDSC, if applicable, will be calculated on loans taken under the Pacific Life Individual(k) Program. A new CDSC period will begin, when applicable, for each investment made in repayment of an outstanding loan under such Program.

Ways You Can Avoid or Minimize Sales Charges (Breakpoints and Waivers)

Reduction of Class A shares initial sales charge – You can reduce the initial sales charge of Class A shares by taking advantage of breakpoint opportunities in the sales charge schedule. With respect to the below, “Immediate family members” include parents, spouse, siblings, children, dependents, parents-in-law, brothers-in-law and sisters-in-law. Available sales charge reductions include:

- Letter of Intent – Lets you pledge to purchase Class A shares over a 13-month period and pay the same sales charge as if the shares had all been purchased at once. This includes purchases in all account types (e.g., IRA, nonretirement, etc.), purchases in the PL Money Market Fund, and purchases of Class A shares by your immediate family members. Part of the Letter of Intent amount will be held in escrow to cover additional sales charges that may be incurred if the
total investments (calculated at the offering price) over the 13-month period are insufficient to qualify for the sales charge reduction. Reinvested dividends and capital gain distributions do not count toward the Letter of Intent amount.

- **Rights of Accumulation** – Lets you include the current value of all accounts, in all share classes except those holding Class R shares, you or members of your immediate family already own in order to calculate the sales charge breakpoint for your next purchase at the offering price.

- **Combination Privilege** – Lets you combine all identified orders, except those with respect to Class R shares, received on the same day and processed in a single transaction for a reduced sales charge.

If the account owner is an entity (e.g., a trust, a qualified plan, etc.), these privileges will apply to beneficial owners and trustees. For purposes of applying these privileges, investments for the accounts of entities and their affiliates may be aggregated. These privileges are also available to investors who invest completely or partially through accounts at financial intermediaries, e.g., through omnibus accounts at other broker-dealers (rather than opening an individual account with Pacific Life Funds). To take advantage of these privileges, the account owner (or if applicable, the beneficial owner or trustee), through their financial intermediary, must identify and provide information to Pacific Life Funds in advance of or at the time of purchase regarding eligibility for these privileges. Stated differently, investors must identify to Pacific Life Funds through their financial intermediary, the complete universe of eligible Pacific Life Funds shareholder accounts (e.g., IRA, non-retirement, etc.), in order to receive the maximum breakpoint discount possible. It is the responsibility of the financial intermediary to ensure that an investor obtains the proper “breakpoint” discounts. If you do not let your financial intermediary or Pacific Life Funds know that you are eligible for a breakpoint or waiver discount, you may not receive a reduced sales charge to which you are otherwise entitled.

In order for Pacific Life Funds to identify accounts opened through a financial intermediary, you or your financial intermediary must provide Pacific Life Funds with the applicable Pacific Life Funds account numbers. For purposes of identifying all other Pacific Life Funds accounts, you or your registered representative must provide Pacific Life Funds with either the applicable Pacific Life Funds account numbers or the applicable tax identification numbers. These privileges do not apply to Class R shares.

**Waiver of initial sales charges** – Class A shares may be purchased without a front-end sales charge by:

- Officers, directors, trustees, and employees of Pacific Life Funds, Pacific Life and their affiliates;
- Registered representatives and employees of broker/dealers with a current distribution or selling agreement with Pacific Life Funds and their affiliates;
- Employees of designated asset management firms, other service providers and their affiliates; and
- Immediate family members of all such persons.
- Investors who purchase through a “wrap account” offered through a selling group member that has also entered into a wrap fee program agreement with the funds’ distributor which includes a requirement that such shares be sold for the benefit of clients participating in a “wrap account” or similar program under which clients pay a fee to the selling group member.
- Investors who purchase through an omnibus account maintained with a financial intermediary that has an agreement with the funds’ distributor and that does not accept or charge the initial sales charge. (Note: your financial intermediary may charge transaction fees or other different or additional fees that are separate from fund fees and expenses.)
- Qualified retirement plans where the plan’s investments are part of an omnibus account maintained with a financial intermediary that has an agreement with the funds’ distributor and that does not accept or charge the initial sales charge. (Note: your financial intermediary may charge transaction fees or other different or additional fees that are separate from fund fees and expenses.)
- Pacific Life Individual(k) Program participants who purchase shares in repayment of an outstanding loan under this program.
- Montana residents purchasing shares directly from Pacific Life Funds under the Montana Family Education Savings Program.

See Form Requirements for Purchases at NAV section below.

**Reinstatement privilege** – If you sell shares of a fund and withdraw your money from a fund, you may reinstate into the same account, within 60 days of the date of your redemption, some or all of the proceeds in the PL Money Market Fund or the same share class of any Portfolio Optimization Fund you own at the time of the reinstatement, without paying a front-end sales charge if you paid a front-end sales charge when you originally purchased your shares. For purposes of the CDSC, if you paid a CDSC when you sold your shares, you would be credited with the amount of the CDSC proportional to the amount reinvested. Reinstated shares will continue to age, as applicable, from the date that you bought your original shares or from the date the
shares were exchanged from an initial investment in the PL Money Market Fund. This privilege can be used only once per calendar year per account. Contact your financial intermediary or Pacific Life Funds customer service at (800) 722-2333 (select Option 2) for additional information. You must identify and provide information to Pacific Life Funds or your financial intermediary, as applicable, regarding your historical purchases and holdings, and you should also retain any records necessary to substantiate historical transactions and costs because Pacific Life Funds, its transfer agent, and financial intermediaries will not be responsible for providing this information. See Form Requirements for Purchases at NAV section below.

**Form Requirements for Purchases at NAV (waiver of initial sales charge)** – The NAV Authorization Form must be provided to Pacific Life Funds in advance of or at the time of purchase to receive any front-end sales charge waiver described above in the Waiver of initial sales charges and reinstatement privilege sections above, except with respect to purchases: by Montana residents purchasing shares directly from Pacific Life Funds under the Montana Family Education Savings Program and at NAV executed through a financial intermediary. Any financial intermediary initiating a purchase at NAV is responsible for verifying that each purchase is executed in accordance with the waiver guidelines outlined above. If your financial intermediary fails to identify that you qualify for a sales charge waiver, your purchase may include a front-end sales charge.

**CDSC waivers** – The CDSC for each Class will be waived in the following cases:

- Redemptions following the death or permanent disability (as defined by Section 72(m)(7) of the Internal Revenue Code) of a shareholder if made within one year of death or the initial determination of permanent disability. The waiver is available only for shares held at the time of death or initial determination of permanent disability.
- Certain amounts redeemed through a Systematic Withdrawal Plan (SWP). The SWP redemption amount eligible for CDSC waiver is determined at the time the SWP is established and is limited to 10% of the account value at that time, provided all dividends and distributions are reinvested (CDSC Waiver Eligible Amount). The CDSC Waiver Eligible Amount will remain the same for subsequent SWP redemptions. The SWP redemption amount may be higher or lower than the CDSC Waiver Eligible Amount. Any SWP redemption amount above the CDSC Waiver Eligible Amount may be subject to a CDSC. If you were to cancel the SWP option and later establish a new SWP, a new CDSC Waiver Eligible Amount would be determined.
- Required minimum distributions (RMD), as required under the Internal Revenue Code, to the extent of the RMD amount attributed to your individual retirement account (IRA) with Pacific Life Funds.
- Excess contributions as required under the Internal Revenue Code.
- The CDSC for accounts in the Pacific Life Funds 529 Plan Montana would be waived for redemptions due to: the receipt of scholarship by the designated beneficiary (up to the amount of the scholarship), complying with the maximum account balance limitation across all of the accounts in the Montana Family Education Savings Program (MFESP), if the amount were rolled over to a MFESP 529 Plan account for another designated beneficiary, a rollover to another state’s qualified 529 program, or a transfer to other options within the MFESP, including to those that may be added in the future.

Any financial intermediary initiating a redemption eligible for a CDSC waiver is responsible for verifying that each redemption is executed in accordance with the CDSC waiver guidelines outlined above. If your financial intermediary fails to identify that you qualify for a CDSC waiver, your redemption may include a CDSC.

If you think that you might be eligible for a CDSC waiver, contact your financial intermediary. To receive a CDSC waiver, Pacific Life Funds must be notified at the time of the redemption request.

**Before you invest in Pacific Life Funds, you should consider the investment objectives, risks, charges and expenses involved in the purchase. This and other information is contained in Pacific Life Funds Portfolio Optimization Funds Prospectus (Prospectus), which you can order by calling 1-800-722-2333. You should read the Prospectus carefully before investing or sending money.**

**An investment in a fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the PL Money Market Fund is managed to maintain a stable net asset value (NAV) of $1.00 per share, it’s possible to lose money by investing in the fund.**