Invesco PACIFIC LIFE

How Can Defined Outcome Funds Benefit Investors?

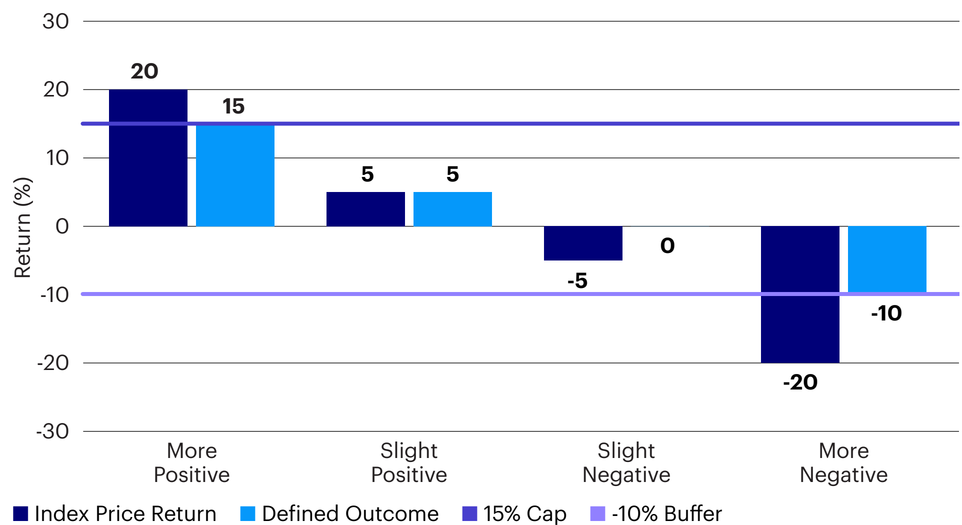
Case study: Invesco® V.I. Defined Outcome Funds

Not a Deposit Not FDIC Insured Not Guaranteed by the Bank May Lose Value Not Insured by any Federal Government Agency

No one can predict the markets with 100% accuracy — that's why it's important to be prepared for the unexpected, and to have the flexibility to make the right decisions for your portfolio.

Available within certain Pacific Life variable annuities, the Invesco® V.I. Defined Outcome Funds are designed to help protect against the unexpected by offering exposure to the upside of equities, up to a predetermined cap, while protecting against value-destroying market dips thanks to a buffer against losses. And they give investors the flexibility to respond to changing markets and their personal needs by moving assets across the family of defined outcome funds, each with different quarterly start dates, without tax consequences.

So what does this look like in practice? Here is a chart demonstrating the potential outcome of a fund over the 1-year outcome period based on four different index return scenarios.



For illustrative purposes only. Performance is shown gross of fees and may only be realized by investing in Funds for entire outcome period. **Past performance is not a guarantee of future results.** This example assumes the investor holds for the full outcome period. Buying or selling intra-period may change the investor's results.

To help you visualize how the funds work in more detail and the potential impact provided by the caps, buffers, and flexibility we present a few hypothetical scenarios. These scenarios illustrate a number of different decisions that investors can make: holding the original investment for the full period, reallocating out of a fund and into a new fund before the period is over, or allocating assets into a fund during the middle of an outcome period.

What if I sell my fund early and reinvest? What if I buy into a fund late?

The following charts illustrate the potential outcomes of a defined outcome fund with a cap of 14% and a buffer of 10%.

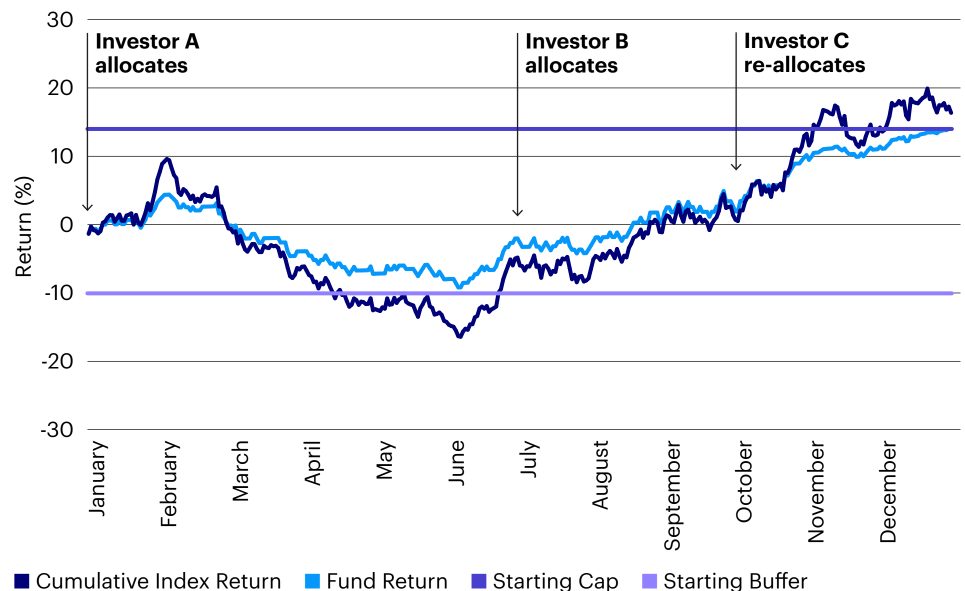
The scenarios below assumes Investor A holds the fund throughout the outcome period, Investor B allocates to the fund in the middle of the outcome period, and Investor C transfers from a Defined Outcome Fund midway through its outcome period into a different Defined Outcome Fund starting a new outcome period.

So how does each investor's decision impact their portfolios? Each investor's experience is different and Investor A, Investor B, and Investor C each has the flexibility to make the decision that was right for his or her personal situation.

Scenario 1

Market fluctuates but ends positive

- Investor A allocates to the fund at the beginning of an outcome period and holds the fund throughout the 12-month period.
  - Starting Cap: 14%
  - Starting Buffer: 10%
- Investor B allocates to the fund in the middle of the outcome period.
  - Remaining Cap: 17%
  - Remaining Buffer: 7%
  - Downside Before Buffer: 0%
- Investor C allocated to the fund at the beginning of an outcome period and transfers in the 9th month to another fund.
  - Gain/(loss) on original fund: +3.5%
  - Remaining Cap: 16%
  - Remaining Buffer: 10%
  - Downside Before Buffer: 0%



For illustrative purposes only. The performance results shown are hypothetical (not real) and were achieved by means of the retroactive application of the statistical model. It may not be possible to replicate the hypothetical results.

Outcomes:

Since the index growth over the 12-month period was greater than the cap, Investor A experiences the cap as their return, less any fees. The December fund automatically starts the next outcome period with a fresh cap and 10% buffer based on the index level at the start of the next outcome period.

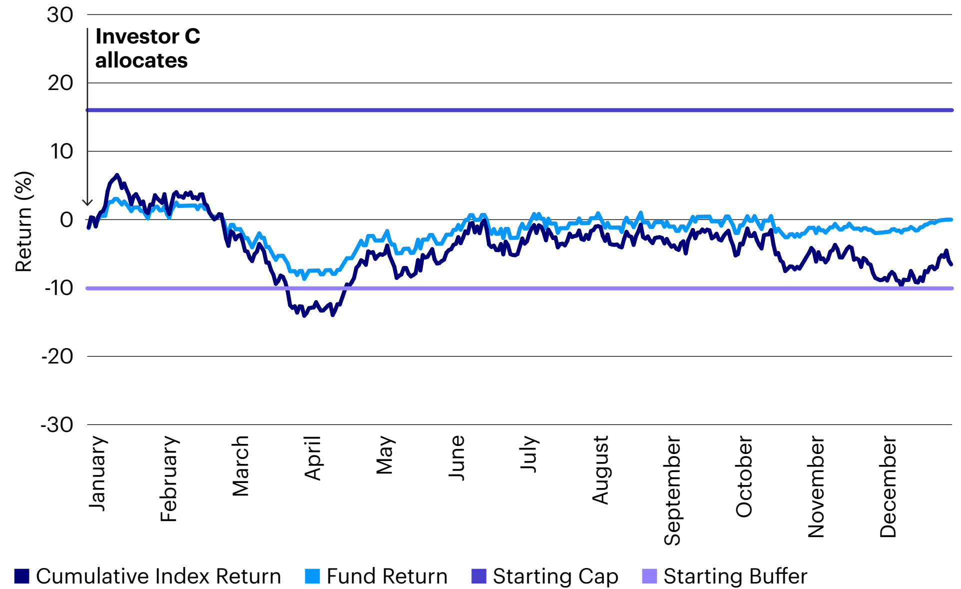
Since the index and fund had declined before Investor B allocated, the buffer against losses had decreased from 10% to 7%, while the cap had increased from 14% to 17%. As the index provided positive returns after Investor B allocated to the fund and through the end of the December fund outcome period, she experienced growth based on the remaining cap on the day she allocated into the fund. The December fund automatically starts the next outcome period with a fresh cap and 10% buffer.

Investor C experiences growth based on the positive index returns prior to transferring out of the fund (3.5%) at the end of September and into a new September fund starting a new outcome period. The new fund has a fresh cap and 10% buffer.

Scenario 2

Investor C experienced gains in Scenario 1 above and now reallocates to his contract value to the September fund

- Investor C allocates to the fund at the beginning of the outcome period and holds the fund throughout the 12-month period.
  - Starting Cap: 16%
  - Starting Buffer: 10%



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Outcomes:

Despite negative 5% index returns over the outcome period, Investor C's gains are protected by the buffer and experiences no loss resulting from the performance of the index. Investor C has still experienced growth since his initial allocation into the December fund in Scenario 1. The September fund automatically starts the next outcome period with a fresh cap and 10% buffer.

Glossary

Buffer: A buffer is intended to provide a level of downside protection against market decline over each outcome period before fees and expenses.

Cap: A cap is the maximum percentage return the investment option can achieve during the outcome period, before fees and expenses.

Market Index: A market index is a hypothetical portfolio of investment holdings that represents a segment of the financial market.

Outcome Period: The outcome period is one year.

The Funds have characteristics unlike traditional investment products and are not suitable for all investors. Carefully read the prospectus(es) to determine if the Funds are a suitable investment. Outcomes the Funds seeks to provide may only be realized if investors are holding shares on the first day of the Outcome Period and continue to hold them on the last day of the Outcome Period, approximately one year. There is no guarantee the Outcomes for an Outcome Period will be realized or that the Funds will achieve their investment objectives.

The Fund does not utilize an investing strategy that seeks the returns of the Underlying Index in all cases. Caps and the Buffers are designed to provide investors with an investment return that differs from the return of the Index over an Outcome Period if the index performance (less Fund fees and expenses) exceeds the Cap or is negative. Investor who redeems shares before the conclusion of an Outcome Period are unlikely to realize returns that correspond to the performance of the Index since the start of the Outcome Period. If achieving an investment return that equals the return on the Index in all cases, you should not buy the Fund.

Investments focused in a particular sector, such as technology, are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

The Fund may become "non-diversified," as defined under the Investment Company Act of 1940, as amended, solely as a result of a change in relative market capitalization or index weighting of one or more constituents of the Index. Shareholder approval will not be sought when the Fund crosses from diversified to non-diversified status under such circumstances.

An insurance company through which the Fund is available may restrict its contract owners from purchasing Fund shares after an Outcome Period has already began. Existing investors are legally permitted to redeem shares they already hold throughout the Outcome Period on any trading day. Such redemptions may increase the transaction costs of the Fund and cause its operating expenses to be allocated over a smaller asset base, leading to an increase in its expense ratio. Investors redeeming large amounts of shares rapidly or unexpectedly, may cause the Fund to have to sell portfolio securities at times when it would not otherwise do so, which could negatively impact the Fund's net asset value, liquidity and its ability to achieve its strategy.

The value of the Fund's shares will be impacted by the price volatility of both the Underlying Index and options contracts on the Underlying Index. The Fund's return may not match the return of the Underlying Index and may experience tracking error.

Buffers are designed to limit downside losses for shares purchased at the beginning and held until the end of the Outcome Period; there's no guarantee that the Buffer will effectively protect against all losses. If the Underlying Index declines over an Outcome Period by more than the buffer, investors will bear the loss in excess of the buffer at the end of the Outcome Period (less fees and expenses). Shares purchased after the beginning of or redeemed before the end of the Outcome Period, may have no effect of the buffer and result in a loss of investment.

If the Underlying Index experiences returns over the Outcome Period more than the Cap, the Fund will not participate in the returns beyond the Cap. Shares purchased after the beginning of the Outcome Period or if the Fund's net asset value has already achieved returns at or near the Cap, may not experience any return on investment, but remains vulnerable to loss. In this situation, you should not buy the Fund.

At the end of the trading day immediately before the first day of each Outcome Period, a new Cap is established, based on the market conditions and current prices for options contracts on the Underlying Index. Cap levels may rise or fall for subsequent Outcome Periods and are unlikely to remain the same. If Caps for future Outcome Periods were to decrease, there would be have less opportunity to participate in any future positive returns of the Underlying Index.

If shares are purchased after the start of the Outcome Period or redeemed before the end of the Outcome Period, investment returns may vary significantly.

Derivatives may be more volatile and less liquid than traditional investments and are subject to market, interest rate, credit, leverage, counterparty and management risks. An investment in a derivative could lose more than the cash amount invested.

Counterparty risk is the risk that an issuer, guarantor or counterparty of a security held by the Fund is unable or unwilling to meet its obligation on the security. The OCC acts as guarantor and central counterparty for the Fund's option contracts. The Fund's ability to meet its objective depends on the OCC being able to meet its obligations. In the unlikely event that the OCC or the Fund's clearing member becomes bankrupt, insolvent or is otherwise unable to meet its settlement obligations, the Fund could suffer significant losses and/or be unable to achieve its strategy.

A decision as to whether, when and how to use options involves the exercise of skill and judgment and even a well conceived option transaction may be unsuccessful because of market behavior or unexpected events. The prices of options can be highly volatile and the use of options can lower total returns.

Flex Options are cleared and guaranteed for settlement by the OCC but are not listed like other exchange-traded options. Flex Options may be less liquid than certain other securities, such as conventional, listed options, and the Fund may not be able to close out certain positions at desirable times and prices, which could prevent the Fund from achieving its strategy. If trading in Flex Options is limited or absent, the value of the Fund's Flex Options may decrease. There is no guarantee that a liquid secondary trading market will exist for such options.

The Fund is subject to certain other risks. Please see the prospectus for more information regarding the risks associated with an investment in the Fund.

Important Information about Variable Products

This content is provided for informational and/or educational purposes only and does not constitute a recommendation of the suitability of any investment strategy for a particular investor. Investors should consult a financial and/or tax professional before making any investment decisions if they are uncertain whether an investment is suitable for them.

Invesco Variable Insurance Funds are available solely as underlying investment options for variable life insurance and variable annuity products issued or administered by life insurance companies. This information is provided to help investors consider the objectives, risks, charges, and expenses associated with these underlying investment option(s). Investors should contact their investment or insurance professional for important information about the variable life insurance and variable annuity products that hold these investment options. Invesco Distributors, Inc. does not offer any variable products.

Shares of Invesco Variable Insurance Funds have no sales charge and are offered at net asset value ("NAV"). These Funds are available solely as an underlying investment option for variable life insurance and variable annuity products issued or administered by life insurance companies. The insurance company actually owns the Shares of the Funds. Investors do not buy, sell or exchange Shares of the Funds directly, but choose investment options through a variable annuity contract or variable life insurance policy. The insurance company then invests in, sells or exchanges the Shares of the Fund according to the investment options chosen by the investor. Fund returns do not reflect fees and expenses of any variable annuity contract or variable life insurance policy and would be lower if they did. Those expenses and fees are determined by the offering insurance company and will vary. Please refer to specific performance reporting from the issuing insurance company for returns that reflect such charges.

Withdrawals of taxable amounts from variable annuity contracts prior to age 59½ may be subject to an additional 10% federal tax penalty as well as income tax. Amounts withdrawn from a variable insurance contract will reduce the death benefit and withdrawals of earnings will be subject to income tax.

Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See the current prospectus for more information.

The returns for the Series shown do not reflect the deduction of fees and expenses associated with variable products, such as mortality and expense risk charges, separate account charges, and sales charges imposed by insurance company separate accounts. Such fees and expenses would reduce the overall returns shown and vary by insurance companies. Please refer to the variable product's annual report for performance that reflects the deduction of the fees, expenses and other charges imposed by insurance company separate accounts.

No representation is made, and no assurance can be given, that any investment's results will be comparable to the investment results of any other product with similar investment objectives and policies, including products with the same investment professional or manager. Differences in portfolio size, investments held, contract and portfolio expenses, and other factors, can be expected to affect performance.

About Variable Products

Issued by insurance companies, variable annuity and variable life insurance contracts allow investors to accumulate money on a tax deferred basis for long-term financial goals. Mortality and expense risk charges (which compensate the insurance company for insurance risks it assumes under the contract), surrender charges (typically levied if a contract holder cancels the contract within a certain period following initial purchase), and an annual maintenance charge are among the fees and expenses typically associated with these types of variable products.

Please keep in mind that any income guarantees are subject to the claims-paying ability of the issuing insurance company, and that contract owners have options when a contract's payout phase begins. Generally, investors may take their money in a lump sum, make discretionary or systematic distributions, or they can annuitize.

Before investing, investors should carefully read their variable annuity or life insurance contract and the associated variable product prospectus, as well as the underlying fund prospectus(es), and carefully consider the investment objectives, risks, charges, and expenses. For this and more complete information about the underlying funds, investors should ask the offering insurance company.

This does not constitute a recommendation of the suitability of any investment strategy or fund for a particular investor. Investors should consult a financial professional before making any investment decisions.

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