PACIFIC FUNDS

PACIFIC FUNDS℠
LARGE-CAP VALUE
COMMENTARY

SEPTEMBER 30, 2019

SUBADVISED BY ROTHSCHILD & CO ASSET MANAGEMENT US INC.

Class A		Class C		Advisor Class	
Ticker	**Fund Number**	**Ticker**	**Fund Number**	**Ticker**	**Fund Number**
PFAAX	118	PFVCX	318	PFVDX	018

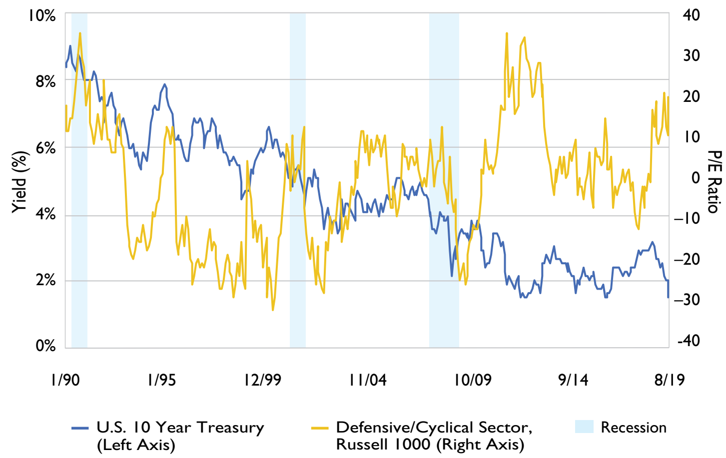
Market Overview

U.S. equity performance was mixed during the third quarter, starting with strong returns in July as the S&P 500® index hit its all-time high on July 26, 2019. However, the index also saw its largest decline of the year on August 5, 2019, when it plunged nearly 3%. While the performance of large-cap stocks was generally positive for the quarter with the S&P 500® index rising 1.7%, small-cap stocks did not fare as well, as the Russell 2000® Index lost 2.4%. Additionally, the outperformance of the S&P 500® index relative to the Russell 2000® Index on a rolling 12-month basis remained historically high at 13.1 percentage points by quarter-end, significantly higher than the 2.7 percentage-point spread a year ago.

From a style perspective, value and growth stocks performed similarly among large-cap stocks, with the Russell 1000® Value Index and the Russell 1000® Growth Index returning 1.4% and 1.5%, respectively. However, among small-cap stocks, value outperformed growth significantly, with the Russell 2000® Value Index losing 0.6%, while the Russell 2000® Growth Index lost 4.2%.

While equities continue to move higher on average, some cracks in the backdrop are starting to appear. Leadership continues to be dominated by defensive sectors as investors' concerns about lower growth and increasing volatility has been building. These sectors now are trading at a historically high premium to their cyclical counterparts. The secular growth trend, which pushed fast-growing technology companies and others to new highs earlier in the year, is also seeing some signs of abating. Appetite for "unicorn" investments has been waning, and in September, the market rejected the initial public offering (IPO) for WeWork, a workspace design company. To some degree, a more discriminating IPO backdrop could be marking a turning point in the market away from the dominance of growth-at-any-price momentum.

Defensive Sector to Price-to-Earnings to 10-Year Treasury Spread



Source: Bloomberg as of September 30, 2019.

The quarter had some negative headlines in the face of a still relatively stable U.S. economy. To begin with, the bond market continued to signal caution highlighted by inversion in the yield curve (as defined by the 10-year/3-month spread), putting pressure on equities. Historically, an inverted yield curve has often been a precursor to recession, though the range of time between the signal and the event has been very wide. It has, however, also been a less useful predictor of equity market peaks. In addition, many argue that given the benign inflationary environment, we may still be far off from a downturn in the business cycle.

Fund Performance

In the third quarter, Pacific Funds Large-Cap Value (Advisor Class) returned 1.67% versus the Russell 1000® Value Index return of 1.36%. For the period, the Fund outperformed the benchmark by 31 basis points (one basis point equals 0.01%).

For performance data current to the most recent month-end, call Pacific Funds at (800) 722-2333, option 2 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.

No bank guarantee • May lose value • Not FDIC insured

Portfolio Review

Consumer Staples, Utilities, and Real Estate were leading sectors for the Fund during the third quarter. Laggards included Consumer Discretionary, Energy, and Information Technology. Sector allocation was slightly negative, with underweights to Consumer Staples, Utilities, and Consumer Discretionary weighing on relative performance. Stock selection was positive, with contributors in the Industrials, Financials, and Materials sectors exceeding the effects of detractors in Consumer Discretionary, Information Technology, and Utilities.

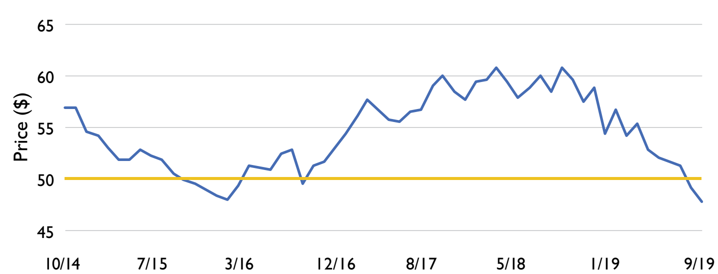
On a stock-specific basis, one of the Fund's largest contributors included Northrop Grumman, a global defense company, which reported a good second quarter in late July, during which its backlog grew, segment profit margins expanded, and the company alluded to modest acceleration in its revenues for the remainder of the year. The company anticipates making continued progress on paying down debt associated with its June 2018 acquisition of space, launch system, and missile-oriented Orbital ATK. Xcel Energy operates one of the more low-risk, diversified business models among regulated utility peers. The company reported a slightly below-expectations quarter due to adverse weather but affirmed its belief in hitting the high end of previous guidance in the second half of the year. Management enumerated a number of reasons for investors to agree with that expectation, including two settled rate cases and a few pending public utility commission-rate increase applications that could lead to further upside compared to then-current market expectations. Medtronic, a medical technology and services company, continued to see improving organic growth trends supported by a healthy economic backdrop and new product launches. In addition, excitement has grown for the company's robotic-assisted surgery product line, which is expected to be a long-term value driver.

Conversely, one of the Fund's largest relative detractors included Diamondback Energy, an independent oil and natural gas company, which was negatively impacted as oil prices and the Energy sector came under pressure during the quarter. With U.S. shale production continuing to move higher, there have been broader concerns over weaker demand and the potential for oversupply. Discovery, Inc., a global media company, reported solid fundamentals and outlook, but investors were worried about increasing competitive intensity. Cisco Systems, a technology conglomerate, reported a good quarter, but its guidance was below expectations due to weakness in the service-provider market and a steep revenue decline in China due to trade tensions. On the positive side, a shift toward recurring revenue is progressing well.

Manager Outlook

While other economic indicators also have become less favorable, such as the drop in the ISM Purchasing Managers Index, U.S. consumers remain healthy, and unemployment and wage data are still in positive territory. U.S. consumers account for approximately 70% of gross domestic product (GDP), and their resilience will be an important offset to slowing growth in other parts of the economy. The Federal Reserve (Fed) continues to adopt a dovish tone with respect to its interest-rate policy, which is a supportive measure for both the economy and U.S. consumers.

ISM Purchasing Managers Index (Oct. 2013-Sept. 2019)



Source: Bloomberg as of September 30, 2019.

Other news weighing on markets included China retaliating against incremental U.S. tariffs. Negotiations appeared to have become more challenging during the quarter. This prompted heightened concerns about the financial impact of the existing and potentially upcoming levies. Investors are speculating on the possible fallout, should all the tariffs take hold, to consumer pricing and manufacturing activity. Social unrest in Hong Kong and more uncertainty around Brexit were among the other unsettling headlines of the quarter.

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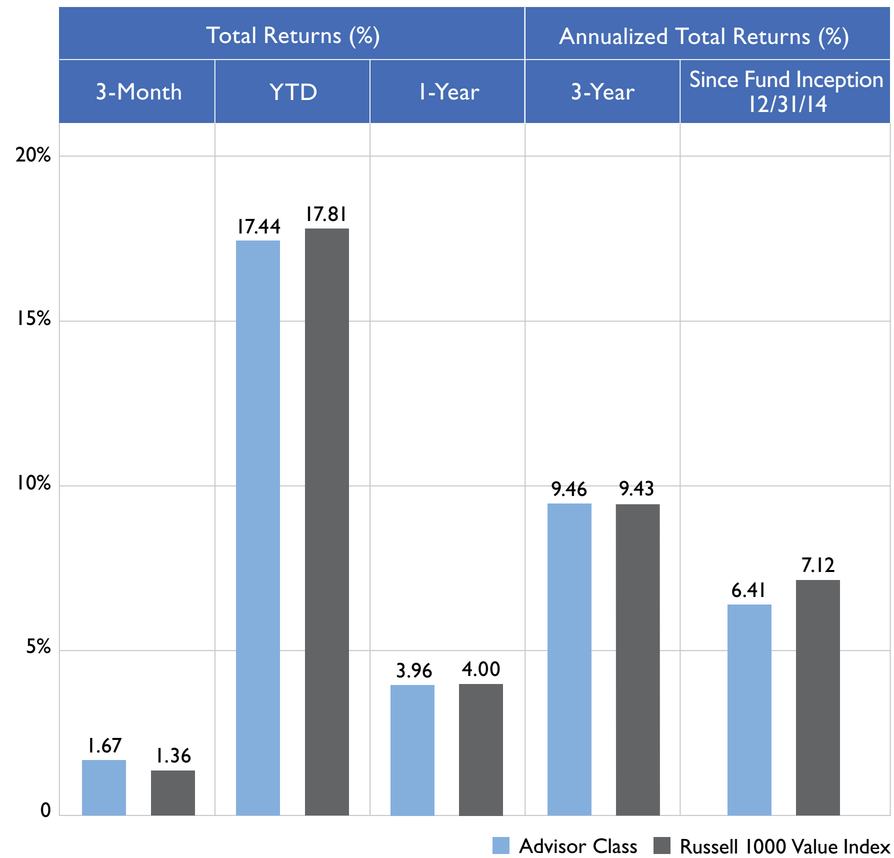
Advisor Class



Top-10 Holdings (%)	
JPMorgan Chase & Co.	3.93
Bank of America Corp	3.23
Procter & Gamble Company	3.18
Verizon Communications Inc.	3.03
AT&T Inc.	2.73
Medtronic Plc	2.49
Chevron Corporation	2.36
Comcast Corporation Class A	2.24
Xcel Energy Inc.	2.05
American Electric Power Company, Inc.	1.88

Returns reflect reinvestment of dividends and distributions. Advisor Class incepted on 1/11/16. The Fund acquired the assets of the Rothschild U.S. Large-Cap Value 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 Investor 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 Investor Class shares of the Predecessor Fund commenced operations on 12/31/14.

Net annual operating expenses for Advisor Class are 0.75% and total (gross annual) expenses are 1.11%. The Fund's annual operating expenses shown above are effective 8/1/19 through 7/31/20. Gross Expense Ratio reflects the total annual operating expenses paid by the Fund. **Net Expense Ratio** reflects waivers, reductions, reimbursements, and the limitation of certain "Other Expenses." Expense caps and/or fee waivers are reevaluated annually. There is no guarantee that the investment adviser will continue to cap expenses after the expiration date. Please see the current prospectus for detailed information.

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All share classes may not be available at all firms and not all investors may be eligible for all share classes.

Definitions

The **ISM Purchasing Managers Index** surveys hundreds of purchasing managers throughout the United States. The data is used as an indicator of economic health for manufacturing and service sectors.

The **price-to-earnings (P/E) ratio** equals market value per share divided by earnings per share, which is typically used to evaluate the relative value of a company's stock price.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-value ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Growth Index** measures the performance of equity securities of small-capitalization growth companies. It includes those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 2000 Value Index** measures the performance of equity securities of small-capitalization value companies. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

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. Indexes are unmanaged and cannot be invested in directly. Further, they hold no cash and incur no expenses. Equity securities tend to go up or down in value, sometimes rapidly and unpredictably, in response to many factors, including a company's historical and prospective earnings, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity. Large-capitalization companies tend to have more stable prices than small- or mid-capitalization companies, but are still subject to equity securities risk. Value companies are those that a portfolio manager believes are undervalued and perceived as trading for less than their intrinsic values. There is a risk that the determination that a stock is undervalued is not correct or is not recognized in the market.

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