PACIFIC FUNDS

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**
PFKAX	134	PFACX	334	PFQDX	034

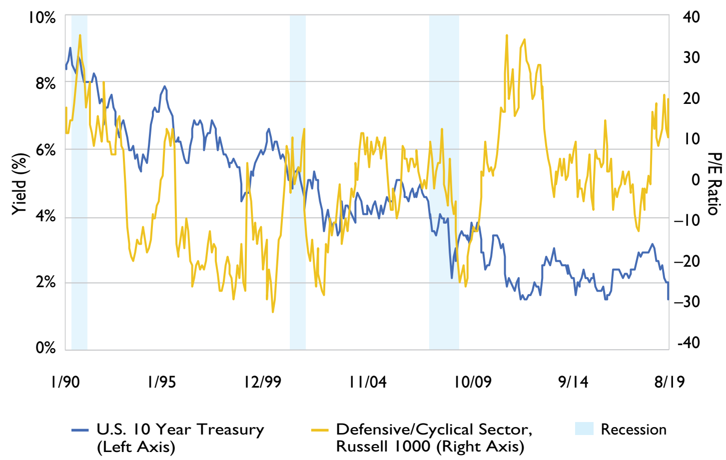
Market Overview

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 Small-Cap (Advisor Class) returned –2.25% versus the Russell 2000® Index return of –2.40%. For the period, the Fund outperformed the benchmark by 15 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, Real Estate, and Utilities were the leading sectors for the Fund during the third quarter, while Communication Services, Energy, and Health Care were laggards. Sector allocation was modestly positive, with tailwinds from an underweight to the Energy sector along with overweights to Consumer Staples and Industrials contributing to relative performance. Stock selection was not a material driver of performance, largely due to contributors in the Health Care, Industrials, and Energy sectors canceling out the detractors in Information Technology, Financials, and Communication Services.

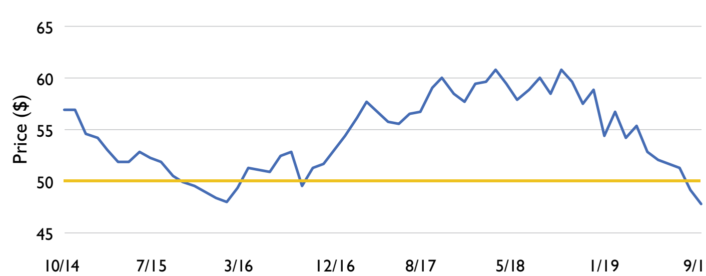
On a stock-specific basis, one of the Fund's largest contributors included Saia, a trucking company, which reported better-than-expected second-quarter results driven by strong pricing coupled with improvements in less-than-truckload (LTL) tonnage shipments and pricing/yields in late second quarter. Saia expanded into the Northeast a little more than two years ago, which increased service coverage, density, and volume. This expansion, along with a focus on improved service, has supported higher pricing. MasTec, an infrastructure-focused construction services company, reported significantly better-than-expected second-quarter earnings and raised full-year guidance. Results were strong across business segments, backlog remains robust, and cash conversion exceeded 100%. Horizon Therapeutics, a pharmaceutical company focused on "orphan drugs"—which are drugs used to treat rare medical conditions—reported better-than-expected second-quarter results and raised full-year 2019 guidance.

Conversely, one of the Fund's largest individual detractors included Harsco, a diversified provider of industrial services and engineered products, which sold off despite reporting in-line results for the second quarter. The sell-off was caused by weaker-than-expected results and a modest guidance reduction for its Environmental segment, a growth engine for the company. We continue to believe that the expected growth from its recent acquisition of the Clean Earth business makes the company a highly attractive investment. Green Dot, a financial-technology provider, reported better-than-expected quarterly results; however, weaker account growth drove guidance lower. Merit Medical Systems, a medical device manufacturer, underperformed due to disappointing second-quarter results and lowered 2019 guidance as business development momentum overextended management's ability to execute on initial integration timelines. The company trades with a 2020 price-to-earnings (P/E) ratio of approximately 15 with organic sales growing 8-10%, whereas peers are trading with P/E ratios of approximately 25. Company management is confident that second-half results will see improvement.

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.

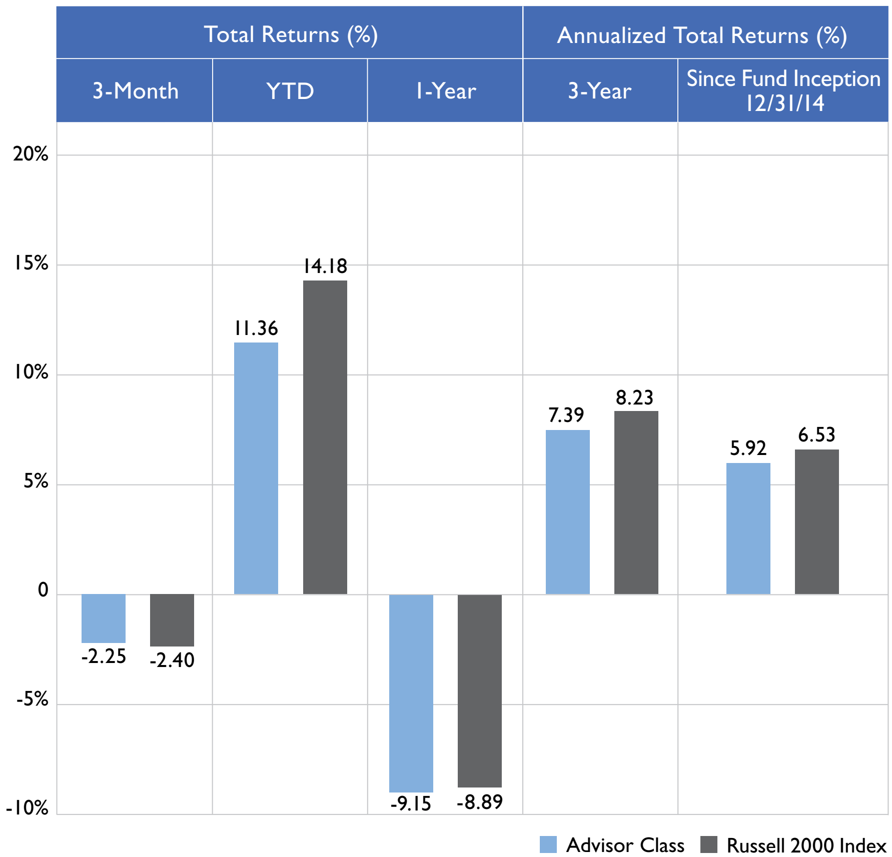
ISM Purchasing Managers Index (Oct. 2013-Sept. 2019)



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.

Advisor Class



Top-10 Holdings (%)	
Horizon Therapeutics Public Limited Company	1.39
Amedisys, Inc.	1.37
MasTec, Inc.	1.30
First Industrial Realty Trust, Inc.	1.27
LHC Group, Inc.	1.22
Performance Food Group Company	1.22
PS Business Parks, Inc.	1.20
Helen of Troy Limited	1.12
EMCOR Group, Inc.	1.10
SkyWest, Inc	1.10

Returns reflect reinvestment of dividends and distributions. Advisor Class shares incepted on 1/11/16.The Fund acquired the assets of the Rothschild U.S. Small-Cap Core 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.

Net annual operating expenses for Advisor Class are 0.95% and total (gross annual) expenses are 1.37%. 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. Small-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.

This commentary represents the views of the portfolio managers at Rothschild & Co Asset Management US Inc. as of 9/30/19, and are presented for informational purposes only. These views should not be construed as investment advice, an endorsement of any security, mutual fund, sector or index, or to predict performance of any investment. Any forward-looking statements are not guaranteed. All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The opinions expressed herein are subject to change without notice as market and other conditions warrant. Sector names in this commentary are provided by the Fund's portfolio managers and could be different if provided by a third party.

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