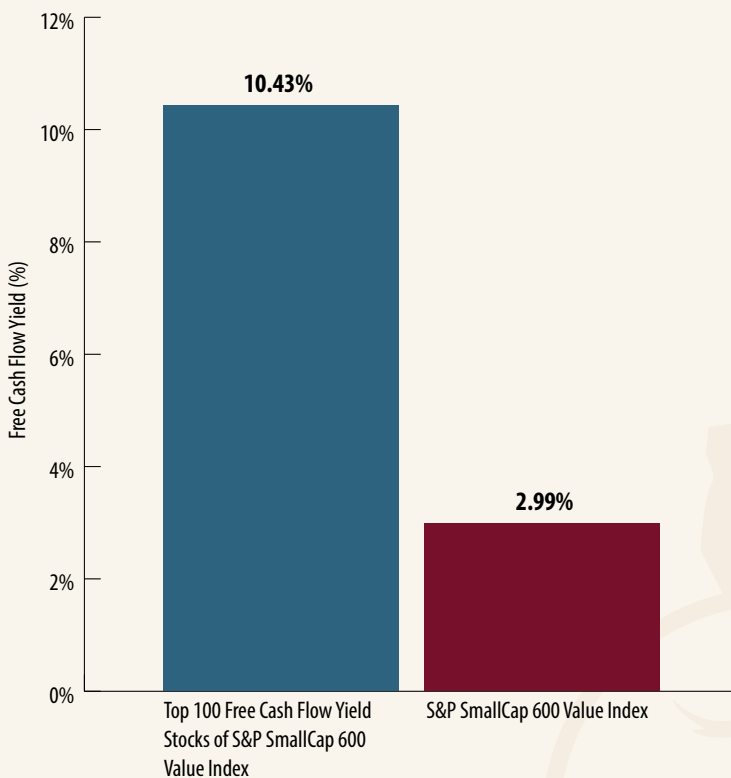


Pacer US Small Cap Cash Cows 100 SMA

A strategy driven separately managed account that aims to provide capital appreciation over time by screening the S&P SmallCap 600 for the top 100 companies based on free cash flow yield.

- **Free cash flow** is the cash remaining after a company has paid expenses, interest, taxes, and long-term investments. It can be used to buy back stock, pay dividends, or participate in mergers and acquisitions.
- The ability to generate a high **free cash flow yield** indicates a company is producing more cash than it needs to run the business and can invest in growth opportunities.
- **Small-cap companies** offer a variety of opportunities including exposure to companies with higher growth that are often under-researched.

FREE CASH FLOW YIELD COMPARISON (as of 3/31/24)



1. HIGH QUALITY US SMALL-CAP COMPANIES

Focus on quality small-cap companies with high free cash flow yield.

2. TRADING AT A DISCOUNT

Exposure to opportunities in the market where high quality stocks are trading at a discount.

3. LONG-TERM CAPITAL APPRECIATION

Using free cash flow yield to measure the sustainability of a company may produce potentially higher returns and more attractive upside/downside capture over time.

Definitions

Free Cash Flow (FCF): A company's cash flow from operations minus capital expenditures (expenses, interest, taxes, and long-term investments)

Enterprise Value (EV): A company's market capitalization adjusted to eliminate any capital structure bias (i.e. by adding debt and subtracting cash or cash equivalents)

Free Cash Flow Yield (FCF/EV): Measures a company's total free cash flow relative to its enterprise value. This is an internal statistic and does not constitute investor yield.

ABOUT THE STRATEGY

Pacer US Small Cap Cash Cows

An objective rules-based methodology that uses a quality screen to select top companies in the index universe.

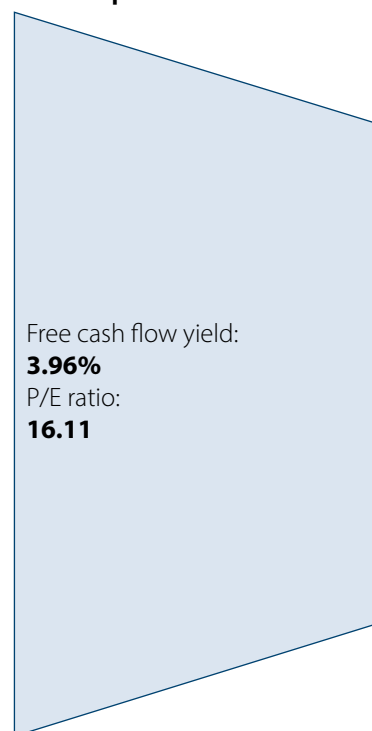
All data as of March 2024 quarterly rebalance.

1 SECURITY SELECTION¹

Market Cap Weighted

S&P SMALLCAP 600 INDEX²

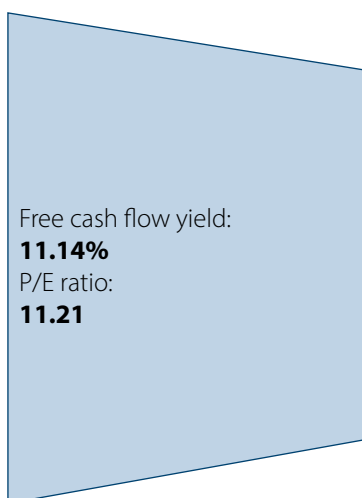
600 Companies



FREE CASH FLOW YIELD SCREEN

100 Companies

Ranked based on trailing twelve month period.

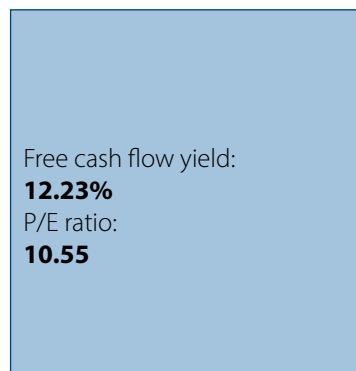


2 WEIGHTED BY FREE CASH FLOW³

Capped at 2%

HIGHEST TRAILING 12 MONTH FREE CASH FLOW

100 Companies



3 THE STRATEGY

Top 100 small-cap companies with the highest free cash flow yield.

- **Weighted by free cash flow** (highest trailing twelve month)
- **Holdings capped at 2%** for each company at time of rebalance
- **Reconstituted and rebalanced** quarterly

¹The individual components of the index are weighted by their total market capitalization. Market capitalization is determined by multiplying each company's market price by their total outstanding shares. Companies are ranked in descending order based on their market cap in dollars.

²Financial companies, other than real estate investment trusts (REITs), are excluded from the index universe. In addition, companies with negative free cash flow are excluded based on FactSet analyst consensus estimates for average projected FCF and earnings over the next two years.

³Remaining 100 companies are weighted by their trailing twelve month free cash flow. Free cash flow weighting is calculated as a company's operating cash flow minus capital expenditures. Companies are ranked in descending order based on their free cash flow in dollars.

Before investing you should carefully consider the strategy's investment objectives, risks, charges, and expenses.

Weighted average market cap is the sum of each company's weight multiplied by its market cap. **S&P SmallCap 600[®] Index** measures the performance of 600 small sized companies in the US equity market, with market capitalization ranging from \$450 million to \$2.1 billion USD. The index does not overlap holdings with the S&P 500 or S&P MidCap 400.

S&P SmallCap 600[®] Value Index measures value stocks using three factors: the ratios of book value, earnings, and sales to price. S&P Style Indices divide the complete market capitalization of each parent index into growth and value indices.

Price to earning ratio (P/E ratio) is a fundamental measure used to determine if an investment is valued

appropriately. Each holding's P/E is the latest closing price divided by the latest fiscal year's earnings per share. Negative P/E ratios are excluded from this calculation.

Dividend yield is the weighted average of each underlying holdings' dividend yield. There is no guarantee dividends will be paid.

Upside/Downside capture Upside/downside capture ratio shows you whether a given fund has outperformed--gained more or lost less than--a broad market benchmark during periods of market strength and weakness.

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