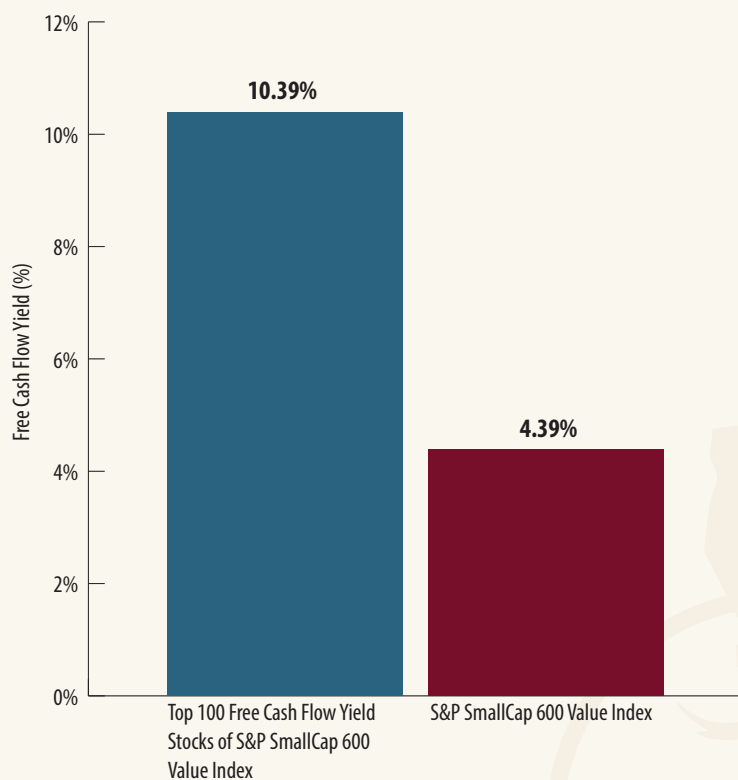


Pacer US Small Cap Cash Cows SMA

A strategy driven separately managed account that aims to provide capital appreciation over time by screening the S&P US SmallCap for the top 200 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 3/31/25)



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 2025 quarterly rebalance.

