



PACER ETFs



ETF EDUCATION

Take Control of Your Taxes Before a Mutual Fund Does It For You

Mutual Fund capital gains distributions are upon us. Here are some things to consider as we near year-end.

1. Look for mutual funds anticipating hefty capital gains distributions

- Owners of mutual funds may receive capital gains distributions from the sale of the fund's assets at the end of each year.
- Shareholders are required to pay taxes on the capital gains distributions they receive.
- It is important to examine your portfolio at the end of each year to anticipate the hit of capital gains taxes.

2. Harvest tax losses from stocks and funds that are down for the year

Tax Loss Harvesting may help to offset some of the anticipated capital gains taxes that come with owning a mutual fund.

1. Start with selling underperforming assets from your brokerage account at a loss. These capital losses can offset your portfolio gains.
2. When your losses exceed your gains, you can deduct up to \$3,000/year to offset other taxable income. If your net losses exceed \$3,000, the excess amount can carry over to be used in future years.
3. Finally, you can use these freed up assets to consider other investments like tax-efficient ETFs.



Pacer ETFs has not distributed a capital gain since inception.

Tax efficiency of ETFs

- ETFs operate through a creation/redemption process that shields the fund from the tax consequences of inflows and outflows of shares, like in mutual funds.
- In-kind transfer of securities – When an Authorized Participant (AP) creates or redeems shares with the ETF sponsor they trade the ETF shares for the underlying securities or vice versa. Essentially, this is a trade of equivalent items and is not a taxable event for the fund or the ETF shareholder.
- Offset capital gains/losses – There are many opportunities for the fund manager to offset capital gains and losses during the creation/redemption process or when the fund is rebalanced.

Check out Pacer ETF's strategy-driven and tax-efficient ETF products.

**For more information, visit
www.paceretfs.com.**

⁽¹⁾https://www.irs.gov/publications/p550#en_US_2021_publink100010729
Pacer does not provide tax advice. Consult with your own legal and tax professional concerning your individual situation.



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Before investing you should carefully consider the Fund's investment objectives, risks, charges, and expenses. This and other information is in the prospectus. A copy may be obtained by visiting www.paceretfs.com or calling 1-877-337-0500. Please read the prospectus carefully before investing.

An investment in the Funds is subject to investment risk, including the possible loss of principal. Pacer ETF shares may be bought and sold on an exchange through a brokerage account. Brokerage commissions and ETF expenses will reduce investment returns. There can be no assurance that an active trading market for ETF shares will be developed or maintained. The risks associated with these funds are detailed in the prospectus.

This document does not take into account any investor's particular investment objectives, strategies, tax status, or investment horizon. Please consult with your financial advisor and tax advisor before investing.

NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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