

Pacer ETF's

Enclosed is the 2016 Tax Form for your account with the Pacer ETF's. The Form provides information on any applicable 2016 distributions and proceeds from redemptions. Please note that all information contained in this Statement has been provided to the Internal Revenue Service. In addition to the tax information provided on your enclosed Tax Form, below is supplemental information to assist you with the preparation of your 2016 income tax returns. Please consult your tax advisor for the specific application of any items below relating to the preparation of your tax returns.

Income from U.S. Government Obligations

Some states do not tax their residents on income from a mutual fund that is earned from U.S. Government Obligations. The following table shows the percentage of total ordinary income dividends shown in Box 1 of your 2016 Tax Form that were attributable to interest earned from direct U.S. Government Obligations:

<u>Fund Name</u>	<u>% of Ordinary Income Attributable to Direct U.S. Govt. Obligation (see Box 1)</u>
Pacer Trendpilot 100 ETF	5.81%
Pacer Trendpilot 450 ETF	2.89%
Pacer Trendpilot 750 ETF	1.78%

Depending on your state's personal income tax laws, you may be entitled to declare the above portion of your 2016 ordinary income dividends (Box 1) as tax-exempt income on your state personal income tax return. However, some states do not allow the "pass through" of this exempt-interest income unless the percentage earned from U.S. Government Obligations exceeds certain thresholds or unless other requirements are met. Please consult your tax advisor or state authorities if you have any questions regarding the percentage of income you can exclude when calculating your state income tax.

Income from Foreign Sources Subject to Foreign Tax Credit:

For the year ended December 31, 2016, the **Pacer Auto Hedged European Index ETF & Pacer Global High Dividend ETF** earned foreign source income and paid foreign taxes which they intend to pass through to their shareholders pursuant to Section 853 of the Internal Revenue Code.

See below to determine the foreign taxes paid and the foreign source income.

- 1) The shareholder's portion of foreign taxes paid (see Box 6 of your 1099-DIV statement for this information).
- 2) The shareholder's amount of foreign source gross income. This amount can be calculated as a percentage of your ordinary dividend shown in Box 1 of your 2016 Tax Form. Please see the information below for your foreign source gross income amount.

Fund Name	Foreign Source Gross Income (Use % listed below and apply to Ordinary Income as shown in Box 1 to compute)
Pacer Auto Hedged European Index ETF	98.82%
Pacer Global High Dividend ETF	62.47%