

# FAQ

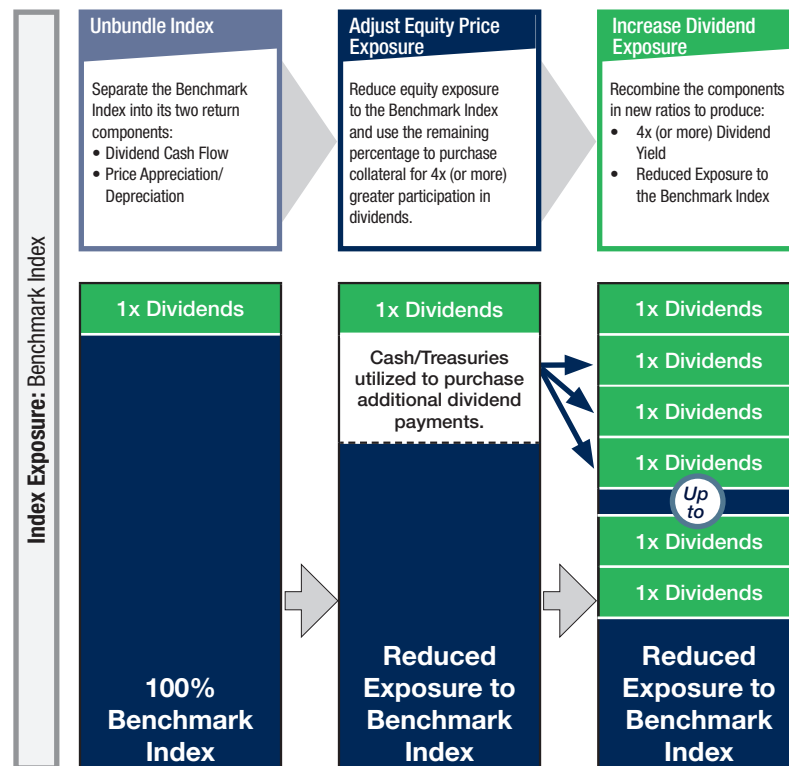
## Pacer Metaurus Dividend Multiplier Strategy

### What is the Pacer Metaurus Dividend Multiplier ETF Series?

QDPL and QSIX are passive ETFs that seek Growth & Income by providing exposure to approximately “quadruple” (~400%) or “sextuple” (~600%) of the ordinary dividend yield of the S&P 500 Index or Nasdaq-100 Index in exchange for reduced, but uncapped, exposure to the price appreciation/depreciation of their respective indexes. Dividend distributions are paid quarterly.

### How does the Dividend Multiplier Strategy work?

1. Separates each index into two components:
  - (1) Dividend Component comprised of the next three years of expected ordinary dividends, and
  - (2) Price Component representing exposure to the S&P 500 or the Nasdaq-100.
2. Determines the relative weightings of the two components, the Dividend Component and the Price Component, aiming to deliver a multiple of the ordinary dividend yield in exchange for reduced exposure to the price return of the Index.



### What's the investment case for Dividend Multipliers?

The strategy seeks to provide:

- 1 **High Cash Flow:**  
It seeks to offer investors a high level of distributable cash flow (targeting a multiple of the S&P 500 ordinary dividend yield or Nasdaq-100 ordinary dividend yield), while still preserving the potential for long-term capital growth.
- 2 **Uncapped Long-Term Growth in a Passive Index:**  
By investing incremental dollars directly in the Dividend Component of the aggregate index, the strategy seeks to provide diversified equity exposure with higher distributable cash flow, lower market sensitivity, lower expected volatility, and a higher expected Sharpe Ratio (risk-adjusted return) than the Benchmark.
- 3 **Dividends as an Asset Class:**  
Academic research<sup>1</sup> from Wharton has shown that adding dividend exposure to diversified equity and fixed income portfolios can improve the risk profile and enhance overall return potential.
- 4 **Hedge Against Inflation:**  
Dividend growth and inflation are highly correlated, and historically, dividend growth has been strongest during periods of high inflation. Since 1970, dividend growth has averaged 6.05% per annum versus 4.0% per annum for inflation.<sup>2</sup>
- 5 **Potential Tax Advantage**  
The distributions are expected predominately to be treated as a tax-free return-of-basis, with the balance expected to be a combination of qualified dividends and possibly a small component of capital gain/loss.

<sup>(1)</sup>The term structure of returns: “Facts and theory,” Van Binsbergen and Kojien, Journal of Financial Economics, 2017.

<sup>(2)</sup>Bloomberg as of 12/31/24



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## How does the Dividend Multiplier Strategy differ from other income strategies?

**1. No Active Stock/Sector Selection:** Traditionally, investors have relied upon picking stocks to actively identify individual stocks that pay high or stable dividends or chase yield by overweighting certain sectors. The Dividend Multiplier ETFs are passive, index-based strategies that do not pick stocks or have sector concentrations. The strategy also seeks to mitigate the risk of missing new/less-seasoned dividend paying stocks or missing large cap growth stocks that may not pay a dividend at all.

**2. Uncapped Growth:** Covered call strategies generate income through selling options but cap a fund's upside potential. The Dividend Multiplier Strategy does not use options in any form and can provide unlimited upside potential at a reduced participation rate to the price return of the S&P 500 Index or Nasdaq-100 Index.

**3. No Interest Rate or Bond-Related Risk:** Fixed income funds can provide cash flow but are subject to interest rate- and inflation-risk and could be subject to credit and liquidity risk in some cases. Historically, dividends tend to rise with higher interest rates. The strategy's underlying securities are all exchange traded and liquid.

**4. No stock picking, overweighting sectors or leverage:** The strategy seeks to provide diversified, S&P 500 or Nasdaq 100 Index exposure – it does not pick stocks or overweight sectors, nor does it use options or leverage. The strategy utilizes only exchange-traded instruments.

### Why does the Dividend Multiplier Strategy target the first three years of dividends?

Research indicates that, historically, investing in the first three years of expected dividends has offered the best value, liquidity and scalability.

**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](http://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 this fund are detailed in the prospectus and could include factors such as concentration risk, derivatives risk, dividends risk, equity market risk, ETF risks, futures contract risk, government obligations risk, index provider risk, large-capitalization investing risk, limited operating history risk, other investment companies risk, passive investment risk, tracking error risk, trading halt risk, and/or special risks of exchange traded funds.

The Metaurus US Large Cap Dividend Multiplier Index – Series 400 (the "Index") are the property of Metaurus Advisors LLC which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to calculate and maintain the Index. The Index is not sponsored by S&P Dow Jones Indices or its affiliates or its third party licensors (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices will not be liable for any errors or omissions in calculating the Indices. "Calculated by S&P Dow Jones Indices" and the related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by Metaurus Advisors. S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS"), and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones").

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**Dividends Risk:** There can be no assurance that a dividend-paying company will continue to make regular dividend payments. The ability for a company to pay dividends is dependent on the economic climate and the companies' current earnings and capital resources. Changes in economic conditions or a company's earnings or financial resources could cause a company to reduce its dividend payments or suspend the payment of dividends altogether. The possibility that such companies could reduce or eliminate the payment of dividends in the future, especially if the companies are facing an economic downturn, could negatively affect the Fund's performance.

The **S&P 500® Index** is a popular gauge of large-cap U.S. equities and includes 500 leading companies, capturing approximately 80% coverage of available market capitalization.

The **Nasdaq-100 Index®** includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. Index composition is reviewed on an annual basis in December.

Metaurus Advisors LLC serves as investment sub-advisor to the Fund.

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