

Cash Cows Series:

Free Cash Flow as a Proven Measurement of Quality



PACER ETFs

877-337-0500 ■ www.pacernetfs.com

Not FDIC Insured

May Lose Value

Not Bank Guaranteed

A Source for Growing Wealth

- 1 The goal of most investors is to achieve **financial security**. High free cash flow is an indicator of a company's financial strength.
- 2 **Positive free cash flow** indicates a company is generating more cash than it needs to run the business and can invest in growth opportunities.
- 3 Companies generating **high free cash flow yields** have the ability to grow dividends over time and produce better earnings.
- 4 Using strategies that are **constantly re-evaluating and rebalancing** is the key to owning quality companies generating high free cash flow.

P/E (Price to Earnings) ratio is share price divided by the last twelve months earnings per share.

⁽¹⁾Includes multiples based on forecast operation income and net income.

⁽²⁾EBITDA - Earnings before interest, taxes, depreciation, and amortization.

⁽³⁾Includes multiples based on free cash flow to equity and free cash flow to firm.

⁽⁴⁾Includes multiples based on trailing operating income and net income.

⁽⁵⁾Pinto, J., Robinson, T., and John D. Stowe, 2015, CFA Institute.

Understanding the Terms

Free Cash Flow

Free cash flow is the cash remaining after a company has paid:



Free cash flow can be used to:



Free Cash Flow Yield

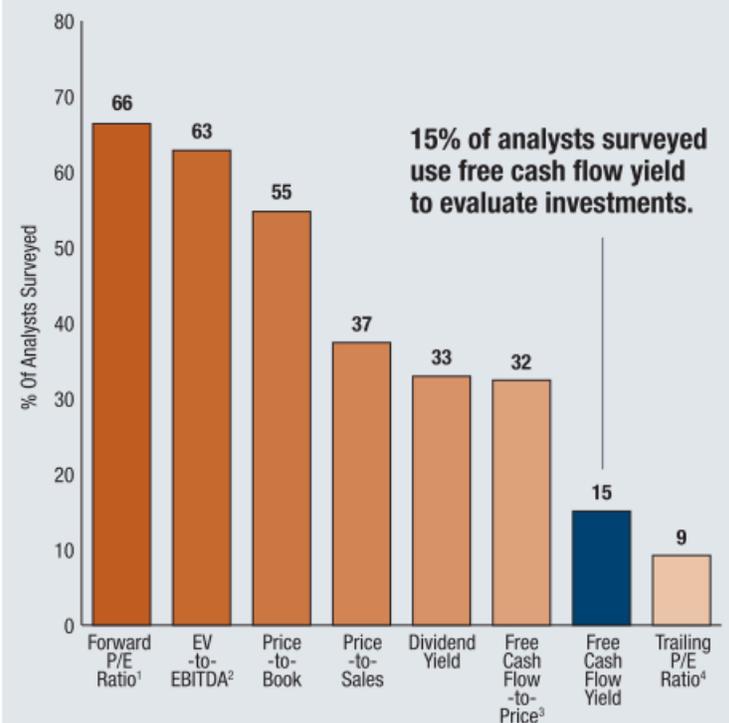
Free cash flow yield = (FCFY)

Free Cash Flow
Enterprise Value
(Market Cap + Debt - Cash)

Free cash flow yield can determine an investor's payback period: Higher free cash flow yield = shorter payback period

FCFY	1%	2%	5%	10%
Years to pay back all debt and equity holders	100 Years	50 Years	20 Years	10 Years

"Equity Valuation: A Survey of Professional Practice."⁵



Free Cash Flow Yield Is an Important Valuation Metric

In the chart below, free cash flow yield has the highest return with the fewest periods of negative trailing twelve month returns.

Valuation Metrics (12 Month Rolling) 12/31/1991 - 12/31/2024

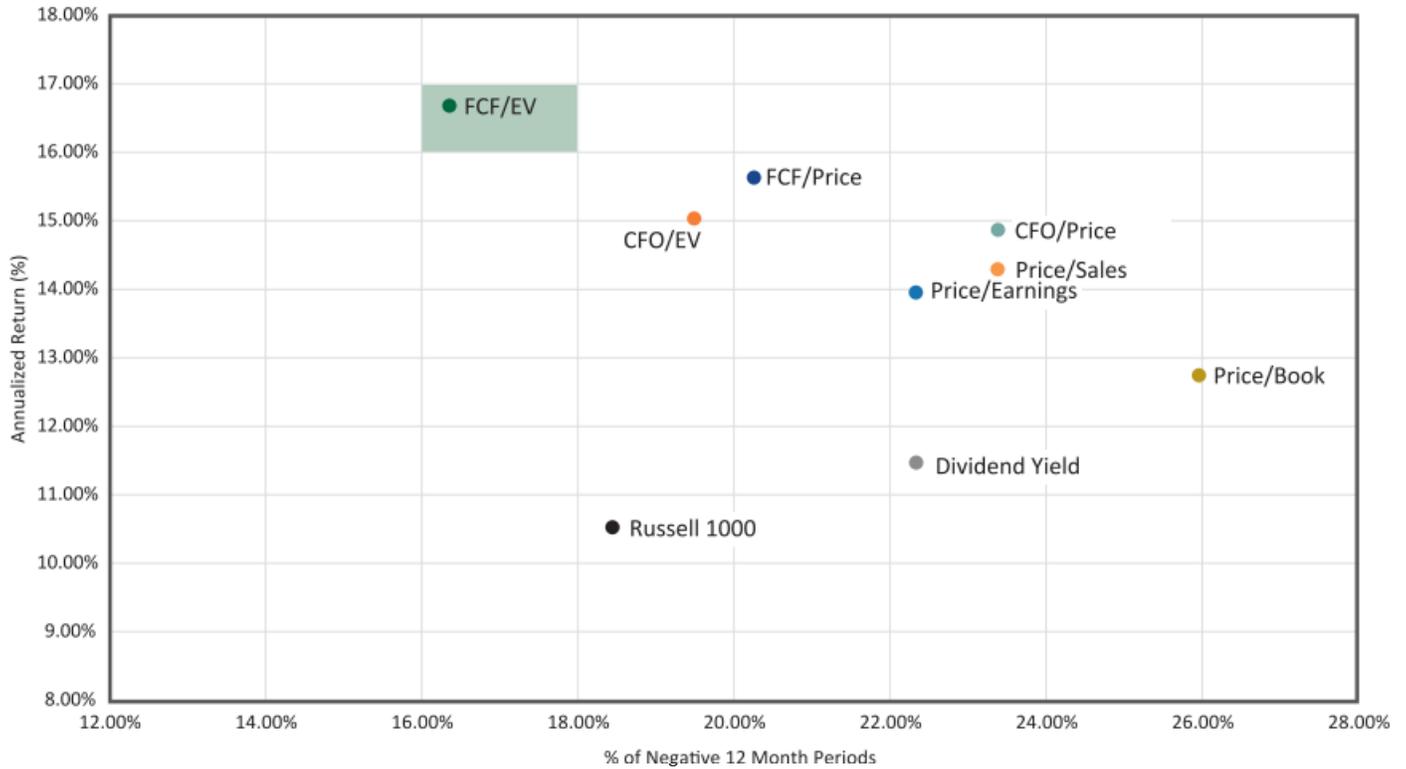


Chart Key:

FCF/EV: Free Cash Flow/Enterprise Value

CFO/Price: Cash Flow From Operations/Price

Price/Book: Price/Book Value

FCF/Price: Free Cash Flow/Price

CFO/Price: Cash Flow From Operations/Price

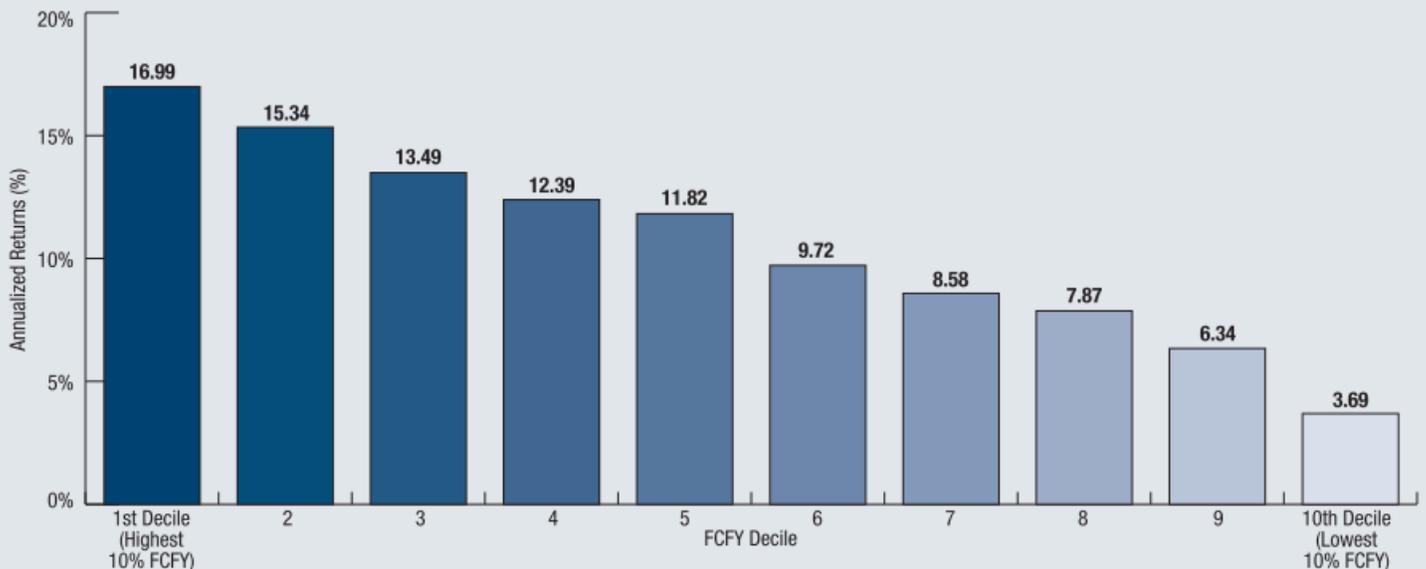
Price/Book: Price/Book Value

Source: Pacer Advisors, FactSet. Data calculated based on the top 100 companies in the Russell 1000 Index excluding financials for each valuation metric.

Free Cash Flow Yield Outperforms Over Time

In the chart below, companies with the highest FCFY (1st Decile) outperform companies with the lowest FCFY (10th Decile) over time.

Russell 1000 by Free Cash Flow Yield 12/31/1991 - 12/31/2024



Source: Pacer Advisors, FactSet. Data is composed of the Russell 1000 Index excluding financials. Each decile is composed of approximately 85 stocks (10%) based on free cash flow yield, equal weighted.

The strategies discussed are for educational purposes and are not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. There is no guarantee that any strategy will be effective.

Speak with your financial advisor today to learn more about how to incorporate the Pacer Cash Cows Series into your portfolio.
For more information, visit www.paceretfs.com.

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 this fund are detailed in the prospectus and could include factors such as calculation methodology risk, concentration risk, currency exchange rate risk, equity market risk, foreign securities risk, geographic concentration risk, high portfolio turnover risk, large- and mid-capitalization investing risk, smaller companies risk, limited operating history risk, other investment companies risk, passive investment risk, tracking risk, sector risk, non-diversification risk, style risk, and/or special risks of exchange traded funds.

Free cash flow yield is an internal statistic and does not constitute investor yield. The information presented here is not intended to forecast events or guarantee results.

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.

Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and / or Russell ratings or underlying data and no party may rely on any Russell Indexes and / or Russell ratings and / or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

The Russell 1000 Index (the "Index") is a trademark of Frank Russell Company ("Russell") and has been licensed for use by Index Design Group ("IDG"). The Pacer US Cash Cows 100 Index is not in any way sponsored, endorsed, sold or promoted by Russell or the London Stock Exchange Group companies ("LSEG") (together the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the Index (upon which the Pacer US Cash Cows 100 Index is based), (ii) the figure at which the Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Index for the purpose to which it is being put in connection with the Pacer US Cash Cows 100 Index. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Index to IDG or to its clients. The Index is calculated by Russell or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Index or (b) under any obligation to advise any person of any error therein.

Cash Cows Index® is a trademark of Index Design Group, LLC.

Distributor: Pacer Financial, Inc., member FINRA, SIPC, an affiliate of Pacer Advisors, Inc.

NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

PCR170630_FCFB 12/31/24
EDJ-003882



PACER ETFs

877-337-0500 ▪ www.paceretfs.com