Don't miss opportunities abroad. Globalize your portfolio.

- Michael Mack, Portfolio Manager

A common piece of investment advice is to "invest in what you know." This may be sound advice, but it limits investors to a small part of the market. Most investors are underinvested in international stocks because of unfamiliarity with companies in these markets. What they may not realize is that they are missing out on big opportunities outside the US.

Missing Out On International Opportunities

Although the US makes up a little more than half of the whole stock market, roughly 60% of dividends come from outside the US. Those only investing domestically are potentially missing out on companies that have more attractive valuations such as dividends, earnings, and free cash flow.

	Market Cap		Earnings		Free Cash Flow		Dividends	
International	\$15,045,607.69	100.00%	\$777,824.02	100.00%	\$889,430.28	100.00%	\$478,128.69	100.00%
US	\$17,866,321.72	118.75%	\$824,937.58	106.06%	\$924,122.95	103.90%	\$358,383.48	74.96%

Source: FactSet, as of 12/30/16

The US market has seen a solid bull market streak for seven years, but **7** out of the last 10 years, the United States has not been the top performing country. When lagging, our domestic market underperformed the leader by an average of 13.54%.

FTSE Developed Large-Cap Index Performance Breakdown by Country (%) - as of 12/30/16



Source: FactSet. The above chart represents the annual total returns of the top performing countries each year. The FTSE Developed Large-Cap Index includes more than the countries listed above. **PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.** You cannot invest in an index.

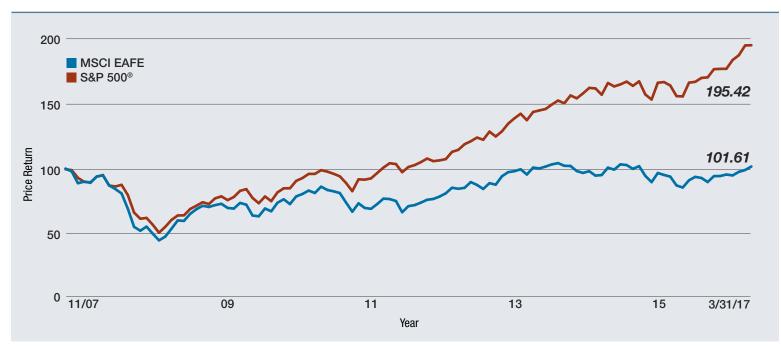
Markets Are Cyclical, But Unpredictable

It may be encouraging to see that the US market has been consistently growing for the last several years, but we should remember the market is cyclical. Eventually, this cycle will end and a new one will begin.

S&P 500[®] vs MSCI EAFE – as of 3/31/17

S&P 500[®] Index measures the performance of the large capitalization sector of the US equity market and is considered one of the best representations of the domestic economy. Utilizing a market cap weighting structure, this index invests in the 500 largest US firms.

MSCI EAFE Index measures the equity market performance of developed markets outside of the US & Canada.



Source: Bloomberg. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. You cannot invest in an index.

The chart below illustrates the market cycles of the S&P 500[®] and the MSCI EAFE over the last 46 years. The average cycle between international and domestic lasts about 4.7 years. While it is unknown when the tide will change, currently we are in a 9.34 year run favoring US stocks. *History indicates we are well overdue for an international cycle*.

		MSCI EAFE	S&P 500 [®]	Years
12/31/69	6/29/73	70.73%	26.70%	3.5
6/29/73	10/29/76	-26.19%	13.17%	3.3
10/29/76	12/29/78	76.00%	4.07%	2.2
12/29/78	10/29/82	5.72%	71.27%	3.8
10/29/82	11/30/88	550.87%	160.31%	6.1
11/30/88	1/29/93	-16.22%	83.34%	4.2
1/29/93	6/30/94	44.22%	5.44%	1.4
6/30/94	1/31/02	15.67%	190.06%	7.6
1/31/02	11/30/07	141.35%	45.58%	5.8
11/30/07	3/31/17	1.61%	95.20%	9.34
			Average	4.7

Source: Bloomberg. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. You cannot invest in an index.

Opportunities To Invest Internationally

If you are investing solely in the US or underinvested internationally, it may be time to reassess your portfolio. Consider fundamentals when investing in something you are unfamiliar with. Pacer ETFs offers two exchange traded funds with international exposure. Each has a different strategic investing purpose.



Pacer Trendpilot[™] European Index ETF

An ETF that aims to participate in the market when it is trending up, maintain some exposure during short-term market declines and move to 3-month US T-Bills when it is trending down.

PACER GLOBAL CASH COWS DIVIDEND ETF

Pacer Global Cash Cows Dividend ETF

Uses a free cash flow yield screen and a dividend yield screen to invest in 100 companies from the FTSE Developed Large-Cap Index. It aims to provide a continuous stream of income and capital appreciation over time by screening for companies with a high free cash flow yield and a high dividend yield.

For more information about how to best incorporate these funds into your international investing strategy, talk to your financial advisor or 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.

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FTSE Developed Large-Cap Index is a market-capitalization weighted index representing the performance of large-cap stocks in developed markets. Data calculated for the FTSE All World Developed Large-Cap Index screens out all US companies to represent a true international index.

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