



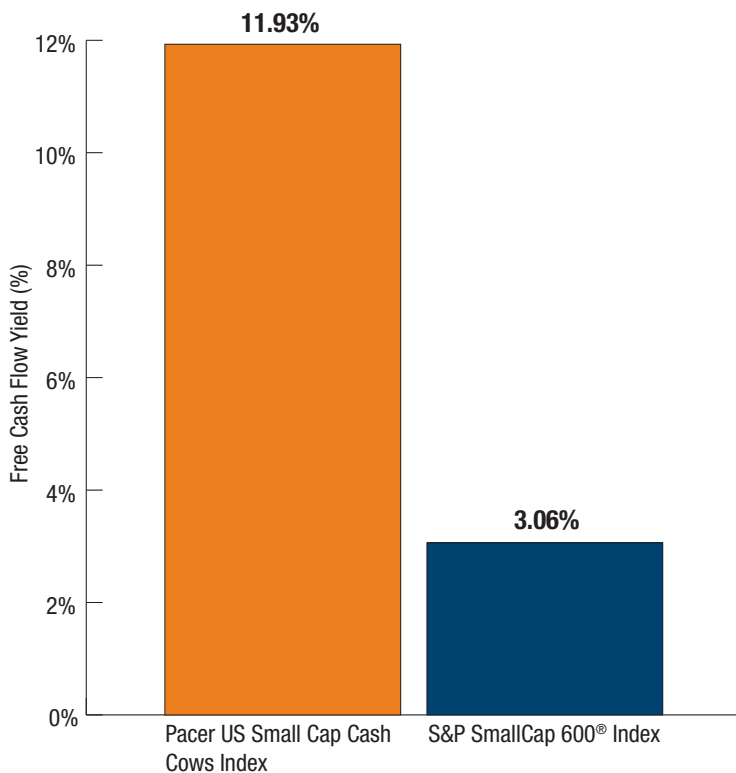
# CALF

## Pacer US Small Cap Cash Cows 100 ETF

A strategy driven exchange traded fund that aims to provide capital appreciation over time by screening the S&P SmallCap 600® for the top 100 small-cap companies based on free cash flow yield.

- **Free cash flow** is the cash remaining after a company has paid expenses, interest, taxes, and long-term investments. It can be used to buy back stock, pay dividends, or participate in mergers and acquisitions.
- The ability to generate a high **free cash flow yield** indicates a company is producing more cash than it needs to run the business and can invest in growth opportunities.
- **Small-cap companies** offer a variety of opportunities including exposure to companies with higher growth that are often under-researched.

### FREE CASH FLOW YIELD COMPARISON (as of 3/31/19)



#### 1. HIGH QUALITY SMALL-CAP COMPANIES

Unique focus on quality small-cap companies with high free cash flow yield.

#### 2. TRADING AT A DISCOUNT

Exposure to opportunities in the market where high quality stocks are trading at a discount.

#### 3. LONG-TERM CAPITAL APPRECIATION

Using free cash flow yield to measure the sustainability of a company may produce potentially higher returns and more attractive upside/downside capture over time.

#### Definitions

**Free Cash Flow (FCF):** A company's cash flow from operations minus capital expenditures (expenses, interest, taxes, and long-term investments)

**Enterprise Value (EV):** A company's market capitalization adjusted to eliminate any capital structure bias (i.e. by adding debt and subtracting cash or cash equivalents)

**Free Cash Flow Yield (FCF/EV):** Measures a company's total free cash flow relative to its enterprise value. This is an internal statistic and does not constitute investor yield.



## PACER US SMALL CAP CASH COWS INDEX

### ABOUT THE STRATEGY

# Pacer US Small Cap Cash Cows Strategy Overview

An objective rules-based methodology that uses a quality screen to select top companies in the index universe.

All data as of March 2019 quarterly rebalance.

**1 SECURITY SELECTION<sup>1</sup>**  
Market Cap Weighted

**S&P SMALLCAP  
600<sup>®</sup> INDEX<sup>2</sup>**  
600 Companies

**FREE CASH FLOW  
YIELD SCREEN**  
100 Companies

*Ranked based on trailing  
twelve month period.*

Free cash flow yield:  
**2.68%**  
P/E ratio:  
**18.64**  
3-year dividend growth<sup>3</sup>:  
**6.96%**

Free cash flow yield:  
**9.74%**  
P/E ratio:  
**14.55**  
3-year dividend growth:  
**6.65%**

**2 WEIGHTED BY FREE  
CASH FLOW<sup>4</sup>**  
Capped at 2%

**HIGHEST TRAILING 12  
MONTH FREE CASH FLOW**  
100 Companies

Free cash flow yield:  
**11.18%**  
P/E ratio:  
**11.80**  
3-year dividend growth:  
**5.53%**

**3 THE INDEX**

**Top 100 small-cap companies  
with the highest free cash flow  
yield.**

- **Weighted by free cash flow** (highest trailing twelve month)
- **Holdings capped at 2%** for each company at time of rebalance
- **Reconstituted and rebalanced quarterly**

### PACER US SMALL CAP CASH COWS INDEX Characteristics as of 3/31/19

Weighted Average Market Cap (\$mil)	1,302.96
Dividend Yield (%)	1.71
Free Cash Flow Yield (%)	11.93
Price to Earnings (P/E) Ratio	9.67

Source: FactSet.

<sup>(1)</sup>The individual components of the index are weighted by their total market capitalization. Market capitalization is determined by multiplying each company's market price by their total outstanding shares. Companies are ranked in descending order based on their market cap in dollars.

<sup>(2)</sup>All financial companies are excluded from the index universe. Real Estate is considered a separate sector from Financials. In addition, companies with negative free cash flow (FCF) are excluded based on FactSet analyst consensus estimates for average projected FCF and earnings over the next two years.

<sup>(3)</sup>The 3-year dividend growth is a weighted average of each company's 3-year dividends per share growth rate. The growth rate is determined by measuring the change between each company's most recent trailing 12 month dividends per share versus their trailing 12 month dividend per share 3 years ago.

<sup>(4)</sup>Remaining 100 companies are weighted by their trailing twelve month free cash flow. Free cash flow weighting is calculated as a company's operating cash flow minus capital expenditures. Companies are ranked in descending order based on their free cash flow in dollars.

**ABOUT THE FUND**

# Pacer US Small Cap Cash Cows 100 ETF

The Pacer US Small Cap Cash Cows 100 ETF (the “Fund”) is an exchange traded fund that seeks to track the total return performance, before fees and expenses, of the Pacer US Small Cap Cash Cows Index (the “Index”).

Fund Details		Performance <sup>1</sup> (%)	Since Fund Inception (6/16/17)	YTD	1 Year	3 Year	5 Year
NAV	\$25.10	Pacer US Small Cap Cash Cows 100 ETF NAV	2.03	8.71	-3.07	N/A	N/A
Fund Ticker	CALF	Pacer US Small Cap Cash Cows 100 ETF Market Price	2.00	8.62	-3.60	N/A	N/A
Index	Pacer US Small Cap Cash Cows Index	Pacer US Small Cap Cash Cows Index	2.22	8.86	-2.98	N/A	N/A
Benchmark Index	S&P SmallCap 600® Index	S&P SmallCap 600® Index	7.10	11.61	1.57	12.55	8.45

Source: US Bank and S&P. Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate, so shares may be worth more or less when redeemed or sold. Current performance may be lower or higher than the performance quoted. Visit [www.paceretfs.com](http://www.paceretfs.com) for the most recent month-end performance. Index returns are for illustrative purposes only. Index performance does not reflect any management fees, transaction costs or expenses. You cannot invest directly in an index.

## PACER US SMALL CAP CASH COWS INDEX<sup>2</sup>

### Top 10 Holdings

Company	Weight (%)	Free Cash Flow Yield (%)
Cardtronics plc Class A	2.41	10.00
Office Depot, Inc.	2.17	15.05
Meritage Homes Corporation	2.06	8.46
CONSOL Energy Inc	2.02	15.57
Abercrombie & Fitch Co. Class A	2.00	13.35
Insight Enterprises, Inc.	1.99	11.91
Tetra Tech, Inc.	1.97	6.22
AK Steel Holding Corporation	1.96	6.76
Innoviva, Inc.	1.96	13.20
Aerojet Rocketdyne Holdings, Inc.	1.94	7.69
<b>Total</b>	<b>20.48</b>	

### Sector Breakdown

Sector	Weight (%)
Consumer Discretionary	32.15
Industrials	23.44
Information Technology	17.99
Health Care	10.19
Materials	8.14
Energy	4.99
Communication Services	1.89
Consumer Staples	1.21
<b>Total</b>	<b>100.00</b>

Total Expenses	0.59%
Exchange	Cboe Listed
Implied Liquidity* (Shares)	2.11M
Implied Liquidity* (USD)	\$52.90M

\*Source: US Bank and Bloomberg. ETF implied liquidity is a representation of how many shares can potentially be traded daily in an ETF as portrayed by the creation unit. This is defined as the smallest value of the IDTS (Implied Daily Tradable Shares) for each holding in the creation unit.

<sup>(1)</sup>Returns less than one year are cumulative.

<sup>(2)</sup>FactSet.

**NAV** (net asset value) is the value of one share of the Fund calculated daily. The NAV return is based on the NAV of the Fund. It may not reflect the actual return for the investor.

**Market Price** is the price investors can buy and sell ETF shares for in the stock market and is used to calculate market return. It is based on the price at the Cboe exchange market close. This is when NAV is determined for most ETFs. If shares trade at another time, the return may differ.

Market and NAV returns assume that dividends and capital gain distributions have been reinvested in the Fund at market price and NAV, respectively.

The logo for CALF (Pacer US Small Cap Cash Cows 100 ETF) features the word "CALF" in white, bold, sans-serif capital letters on a solid orange square background. Above the square, there are three horizontal bars of varying lengths and colors: a long orange bar, a shorter white bar, and a very short white bar.

PACER CASH COWS INDEX® SERIES

## Pacer US Small Cap Cash Cows 100 ETF

**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, equity market risk, high portfolio turnover risk, smaller companies risk, limited operating history risk, passive investment risk, tracking risk, sector risk, style risk, non-diversification risk, and/or special risks of exchange traded funds.

**Weighted average market cap** is the sum of each company's weight multiplied by its market cap.

**S&P SmallCap 600® Index** measures the performance of 600 small sized companies in the US equity market, with market capitalization ranging from \$450 million to \$2.1 billion USD. The index does not overlap holdings with the S&P 500 or S&P MidCap 400.

**P/E ratio** a fundamental measure commonly used to determine if an investment is valued appropriately. Each holding's P/E is the latest closing price divided by the latest fiscal year's earnings per share. Negative P/E ratios are excluded from this calculation.

**Dividend yield** is the weighted average of each underlying holdings' dividend yield. There is no guarantee dividends will be paid.

**Upside/Downside capture** Upside/downside capture ratio shows you whether a given fund has outperformed--gained more or lost less than--a broad market benchmark during periods of market strength and weakness.

The Pacer US Small Cap Cash Cows Index was released on 5/29/17.

Pacer US Small Cap Cash Cows Index (the "Index") is the property of Index Design Group, 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 Index. "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 Index Design Group, LLC. 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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