

*Cash Cows Series:*

# Is The Lowest Cost The Best Solution?



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Systematic Withdrawal Plan

Pacer US Cash Cows 100 Index vs. Russell 1000 Index

When looking at investments, investors often focus primarily on cost. However, cost shouldn’t be the only consideration. One solution may be a strategy that invests in “cash cows”, companies that have positive balance sheets, lower valuations, and may produce better returns over time.

The Mullers invested in a rules-based strategy that uses a quality screen to select the top 100 companies in the Russell 1000 Index based on their free cash flow yield. This allowed the Mullers to invest in quality companies in a broad based index. Despite market fluctuations over the years, the Muller’s account value increased and withdrawal rate decreased.

Emily and Chris Muller

Original Investment	\$100,000
Annualized Systematic Withdrawal	\$4,000
Average Annualized Investment Return	14.63%
Year-End Account Value as of 9/30/24	\$2,122,514
Total Systematic Withdrawal as of 9/30/24	\$125,926

Pacer US Cash Cows 100 Index

Calendar Year	Investment Return <sup>1</sup>	Systematic Withdrawal <sup>2</sup>	Year-End Index Account Value <sup>3</sup>	Withdrawal Rate
1999			\$100,000	
2000	17.27%	\$4,000	\$113,266	3.41%
2001	28.14%	\$4,076	\$141,063	2.81%
2002	-6.08%	\$4,168	\$128,325	3.15%
2003	44.08%	\$4,248	\$180,636	2.30%
2004	26.04%	\$4,402	\$223,277	1.93%
2005	22.66%	\$4,549	\$269,317	1.66%
2006	24.16%	\$4,638	\$329,755	1.39%
2007	2.08%	\$4,841	\$331,772	1.44%
2008	-37.61%	\$4,894	\$202,083	2.36%
2009	72.12%	\$4,988	\$342,833	1.43%
2010	10.94%	\$5,042	\$375,297	1.33%
2011	2.50%	\$5,216	\$379,445	1.36%
2012	17.72%	\$5,310	\$441,364	1.19%
2013	46.85%	\$5,375	\$642,758	0.83%
2014	17.18%	\$5,442	\$747,753	0.72%
2015	-6.14%	\$5,465	\$696,354	0.78%
2016	15.74%	\$5,557	\$800,437	0.69%
2017	19.33%	\$5,678	\$949,480	0.59%
2018	-9.31%	\$5,800	\$855,247	0.67%
2019	23.35%	\$5,920	\$1,049,003	0.56%
2020	11.05%	\$5,989	\$1,158,942	0.51%
2021	42.56%	\$6,400	\$1,645,817	0.39%
2022	0.17%	\$6,856	\$1,641,722	0.42%
2023	14.83%	\$7,070	\$1,878,155	0.38%
9/30/24	13.01%	-	\$2,122,514	0.00%

<sup>(1)</sup>Net of fees  
<sup>(2)</sup>Withdrawals are taken at the end of each calendar year  
<sup>(3)</sup>After return and withdrawal, adjusted for inflation  
Source: Bloomberg, FTSE Russell  
Calculations for the Pacer US Cash Cows 100 Index are by Pacer Advisors, using data provided by FTSE Russell

The hypothetical backtested index performance of the Pacer US Cash Cows 100 Index is shown net of fees and reflects the reinvestment of dividends. The annual total expense is 0.49%. The Index was released on 12/8/16. Any data shown prior to this date is hypothetical, retrospectively calculated, and is based on rules-based criteria applied retroactively with the benefit of hindsight and knowledge of factors that may have positively affected its performance, and cannot account for all financial risk or market and economic factors that may affect the actual performance. The results shown are hypothetical and do not reflect actual returns. There is no guarantee this investment strategy will succeed, the strategy is not an indicator of future performance and investment results may vary. The start date for this data was chosen based on validity of fundamental data for the Russell 1000 Index.

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The Collins invested in a low cost beta investment thinking this would ensure them “safe” annual income. However, due to movements in the market, their account value decreased while the withdrawal rate increased.

## Sarah and Eric Collins

<b>Original Investment</b>	\$100,000
<b>Annualized Systematic Withdrawal</b>	\$4,000
<b>Average Annualized Investment Return</b>	7.80%
<b>Year-End Account Value as of 9/30/24</b>	\$84,783
<b>Total Systematic Withdrawal as of 9/30/24</b>	\$125,926

<sup>(1)</sup>Gross of fees

<sup>(2)</sup>Withdrawals are taken at the end of each calendar year

<sup>(3)</sup>After return and withdrawal, adjusted for inflation

Source: Bloomberg, FTSE Russell  
Calculations for the Russell 1000 Index are by Pacer Advisors, using data provided by FTSE Russell

## Russell 1000 Index

Calendar Year	Investment Return <sup>1</sup>	Systematic Withdrawal <sup>2</sup>	Year-End Index Account Value <sup>3</sup>	Withdrawal Rate
1999			\$100,000	
2000	-7.79%	\$4,000	\$88,211	4.34%
2001	-12.45%	\$4,076	\$73,153	5.28%
2002	-21.65%	\$4,168	\$53,146	7.27%
2003	29.89%	\$4,248	\$64,784	6.15%
2004	11.40%	\$4,402	\$67,770	6.10%
2005	6.27%	\$4,549	\$67,468	6.32%
2006	15.46%	\$4,638	\$73,261	5.95%
2007	5.77%	\$4,841	\$72,649	6.25%
2008	-37.60%	\$4,894	\$40,441	10.80%
2009	28.43%	\$4,988	\$46,952	9.60%
2010	16.10%	\$5,042	\$49,467	9.25%
2011	1.50%	\$5,216	\$44,993	10.39%
2012	16.42%	\$5,310	\$47,072	10.14%
2013	33.11%	\$5,375	\$57,283	8.58%
2014	13.24%	\$5,442	\$59,425	8.39%
2015	0.92%	\$5,465	\$54,505	9.11%
2016	12.05%	\$5,557	\$55,517	9.10%
2017	21.69%	\$5,678	\$61,879	8.40%
2018	-4.78%	\$5,800	\$53,119	9.84%
2019	31.43%	\$5,920	\$63,892	8.48%
2020	20.96%	\$5,989	\$71,297	7.75%
2021	26.46%	\$6,400	\$83,759	7.10%
2022	-19.13%	\$6,856	\$60,882	10.12%
2023	26.53%	\$7,070	\$69,963	9.18%
9/30/24	<b>21.18%</b>	<b>-</b>	<b>\$84,783</b>	<b>0.00%</b>

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					Total Returns (%) as of 9/30/24			Total Returns (%) as of 9/30/24			
	Ticker	Total Expenses	Fund Inception		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	Since Fund Inception
Pacer US Cash Cows 100 ETF	COWZ	0.49%	12/16/16	NAV	0.45	6.60	12.79	19.26	11.99	17.50	13.71
				Market Price	0.47	6.59	12.81	19.33	12.02	17.50	13.68
Pacer US Cash Cows 100 Index					0.63	6.90	13.43	20.12	12.62	18.03	14.21

Source: US Bank

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