



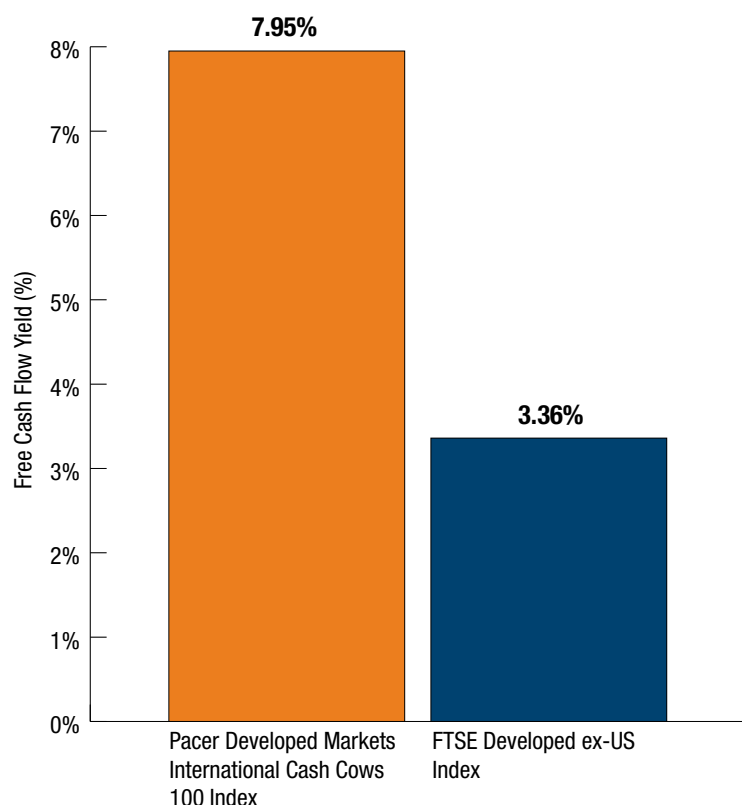
# ICOW

## Pacer Developed Markets International Cash Cows 100 ETF

A strategy driven exchange traded fund that aims to provide capital appreciation over time by screening the FTSE Developed ex-US Index for the top 100 international 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.

### FREE CASH FLOW YIELD COMPARISON (as of 3/31/18)



#### 1. HIGH QUALITY INTERNATIONAL COMPANIES

Unique focus on quality international 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 DEVELOPED MARKETS INTERNATIONAL CASH COWS 100 INDEX

### ABOUT THE STRATEGY

# Pacer Developed Markets International Cash Cows 100 Index Strategy Overview

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

All data as of December 2017 semi-annual rebalance.

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

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

**3 THE INDEX**

**FTSE DEVELOPED EX-US INDEX<sup>2</sup>**  
500 Companies

**FREE CASH FLOW YIELD SCREEN**  
100 Companies

*Ranked based on trailing twelve month period.*

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

Free cash flow yield:  
**3.34%**  
P/E ratio:  
**19.15**  
3-year dividend growth<sup>3</sup>:  
**4.56%**

Free cash flow yield:  
**7.81%**  
P/E ratio:  
**14.82**  
3-year dividend growth:  
**5.16%**

Free cash flow yield:  
**8.87%**  
P/E ratio:  
**13.32**  
3-year dividend growth:  
**6.71%**

**Top 100 international 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** semi-annually in June and December

### PACER DEVELOPED MARKETS INTERNATIONAL CASH COWS 100 INDEX Characteristics as of 3/31/18

Weighted Average Market Cap (\$mil)	30,858.52
Dividend Yield (%)	3.20
Free Cash Flow Yield (%)	7.95
Price to Earnings (P/E) Ratio	11.59

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>Financial companies, other than real estate investment trusts (REITs) and companies with a market capitalization smaller than \$3 billion USD, are excluded from the index universe. 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. Companies included in the index universe are the 500 most liquid in the FTSE Developed ex-US Index. Liquidity is defined as 90-day daily average traded volume multiplied by most recent share price. <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 Developed Markets International Cash Cows 100 ETF

Pacer Developed Markets International 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 Developed Markets International Cash Cows 100 Index (the “Index”).

Fund Details		Performance <sup>1</sup> (%)	Since Fund Inception (6/16/17)	YTD	1-Year	3-Year	5-Year
NAV	\$28.30	Pacer Developed Markets International Cash Cows 100 ETF NAV	14.05	-0.68	-	-	-
Fund Ticker	ICOW	Pacer Developed Markets International Cash Cows 100 ETF Market Price	16.72	-1.01	-	-	-
Index	Pacer Developed Markets International Cash Cows 100 Index	Pacer Developed Markets International Cash Cows 100 Index	14.63	-0.84	19.88	-	-
Benchmark Index	FTSE Developed ex-US Index	FTSE Developed ex-US Index	8.08	-2.08	14.75	5.87	6.34
Intraday NAV (IIV)	ICOW.IV						
CUSIP#	69374H873						
Fund Inception	6/16/17						
Total Expenses	0.65%						
Exchange	Cboe Listed						
Implied Liquidity* (Shares)	2.327M						
Implied Liquidity* (USD)	\$66.21M						

Source: US Bank and FTSE. This is a new Fund and therefore has limited performance to report. 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 DEVELOPED MARKETS INTERNATIONAL CASH COWS 100 INDEX<sup>2</sup>

Top 10 Country Breakdown		Top 10 Holdings		Sector Breakdown	
Country	Weight (%)	Company	Weight (%)	Sector	Weight (%)
Japan	30.34	Anglo American plc	2.46	Consumer Discretionary	27.96
United Kingdom	17.27	Fiat Chrysler Automobiles N.V.	2.39	Materials	18.03
Australia	9.02	SK hynix Inc	2.08	Industrials	16.08
France	8.72	Mitsubishi Corporation	2.08	Telecommunication Services	9.26
Germany	5.97	Sony Corporation	2.07	Energy	8.98
Spain	5.69	Rio Tinto plc	2.07	Consumer Staples	7.06
Korea	5.21	Woodside Petroleum Ltd	2.06	Information Technology	6.36
Italy	3.95	BHP Billiton Limited	2.04	Health Care	4.19
Canada	2.89	Gas Natural SDG, S.A.	2.02	Utilities	2.08
Hong Kong	2.42	Orange SA	1.95	<b>Total</b>	<b>100.00</b>
<b>Total</b>	<b>91.48</b>	<b>Total</b>	<b>21.22</b>		

\*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>FTSE, 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 listed 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 ICOW (International Cash Cows Index) features the letters "ICOW" in a bold, white, sans-serif font. The text is centered within a solid orange square. Above the square, there are three horizontal bars of varying lengths and shades of orange, creating a decorative header element.

PACER CASH COWS INDEX® SERIES

# Pacer Developed Markets International 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, currency exchange rate risk, equity market risk, foreign securities risk, geographic concentration risk, high portfolio turnover risk, large and mid-capitalization investing risk, new fund risk, non-diversification risk, passive investment risk, tracking risk, sector risk, style 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.

**FTSE Developed ex-US Index** is comprised of Large (85%) and Mid (15%) cap stocks providing coverage of Developed markets (24 countries) excluding the US. The index is derived from the FTSE Global Equity Index Series (GEIS), which covers 98% of the world's investable market capitalization.

**P/E ratio** is 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 Developed Markets International Cash Cows 100 Index was released on 12/8/16.

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