The **PACER PERSPECTIVE**
August 2017

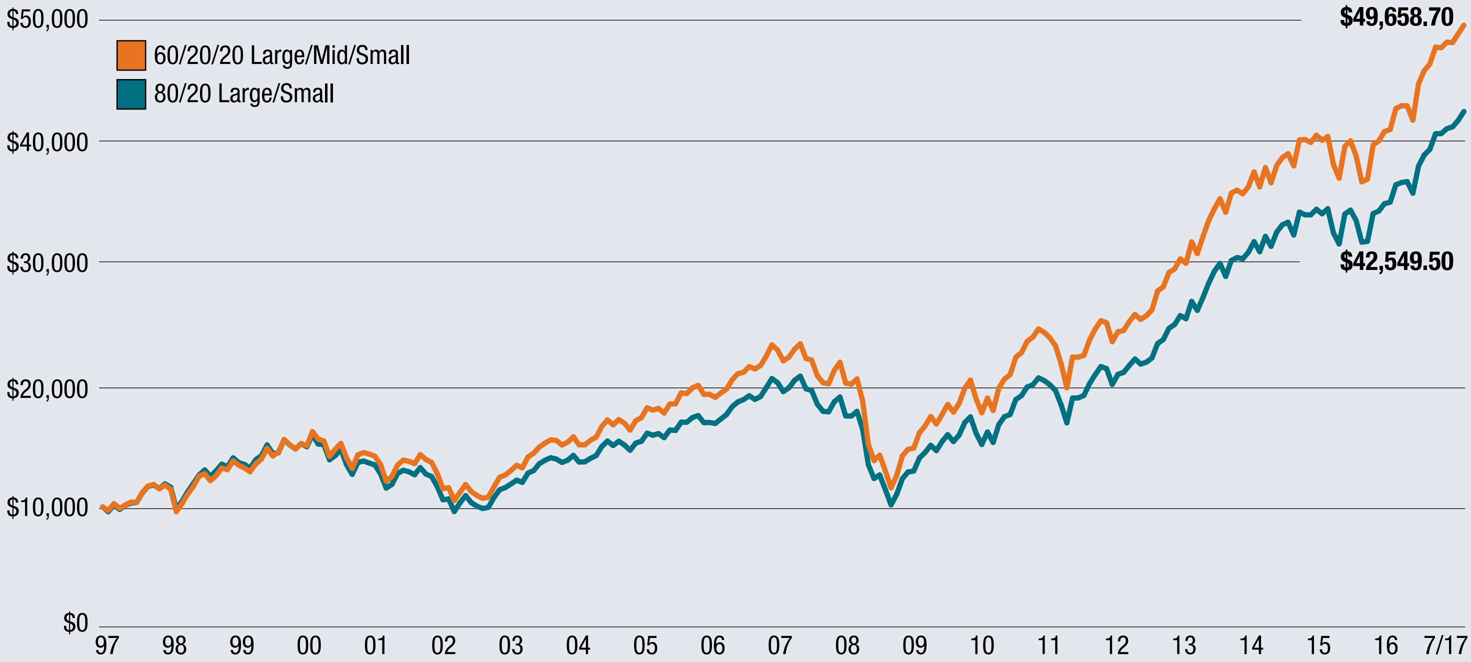
Using a barbell to strengthen your portfolio? Think again.

– Michael Mack, Portfolio Manager

In an attempt to diversify their portfolio, many investors use a combination of large- and small-cap stocks. However, they may not realize this barbelling technique leaves out mid-cap companies which have historically outperformed large-cap companies and are historically less volatile than small-cap companies.

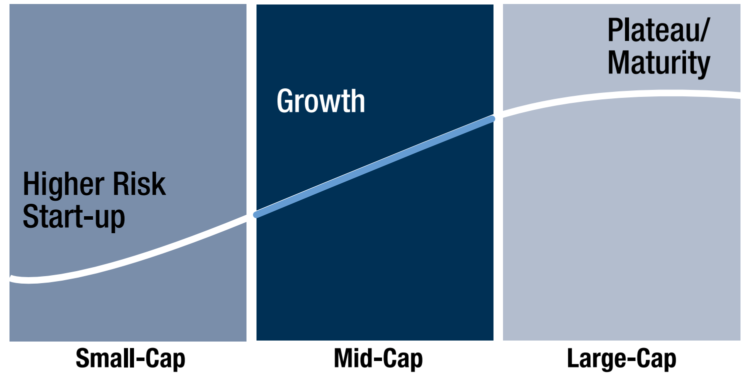
Over a 20-year time period, a portfolio consisting of 60% large-cap, 20% mid-cap and 20% small-cap outperformed a 80% large-cap, 20% small-cap portfolio.

20-Year Growth of $10,000
July 31, 1997 - July 31, 2017



Source: Bloomberg
Large-cap, mid-cap and small-cap are represented by the S&P 500®, S&P MidCap 400®, and S&P SmallCap 600® respectively.
PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. YOU CANNOT INVEST IN AN INDEX.

Mid-cap stocks are often called the "sweet spot" of investing. Mid-sized companies are generally in the growth phase of the business life cycle. They are past the risky start-up phase of small-cap companies.

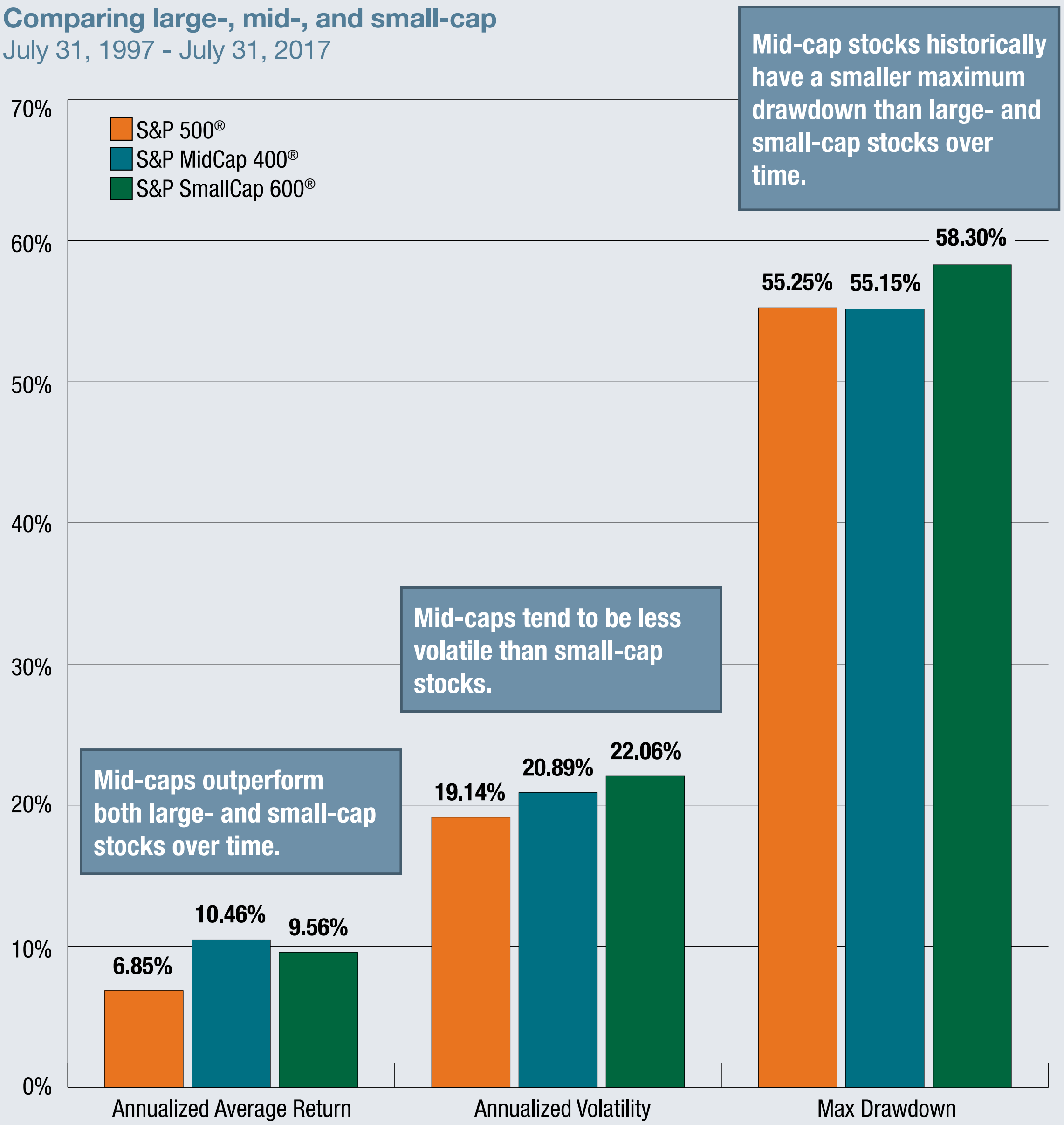


Mid-Cap Companies:

- Tend to have higher cash flow and earnings growth rates than large-cap companies
- Have historically outperformed large-cap stocks
- Have been less volatile than small-cap stocks over time

Comparing large-, mid-, and small-cap

July 31, 1997 - July 31, 2017



Source: Bloomberg. **Maximum drawdown** represents the maximum percentage loss that the relevant index incurred from its peak level to its lowest level during the time period indicated. **Annualized volatility** is based on monthly returns from the most recent date indicated on the page and expressed as a standard deviation percentage. Standard deviation is a measure of volatility and illustrates the extent of variation (whether higher or lower) that exists from the average given set of results. A low standard deviation indicates that the results tend to be very close to the average result (a low degree of volatility). In contrast, a high standard deviation indicates that the results are spread out over a large range of outcomes (a high degree of volatility).

Incorporating a mid-cap strategy can help diversify a portfolio and may lead to better returns over time. Using a trend following mid-cap investment allows you to invest in an asset class that is traditionally more volatile than large-cap with less concern about market movement. **The Pacer Trendpilot® 450 ETF (PTMC)**, a mid-cap trend following ETF, allows cautious investors to participate in the market. It uses a rules-based risk management strategy to alternate between equities and t-bills based on the benchmark index and its 200 day moving average.

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Consider trading in the barbell and adding mid-cap companies to your portfolio. This may strengthen it more than using just large- and small-cap companies.

PACER
TRENDPILOT
450 ETF
PTMC

Pacer Trendpilot® 450 ETF

The Pacer Trendpilot® 450 ETF (PTMC) implements the Trendpilot® strategy with exposure to the Wilshire US Mid-Cap Index℠, aiming 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.

To learn more visit **www.paceretfs.com/products/ptmc** or call **877-337-0500** to request a copy of our Why Mid-Cap Brochure.

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 concentration risk, equity market risk, fixed income risk, government obligations risk, high portfolio turnover risk, mid-capitalization investing risk, new fund risk, other investment companies risk, passive investment risk, tracking risk, trend lag risk, non-diversification risk, and/or special risks of exchange traded funds.

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.

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The Wilshire US Mid-Cap Index℠ is a rules-based, float-adjusted, market capitalization-weighted index comprised of approximately 500 mid-sized companies ranked between 500 and 1,000 in the Wilshire 5000 Total Market Index™. The Wilshire 5000 Total Market Index™ is an unmanaged, market capitalization-weighted index that measures the performance of all equity securities of U.S. headquartered issuers with readily available price data. The Wilshire US Mid-Cap Total Return Index℠ is a total return version of the Wilshire US Mid-Cap Index℠ and reflects the reinvestment of dividends paid by the securities in that Index.

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Large-cap refers to a company with a market capitalization value of more than $10 billion.
Mid-cap refers to a company with a market capitalization value of $2 billion and $10 billion
Small-cap refers to companies with a relatively small market capitalization, generally between $300 million and $2 billion.
S&P 500® Index measures the performance of the large capitalization sector of the U.S. 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 U.S. firms.
S&P MidCap 400® Index measures the performance of the mid capitalization sector of the U.S. equity market.
S&P SmallCap 600® Index measures the small-cap segment of the U.S. equity market.

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