

The House Doesn't Always Win — Sometimes Investors Do

– Ryan Sambuco, Portfolio Analyst

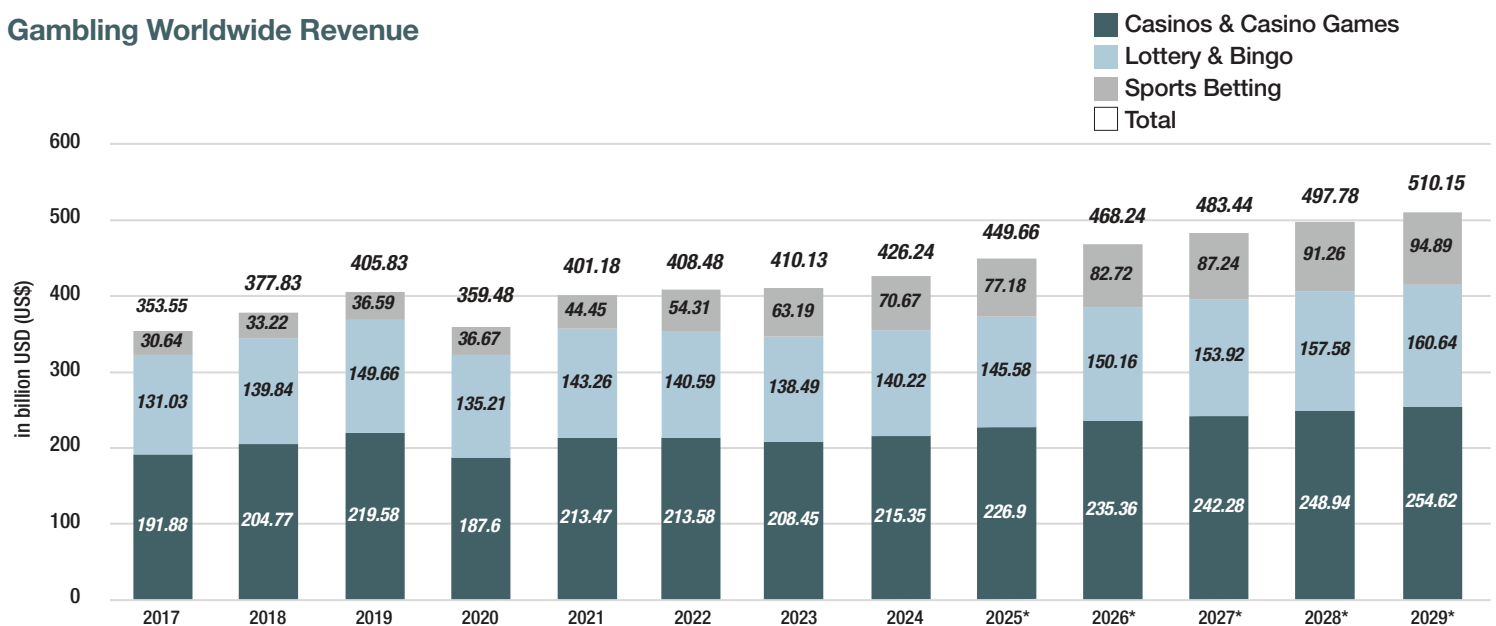
Digital Entertainment Isn't Just Booming, It's Becoming Investable

Online gambling, video game development, and eSports have never been more prominent. Fueled by advancements in technology, the rise of digital platforms, and global connectivity, these trends have shown remarkable growth potential. With access to vast, diverse markets and a steady stream of new audiences, they offer significant opportunities for expansion and profitability.

Betting on the Future of Fun

The world of gambling is one of the fastest-growing markets today. Revenue in 2025 is projected to hit \$449.66 billion, marking a +27.18% increase from 2017, and the momentum is only building.¹ With football season kicking off, bettors are expected to wager over \$30 billion on pro football alone, fueled by the fact that nearly half of men ages 18–49 are already engaged in sports gambling.² This convergence of gaming, wagering, and digital entertainment is creating a powerhouse industry you probably don't want to sit on the sidelines for.

Gambling Worldwide Revenue



* Estimated

⁽¹⁾Source: Statista. <https://www.statista.com/outlook/amo/gambling/worldwide>

⁽²⁾Source: WFSB. <https://www.wfsb.com/2025/09/04/nfl-season-kicks-off-tonight-bettors-expected-wager-approximately-30-billion-this-season/>

The surge in digital entertainment is no accident. Several powerful forces are pushing these industries to new heights. Technology advancements including high-speed internet, cloud gaming, and mobile-first platforms make digital entertainment accessible anywhere, anytime. Platform expansion in streaming services like Twitch, YouTube Gaming, and a wave of regulated online betting platforms have created a mass population of engagement. As emerging markets gain internet access and mobile penetration, gaming and betting platforms become available to millions of new customers. A younger, digitally native audience with increasing spending power continues to fuel demand for immersive entertainment experiences.



Online Gambling: Inside the Digital Betting Boom

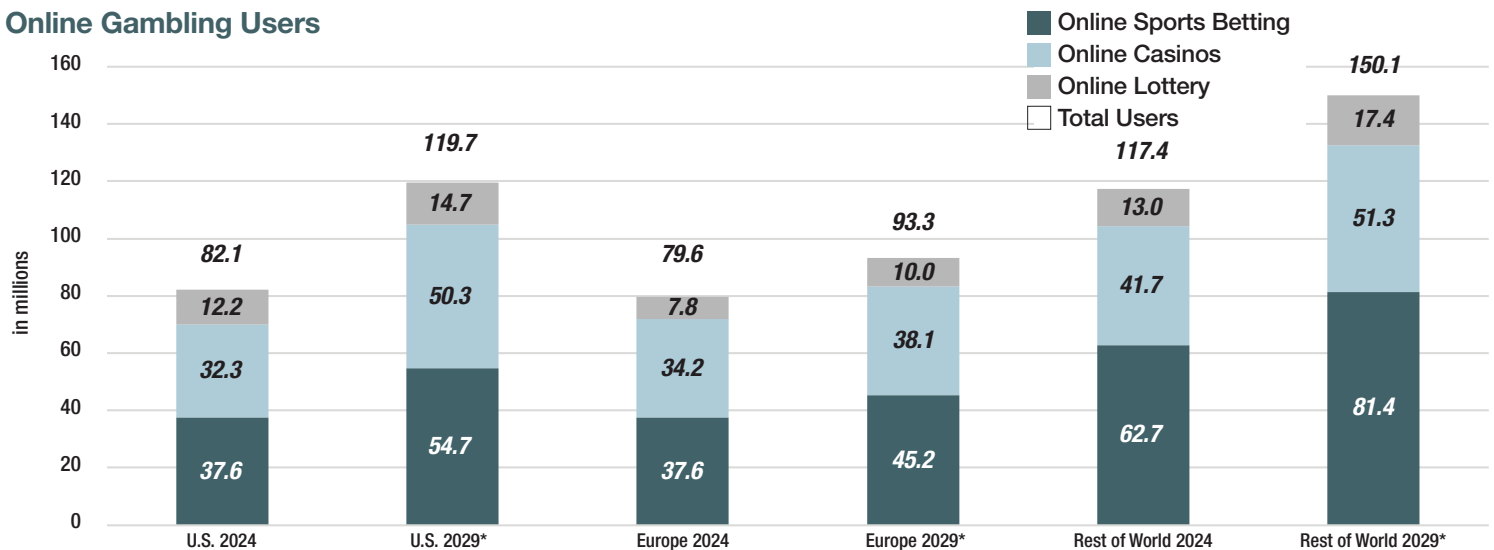
Online gambling includes digital sports betting platforms, online casinos, and iGaming operators. Companies like DraftKings, Flutter Entertainment, and Evolution Gaming are leaders in this space. Growth is being fueled by the ongoing legalization of online sports betting and iGaming across more U.S. states and international markets, the shift from physical casinos to mobile-first experiences, and strong recurring revenues supported by high customer engagement.

Revenue in the gambling market is projected to reach \$449.67 billion in 2025. The number of users is expected to amount to 1.1 billion by 2029.³ With a large and expanding addressable market, operators in this sector benefit from strong margins, scalable platforms, and repeat user activity, making online gambling an attractive long-term opportunity.

Flutter Entertainment is a powerhouse with a portfolio of well-known brands including Betfair, FanDuel, and Paddy Power. The company has built its reputation on innovation and customer-centric offerings, tailoring exclusive betting experiences to fit diverse global markets. Leveraging its extensive network and technological expertise, Flutter delivers a wide array of options—from traditional sports betting to online casino games. Its ability to combine advanced technology with intuitive, user-friendly platforms has solidified Flutter’s position as a leader in digital gambling and positioned it for continued global expansion. Flutter has a market capitalization of \$41 billion, 32 million active customers, and \$14 billion in revenue for FY24.⁴

DraftKings has emerged as a frontrunner in the U.S. online sports betting market, distinguished by its robust platform and mobile-first approach. Its popular mobile app and expansive sportsbook offerings have reshaped the way fans engage with sports wagering. Strategic partnerships with major sports leagues and professional teams have further enhanced their brand visibility and market reach. DraftKings continues to emphasize technological innovation, offering real-time betting options, live streaming, and interactive features that elevate the user experience. In Q2 2025, DraftKings saw 10.4 million unique customers.⁵

Online Gambling Users



* Estimated

Source: Statista. <https://www.statista.com/study/135483/eservices-report-online-gambling/>

⁽³⁾Source: Statista. <https://www.statista.com/outlook/amo/gambling/worldwide>

⁽⁴⁾Source: Flutter. <https://www.flutter.com/media/305i1v3v/flutter-investor-day-final-website.pdf>

⁽⁵⁾Source: DraftKings. <https://draftkings.gcs-web.com/>

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. YOU CANNOT INVEST IN AN INDEX.



Game On: The Rise of Video Game Development

Gaming has evolved into one of the most dynamic and profitable industries in global entertainment, now generating more annual revenue than movies and music combined. Once considered a niche hobby, video games have become a cultural cornerstone, driven by innovation, interactivity, and the expansion of digital platforms. Companies such as Tencent, Nintendo, Roblox, and NetEase are redefining what entertainment looks like, creating blockbuster franchises and immersive ecosystems that keep players engaged for years.

Several powerful forces are fueling this sector's expansion. Cloud gaming, augmented reality (AR), and virtual reality (VR) are changing how people play, making high-quality experiences accessible across devices without the need for expensive hardware. In-game purchases, downloadable content, and recurring subscriptions have transformed gaming into a continuous revenue stream rather than a one-time purchase. Popular franchises like *Call of Duty* and *Fortnite* demonstrate the power of this model. As mobile adoption surges globally, especially in emerging markets, mobile gaming has become one of the fastest-growing sub-sectors. Developers are tapping into billions of potential players worldwide, including in Asia, Africa, and Latin America.

The video game industry's unique ability to blend entertainment, technology, and community makes it an exceptionally resilient growth engine. Developers who own globally recognized franchises benefit from recurring revenue streams and deep brand loyalty, often spanning multiple generations of players. Gaming has also become more than just a pastime — it functions as a social platform, creative outlet, and digital community hub, where players spend both time and money persistently in virtual worlds.

Global Gaming Titans:

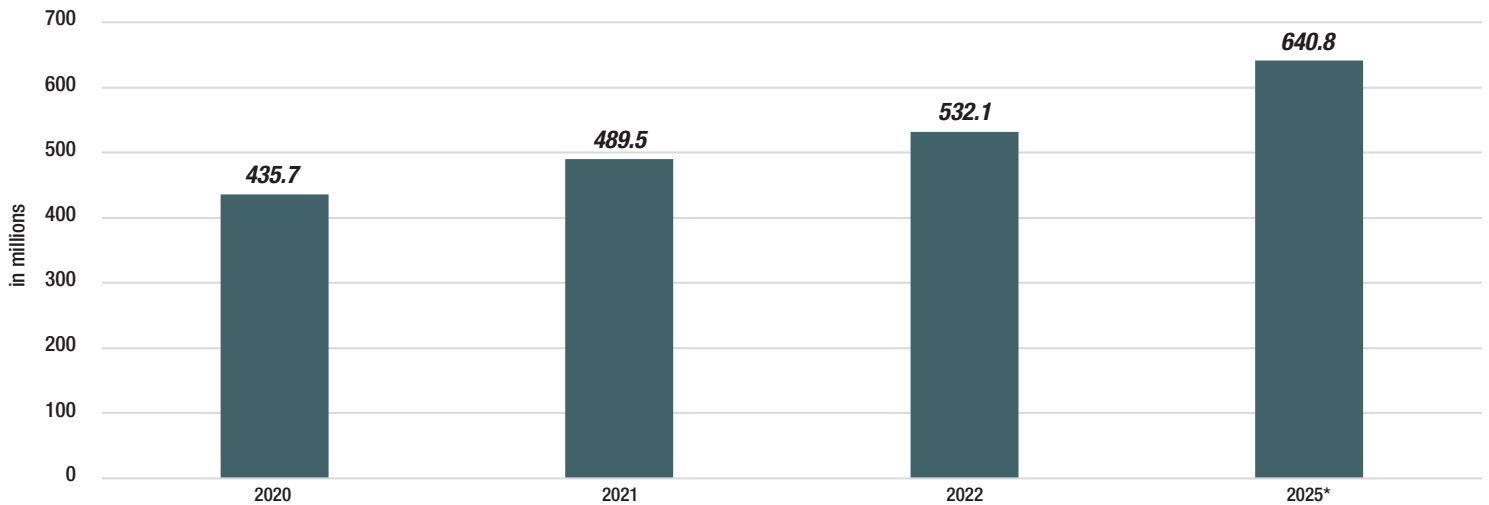
- **Tencent Holdings (China):** The world's largest video game company by revenue, Tencent owns stakes in global giants like Epic Games (*Fortnite*) and Riot Games (*League of Legends*). It has also been a leader in mobile-first gaming and cloud integration.
- **Nintendo (Japan):** A household name with timeless franchises like *Mario*, *The Legend of Zelda*, and *Pokémon*, Nintendo continues to innovate in both hardware (Switch consoles) and software ecosystems.
- **Roblox (U.S.):** A pioneer of user-generated content, Roblox has built a virtual world where users both play and create. Its "metaverse-like" structure is hugely popular with younger audiences.
- **NetEase (China):** A leader in PC and mobile gaming, NetEase is expanding internationally with hit titles and franchise partnerships.



eSports: From Niche to Mainstream

Once a fringe community, eSports has transformed into a global phenomenon, attracting hundreds of millions of fans and billions in sponsorship dollars. Companies tied to the sector generate revenue through tournament hosting, broadcasting rights, sponsorship deals, and streaming platforms, creating a broad ecosystem that increasingly mirrors traditional sports. Viewership of major eSports events now rivals traditional sports like baseball or hockey, with millions tuning in to global tournaments. Since 2020 eSports has increased by +47.07%.⁶ Brands are recognizing eSports' influence among younger demographics and investing heavily in partnerships, advertising, and event sponsorships.

eSports Worldwide Viewers



* Estimated

⁽⁶⁾Source: Statista. <https://www.statista.com/statistics/490480/global-esports-audience-size-viewer-type/>

Activision Blizzard (U.S.): Known for blockbuster franchises like *Call of Duty* and *Overwatch*, the company has been a pioneer in competitive gaming with the *Overwatch League* and *Call of Duty League*, both drawing global fan bases and sponsorships.

The way the world entertains itself is changing — and the future is digital. Online gambling, video game development, and eSports are no longer sidelines; they are now driving forces of the global economy.

The **Pacer BlueStar Digital Entertainment ETF (ODDS)** offers investors a straightforward way to gain targeted exposure to this dynamic corner of the market. The fund tracks a rules-based index of globally listed companies and depositary receipts that generate at least 50% of their revenue from online gambling, video game development, and eSports. This approach captures leaders from across the globe, giving investors broad exposure to companies shaping the future of interactive entertainment.



For investors seeking a diversified way to capitalize on these long-term trends, the **Pacer BlueStar Digital Entertainment ETF (ODDS)** offers a single, targeted solution. By bringing together three of the most powerful growth engines in modern entertainment, **ODDS** allows investors to bet on the future of play.

Visit www.paceretfs.com or call **1-877-337-0500** to learn more.

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S&P Global 1200 captures approximately 70% of global market capitalization, it is constructed as a composite of 7 headline indices, many of which are accepted leaders in their regions. These include the S&P 500® (US), S&P Europe 350, S&P TOPIX 150 (Japan), S&P/TSX 60(Canada), S&P/ASX All Australian 50, S&P Asia 50 and S&P Latin America 40.

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