

# The Pacer Pulse

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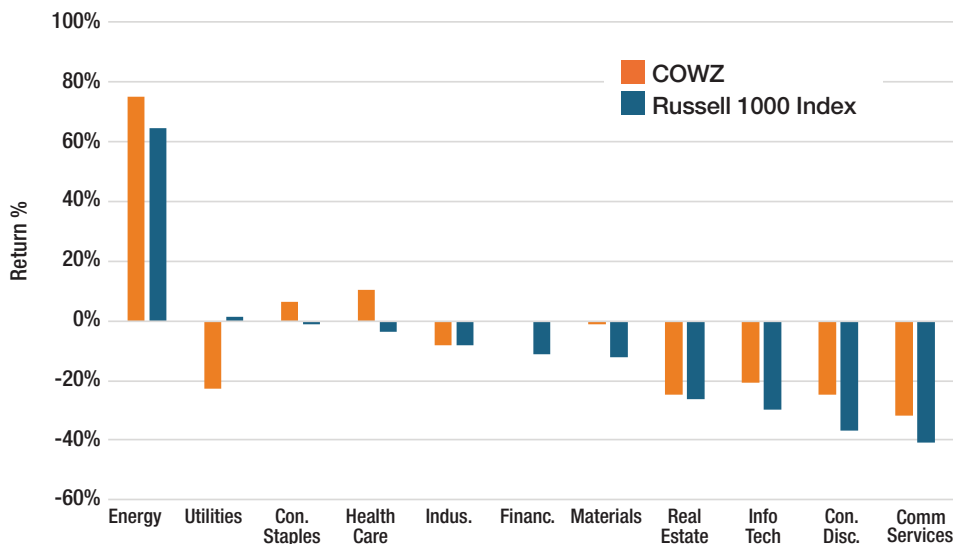
## Oil is Above \$100 Again... Is 2026 Shaping Up like 2022?

Danke Wang, CFA, FRM

### Revisiting the Market Environment of 2022

The recent spike in oil prices reminds us of 2022, when crude surged to over \$120 per barrel within months. That year also marked a period of significant outperformance for the Pacer US Cash Cows 100 ETF (COWZ) relative to the broader market, with the Energy sector (averaging roughly 19% of portfolio weight throughout the year) being the largest contributor to the strong performance.

**2022 COWZ vs. Russell 1000 Index**  
Sector Performance (%)  
1/1/2022 - 12/31/2022



Source: FactSet

**Pacer US Cash Cows 100 ETF**  
1 Year Annualized Total Returns (%)  
as of 12/31/2022

Pacer US Cash Cows 100 ETF NAV	0.25%
Pacer US Cash Cows 100 ETF Market Price	0.20%
Pacer US Cash Cows 100 Index	0.66%
Russell 1000 Value Index	-7.54%
Russell 1000 Index	-19.13%

Source: US Bank, Bloomberg, Pacer Advisors

Naturally, investors may ask: are we returning to a 2022-like environment? Could 2026 turn out to be another strong year for COWZ?

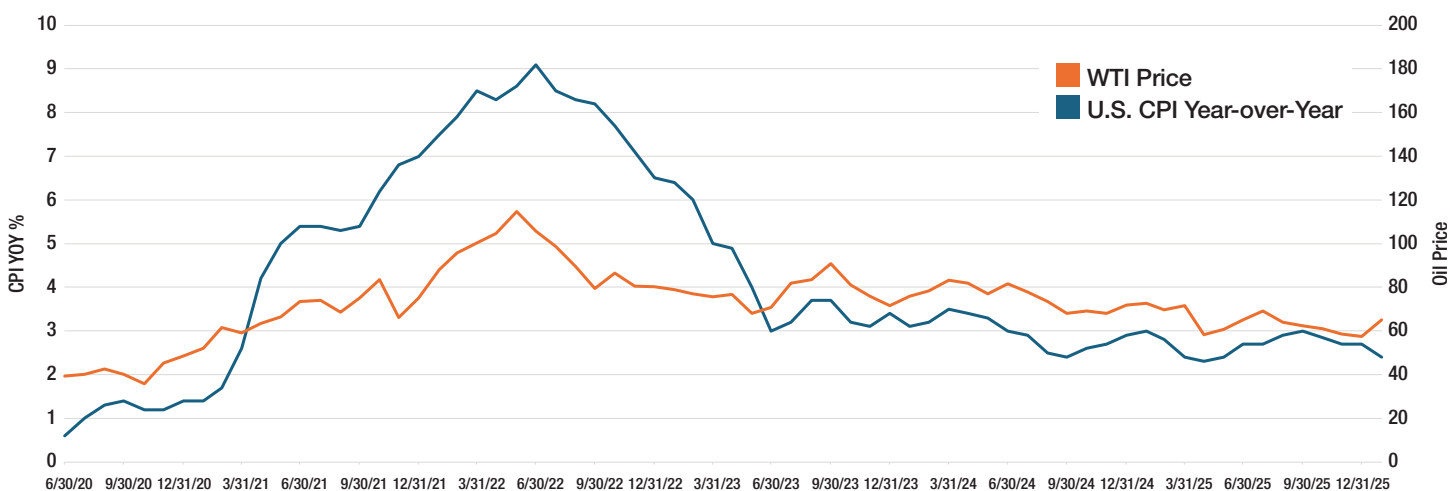
The answer is not as simple as extrapolating from the experience four years ago. While there are similarities, the macro backdrop today positions COWZ's Energy allocations to pull leverage from the environment differently.

## Inflation

The strong performance in 2022 occurred against the backdrop of a high inflation environment, which tended to favor value over growth.

Inflation began accelerating as early as the first half of 2021, when pandemic-related supply chain disruptions coincided with massive fiscal stimulus that boosted demand. By the time the market entered 2022, U.S. Consumer Price Index (CPI) had already surged above 6%. The Russia–Ukraine war then created a major oil supply shock, further amplifying already elevated inflation pressures.

### Inflation and Oil Price 6/30/2022 - 1/31/2026



Source: Bloomberg

Today, inflation has cooled significantly across most economies, and global supply chains have largely normalized. As a result, even if oil prices rise due to geopolitical tensions, the broader inflationary impact may be more limited than it was in 2022.

**West Texas Intermediate (WTI) Price:** Serves as a key benchmark for oil pricing in North America and is a major component of New York Mercantile Exchange (NYMEX) oil futures.

**U.S. Consumer Price Index (CPI) Year-over-Year (YoY):** A measure of the percentage change in the prices paid by urban consumers for a representative “market basket” of goods and services compared to the same month in the previous year.

## Oil Supply

In 2022, global oil markets were already tight following years of underinvestment, while the OPEC (Organization of the Petroleum Exporting Countries) spare capacity was relatively limited. Russia accounted for roughly 10% of global oil supply and about 40–45% of Europe’s natural gas supply, making it one of the most important energy exporters globally. Sanctions and disruptions following the Russia–Ukraine conflict effectively removed a meaningful portion of Russian energy supply from the market, creating a structural supply shock.

In contrast, the recent move in oil prices above \$100 per barrel in 2026 appears to reflect a

geopolitical risk premium rather than an immediate shortage of supply (at least for now).

Production across the Middle East remains largely intact, while global oil supply and spare capacity are higher than they were in early 2022. At the same time, U.S. shale production is near record levels, providing an additional buffer to global supply.

Thus, unless shipping through the Strait of Hormuz (which carries roughly 20% of global oil flows) is materially disrupted, or major producers are taken offline, the market today has more capacity to absorb potential shocks.

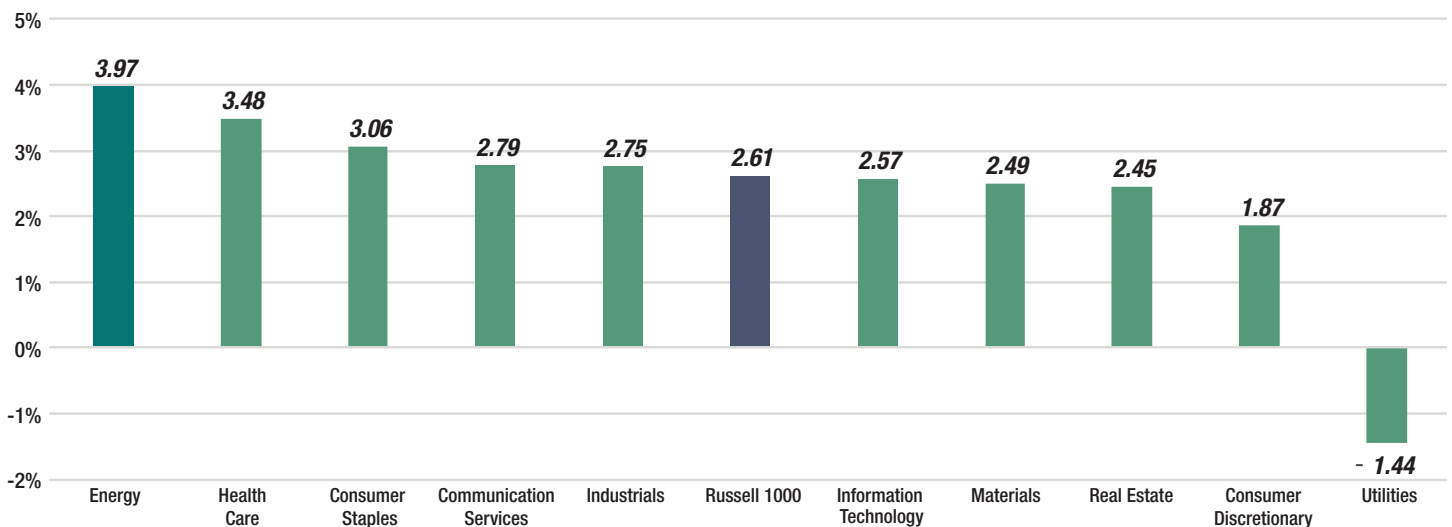
## COWZ’s Energy Sector Allocation

While the current environment differs from that of 2022, Energy sector revenues remain closely tied to commodity prices, allowing the sector to continue providing a hedge against inflation and geopolitical risk.

At the same time, the oil industry has undergone a significant structural shift, moving away from the aggressive spending of prior cycles toward a new era of capital discipline. Instead of chasing rapid production growth, companies are now prioritizing free cash flow generation and shareholder returns through dividends, buybacks, and debt reduction. Consequently, the sector currently offers some of the highest free cash flow yields in the equity market while trading at relatively low valuation multiples.

### Russell 1000 Index Sector Free Cash Flow Yield (%)

3/6/2026



Source: FactSet

These strong fundamentals may become increasingly relevant as market leadership begins to broaden beyond mega-cap growth stocks. As capital rotates toward companies with visible earnings and sustainable cash flows, the Energy sector is well-positioned to benefit while also providing diversification within investors' portfolios.

Reflecting this outlook, the COWZ portfolio maintains approximately 18.6% exposure to the Energy sector (as of February 28, 2026), including roughly 15% allocated to oil and gas producers. This allocation may allow the portfolio to benefit from both the sector's improving fundamentals—particularly strong free cash flow generation and capital discipline—and the potential upside associated with higher commodity prices and geopolitical risk premiums in global energy markets.

### Pacer US Cash Cows 100 ETF Live Performance

	Total Expenses	Fund Inception		Total Returns (%) as of 2/28/26			Total Returns (%) as of 12/31/25			
				1 Month	3 Month	YTD	1 Year	3 Year	5 Year	Since Fund Inception
Pacer US Cash Cows 100 ETF	0.49%	12/16/16	NAV	4.25	9.70	7.90	8.99	11.45	14.61	12.54
			Mkt. Price	4.29	9.70	7.93	8.97	11.42	14.59	12.50
Pacer US Cash Cows 100 Index				4.30	9.86	8.00	9.59	12.12	15.24	13.05

Source: US Bank.

Returns less than 1 year are cumulative. Returns greater than 1 year are annualized.

**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.**

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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 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.

To learn more about how to incorporate COWZ into your portfolio, contact your financial advisor or visit [www.paceretfs.com](http://www.paceretfs.com).

**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.**

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**Russell 1000 Value Index** is a market-capitalization weighted index representing approximately 1000 large- and mid cap value stocks in the Russell 3000 Index.

**Russell 1000 Index** is a market-capitalization weighted index representing the top 1000 large-cap stocks in the Russell 3000 Index.

**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.

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

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