



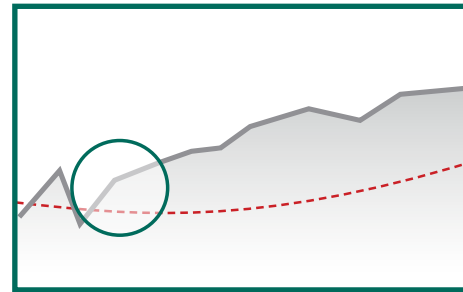
# PACER TRENDPILOT® US BOND INDEX

A strategy driven index that uses trend following to alternate exposure between a High Yield Corporate Bond Index and U.S. Treasury Bond Index.

## HYPOTHETICAL ILLUSTRATION

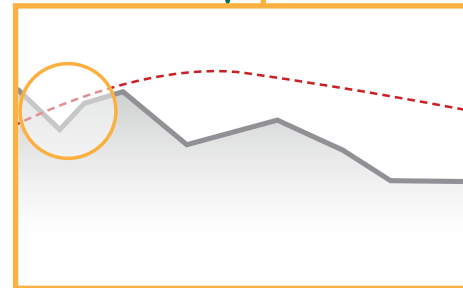
### 100% S&P U.S. High Yield Corporate Bond Index

**High Yield Indicator:** When the Risk Ratio closes above its 100 day simple moving average (100 Day SMA) for five consecutive business days, the exposure of the Index will be 100% to the S&P U.S. High Yield Corporate Bond Index.<sup>1</sup> From the High Yield position, the Index will change to the 50/50 position or the T-Bond position depending on the 50/50 Indicator and the T-Bond Indicator.



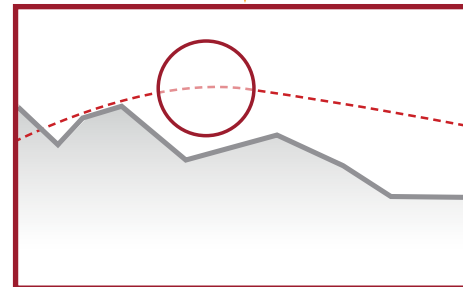
### 50% S&P U.S. High Yield Corporate Bond Index, 50% S&P U.S. Treasury Bond 7-10 Year Index

**50/50 Indicator:** When the Risk Ratio closes **below** its 100 Day SMA for five consecutive business days, the exposure of the Index will be 50% to the S&P U.S. High Yield Corporate Bond Index and 50% to the S&P U.S. Treasury Bond 7-10 Year Index.<sup>1</sup> From the 50/50 position, the Index will return to the High Yield position or change to the T-Bond position depending on if those indicators are triggered.



### 100% S&P U.S. Treasury Bond 7-10 Year Index

**T-Bond Indicator:** When the Risk Ratio's 100 Day SMA closes lower than its value from five business days earlier, the exposure of the Index will be 100% to the S&P U.S. Treasury Bond 7-10 Year Index.<sup>1</sup> From this position, the Index will change to the S&P U.S. High Yield Corporate Bond Index position when the High Yield Indicator is triggered. The Index will not return to its 50/50 position unless the High Yield Indicator is first triggered.



### Legend:

- Risk Ratio
- S&P U.S. High Yield Corporate Bond Total Return Index
- S&P U.S. Treasury Bond 7-10 Year Total Return Index
- - - Risk Ratio 100 Day Simple Moving Average

The graphs illustrate the Pacer Trendpilot® methodology based on hypothetical movements of its risk ratio and its 100 day simple moving average. This does not demonstrate historical data, and is not an indication of how any Index or Pacer Trendpilot® methodology will perform in the future. If the conditions mentioned in the graph are not satisfied, the trend of the risk ratio will be the same as the trend of the risk ratio on the immediately preceding business day.

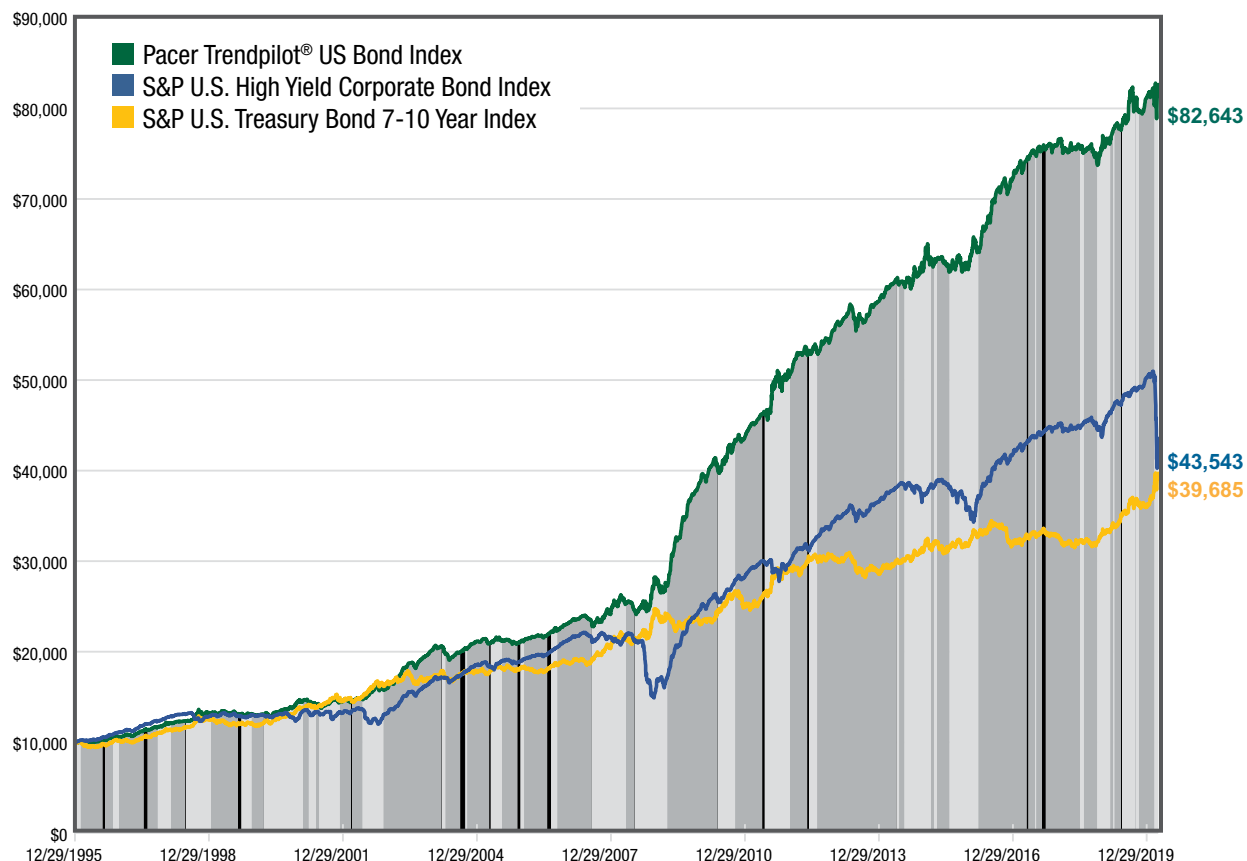
<sup>(1)</sup>Any exposure change will become effective by the 6th business day.

# PACER TRENDPILOT® US BOND INDEX

Retrospectively calculated Pacer Trendpilot® Index performance and historical comparisons are shown net of fees.

## HYPOTHETICAL GROWTH OF \$10,000<sup>1</sup>

12/29/1995 – 3/31/2020



■ 100% High Yield   ■ 50% High Yield/50% T-Bonds   ■ 100% Treasury Bonds

## HISTORICAL PERFORMANCE, VOLATILITY COMPARISON AND MAXIMUM DRAWDOWN (%)<sup>1</sup>

12/29/1995 – 3/31/2020

	Pacer Trendpilot® US Bond Index	S&P U.S. High Yield Corporate Bond Index	S&P U.S. Treasury Bond 7-10 Year Index
<b>Annualized Average Return</b>	9.09	6.25	5.84
<b>Annualized Volatility</b>	4.61	3.96	6.19
<b>Maximum Drawdown</b>	-8.10	-32.69	-10.21

## MINIMUM AND MAXIMUM CALENDAR YEAR RETURNS (%)<sup>1</sup>

12/29/1995 – 3/31/2020

	Pacer Trendpilot® US Bond Index	S&P U.S. High Yield Corporate Bond Index	S&P U.S. Treasury Bond 7-10 Year Index
<b>Maximum Return</b>	39.22 (2009)	54.55 (2009)	18.13 (2008)
<b>Minimum Return</b>	-1.47 (1999)	-25.99 (2008)	-6.11 (2013)

<sup>(1)</sup>All Indexes shown are Total Return Indexes.

Source: S&P & Pacer Advisors. S&P has calculated the backtest gross of the ETF fees for the Trendpilot Index. Pacer Advisors is netting out the fees for this illustration. The hypothetical backtested index performance of the Pacer Trendpilot® US Bond Index is shown net of fees and reflects the reinvestment of dividends. The annual total expense is 0.60%. The Pacer Trendpilot® Index was released on 9/9/2019. All data shown here is hypothetical, retrospectively calculated, and 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 start date for this index was chosen based on data from S&P. The results shown are hypothetical and do not reflect actual returns.

**PAST PERFORMANCE (WHETHER RETROSPECTIVELY CALCULATED OR ACTUAL HISTORICAL) IS NOT INDICATIVE OF FUTURE RESULTS. YOU CANNOT INVEST DIRECTLY IN AN INDEX.**

**FOR INVESTMENT PROFESSIONAL USE ONLY. NOT FOR USE WITH THE INVESTING PUBLIC.**

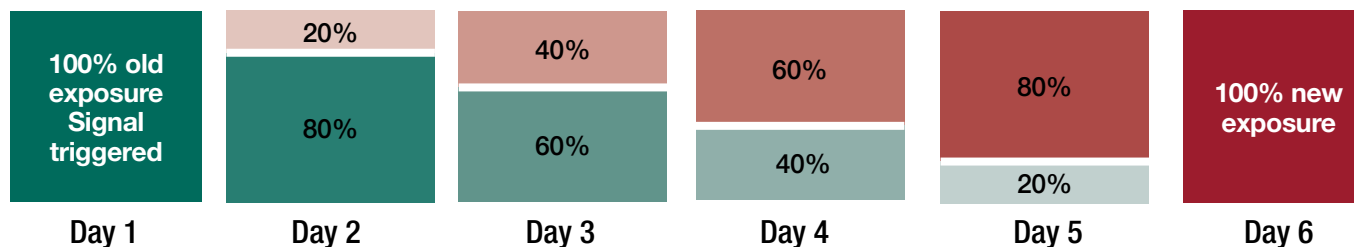
### UNDERSTANDING THE RISK RATIO

The risk ratio is designed to measure the relative total return strength of the S&P U.S. High Yield Corporate Bond Index to the S&P U.S. Treasury Bond 7-10 Year Index. When the risk ratio is increasing, high yield corporate bonds are outperforming Treasury bonds. When the risk ratio is decreasing, Treasury bonds are outperforming high yield corporate bonds. The risk ratio is compared to a 100D SMA in order to establish its trend.

$$\frac{\text{S\&P U.S. High Yield Corporate Bond Total Return Index}}{\text{S\&P U.S. Treasury Bond 7-10 Year Total Return Index}} = \text{Risk Ratio}$$

### HOW IT MOVES

After an indicator is triggered, the index will move exposure over a 5 day period, trading at the close each business day.



**BEFORE INVESTING YOU SHOULD CAREFULLY CONSIDER THE FUNDS' INVESTMENT OBJECTIVES, RISKS, CHARGES, AND EXPENSES. THIS AND OTHER INFORMATION IS IN THE PROSPECTUS. A COPY MAY BE OBTAINED BY VISITING [WWW.PACERETF.COM](http://WWW.PACERETF.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 these funds are detailed in the prospectus and could include factors such as cash redemption risk, fixed income risk, government obligations risk, high yield risk, management risk, new fund risk, passive investment risk, tracking risk, trend lag risk and other special risks of exchange traded funds.

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When investing in high yield, high risk securities, the Fund will generally hold a representative sample of the securities in the Index whose risk, return and other characteristics closely resemble, in the judgment of the Sub-Adviser, Vident Investment Advisory, those of the Index as a whole. While intended to allow the Fund to closely track the Index, use of this approach may cause the Fund's performance to deviate from that of the Index.

Pacer Advisors, Inc. is the fund advisor. Vident Investment Advisory is the fund sub-adviser. Vident Investment Advisory, LLC is registered as an investment advisor with the SEC and only conducts business in states where it is properly notice filed or is excluded from registration requirements.

To learn more about the Index methodology, please visit [www.indexdesigngroup.com](http://www.indexdesigngroup.com) or call 877-337-0500.

**DEFINITIONS OF CERTAIN DEFINED TERMS USED HEREIN:**

**Annualized average return** represents the calculated hypothetical rate of return that, if cumulatively applied to each relevant annual period during the time period indicated, would result in the actual cumulative rate of return for the entire period.

**Maximum return** represents the highest calendar year return as measured during the period indicated.

**Minimum return** represents the lowest calendar year return as measured during the 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). Because the standard deviation is based on historical data, it may not predict variability in annualized performance of the Pacer ETFs in the future.

**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.

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