

In Focus

Why Mid-Cap Trend Following?



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The Sweet Spot for Growth

For many investors, a typical US equity portfolio consists of a combination of large- and small-cap stocks. However, with uncertain economic growth, mid-cap stocks, often called the “sweet spot” of the investment universe, may offer attractive investment opportunities for investors.

With their historically strong returns in up markets and lower volatility in down markets, mid-caps present a compelling case for a position in an equity portfolio.

⁽¹⁾Bloomberg
PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.
You cannot invest directly in an index.

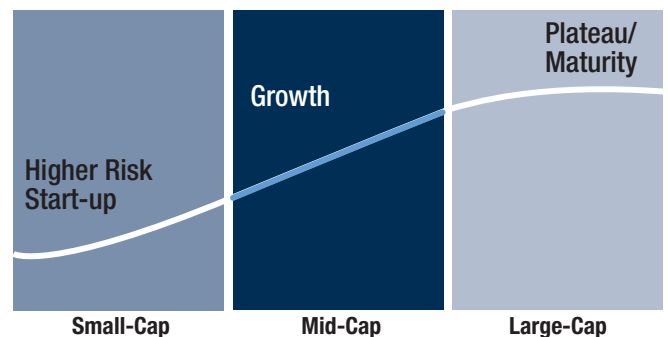
What Are Mid-Cap Stocks?

Mid-cap stocks are generally defined as shares of companies with market capitalizations between \$1 billion and \$15 billion. Currently there are approximately 1,500 mid-cap stocks.

Why Mid-Cap Stocks?

- **Under-researched** – provides investors opportunities to identify companies with growth potential
- **“Growth phase” of the business life cycle** – may experience higher cash flow and earnings growth rates than larger companies due to less bureaucracy, fewer layers of management, and faster decision-making
- **More established** – stronger overall market presence and more access to capital than small-cap companies

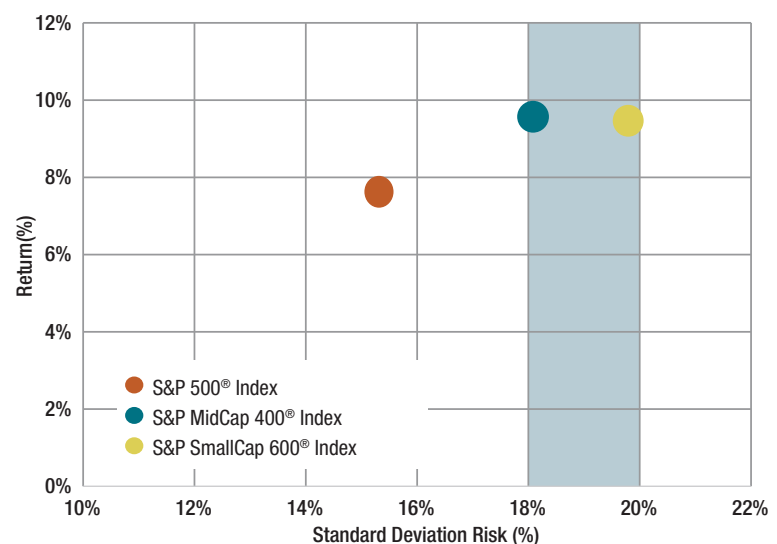
Traditional S-Curve Growth Pattern of a Business



Value & Stability

Mid-caps have historically outperformed large-cap stocks in rising markets and have been less volatile than small-cap stocks in falling markets.

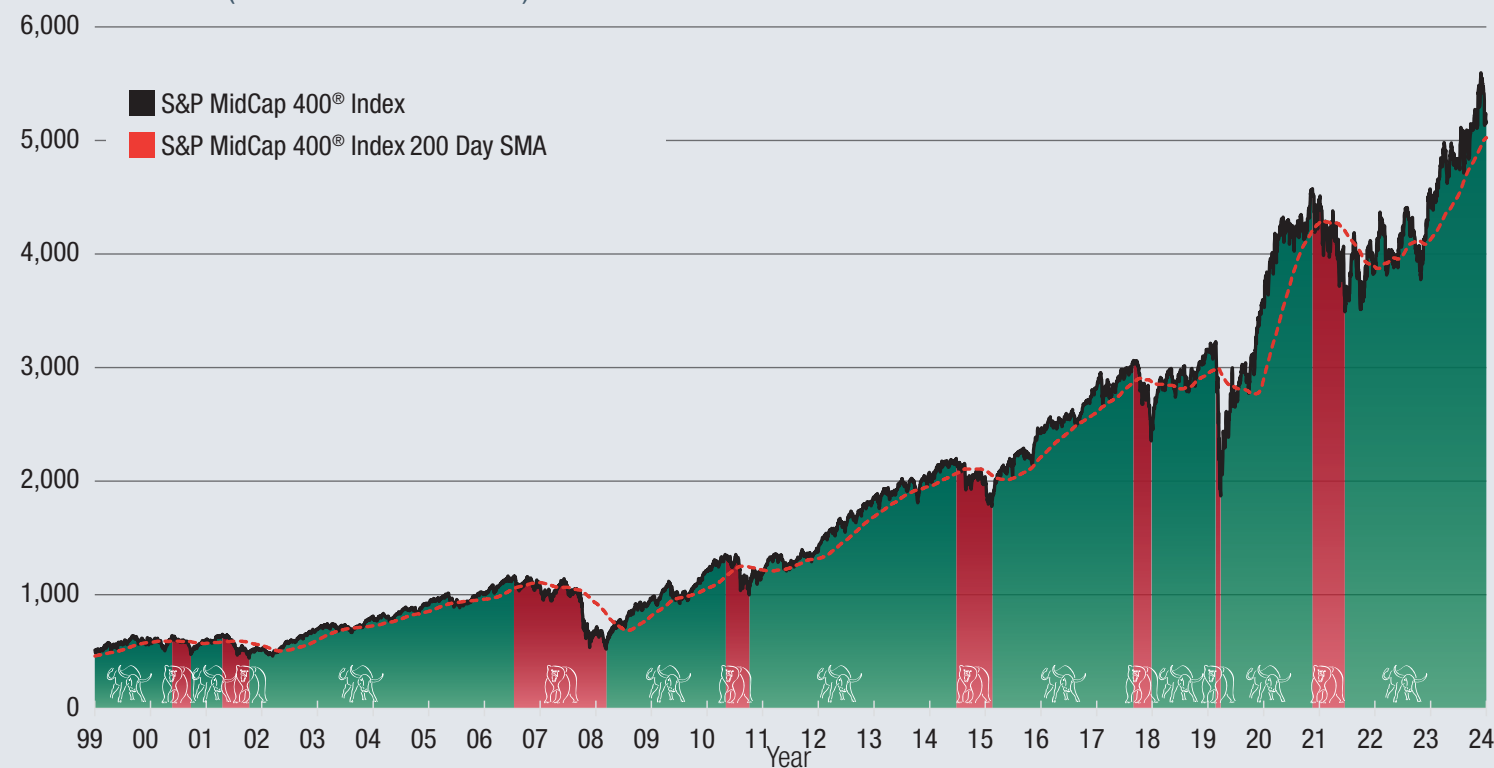
Mid-Cap Risk/Return (12/31/99 - 12/31/24)



Evaluating Long-Term Market Trends

The 200 day simple moving average (200 Day SMA) is a common indicator of long-term trends. The chart below illustrates the S&P MidCap 400® Total Return Index with its 200 Day SMA since inception. When the Index falls below its 200 Day SMA, it is a signal a negative trend may develop. When the Index rises above its 200 day simple moving average, it is a signal a positive trend may develop.

Index Growth (12/31/99 - 12/31/24)



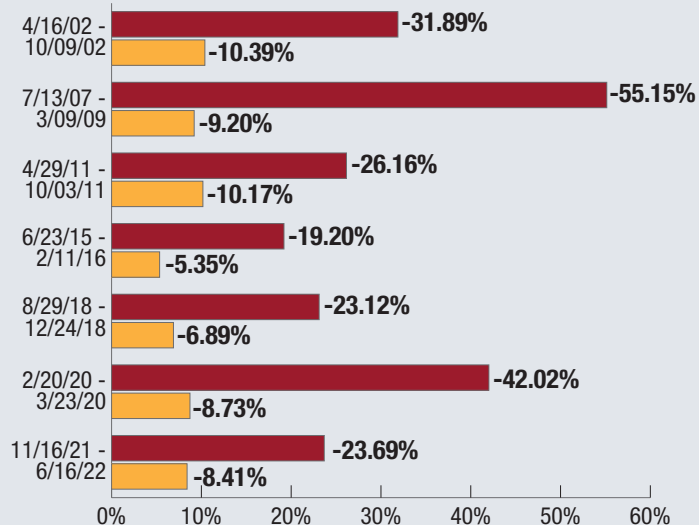
PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. You cannot invest directly in an index. **There is no guarantee this investment strategy will succeed, the strategy is not an indicator of future performance and investment results may vary.** The investment strategy presented is not appropriate for every investor and individual clients should review with their financial advisors the terms and conditions and risk involved with specific products or services.

Performance During Bear Markets

Bear Markets Since 2002

The 200 Day SMA has proven to be an early indicator of a bear market. Evaluating the last 7 bear markets in the S&P MidCap 400® Index with losses of 14% or more, the majority of market loss was after the Index fell below the 200 Day SMA.

- Total market loss
- Market loss before Index fell below 200 Day SMA



Source: Bloomberg

Why Now?

- Historically, mid-cap companies tend to outperform large caps without taking on a proportional amount of volatility.
- Recent market conditions are especially compelling for owning high quality mid-cap companies. However, in a falling stock market, equity stocks may experience price declines.

Speak with your financial advisor today to learn more about how to incorporate the Pacer Trendpilot® US Mid Cap ETF (PTMC), a mid cap exchange traded fund, into your portfolio.

For more information, visit www.paceretfs.com.

Bull Market: A financial market of a group of securities in which prices are rising or are expected to rise.

Bear Market: A market condition in which the prices of securities are falling. Although figures can vary, for many, a downturn of 20% or more in multiple broad market indexes over at least a two-month period is considered an entry into a bear market.

Annualized standard deviation: The standard deviation multiplied by the square root of the number of periods in one year. Standard deviation of return measures the average deviations of a return series from its mean, and is often used as a measure of risk.

The S&P MidCap 400® Index is a benchmark for mid-sized companies, measuring the performance of mid-sized companies and reflecting the risk and return characteristics of this market segment.

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 calculation methodology risk, equity market risk, ETF risks, fixed income risk, government obligations risk, high portfolio turnover risk, mid-capitalization investing risk, passive investment risk, tracking risk, trend lag risk, and/or special risks of exchange traded funds.

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