

Trendpilot® in Action – the 2020 Pandemic

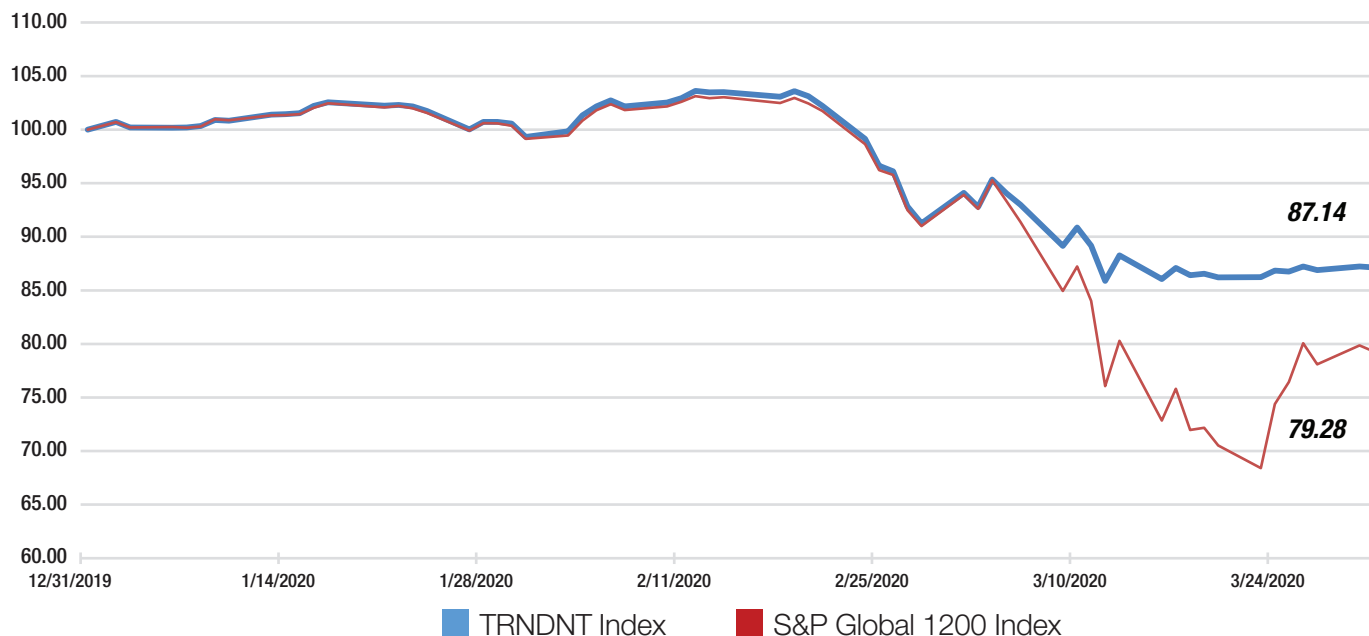
– Michael Mack, Portfolio Manager

We have just experienced one of the fastest selloffs in market history. While Pacer Trendpilot Series ETFs may not have shifted into cash immediately, they stuck to the rules and made the move fast enough to miss a significant portion of the market decline.

While the Pacer Trendpilot® US Large Cap ETF (PTLC) and Pacer Trendpilot® 100 ETF (PTNQ) were slower to move because of the market volatility, the Pacer Trendpilot® International ETF (PTIN), Pacer Trendpilot® European Index ETF (PTEU), and Pacer Trendpilot® US Mid Cap ETF (PTMC) each made their gradual move into 3-Month US Treasury Bills (T-Bills). Those who own multiple Pacer Trendpilot® ETFs would have benefitted from the diversification found in those spaces.

To understand the importance of diversification, below is a performance comparison between the Pacer Fund of Funds Trendpilot® Index (TRNDNT Index) – which contains 40% of the Pacer Trendpilot® International Index, and 20% each of the Pacer Trendpilot® US Large Cap Index, Pacer Trendpilot® US Mid Cap Index and Pacer NASDAQ-100 Trendpilot® Index – versus its benchmark index, the S&P 1200 Global Index.

Pacer Fund of Funds Trendpilot® Index vs S&P 1200 Global Index YTD Growth of \$100
as of 3/31/20



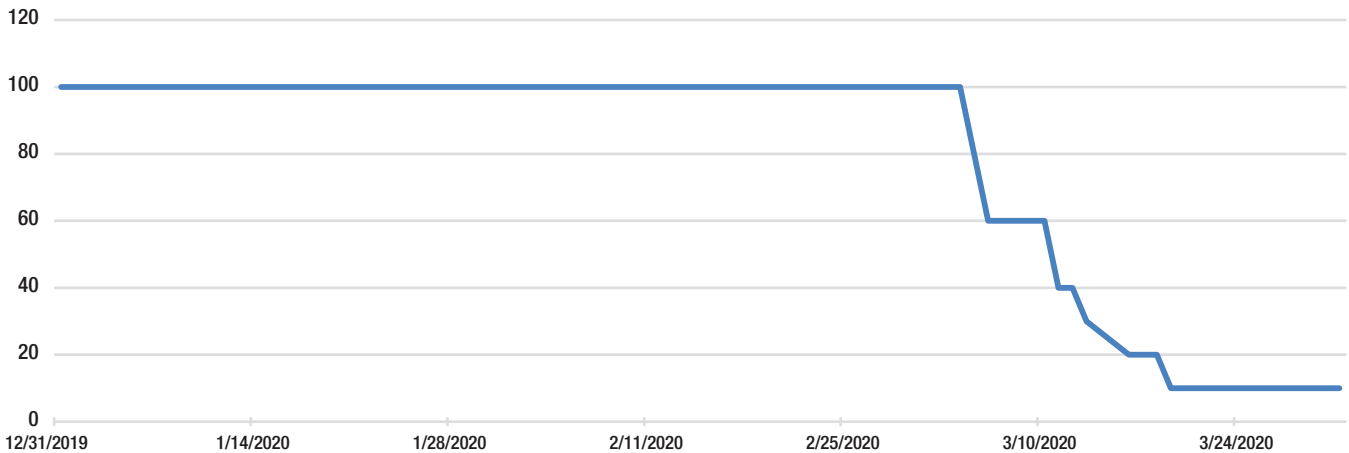
PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. YOU CANNOT INVEST IN AN INDEX.

Source: Pacer Advisors

Since TRND contains several Trendpilot® products, its equity exposure gradually entered T-Bills, as seen below. Since inception, the fund has only dipped below 100% Equity exposure once, starting in the beginning of March 2020.

TRND YTD Percentage of Equity Exposure

as of 3/31/20

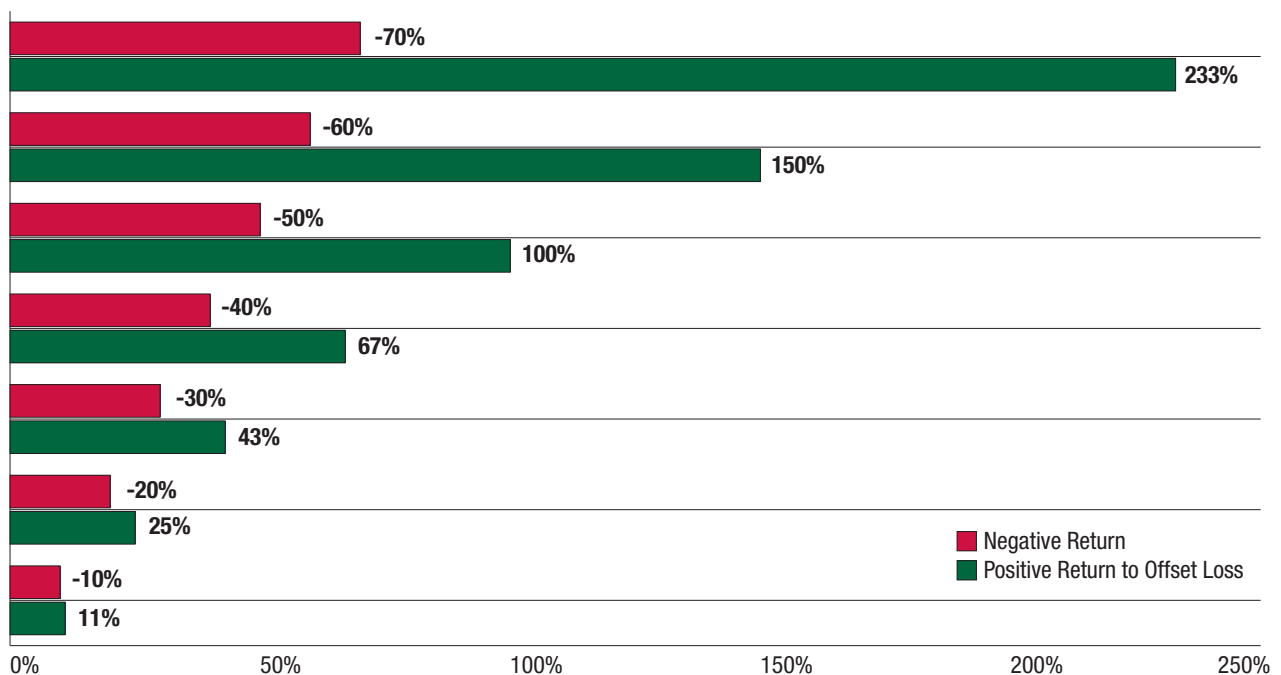


Source: Pacer Advisors

These graphs illustrate a key point: this has been one of the fastest selloffs on record. Usually, a fast move like this means the market has bounced. That is why Trendpilot® ETFs did not immediately move to cash. Had they gone immediately to cash and the market bounced back up, the ETFs would have missed all upside in the market. Over time, the strategies have slowly shifted into T-Bills as the trend has gotten weaker. In this case, we did not miss anything.

It is important to note here that the first 10% loss is not the real killer. It is when losses begin to total 20%, 30%, or even 50% that financial plans are negatively impacted.

Big Losses Are Harder to Make Up



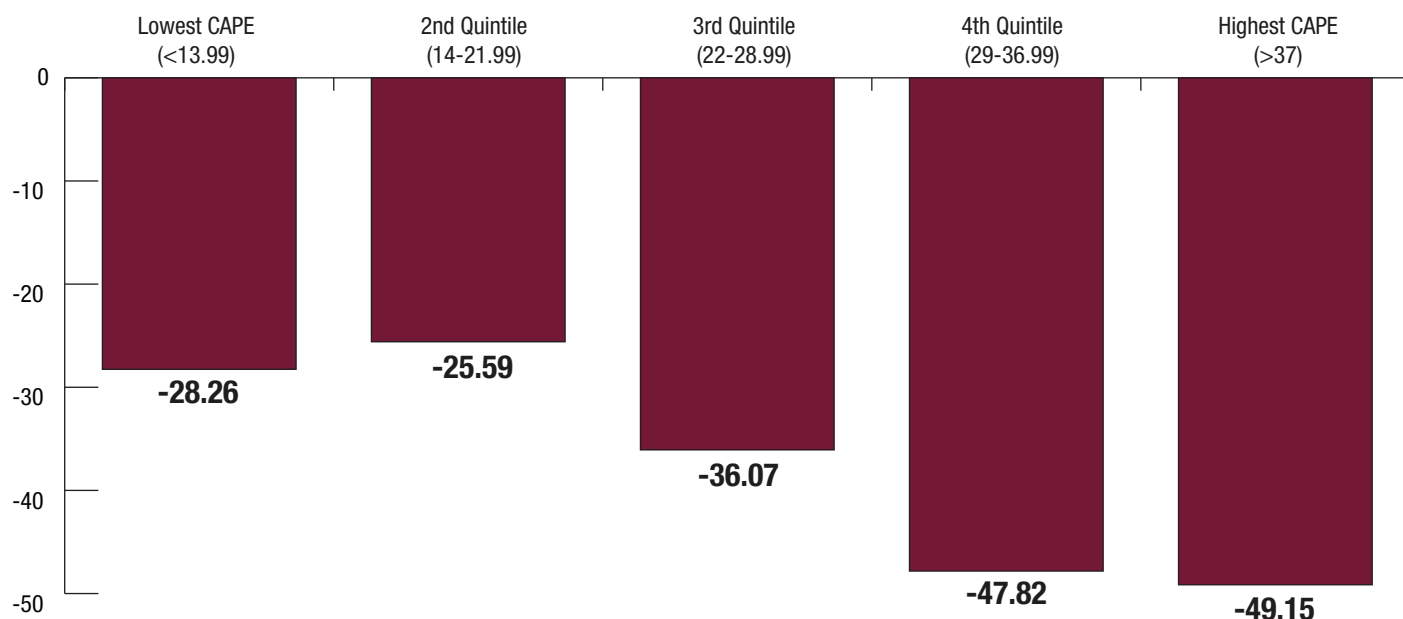
Source: Pacer Advisors

The average bear market is down 41%, but the Shiller P/E ratio shows that given the high market valuation leading into this downturn, this drawdown may be higher at nearly 48%. The 10-year Shiller P/E (CAPE) model is an industry recognized measurement of market valuation often used by analysts as a long-term indicator for future market returns. The model implies that during periods with high Shiller P/E ratios, below average future returns are expected. Periods with low Shiller P/E ratios are anticipated to have higher future returns.

The Shiller P/E has long warned investors that the market was expensive. Now, investors are seeing that come home to roost. It is not just recession risks from the market shut down that are causing concern for the market: the market was initially overvalued, causing even greater risk.

S&P 500 Max Drawdown (Forward 5 Years)

1959 - 2019



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

The illustration above is for educational purposes only.

Source: Pacer Advisors calculations based on data from Bloomberg and Robert Shiller's website, aida.wss.yale.edu/~shiller/data.htm

With all this in mind, there is still plenty of downside potential in the market. Investors should not forget potential for 10% upturn or downturn at any point in time given the extreme volatility present in the market. There is no precedent for this. Diversification and discipline are key in times of uncertainty.

Remember, the Pacer Trendpilot ETF Series is a risk management strategy, not a market timing strategy. The average investor cannot afford to risk another 30%, which is why Trendpilot aims to take them out of the market automatically based on the trends.

To learn more, visit www.paceretfs.com or call 877-337-0500.

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 risk, fixed income risk, government obligations risk, high portfolio turnover risk, large-capitalization investing risk, other investment companies risk, passive investment risk, tracking risk, trend lag risk, and/or special risks of exchange traded funds.

The Pacer Trendpilot® US Large Cap Index, Pacer Trendpilot® US Mid Cap Index, Pacer Trendpilot® International Index, and Pacer Trendpilot® Fund of Funds Index (the "Indices") are the property of Index Design Group, LLC which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to calculate and maintain the Indices. The Indices are not sponsored by S&P Dow Jones Indices or its affiliates or its third party licensors (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices will not be liable for any errors or omissions in calculating the Indices. "Calculated by S&P Dow Jones Indices" and the related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by Index Design Group, LLC. S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS"), and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones").

Trendpilot® is a registered trademark of Index Design Group, LLC.

Distributor: Pacer Financial, Inc., member FINRA, SIPC, an affiliate of Pacer Advisors, Inc.

NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

© 2020 Pacer Financial, Inc. All rights reserved.

PCR_PPApril20



PACER ETFs

877-337-0500 ■ www.paceretfs.com