

All disclosures in this term sheet regarding the Pacer Autopilot Hedged European Index (USD) (the “**Index**”) have been derived from the index methodology and prospectus. The information summarizes the index methodology as published by Index Design Group (“IDG” or the “Index Sponsor”) and may be changed by IDG. Additional information on the Index is available at www.indexdesigngroup.com

Overview

The FTSE Eurobloc Index applies a proprietary currency hedging strategy pursuant to which the Index will be short the euro and long the U.S. dollar during periods when the euro is trending weaker against the U.S. dollar. During each period when the euro’s 20-day moving average is lower than its 130-day moving average, the Index will, in addition to its equity exposure, track forward currency contracts to offset the Index’s exposure to the euro with exposure to U.S. dollars, known as being “currency hedged”. During each period when the euro’s 20-day moving average is higher than its 130-day moving average, the Index will track only the equity exposure, known as being “currency unhedged”. The Index may stay “currency unhedged” for short or extended periods of time.

Currency Hedge

A financial strategy to protect against unexpected, expected, or anticipated changes in currency exchange rates.

Moving Average

A widely used indicator in technical analysis that helps smooth out price action by filtering out the “noise” from random price fluctuations. A moving average (MA) is a trend-following or lagging indicator because it is based on past prices.

The Index was established on December 9, 2015 with an Index closing level equal to 100. FTSE Russell or another party designated by the Index Sponsor will act as the calculation agent (the “**Index calculation agent**”) for the Index.

Selection Criteria

Selection criteria is described for the Pacer Autopilot™ Hedged European and T-bill Index

FTSE Eurobloc Index Construction Criteria

The FTSE Eurobloc Index is a rules-based, float-adjusted, market capitalization-weighted index comprised of large and mid-capitalization stocks providing coverage of the developed markets in Europe. The FTSE Eurobloc Index is derived from the FTSE Global Equity Index Series, which covers 98% of the world’s investable market capitalization, providing coverage of the 11 developed markets in the Eurozone.

Free-float market capitalization is calculated by taking the equity's price and multiplying it by the number of shares readily available in the market. Component shares and float factors are updated quarterly after the close of trading on the third Friday of March, June, September and December. The changes become effective at the opening of trading on the next business day.

Index Calculation

The Index calculation agent will calculate the Index Level for each Index business day. The Index Level will be displayed on Bloomberg page "X" by no later than 6:00 p.m. EST on each Index business day. Intraday Index levels will be published by the Index calculation agent via the BATS Exchange under ticker symbol "PAEU". All numerical values for the Index will be rounded to fifteen decimal places.

In the event that the Index calculation agent or the Index Sponsor determines that a material error has occurred in the calculation of the Index (**index disruption event**), the Index calculation agent will correct such error on a date agreed to by the Index Sponsor.

If the Index is no longer calculable in accordance with the Index Methodology, due to any event or condition giving rise to the right to so adjust, amend, delete or alter the Index, an **Index adjustment event** may be made to correct or supplement any ambiguity or defective provision contained in the Index Methodology.

Changes to index methodology

Should a circumstance arise including, fiscal, market, regulatory, juridical, and financial or other circumstances, the Index Sponsor can make a modification of, or change to, the Index Methodology.