

All disclosures in this term sheet regarding the Pacer Global Cash Cows Dividend 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 Index uses a rules-based strategy to provide exposure to companies with high dividend yields backed by a high free cash flow yield. The Index universe is derived from the constituents of the FTSE Developed Large Cap Index. All Financials except for Real Estate Investment Trusts (REITS) are excluded. For companies with multiple share classes, only the primary equity is to be included.

The Index was established on January 26, 2016 with an Index closing level equal to 271.25. FTSE Russell or another party designated by the Index Sponsor will act as the calculation agent (the “**Index calculation agent**”) for the Index.

Free Cash Flow

Defined as (TTM) Cash from Operations less (TTM) Capital Expenditures.

Enterprise value

Defined as market capitalization, plus total debt outstanding, less cash & cash equivalents (i.e. short term investments and marketable securities)

Security Selection

- 1) The initial universe is screened based on free cash flows and earnings estimates. Companies with negative values are excluded.
- 2) The remaining securities are ranked by their Free Cash flow yield (trailing twelve month (TTM) Free Cash Flow / Enterprise Value). The 300 securities with the highest values are selected.
- 3) The remaining 300 securities are ranked by their dividend yield (trailing twelve month (TTM) dividend per share / price.) The 100 securities with the highest values are selected.

Index Construction

The 100 securities are weighted by their trailing TTM dividends. The Index is reconstituted and rebalanced semi-annually. Index weightings are capped at 2% during each rebalance. Index holdings may exceed 2% between rebalances. From time to time, the Index may include more or less than 100 companies as a result of events such as acquisitions, spinoffs and other corporate actions

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 “GCOW”. 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.