

All disclosures in this term sheet regarding The Pacer Wilshire US Mid-Cap Trendpilot™ 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](http://www.indexdesigngroup.com)

## **Overview**

The Index uses an objective, rules-based methodology to implement a systematic trend following strategy that directs the Index’s exposure to either 100% Wilshire US Mid-Cap Index<sup>SM</sup>, 50% Wilshire Mid-Cap and 50% 3-Month US Treasury bills, or 100% 3-Month US Treasury bills. The Index aims to mitigate, to some extent, the volatility of the Wilshire Mid-Cap by tracking 3-Month US Treasury bills when the Wilshire Mid-Cap TR is in a negative trend.

The 200 Day Simple Moving Average of the respective Total Return Index, calculated by adding the closing price of the security for a number of time periods and then dividing this total by the number of time periods, is used to determine the Index’s exposure.

The Index was established on June 10, 2015 with an Index closing level equal to 434.32. Wilshire or another party designated by the Index Sponsor will act as the calculation agent (the “**Index calculation agent**”) for the Index.

## *Indicators*

### Equity Indicator

When the Wilshire Mid-Cap Total Return Index<sup>SM</sup> closes above its 200-day moving average for five consecutive business days, the exposure of the Index will be 100% to the Wilshire Mid-Cap, effective on the second business day following the date of the Equity Indicator.

### 50/50 Indicator

When the Wilshire Mid-Cap TR closes below its 200-day moving average for five consecutive business days, the exposure of the Index will be 50% to the Wilshire Mid-Cap and 50% to 3-Month US Treasury bills, effective on the second business day following the date of the 50/50 Indicator.

Once the 50/50 Indicator has been triggered, the exposure of the Index will next change to either be 100% to the Wilshire Mid-Cap if the Equity Indicator is triggered or 100% to 3-Month US Treasury bills if the T-Bill Indicator is triggered, effective on the second business day following the date of the indicator.

### T-Bill Indicator

When the Wilshire Mid-Cap TR’s 200-day moving average closes lower than its value from five business days earlier, the exposure of the Index will be 100% to 3-Month US Treasury bills, effective on the second business day following the date of the T-Bill Indicator.

Once the T-Bill Indicator has been triggered, the exposure of the Index will next change to be 100% to the Wilshire Mid-Cap if the Equity Indicator is triggered, effective on the second business day following the date of the indicator. Once the T-Bill Indicator has been triggered, the Index will not return to its 50/50 position unless the Equity Indicator is first triggered, followed by the 50/50 Indicator being triggered.

## Selection Criteria

Selection criteria is described for the Wilshire US Mid-Cap Index<sup>SM</sup> and T-bill Index

### *Wilshire Index Construction Criteria*

The Wilshire US Mid-Cap Index<sup>SM</sup> is a rules-based, float-adjusted, market capitalization-weighted index comprised of approximately 498 securities of mid-capitalization companies (smallest 250 issues by market capitalization of the Wilshire US Large-Cap Index<sup>SM</sup> and the largest 250 issues by market capitalization of the Wilshire US Small-Cap Index<sup>SM</sup>).

*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.

The companies that comprise the Index are set on the selection criteria described below.

1. Eligibility criteria
  - a. Be the primary equity issue: a common stock or REIT;
  - b. Have its primary market listing in the United States;
  - c. Not be a bulletin-board issue, defined as a traded security that is not listed on NASDAQ or other national security exchange.
  - d. Inclusion: The Wilshire Mid-Cap is ranked from 501 to 1,000 by market capitalization within the Wilshire 5000 on March 31st and September 30th of each year
2. Index evaluation criteria
  - a. Market capitalization;
  - b. Trading volume;
  - c. Institutional holdings; and;
  - d. Conversion rules (for companies with multiple share classes).
3. Composition changes (additions and deletions)
  - a. Additions and deletions are made after the close of trading on the third Friday of the month and are pre-announced by the second day prior to the implementation date;
  - b. Additions include any new non-component company - an IPO or new exchange listing - that meets the Wilshire Mid-Cap's inclusion standards as of the close of trading on the second Friday of the month;
  - c. Deletions include any issue that ceases being traded on an exchange for ten consecutive days. Issues are removed monthly

### *T-bill Index Construction Criteria*

The 3-month US T-Bill Index is an equal weighted index designed to act as a US dollar-denominated cash position through the use of nine 3-month US Treasury-Bills (T-Bills) ranging from 30-91 days in duration.

1. Eligibility criteria

- a. Index eligibility is limited to active 3-month United States Treasury Bills with duration greater than 30 days and less than 91 days.
2. Index evaluation criteria
  - a. Inclusion: Up to nine 3-month US T-Bills with maturities between 30 and 91 days remaining will be selected for Index
  - b. Each Thursday, at the open of trading, the Index will be reviewed to determine the Index Security with the last amount of maturity remaining.
  - c. The Index change will become effective prior to market open on the following Monday.
3. Index Rebalance
  - a. The Index employs an equal-weighted methodology and will be set to equal weighted at the Index launch. At each weekly Evaluation, the removed Index Security will be replaced at the same weight as the new Index Security.

### **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 under ticker symbol "PWTMC". 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.