

All disclosures in this term sheet regarding the Pacer Developed Markets International Cash Cows 100 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 Pacer Developed Markets International Cash Cows 100 Index (USD) (the “Index”) was created by Index Design Group (the “Index Sponsor” or “IDG”). The Index seeks to leverage a rules-based strategy to provide exposure to companies with high free cash flow yields. The index universe is derived from the constituents of the FTSE All-World Developed ex US Index. All companies with less than \$3 billion in market capitalization and 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.

Key Terms and Security Selection

- 1) The initial universe is screened based on the average consensus forward year (FY1 and FY2)¹ free cash flows and earnings estimates. Companies with negative values are excluded. If no forward year estimated values are available, the company will be included.
- 2) The remaining securities are ranked by their Free Cash Flow yield (trailing twelve month (TTM) Free Cash Flow / Enterprise Value). The 100 securities with the highest values are selected.
 - Free Cash Flow is defined as TTM Cash from Operations less TTM Capital Expenditures. If TTM data is not available, then the most recent fiscal year data will be used.
 - Enterprise value is defined as market capitalization, plus total debt outstanding, plus preferred stock, less cash & cash equivalents (i.e. short term investments and marketable securities); where market capitalization is taken by multiplying the most recent price by the most recent shares outstanding². Price is updated as of the most recent date, while total debt outstanding, preferred stock, and cash & cash equivalents are as of the most recent quarter. If data for the most recent quarter is not available, then the most recent semi-annual data is used. If semi-annual data is not available, then the most recent fiscal year data is used.
 - All data points will be in US Dollars
 - All fundamental TTM data points are quarterly. If quarterly TTM data is not available, then semi-annual TTM data is used. If semi-annual TTM data is not available, then the most recent fiscal year data is used.

Index Construction

The index is reconstituted and rebalanced semiannually. Every six months, the initial universe is screened on the average consensus forward year (FY1 and FY2) free cash flows and earnings estimates. The remaining securities are ranked by their 3 month daily average traded value. The top 500 ranked securities are then ranked by their Free Cash Flow yield.

¹ Consensus third party analyst estimates sourced from FactSet Estimates databases.

² In companies with multiple share classes, the market capitalization will be the sum of the market cap of each share class.

The top 100 ranked securities constitute the fund for the next six months. These 100 securities are then weighted by their trailing 12M Free Cash Flow. Index weightings are capped at 2% during each rebalance. Index holdings may exceed 2% between semi-annual 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" (or on any successor page) as soon as possible after market close (New York City time) on each Index business day. Intraday Index levels will be published by the Index calculation agent via the BATS Exchange under ticker symbol "CALF" The Index Level will not be published on any day on which the Index Level is not calculated, whether because such day is a disrupted day or otherwise. All numerical values for the Index will be rounded to fifteen decimal places.

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.