

All disclosures in this term sheet regarding the Pacer US Export Leaders ETF 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 “IndexSponsor”) and may be changed by IDG. Additional information on the Index is available at www.indexdesigngroup.com

Overview

The Index uses an objective, rules-based methodology to measure the performance of an equal weight portfolio of approximately 100 large- and mid-capitalization U.S. companies with a high percentage of foreign sales and high free cash flow growth. The index is derived from the 900 stocks that constitute the S&P 900 Index. All Financials 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) 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. FY free cash flows and earnings estimates are consensus third party analyst estimates sourced from FactSet Estimates databases.
- 2) The initial universe is screened for the 200 companies that have the highest annual foreign sales as a percentage of total sales. If the most recent annual foreign sales data is not available, then the previous fiscal year data will be used.
- 3) These 200 companies are then narrowed to the 100 companies with the highest change in Trailing Twelve Month (TTM) Free Cash Flow Growth.
 - 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.
 - Free Cash Flow Growth is defined as the rate change in TTM Free Cash Flow. The rate of change is calculated using the most recent TTM data and the TTM 5 years prior.
 - 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 quarterly. Each quarter, the initial universe is screened on annual foreign sales as a percentage of total sales and the remaining securities are ranked by their Free Cash Flow growth. The top 100 ranked securities constitute the fund for the quarter. These 100 securities are then equal-weighted.

For post-inception performance, the reference date for locking in shares based on the annual foreign sales screen and Free Cash Flow growth rankings will be captured the close of the 2nd Friday of each

rebalance month (March, June, September, and December). The rebalance is effective at the close of the 3rd Friday in March, June, September, & December.

For calculation of pre-inception data, the reference day is the last business day of the quarter. The effective rebalance date is also the last business day of the quarter (March, June, September & December).

From time to time, the Index may include more or less than 100 companies as a result of events such as acquisitions, spin-offs 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 "PEXL" 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.