



QUARTERLY PERFORMANCE REVIEW As of 12/31/21

**PROSHARES EQUITIES FOR RISING RATES ETF**

**Market overview**

U.S. equity markets rallied sharply in the fourth quarter to close another year of strong performance for risk assets. The S&P 500® advanced 11% for the quarter and closed the year with returns of 28.7%, marking the third consecutive calendar year of returns over 18%. Investors largely shrugged off concerns of the latest COVID-19 variant and increasing inflation readings, instead focusing on corporate earnings that continued to beat expectations and resilient economic indicators. Ten of the 11 market sectors produced positive returns during the quarter, reflecting a fairly broad rally. Best performing were the real estate and information technology sectors, each with returns of approximately 17%. Cyclical materials also produced mid-teens returns for the period. Laggards included the communication services sector, which was flat, and financials, which produced returns in the low single digits.

**Performance**

During the fourth quarter, EQRR's benchmark, the Nasdaq U.S. Large Cap Equities for Rising Rates Index, underperformed the S&P 500 by nearly 5.1% (6.0% vs. 11.0%). Both sector allocation and stock selection effects contributed to the strategy's underperformance.

**Fund performance and index history<sup>1</sup>**

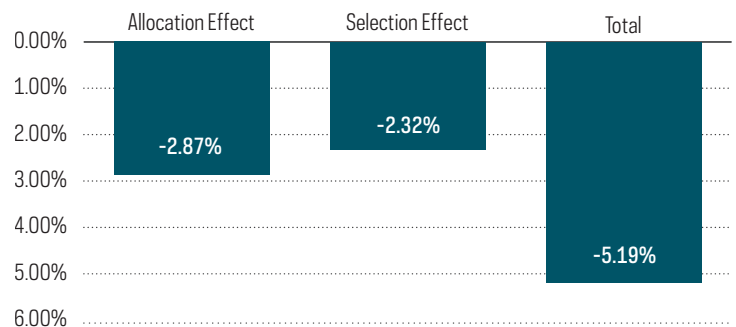
	4Q 2021	YTD	1-Year	3-Year	5-Year	Fund Inception 7/24/2017
<b>ProShares S&amp;P 500 Dividend Aristocrats ETF</b>						
EQRR NAV Total Return	5.83%	35.11%	35.11%	13.32%	—	7.85%
EQRR Market Price Total Return	5.00%	36.11%	36.11%	13.50%	—	7.85%
<b>Nasdaq U.S. Large Cap Equities for Rising Rates</b>						
	5.95%	35.70%	35.70%	13.79%	—	7.95%
<b>S&amp;P 500 Index</b>						
	11.03%	28.71%	28.71%	26.07%	18.47%	15.94%

<sup>1</sup>Source: ProShares and Morningstar. Periods greater than one year are annualized.

**Attribution**

EQRR's strategy is designed to seek relative outperformance over traditional U.S. large-cap indexes during periods of rising interest rates. It targets sectors that have had the highest correlations to 10-year Treasury yields, and within those sectors, the stocks that have had a strong tendency to outperform as rates rise. The largest relative detractors at the sector level came from financials, energy and information technology. The strategy was overweight financials and energy, and both sectors underperformed the broader market. Additionally, EQRR's index was underweight information technology, which was the broad market's second-best-performing sector for the period. The top contributing sectors were industrials and communication services. While the strategy held a similar weight to industrials as the S&P 500, favorable stock selection in the space helped to boost the strategy's relative performance. Separately, an underweight to the communication services sector also helped to boost relative performance. (Continued on page 2)

**Contribution to Relative Performance vs. S&P 500**



The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Shares are bought and sold at market price (not NAV) and are not individually redeemed from the fund. Market price returns are based upon the midpoint of the bid/ask spread at 4:00 p.m. ET (when NAV is normally determined for most funds) and do not represent the returns you would receive if you traded shares at other times. Brokerage commissions will reduce returns. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by calling 866.776.5125 or visiting ProShares.com. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in any index.

## Attribution (continued)

At the stock level, the largest relative detractors to the strategy's performance came from a lack of index exposure to Apple, Microsoft and Tesla. All three stocks held significant weightings within the S&P 500 during the period, and each rallied in excess of 19%. The stock contributing the most to relative performance was Arista Networks, which rallied an impressive 67% during the quarter on earnings results that surpassed expectations. EQRR's strategy benefited due to its relative overweight in the stock versus the broader market. Amazon was another top relative contributor, but again, it was a lack of exposure to its stock that boosted the strategy's performance versus the S&P 500. Amazon, which held an average weight of 3.8% in the S&P 500 during the period, underperformed the broader market and was up just 1.5%. The strategy's overweight to Freeport-McMoRan was also a top contributor to relative performance, as the stock returned 28.5% during the period.

	Allocation Effects	Selection Effects
Industrials	-0.02%	0.31%
Communication Services	0.64%	-0.63%
Health Care	0.01%	—
Utilities	-0.04%	—
Consumer Staples	-0.11%	—
Real Estate	-0.16%	—
Materials	0.67%	-0.86%
Consumer Discretionary	-0.27%	—
Information Technology	-1.29%	-0.09%
Energy	-0.81%	-0.65%
Financials	-1.48%	-0.40%

Stock <sup>2</sup>	Sector	4Q 2021 Performance	S&P 500 Weight	EQRR's Index Weight <sup>3</sup>	Contribution to Relative Performance
<b>Positive Contributors</b>					
Arista Networks, Inc.	Information Technology	67.33%	0.07%	1.25%	0.51%
Amazon.com, Inc.	Materials	1.50%	3.82%	—	0.35%
Freeport-McMoRan, Inc.	Communication Services	28.54%	0.14%	2.23%	0.33%
<b>Negative Contributors</b>					
Apple Inc.	Information Technology	25.67%	6.23%	—	-0.87%
Microsoft Corp.	Information Technology	19.51%	2.09%	—	-0.52%
Tesla Inc.	Consumer Discretionary	36.27%	1.75%	—	-0.46%

During the fourth quarter, the 10-year Treasury yield rose initially but fell to end the period up just 2 bps. Moving forward, we anticipate that a normalization of interest rates may cause the 10-year Treasury yield to rise more substantially, and EQRR's strategy could potentially outperform under such conditions.

Source: FactSet, Bloomberg. EQRR's total operating expenses are 0.35%. <sup>1</sup>Market returns are based on the composite closing price and do not represent the returns you would receive if you traded shares at other times. The first trading date is typically several days after the fund inception date. Therefore, NAV is used to calculate market returns prior to the first trading date.

<sup>2</sup>Holdings are subject to change. <sup>3</sup>EQRR's average index weight from 10/1/21 - 12/31/21.

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