

REPORT (IN LIQUIDATION)

JANUARY 1, 2016 THROUGH MARCH 30, 2016

FUTS Managed Futures Strategy

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Independent Auditor's Report

To Shareholders of ProShares Managed Futures Strategy

We have audited the accompanying financial statements of ProShares Managed Futures Strategy (the "Fund"), which comprise the statement of financial condition in liquidation as of March 30, 2016, the related statement of changes in net assets in liquidation for the period March 19, 2016 through March 30, 2016 and the statements of operations, of changes in shareholders' equity and of cash flows for the period from January 1, 2016 through March 18, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement of financial condition in liquidation of ProShares Managed Futures Strategy as of March 30, 2016, the related statement of changes in net assets in liquidation for the period March 19, 2016 through March 30, 2016 and the statements of operations, of changes in shareholders' equity and of cash flows for the period from January 1, 2016 through March 18, 2016, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, ProShares Trust II announced plans to liquidate the Fund subsequent to the close of regular trading on the NYSE Arca on March 18, 2016, and management determined liquidation is imminent. As a result, the Fund has changed its basis of accounting for periods subsequent to March 18, 2016 from the going-concern basis to a liquidation basis. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

Baltimore, Maryland
June 13, 2016

PROSHARES MANAGED FUTURES STRATEGY
STATEMENT OF FINANCIAL CONDITION
(IN LIQUIDATION)

March 30, 2016

Assets	
Cash	\$—
Total assets	—
Liabilities and shareholders' equity	
Liabilities	
Payable for capital shares redeemed	—
Total liabilities	—
Commitments and Contingencies (Note 2)	
Shareholders' equity	
Shareholders' equity	—
Total liabilities and shareholders' equity	\$—
Shares outstanding	—
Net asset value per share	\$—
Market value per share	\$—

See accompanying notes to the financial statements.

PROSHARES MANAGED FUTURES STRATEGY
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM JANUARY 1, 2016 THROUGH MARCH 18, 2016

	January 1, 2016 through March 18, 2016
Investment Income	
Interest	\$ —
Expenses	
Management fee	10,611
Brokerage commissions	1,727
Total expenses	<u>12,338</u>
Net investment loss	<u>(12,338)</u>
Realized and unrealized (loss) on investment activity	
Net realized gain (loss) on	
Futures contracts	<u>(48,818)</u>
Net realized loss	<u>(48,818)</u>
Change in net unrealized appreciation/depreciation on	
Futures contracts	<u>(57,179)</u>
Change in net unrealized appreciation/depreciation	<u>(57,179)</u>
Net realized and unrealized loss	<u>(105,997)</u>
Net loss	<u><u>\$(118,335)</u></u>

See accompanying notes to the financial statements.

PROSHARES MANAGED FUTURES STRATEGY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1, 2016 THROUGH MARCH 18, 2016

	January 1, 2016 through March 18, 2016
Shareholders' equity, beginning of period	\$ 7,187,022
Net investment loss	(12,338)
Net realized loss	(48,818)
Change in net unrealized appreciation/depreciation	(57,179)
Net loss	<u>(118,335)</u>
Redemption of 200,000 shares	<u>(4,061,116)</u>
Shareholders' equity, end of period	<u><u>\$ 3,007,571</u></u>

See accompanying notes to the financial statements.

PROSHARES MANAGED FUTURES STRATEGY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD FROM MARCH 19, 2016 THROUGH MARCH 30, 2016
(IN LIQUIDATION)

	March 19, 2016 through March 30, 2016
Shareholders' equity, beginning of period	\$ 3,007,571
Redemption of 150,010 shares	(3,007,571)
Net Assets, at end of period	<u>\$ —</u>

See accompanying notes to the financial statements.

PROSHARES MANAGED FUTURES STRATEGY
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 2016 THROUGH MARCH 18, 2016

	January 1, 2016 through March 18, 2016
Cash flow from operating activities	
Net loss	\$ (118,335)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Decrease in segregated cash balances with brokers for futures contracts	280,322
Increase in receivable on futures contracts	(111,211)
Decrease in payable on futures contracts	(19,990)
Increase in management fee payable	6,320
Decrease in brokerage commissions and fees payable	(85)
Net cash provided by operating activities	<u>37,021</u>
Cash flow from financing activities	
Payment on shares redeemed	<u>(4,061,116)</u>
Net cash used in financing activities	<u>(4,061,116)</u>
Net decrease in cash	(4,024,095)
Cash, beginning of period	6,931,145
Cash, end of period	<u><u>\$ 2,907,050</u></u>

See accompanying notes to the financial statements.

PROSHARES MANAGED FUTURES STRATEGY

NOTES TO FINANCIAL STATEMENTS

As of March 30, 2016 (In Liquidation)

NOTE 1 – ORGANIZATION

ProShares Trust II (formerly known as the Commodities and Currencies Trust) (the “Trust”) is a Delaware statutory trust formed on October 9, 2007 and is currently organized into separate series. As of March 30, 2016, twenty series of the Trust had commenced investment operations. Each of the series issues common units of beneficial interest (“Shares”), which represent units of fractional undivided beneficial interest in and ownership of only that series. The Shares of each series are listed on the New York Stock Exchange Archipelago (“NYSE Arca”). The Trust had no operations prior to November 24, 2008, other than matters relating to its organization, the registration of each series under the Securities Act of 1933, as amended, and the sale and issuance to ProShare Capital Management LLC (the “Sponsor”) of fourteen Shares at an aggregate purchase price of \$350 in twelve of its series.

On February 18, 2016, the Trust announced plans to liquidate ProShares Managed Futures Strategy (ticker symbol: FUTS) (the “Fund”). The Fund was closed to purchases and redemptions as of the close of regular trading on the NYSE Arca on March 18, 2016. Beginning March 21, 2016, no secondary market for the Fund’s Shares remained. Any shareholders remaining in the fund on March 30, 2016 automatically had their shares redeemed for cash at the Fund’s net asset value per Share as of March 21, 2016. On March 31, 2016, the NYSE Arca filed Form 25 with the U.S. Securities and Exchange Commission (“SEC”) removing the listing of the Fund on the NYSE Arca. On April 11, 2016, Form 15 was filed with the SEC suspending the SEC reporting obligations of the Fund.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The Fund is an investment company, as defined by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946 “Financial Services – Investment Companies.” As such, the Fund follows the investment company accounting and reporting guidance. The following is a summary of significant accounting policies followed by the Fund, as applicable, in preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates & Indemnifications

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in these financial statements. Actual results could differ from those estimates.

In the normal course of business, the Trust enters into contracts that contain a variety of representations which provide general indemnifications. The Trust’s maximum exposure under these arrangements cannot be known; however, the Trust expects any risk of loss to be remote.

Basis of Presentation

Since March 18, 2016 is the date at which the liquidation of the Fund became imminent, the Fund changed its basis of accounting from a going concern basis to a liquidation basis. The liquidation basis requires that assets are recorded at estimated net realizable values, liabilities at estimated net settlement amounts, and expenses expected to be incurred through the final date of liquidation are accrued. The change in accounting basis did not have a material effect on the Fund’s carrying value of assets and liabilities.

Statement of Cash Flows

The cash amount shown in the Statement of Cash Flows is the amount reported as cash on March 18, 2016, and represents non-segregated cash with the custodian.

Investment Valuation

Derivatives (e.g., futures contracts) are generally valued using independent sources and/or agreements with counterparties or other procedures as determined by the Sponsor. Futures contracts entered into by the Fund were valued at the last sales price prior to the time at which the NAV per Share of the Fund was determined. For financial reporting purposes, all futures contracts are valued at the last settled price. Futures contracts valuations are typically categorized as Level I in the fair value hierarchy. If there was no sale on that day, and for non-exchange-traded derivatives, the Sponsor may in its sole discretion choose to determine a fair value price as the basis for determining the market value of such position for such day. Such fair value prices would generally be determined based on available inputs about the current value of the underlying financial instrument or commodity and would be based on principles that the Sponsor deems fair and equitable so long as such principles are consistent with industry standards. When market closing prices are not available, the Sponsor may fair value an asset of the Fund pursuant to the policies the Sponsor has adopted, which are consistent with normal industry standards. Depending on the source and relevant significance of valuation inputs, these instruments may be classified as Level II or Level III in the fair value hierarchy.

Fair value pricing may require subjective determinations about the value of an investment. While the Fund's policies are intended to result in a calculation of its NAV that fairly reflects investment values as of the time of pricing, the Fund cannot ensure that fair values determined by the Sponsor or persons acting at their direction would accurately reflect the price that the Fund could obtain for an investment if it were to dispose of that investment as of the time of pricing (for instance, in a forced or distressed sale). The prices used by the Fund may differ from the value that would be realized if the investments were sold and the differences could be material to the financial statements.

Investment Transactions and Related Income

Investment transactions are recorded on the trade date. All such transactions are recorded on the identified cost basis and marked to market daily. Unrealized appreciation/depreciation on open contracts are reflected in the Statement of Financial Condition and changes in the unrealized appreciation/depreciation between periods are reflected in the Statement of Operations.

Brokerage Commissions and Fees

The Fund pays its brokerage commissions, including applicable exchange fees, National Futures Association ("NFA") fees, give-up fees, pit brokerage fees and other transaction related fees and expenses charged in connection with trading activities for the Fund's investment in U.S. Commodity Futures Trading Commission ("CFTC") regulated investments. The effects of trading spreads and financing costs/fees associated with financial instruments, would also be borne by the Fund. Brokerage commissions on futures contracts are recognized on a half-turn basis (e.g., the first half is recognized when the contract is purchased (opened) and the second half is recognized when the transaction is closed).

Federal Income Tax

The Fund is registered as a series of a Delaware statutory trust and is treated as a partnership for U.S. federal income tax purposes. Accordingly, the Fund does not expect to incur U.S. federal income tax liability; rather, each beneficial owner of the Fund's Shares during the period ended March 30, 2016 is required to take into account its allocable share of the Fund's income, gain, loss, deductions and other items for the Fund's taxable year ending with or within the beneficial owner's taxable year.

Management of the Fund has reviewed all open tax years and major jurisdictions (*i.e.*, the last two tax year ends and the interim tax period since then, as applicable) and concluded that there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken in future tax returns. The Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

NOTE 3 – INVESTMENTS

Accounting for Derivative Instruments

In seeking to achieve the Fund's investment objective, the Sponsor used a mathematical approach to investing. Using this approach, the Sponsor determined the type, quantity and mix of investment positions, including derivative positions, which the Sponsor believed in combination, should produce returns consistent with the Fund's objective.

The Fund utilized a varying level of derivative instruments in conjunction with investment securities in seeking to meet its investment objective during the period. The volume of open positions may vary on a daily basis as the Fund transacts derivatives contracts in order to achieve the appropriate exposure to meet its investment objective. Following is a description of the derivative instruments used by the Fund during the reporting period, including the primary underlying risk exposures related to each instrument type.

Futures Contracts

The Fund entered into futures contracts to gain exposure to changes in the value of, or as a substitute for investing directly in (or shorting), an underlying index, currency or commodity. A futures contract obligates the seller to deliver (and the purchaser to accept) the future delivery of a specified quantity and type of asset at a specified time and place. The contractual obligations of a buyer or seller may generally be satisfied by taking or making physical delivery of the underlying commodity, if applicable, or by making an offsetting sale or purchase of an identical futures contract on the same or linked exchange before the designated date of delivery, or by cash settlement at expiration of the contract.

Upon entering into a futures contract, the Fund was required to deposit and maintain as collateral at least such initial margin as required by the exchange on which the transaction is affected. The initial margin was segregated as cash balances with brokers for futures contracts and was restricted as to its use. The Fund maintained collateral at the broker in the form of cash. Pursuant to the futures contract, the Fund generally agrees to receive from or pay to the broker(s) an amount of cash equal to the daily fluctuation in value of the futures contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. The Fund would have realized a gain or loss upon the closing of a futures transaction.

Futures contracts involve, to varying degrees, elements of market risk (specifically commodity price risk or equity market volatility risk) and exposure to loss in excess of the amount of variation margin. The face or contract amounts reflect the extent of the total exposure the Fund has in the particular class of instruments. Additional risks associated with the use of futures contracts are imperfect correlations between movements in the price of the futures contracts and the market value of the underlying commodity and the possibility of an illiquid market for a futures contract. With futures contracts, there is minimal but some counterparty risk to the Fund since futures contracts are exchange-traded and the exchange's clearinghouse, as counterparty to all exchange-traded futures contracts, guarantees the futures contracts against default. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading may be suspended for specified times during the trading day. Futures contracts prices could move to the limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and potentially subjecting the Fund to substantial losses. If trading was not possible, or if the

Fund determined not to close a futures position in anticipation of adverse price movements, the Fund would have been required to make daily cash payments of variation margin. The risk the Fund will be unable to close out a futures position will be minimized by entering into such transactions on a national exchange with an active and liquid secondary market.

The following table indicates the location of derivative related items as well as the effect of derivative instruments on the Statement of Operations during the reporting period.

**The Effect of Derivative Instruments on the Statement of Operations
For the period from January 1, 2016 through March 18, 2016**

<u>Derivatives not accounted for as hedging instruments</u>	<u>Location of Gain or (Loss) on Derivatives Recognized in Income</u>	<u>Realized Gain or (Loss) on Derivatives Recognized in Income</u>	<u>Change in Unrealized Appreciation or Depreciation on Derivatives Recognized in Income</u>
Future Contracts	Net realized gain (loss) on futures contracts/changes in unrealized appreciation/depreciation on futures contracts	\$(48,818)	\$(57,179)

NOTE 4 – AGREEMENTS

Management Fee

Prior to its liquidation, the Fund paid the Sponsor a Management Fee, monthly in arrears, in an amount equal to 0.75% per annum of its average daily NAV of the Fund.

The Management Fee is paid in consideration of the Sponsor’s services as commodity pool operator, and for managing the business and affairs of the Fund. From the Management Fee, the Sponsor pays all of the routine operational, administrative and other ordinary expenses of the Fund, generally as determined by the Sponsor, including but not limited to the Administrator, Custodian, Distributor, ProFunds Distributors, Inc., an affiliated broker-dealer of the Sponsor, Transfer Agent, accounting and auditing fees and expenses, any index licensors for the Fund, and the normal and expected expenses incurred in connection with the continuous offering of Shares of the Fund after the commencement of its trading operations, including, but not limited to, expenses such as tax preparation expenses, legal fees not in excess of \$100,000 per annum, ongoing SEC registration fees not exceeding 0.021% per annum of the NAV of the Fund and Financial Industry Regulatory Authority (“FINRA”) filing fees, individual Schedule K-1 preparation and mailing fees not exceeding 0.10% per annum of the net assets of the Fund, and report preparation and mailing expenses.

Non-Recurring Fees and Expenses

The Fund paid all its non-recurring and unusual fees and expenses, if any, as determined by the Sponsor. Non-recurring and unusual fees and expenses are fees and expenses which are unexpected or unusual in nature, such as legal claims and liabilities, litigation costs or indemnification or other material expenses which were not currently anticipated obligations of the Fund.

The Administrator

The Sponsor and the Trust, for itself and on behalf of the Fund, appointed Brown Brothers Harriman & Co. (“BBH&Co.”) as the Administrator of the Fund, and the Sponsor, and the Trust, and BBH&Co. entered into an

Administrative Agency Agreement (the “Administration Agreement”) in connection therewith. Pursuant to the terms of the Administration Agreement and under the supervision and direction of the Sponsor and the Trust, BBH&Co. prepares and files certain regulatory filings on behalf of the Fund. BBH&Co. may have also performed other services for the Fund pursuant to the Administration Agreement as mutually agreed upon by the Sponsor, the Trust and BBH&Co. from time to time. Pursuant to the terms of the Administration Agreement, BBH&Co. also served as the Transfer Agent of the Fund. The Administrator’s fees were paid on behalf of the Fund by the Sponsor.

The Custodian

BBH&Co. served as the Custodian of the Fund and the Trust, on its own behalf and on behalf of the Fund, and BBH&Co. entered into a Custodian Agreement in connection therewith. Pursuant to the terms of the Custodian Agreement, BBH&Co. was responsible for the holding and safekeeping of assets delivered to it by the Fund, and performing various administrative duties in accordance with instructions delivered to BBH&Co. by the Fund. The Custodian’s fees were paid on behalf of the Fund by the Sponsor.

The Distributor

SEI Investments Distribution Co. (“SEI”), served as Distributor of the Fund and assisted the Sponsor and the Administrator with certain functions and duties relating to distribution and marketing, including taking creation and redemption orders, consulting with the marketing staff of the Sponsor and its affiliates with respect to compliance with the requirements of FINRA and/or the NFA in connection with marketing efforts, and the reviewing and filing of marketing materials with FINRA and/or the NFA. SEI retained all marketing materials separately for the Fund, at c/o SEI, One Freedom Valley Drive, Oaks, PA 19456. The Sponsor, on behalf of the Fund, entered into a Distribution Services Agreement with SEI. The Sponsor paid SEI for performing its duties on behalf of the Fund.

NOTE 5 – FINANCIAL HIGHLIGHTS

Selected data for a Share outstanding for the period from January 1, 2016 through March 18, 2016

Per Share Operating Performance

Net asset value, at January 1, 2016	\$20.5338
Net investment loss	(0.0380)
Net realized and unrealized loss	(0.4467)
Change in net asset value from operations	(0.4847)
Net asset value, at March 18, 2016	\$20.0491
Market value per share, at January 1, 2016†	\$ 20.76
Market value per share, at March 18, 2016†	\$ 20.01
Total Return, at net asset value*	(2.4)%
Total Return, at market value*	(3.6)%

Ratios to Average Net Assets

Expense ratio*	(0.19)%
Expense ratio, excluding brokerage commissions*	(0.16)%
Net investment loss*	(0.19)%

† Market values are determined at the close of the New York Stock Exchange, which may be later than when the Fund’s net asset value is calculated.

* Percentage is not annualized for the period ended March 18, 2016.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated the possibility of subsequent events existing in the Fund's financial statements through the date the financial statements were issued. Management has determined that there are no material events that would require disclosure in the Fund's financial statements through this date.

AFFIRMATION OF THE COMMODITY POOL OPERATOR

To the Shareholders of ProShares Managed Futures Strategy:

Pursuant to Rule 4.22(h) under the Commodity Exchange Act, the undersigned represents that, to the best of his knowledge and belief, the information contained in this final Annual Report for ProShares Managed Futures Strategy is accurate and complete:

By:



Todd Johnson
Principal
ProShare Capital Management LLC, Commodity Pool Operator

ProShares Trust II

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