



QUARTERLY PERFORMANCE REVIEW As of 6/30/22

**PROSHARES LARGE CAP CORE PLUS**

**Market overview**

U.S. equity markets declined sharply during the second quarter, with the S&P 500® posting losses of 16.1%. Coupled with negative performance during the first quarter, the market officially entered bear market territory, suffering one of its worst six-month periods on record. Continued high inflation readings prompted the Federal Reserve to accelerate its pace of interest rate hikes during the period, which further raised concerns of the economy tipping into recession. Despite these challenges, labor markets and corporate earnings remained resilient, providing hope that a soft landing could be engineered against a backdrop of tightening monetary policy. All sectors within the S&P 500 produced negative returns during the quarter, reflecting the widespread selloff. The best-performing sectors were consumer staples, energy, and utilities, each of which delivered mid-single-digit losses. The worst-performing sectors were consumer discretionary, communication services, and information technology. Losses in the information technology sector exceeded 20%.

**Performance**

During the second quarter, CSM's benchmark, the Credit Suisse 130/30 Large Cap Index, underperformed the S&P 500 by 0.2% (-16.3% vs. -16.1%). Unfavorable stock screening, most notably from the strategy's short portfolio, drove relative underperformance. From a factor perspective, the strategy's price-reversal and accelerating-sales factors were the leading detractors from relative performance, while the traditional-value factor was the leading contributor.

**Morningstar Overall Rating**



Overall Morningstar Rating out of 1225 Large Blend funds based on risk adjusted returns as of 6/30/22.

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

|   | 2Q 2022 | Year to Date | 1-Year  | 3-Year | 5-Year | Fund Inception 7/13/09 |
|---|---------|--------------|---------|--------|--------|------------------------|
| <b>ProShares Large Cap Core Plus</b>        |         |              |         |        |        |                        |
| CSM NAV Total Return                        | -16.45% | -19.06%      | -8.98%  | 9.62%  | 9.75%  | 13.61%                 |
| CSM Market Price Total Return               | -16.85% | -19.43%      | -9.24%  | 9.53%  | 9.65%  | 13.59%                 |
| <b>Credit Suisse 130/30 Large Cap Index</b> |         |              |         |        |        |                        |
| S&P 500 Index                               | -16.10% | -19.96%      | -10.62% | 10.60% | 11.31% | 13.95%                 |

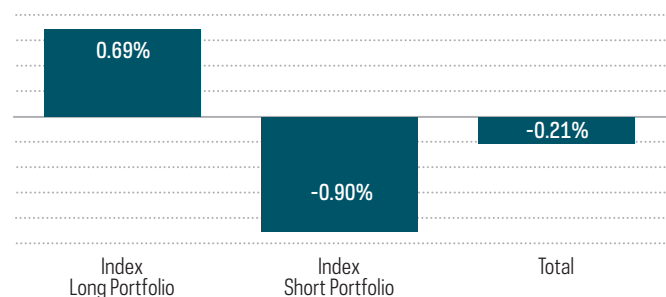
Source: ProShares and Morningstar. Periods greater than one year are annualized.

**Attribution**

The objective of CSM's index is to boost the returns of large-cap U.S. equities through enhanced portfolio construction and a rules-based, multifactor stock selection methodology. The index's strategy enables the fund to employ leverage by taking long positions in stocks totaling approximately 130% of net assets and short positions in stocks totaling approximately 30% of net assets. This results in net fund exposure of 100%.

Relative underperformance during the quarter was driven primarily by stocks in the short portion of the portfolio, which outperformed the broad market. Performance from the long side of the portfolio only partially offset these results. Relative to the S&P 500, the index's long portfolio contributed 0.69% of outperformance  $[(-15.57\% \text{ vs. } -16.1\%) \times 1.30]$ , while the index's short portfolio contributed 0.9% of underperformance  $[(-13.10\% \text{ vs. } -16.1\%) \times -0.30]$ . Combining these two components, the Credit Suisse 130/30 Large Cap Index underperformed the S&P 500 by 0.21%. (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.

Source: FactSet, Bloomberg. CSM's total operating expenses are 0.45%. <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.

## Attribution (continued)

Overall, sector allocation effects had little impact on relative performance for the quarter. Stock screening from CSM's methodology generated most of the relative underperformance. In particular, the index's materials names were relatively weak performers.

From a factor perspective, the fund's exposure to price reversal—a technical pattern where short-term winners often suffer downside and losers tend to advance in the near term—was the largest relative detractor from performance. Stocks with accelerating sales also detracted. Partially offsetting these results was the fund's exposure to the value factor.

## Factor Attribution - Credit Suisse 130/30 Large Cap Index vs. S&P 500

| Excess Return Contribution | Value       |          | Growth     |          | Profitability |                    | Momentum |       | Technical      |            |
|----------------------------|-------------|----------|------------|----------|---------------|--------------------|----------|-------|----------------|------------|
|                            | Traditional | Relative | Historical | Expected | Profit Trends | Accelerating Sales | Earnings | Price | Price Reversal | Small Size |
| <b>3-Month</b>             | 0.04%       | 0.00%    | 0.01%      | 0.00%    | 0.00%         | -0.07%             | -0.03%   | 0.00% | -0.08%         | 0.00%      |

Notes: Uses monthly returns data measured between Credit Suisse 130/30 Index rebalance dates. Index data provided by Bloomberg. Factor data provided by Credit Suisse. Exposure measured as OLS estimated factor coefficient from most recent 36-month sample. Monthly contributions computed as the product of OLS estimated factor coefficient and monthly factor return. Monthly contributions are aggregated into trailing periods using Carino (1999) smoothing. "Other" captures return the model attributes to the risk-free rate and residuals. Period start and end dates reference Credit Suisse 130/30 Index rebalance dates, not calendar quarters. The 3-month period referenced above reflects March 18, 2022, to June 16, 2022.

Looking ahead, we expect CSM to continue to benefit from its disciplined, multifactor approach. One of the longest-running smart beta funds, CSM follows a strategy that combines multiple, well-established factors to achieve performance. The portfolio's design seeks to turn incremental returns over time into consistent outperformance.

**Value** consists of both traditional value and relative value, and aims to capture excess returns from stocks that have low prices relative to their fundamental value, which is constructed using price-to-book, price-to-earnings, price-to-cash-flow, and price-to-sales ratios. The **traditional-value alpha factor** identifies cheap stocks for the long portfolio and the expensive ones for the short portfolio. The **relative-value factor** measures value using such industry-relative price ratios as price-to-earnings, price-to-book, and price-to-sales. **Growth** consists of both historical growth and expected growth. The **historical-growth factor** identifies stocks with strong records of growth for the long portfolio and those with flat or negative growth rates for the short portfolio. Growth is based on earnings growth rates, revenue trends, and changes in cash flows. The **expected-growth factor** identifies stocks with high rates of expected earnings growth for the long portfolio and those with low or negative expected growth rates for the short portfolio. **Profitability** consists of profit trends and accelerating sales. The **profit-trends factor** identifies stocks showing strong bottom-line improvement for the long portfolio and those showing deteriorating profits or increasing losses for the short portfolio. Profit trends are measured by using the following ratios: overhead-to-sales, earnings-to-sales, and sales-to-assets. Trends in the following ratios are also used: (receivables + inventories)/sales, cash-flow-to-sales, and overhead-to-sales. The **accelerating-sales factor** identifies stocks with strong records of sales growth for the long portfolio and those with flat or negative sales growth, measured using the rate of increase in sales growth, i.e., the acceleration of sales for the short portfolio. **Momentum** consists of earnings momentum and price momentum. **Earnings momentum** is defined in terms of earnings estimates, not historical earnings. The **earnings-momentum factor** identifies stocks with positive earnings surprises and upward estimate revisions for the long portfolio and those with negative earnings surprises and downward estimate revisions for the short portfolio. The **price-momentum factor** identifies stocks with high returns over the past 6–12 months for the long portfolio and those with low or negative returns over the past 6–12 months for the short portfolio. **Technical** consists of price reversal and small-size factors. **Price reversal** is the pattern whereby short-term winners often suffer downside reversals and short-term losers tend to bounce back to the upside. These reversal patterns are evident for horizons ranging from one day to four weeks. The **small-size factor** identifies the smallest decile stocks in the index for the long portfolio and the largest decile in the index for the short portfolio. Size is measured using the following metrics: market capitalization, assets, sales, and stock price.

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The Credit Suisse 130/30 Large Cap Index is designed to replicate an investment strategy that establishes either long or short positions in certain of the 500 largest U.S. market cap equities (the "Universe"). Short positions will approximate 30% of the portfolio's value. The model anticipates the purchase of 30% more in long positions using leverage. There is no guarantee this methodology will result in returns exceeding the Universe returns. It is not possible to invest directly in an index.

ProShares may invest in equity securities and/or financial instruments (including derivatives) that, in combination, should have similar daily price return characteristics to the fund's benchmark. Derivative contracts are priced to include the underlying index yield and will not generate dividend income. Because ProShares invest in derivatives and other financial instruments, their dividend distributions may not reflect those of their applicable indexes.

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