

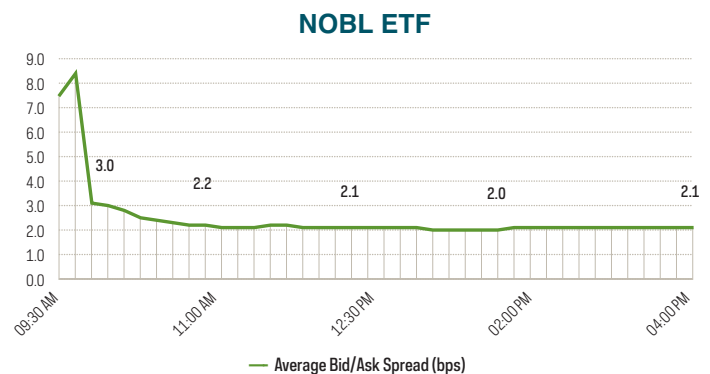
# GUIDELINES FOR SUCCESSFUL ETF TRADING

Exchange traded funds (ETFs) combine many characteristics of mutual funds with the flexibility of trading individual stocks, creating a cost-effective investment vehicle. It's important, however, to understand the best practices for trading ETFs. We suggest the following three guidelines.

## Avoid Trading Near Market Open

The underlying securities in many ETF portfolios may not have started trading the same time as the rest of the market each day. As such, it can be difficult for liquidity providers to fairly price these securities when the market opens. This can lead to potentially wider bid-ask spreads for ETFs during that time.

Let's see an example. The chart shown here highlights the changes in the average bid-ask spread and quote size for ProShares NOBL throughout the day. During the first 30 minutes of trading, the average bid-ask spread narrows significantly before remaining relatively steady and tight as the day progresses.

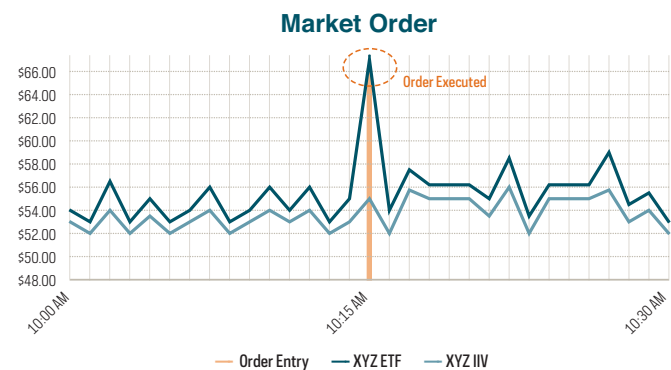


Source: ProShares, average bid-ask spread in basis points from 1/1/2017-10/1/2017.

## Steer Clear of Market Orders—Consider Limit Orders Instead

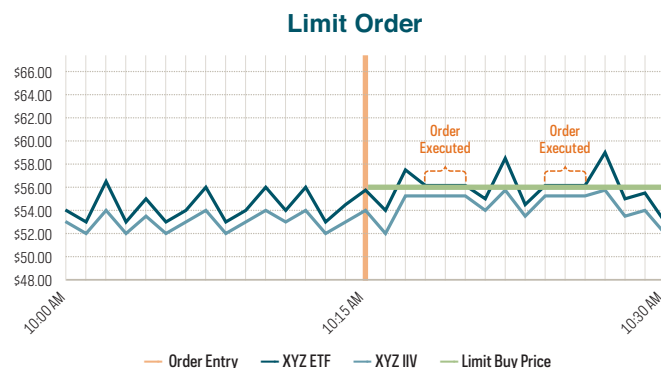
Market orders prioritize execution speed over price. Investors can pay more (for a buy) and receive less (for a sale) than they expected to as a result. Limit orders, on the other hand, prioritize execution price over speed. They allow investors to set a ceiling or a floor as the maximum and minimum price at which they are willing to have the buy or sell order filled.\*

In the example shown here, a market order and a limit order to buy the hypothetical ETF 'XYZ' are both submitted at 10:15 a.m. The limit order on XYZ is accompanied by a ceiling price of \$56.00.



The market order is executed immediately at all available ask/offer prices until the order is filled in its entirety. Consequently, the investor paid significantly more than fair value for the ETF (as measured by the Intraday Indicative Value, or IIV).

The limit order illustrated here is triggered and filled over time as the ETF price converged with the limit price of \$56.00. Using a limit order, the investor could have paid far less compared to the market order. However, the limit order may not be filled in its entirety if the price of the ETF shifts and remains above the ceiling price. In that case, the investor could consider creating additional orders to reach their desired share amount.



\*Please contact ProShares for help on limit orders, including indications of execution prices at various trade sizes.

## Use a Block Trading Desk for Large Orders

A block desk may help improve the execution of a large order. Block desks exist to facilitate large orders without those transactions upsetting a security's liquidity or price on the open market. Block desks provide access to sources of liquidity not generally visible on the stock exchange. They may also offer a price improvement versus trading on the open exchange.\*\* Any trade exceeding 10,000 shares is usually considered a large order, although it can vary based on the type of ETF being traded. Order size as a percentage of an ETF's average daily volume can also help in deciding when to contact a block desk. The table here shows hypothetical order sizes as percentages of average daily volumes, and when you should consider contacting a block desk for assistance with your trade.

	Average Daily Volume	Order Size by % of Average Daily Volume			
		5%	10%	25%	50%
ETF 1	10,000	500	1,000	2,500	5,000
ETF 2	25,000	1,250	2,500	6,250	12,500
ETF 3	50,000	2,500	5,000	12,500	25,000
ETF 4	100,000	5,000	10,000	25,000	50,000
ETF 5	500,000	25,000	50,000	125,000	250,000

Call block desk or trading assistance number.

\*\* If you are an advisor and are not familiar with your block desk, please contact ProShares at 866-776-5125 #1.

Individual investors looking to place a large order should seek guidance from their broker-dealer. Many will offer block trading assistance or connect you with a specialist who can offer similar guidance.

### This information is not meant to be investment advice.

Shares of any ETF are generally bought and sold at market price (not NAV) and are not individually redeemed from the fund. Brokerage commissions will reduce returns.

**Investing involves risk, including the possible loss of principal.** This ProShares ETF is diversified and entails certain risks, including imperfect benchmark correlation and market price variance, that may decrease performance. Please see summary and full prospectuses for a more complete description of risks. **There is no guarantee any ProShares ETF will achieve its investment objective.**

**Carefully consider the investment objectives, risks, charges and expenses of ProShares before investing. This and other information can be found in their summary and full prospectuses. Read them carefully before investing. Obtain them from your financial advisor or broker-dealer representative or visit ProShares.com.**

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