

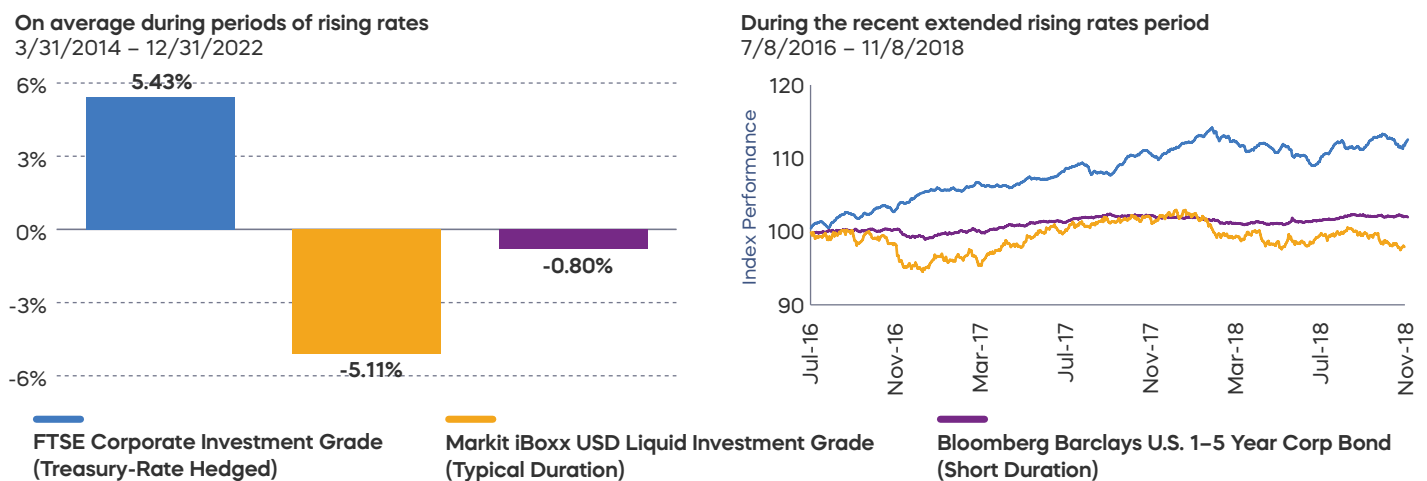
Preparing for Rising Interest Rates

How Investment Grade Bond Investments Have Stacked Up

To prepare for rising interest rates, many investors move to short-term bond funds. This may help reduce their interest rate risk, but it doesn't eliminate it. Is there a way to virtually eliminate it? There is—by targeting zero interest rate risk with interest rate hedged bond funds.

One example is ProShares Corporate Investment Grade—Interest Rate Hedged (IGHG), which tracks the FTSE Corporate Investment Grade (Treasury Rate-Hedged) Index, a diversified portfolio of investment grade bonds with a built-in hedge against interest rate risk. The index maintains exposure to credit opportunities as a primary source of return, while the hedge is designed to alleviate the drag on return when interest rates rise. The index has a history of performing well during periods of rising rates.

IGHG's Index Outperformed Typical- and Short-Duration Bond Indexes When Rates Rose



Source: Bloomberg. Average performance based on quarterly changes in the 10-Year Treasury yield. Rising rate periods are any calendar quarter where the 10-Year Treasury yield increased. As of 12/31/22, the duration of the FTSE Corporate Investment Grade (Treasury-Rate Hedged) Index was -0.30 years. Duration is a measure of a fund's sensitivity to interest rate changes, reflecting the likely change in bond prices given a small change in yields. Higher duration generally means greater sensitivity. The Markit iBoxx USD Liquid Investment Grade Index is designed to provide a balanced representation of the USD investment grade corporate market and to meet the investors demand for a USD denominated, highly liquid and representative investment grade corporate index. The index represents typical duration for the broad investment grade bond market. The Bloomberg Barclays U.S. 1-5 Year Corporate Bond Index measures the investment return of U.S. dollar denominated, investment grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 1 and 5 years.

Returns for ProShares Corporate Investment Grade—Interest Rate Hedged (IGHG) as of 12/31/22 were: 1-year: -1.24% (NAV)/-0.89% (mkt price); 3-year: 0.22% (NAV)/0.19% (mkt price); 5-year: 1.64% (NAV)/1.72% (mkt price); since-inception (from 11/5/13): 2.10% (NAV)/2.12% (mkt price). IGHG's expense ratio is 0.30%.

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 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. Brokerage commissions will reduce returns. Current performance may be lower or higher than the performance quoted. Standardized returns and performance data current to the most recent month end may be obtained by visiting ProShares.com.

The Takeaway

Short-term bond funds are not the only answer to rising rates. Another way to remain invested in bonds is to remove the interest rate risk entirely with a built-in hedge. If rates begin to rise, now may be a good time to prepare with an interest rate hedged bond ETF.

Find out more

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Your Bond Portfolio. Prepared.

ProShares Interest Rate Hedged Bond ETFs



Investment
Grade Interest
Rate Hedged

High Yield
Interest
Rate Hedged

Investing involves risk, including the possible loss of principal. These ProShares ETFs are diversified and entail certain risks, including risks associated with the use of derivatives (swap agreements, futures contracts and similar instruments), imperfect benchmark correlation, leverage and market price variance, all of which can increase volatility and decrease performance. Bonds will decrease in value as interest rates rise. Short positions in a security lose value as that security's price increases. Narrowly focused investments typically exhibit higher volatility. 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.**

IGHG does not attempt to mitigate factors other than rising Treasury interest rates that impact the price and yield of corporate bonds, such as changes to the market's perceived underlying credit risk of the corporate entity. IGHG seeks to hedge investment grade bonds against the negative impact of rising rates by taking short positions in Treasury futures. These positions lose value as Treasury prices increase. Investors may be better off in a long-only investment than investing in IGHG when interest rates remain unchanged or fall, as hedging may limit potential gains or increase losses. The short positions are not intended to mitigate credit risk or other factors influencing the price of the bonds, which may have a greater impact than rising or falling interest rates. No hedge is perfect. Because the duration hedge is reset on a monthly basis, interest rate risk can develop intra-month, and there is no guarantee the short positions will completely eliminate interest rate risk. Furthermore, while IGHG seeks to achieve an effective duration of zero, the hedges cannot fully account for changes in the shape of the Treasury interest rate (yield) curve. IGHG may be more volatile than a long-only investment in investment grade bonds. Performance of IGHG could be particularly poor if investment grade credit deteriorates at the same time that Treasury interest rates fall. There is no guarantee the fund will have positive returns.

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 adviser or broker/dealer representative or visit ProShares.com.

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