



S&P Global Core Battery Metals ETF (ION): Electrifying the Future

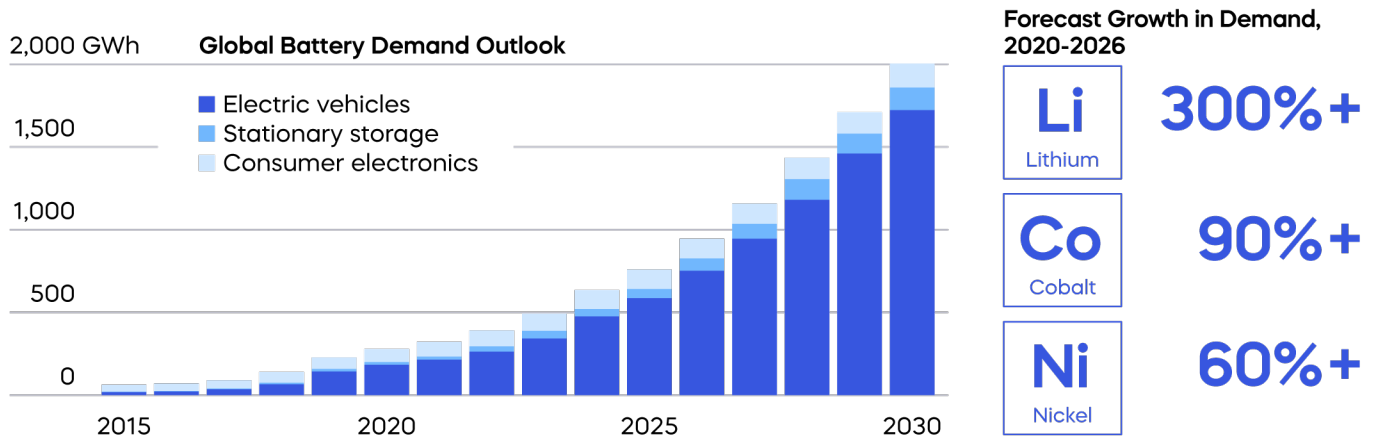
Key Takeaways:

- **Global demand is soaring** for the battery metals lithium, nickel, and cobalt.
- **Driving that demand is rapid growth** in the electric vehicle, consumer electronics and energy storage industries, which all rely heavily on lithium-ion batteries.
- **ION is the first ETF** to invest only in companies mining battery metals.

Soaring Demand for Batteries and the Metals to Make Them

An energy revolution is underway, driving a huge surge in demand for the lithium-ion batteries used to power electric vehicles (EVs), consumer electronics, and the energy storage industry. In turn, the need for these batteries is fueling demand for lithium, nickel and cobalt metals needed to manufacture them.

As global lithium-ion battery manufacturing continues to take off, and demand for these critical metals soars, a potentially exciting investment opportunity is emerging.



Source: Bloomberg NEF via S&P Global, August 2021.
*Gigawatt hours. Typically used to measure energy output.

Source: S&P Global Market Intelligence, as of Sept. 21, 2022.

Powering the Battery Revolution

Global battery demand is expected to grow at a 25% annual rate until 2030.¹ But what is behind the battery-power surge? Here are three main drivers:



Electric Vehicles

Consumers and automakers are turning to EVs, as governments around the world put policies in place to reduce or even eliminate fossil-fuel vehicle sales.

Over 50% of passenger vehicle sales could be EVs by 2035.²

56 million EVs could be sold annually by 2040.¹



Consumer Electronics

Smartphone, laptop and other portable consumer electronics growth—particularly in developing nations—is on the rise with tremendous room for growth.

Consider the smartphone ownership rates in four of the world's most populous countries:³

China
66%

India
35%

Indonesia
62%

Pakistan
21%



Energy Storage

The use of home and commercial lithium-ion battery storage to store excess solar, wind and other types of power for later consumption is expanding.

Global energy storage is currently a **\$9 billion industry**.⁴

The global energy storage industry is expected to grow **~3X by 2029**.⁴

Tapping Into the Battery Metals Miners Opportunity

Focusing on the miners may be an effective way for investors to capitalize on the growing demand for battery power.



Metals Miners



Battery Manufacturers



End Users

Miners May Benefit from Supply and Demand Imbalance

The limited supply of metals critical to manufacturing lithium-ion batteries is being significantly outpaced by demand. This could lead to sustained shortages potentially beneficial to battery metal miners, who control the rights to those resources.

- Even though lithium production more than doubled to 100,000 metric tons over the last decade,⁵ 365,000 additional metric tons was needed to meet 2021 demand.⁶
- **Experts suggest the world could face lithium-ion battery metals shortages by 2025.**⁷

Miners Have Demonstrated Appealing Investment Characteristics

The mining industry has high barriers to entry. Building a new mine requires government cooperation and often faces environmental or regulatory hurdles. It also requires enormous capital investment, making it hard for new players to come into the space.

Miners have generally been profitable. They have already been producing attractive margins, in contrast to the generally unprofitable EV manufacturers and others in the battery supply chain.

Miners Have Solid Business Models

Miners generally have business models with operating leverage that lets them scale operations in response to market forces.

- When demand and prices are high, they may ramp up production to increase potential earnings and profit margins.
- When prices fall, they may reduce production or stockpile metals for processing later when prices increase.

ProShares S&P Global Core Battery Metals ETF (ION)

ION is the first ETF to invest only in companies mining battery metals. ION's strategy of investing in companies at the beginning of the battery supply chain offers a unique way to take advantage of the opportunity created by the growing demand for lithium-ion batteries and battery metals. ION offers access to an array of global companies mining these metals—companies that can be difficult for U.S. investors to access on their own—in a single ETF.

Have Questions?

Financial professionals can contact ProShares at **866-776-5125** or email **info@proshares.com** for additional information about ION and our other thematic funds.

This information is not meant to be investment advice. There is no guarantee that the strategies discussed will be effective. Investment comparisons are for illustrative purposes only and not meant to be all-inclusive.

Any forward-looking statements herein are based on expectations of ProShare Advisors LLC at this time. ProShare Advisors LLC undertakes no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Investing is currently subject to additional risks and uncertainties related to COVID-19, including general economic, market and business conditions; changes in laws or regulations or other actions made by governmental authorities or regulatory bodies; and world economic and political developments.

Investing involves risk, including the possible loss of principal. This ProShares ETF is subject to certain risks, including the risk that the fund may not track the performance of the index and that the fund's market price may fluctuate, which 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.**

Companies engaged in battery metals mining are subject to various risks, including: changes in the supply of and demand for battery metals; price changes resulting from inflation and inflation expectations; supply chain and other disruptions due to changing world events, economic conditions and political risks; currency fluctuations; regulatory and legislative scrutiny of the environmental impact of battery metal mining; and risks associated with the development of mineral deposits.

The index theme may not be the primary driver of company, index or fund performance. Companies in the index may have significant unrelated business lines, which could have a significant negative impact on company, index and fund performance.

Investments in non-U.S. securities may involve risks different from U.S. securities, including risks from geographic concentration, differences in valuation and valuation times, unfavorable fluctuations in currency, differences in generally accepted accounting principles, and from economic or political instability.

Investments in emerging markets generally are less liquid, more volatile and riskier than investments in more developed markets and are considered to be speculative.

Investments in smaller companies typically exhibit higher volatility. Small- and mid-cap companies may have limited product lines or resources, may be dependent upon a particular market niche and may have greater fluctuations in price than the stocks of larger companies. Small- and mid-cap companies may lack the financial and personnel resources to handle economic or industry-wide setbacks and, as a result, such setbacks could have a greater effect on small- and mid-cap security prices.

This ProShares ETF is non-diversified and concentrates its investments in certain sectors. Non-diversified and narrowly focused investments typically exhibit higher volatility.

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.

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 professional or ProShares.com.

¹S&P Dow Jones Indices, "Battery Metals," August 2021. ²Bloomberg NEF, "Electric Vehicle Outlook 2022" and Nature.com, "Electric Cars and Batteries: How Will the World Produce Enough?" 8/17/21. ³Statista, "Penetration rate of smartphones in selected countries 2021," October 2022, and "Twenty countries with the largest population in mid 2021," June 2022. ⁴Fortune Business Insights, March 2022. ⁵ProShares and U.S. Geological Survey, "Mine production of lithium worldwide from 2010 to 2021," January 2022. ⁶ProShares and Statista, "Projection of worldwide lithium demand from 2019 to 2030," March 2022. ⁷IEA, "Electric cars fend off supply challenges to more than double global sales," January 2022.

The "S&P Global Core Battery Metals Index" is a product of S&P Dow Jones Indices LLC and its affiliates and has been licensed for use by ProShares. "S&P®" is a registered trademark of Standard & Poor's Financial Services LLC ("S&P") and "Dow Jones®" is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones") and have been licensed for use by S&P Dow Jones Indices LLC and its affiliates. ProShares have not been passed on by S&P Dow Jones Indices LLC and its affiliates as to their legality or suitability. ProShares based on the "S&P Global Core Battery Metals Index" are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates, and they make no representation regarding the advisability of investing in ProShares. **THESE ENTITIES AND THEIR AFFILIATES MAKE NO WARRANTIES AND BEAR NO LIABILITY WITH RESPECT TO PROSHARES.**

ProShares are distributed by SEI Investments Distribution Co., which is not affiliated with the funds' advisor or sponsor.

© 2022 PSA BR-2022-5036689.4