



Thematic Opportunities

ProShares Online Retail ETF (ONLN): Invest in How We Shop

Key Takeaways:

- **Online retail is continuing to fundamentally disrupt the retail sector.** Even with years of strong growth, the e-commerce revolution is likely still in the early stages.
- **Not all online retailers are created equal.** Bigger players are likely to have the capital to grow and adapt.
- **ProShares Online Retail ETF (ONLN)** gives access to the e-commerce opportunity in a single ETF.

E-Commerce Has Transformed the Retail Sector

In Q4 of 1999, total domestic e-commerce sales were just under \$4.5 billion. **By Q1 2022, U.S. e-commerce sales exceeded \$249 billion, a 55X increase.** Underpinning this dramatic shift have been a series of transformative changes.¹



Expanded product and service offerings:

E-commerce quickly moved from books and clothes, and now includes groceries, pet food, furniture and more.



Emergence of e-commerce giants:

Pure-play e-commerce behemoths such as Amazon, whose market cap touched \$1 trillion for the first time in early 2020, have experienced strong growth.²



Decline of bricks-and-mortar stores:

Traditional retailers continue to face challenges, with more than 1,500 bricks-and-mortar merchants in the United States declaring bankruptcy from 2007 to 2022.

Those who shop online
tend to do so frequently.



65%

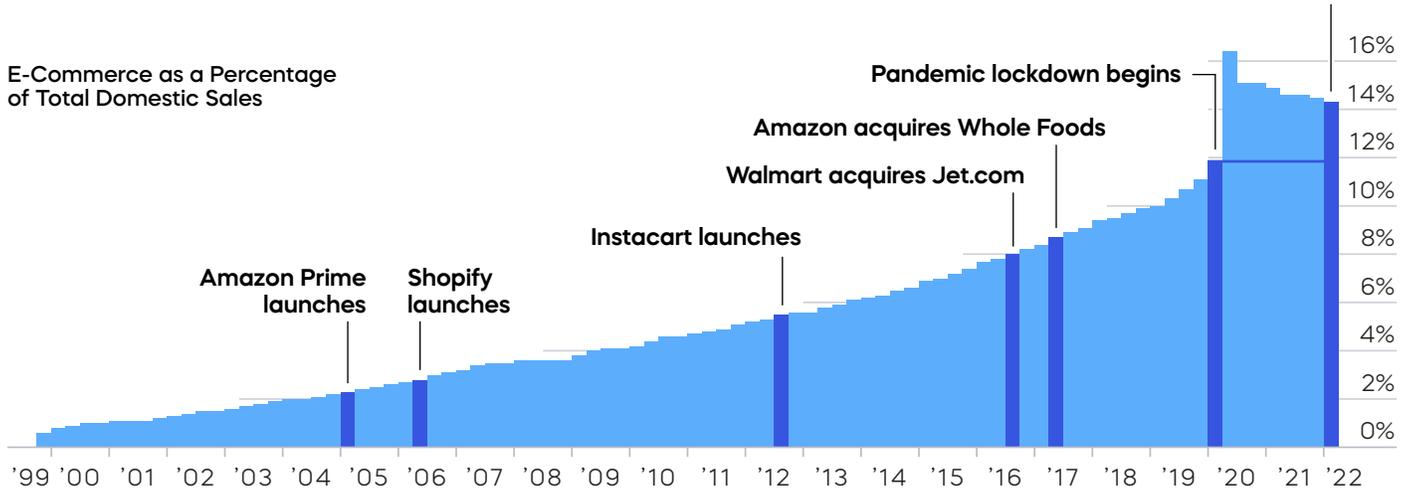
shop online at least
once every two weeks.³

Online Retail Has Surprising Room for Growth

The piles of Amazon boxes on the doorsteps of Americans' homes might suggest that a major portion of retail spending is currently online. But that's only a fraction of that total opportunity. Currently, just over 14% of all domestic retail spending occurs online, which means **86%—the vast majority of retail spending—is being conducted through non-digital, traditional retail channels.**¹

E-commerce growth remains substantially above pre-pandemic levels

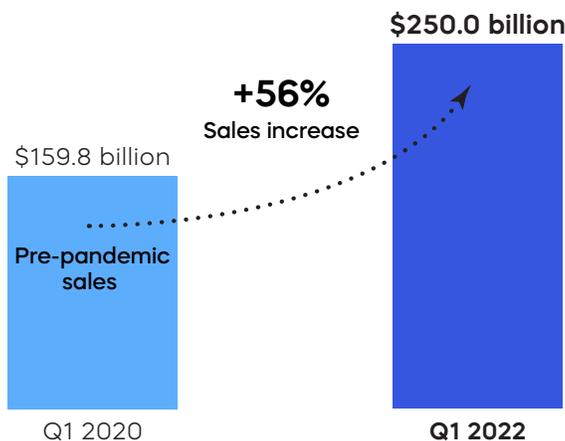
E-commerce's 14% market share is above pre-pandemic levels



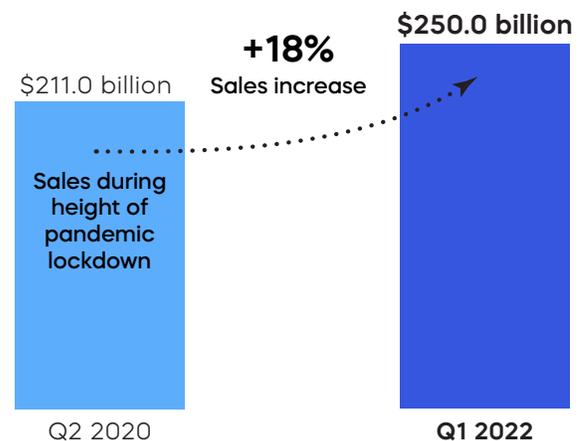
Source: United States Census Bureau, "Latest Quarterly E-Commerce Report," 5/19/22.

During the COVID-19 pandemic, when many bricks-and-mortar retailers shortened their hours or shut down completely, the e-commerce portion of domestic retail spending peaked at just over 16% as more consumers shopped online. However, since the reopening of many of those bricks-and-mortar stores, **online retail has increased its total sales by 18%.**¹

U.S. e-commerce sales grew in the pandemic...



...and continued to increase as the economy reopened



Source: United States Census Bureau, "Latest Quarterly E-Commerce Report," 5/19/22.

E-Commerce Juggernauts Are Reshaping the Retail Space

Amazon has 40% of U.S. e-commerce market share

Amazon has 40% of e-commerce market share in the United States, making it the behemoth of online retail. Traditional retailers, like Walmart and Target, have made significant investments to strengthen their online presence, but they have faced significant challenges as they attempt to catch up, given Amazon's commanding lead.⁴

Amazon gets **\$2 out of every \$5** of U.S. e-commerce spending.



Alibaba and JD.com combine for nearly 60% of the market in China

Just as Amazon is the leading e-commerce player in the United States, Alibaba and JD.com combine for nearly 60% of the market in China. And their market power is perhaps even greater. Consider this: Amazon's Prime Day often generates considerable media hype and its sales surpassed \$11 billion in 2021. However, that pales in comparison to the collective sales generated by Alibaba and JD.com on Singles Day in China. Together, their combined sales topped \$139 billion in 2021.^{5,6,7}

Bigger players have more resources to invest in infrastructure and innovation

Iconic companies in leading positions have both the capital and business case to make significant investments in their operations—whether it's building out warehouse and distribution networks that deliver goods directly to the end consumer or leveraging a vast data analytics infrastructure. In addition, these leaders have the resources to pioneer new processes and efficiencies—such as Amazon's Prime Air drone delivery service, which launched in June 2022 for some California residents, with the potential to expand globally.⁸

Capturing E-Commerce Growth with a Single Investment: ProShares Online Retail ETF (ONLN)

To access the continuing potential growth of online retail, consider ProShares Online Retail ETF (ONLN). ONLN's strategy pinpoints retailers that principally sell online or through other non-store channels, and then zeros in on the companies reshaping the retail space, like Amazon and Alibaba.

ONLN is an ETF that brings together the growth opportunity of online retail in a single ETF—enabling you to invest in how you shop.

Have Questions?

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

¹ United States Census Bureau, "Latest Quarterly E-Commerce Report," 5/19/22.

² CNBC, "Amazon Joins the Trillion-Dollar Club Again After Knockout Earnings Report," 1/31/20.

³ Statista, January 2021.

⁴ Statista, 8/2/22.

⁵ Global Newswire, "Alibaba and JD.com Remain the Largest B2C E-Commerce Market Players in China for 2021," 3/1/22.

⁶ CNBC, "Amazon's Prime Day Results Were More Muted Than Usual This Year," 6/23/21.

⁷ CNBC, "Alibaba, JD Smash Singles Day Record with \$139 Billion of Sales and Focus on 'Social Responsibility,'" 11/12/21.

⁸ About Amazon, "Amazon Prime Air Prepares for Drone Deliveries," 6/13/22.

As of 6/30/22, ONLN included allocations to Amazon (23.22%), Alibaba (16.49%) and JD.com (4.53%). Holdings are subject to change.

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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 its 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.**

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

Investments in the consumer discretionary and retailing industries are subject to risks such as changes in domestic and international economies, interest rates, competition and consumer confidence; disposable household income; consumer tastes and preferences; intense competition; changing demographics; marketing and public perception; and dependence on third-party suppliers and distribution systems.

Investments in smaller companies typically exhibit higher volatility. Smaller company stocks also may trade at greater spreads or lower trading volumes, and may be less liquid than stocks of larger companies.

ONLN invests in international investments, which may involve 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.

In emerging markets, many risks are heightened, and lower trading volumes may occur.

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. Obtain them from your financial professional or ProShares.com. Read them carefully before investing.

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