

INVESTING IN TRANSFORMATIONAL CHANGE

Examining Four Dynamic Changes That Are Creating a New World – and a New Investment Opportunity

The way we work, take care of our health, and consume and connect is dramatically changing. Companies on the forefront of these transformations may represent compelling investment opportunities.

ProShares MSCI Transformational Changes ETF (ANEW) invests in companies which may benefit from four key Transformational Changes—changes accelerated by COVID-19.

THE FUTURE OF WORK

Cutting-edge technology that augments human work is no longer the realm of science fiction—it's a business imperative. The Future of Work incorporates efficiency-enhancing technologies like artificial intelligence and robotics with those facilitating working from home, including video conferencing, cybersecurity and cloud applications.

For businesses, remote work may transition from a contingency to competitive requirement. Two PwC polls conducted in 2020 show that 54% of U.S. CFOs plan to make remote work a permanent option, and 72% of American office workers would like to work remotely at least two days a week.

Those working on-site in essential industries—estimated to be 34% to 43% of the U.S. workforce in 2018—will see industrial innovations like robots play more important roles in addressing social distancing and other safety concerns. More broadly, the global automation market is estimated to reach \$214 billion in 2021, up from \$185 billion in 2019.

Types of Companies

- Cloud Computing
- Internet of Things
- Machine Learning/AI
- Cybersecurity
- Remote Interaction Software
- Digital Payments
- Blockchain

DRIVERS OF TRANSFORMATIONAL CHANGE

75% of Fortune 500 CEOs plan to accelerate the technological transformation of their company.

500% increase in U.S. employees working from home due to COVID-19, up from 7% in 2019 to 42% in June 2020.

Sources: Fortune 500 CEO Survey, May 2020; Pew Research Center, "Before The Coronavirus, Telework Was An Optional Benefit, Mostly For The Affluent Few," March 2020; Stanford News, "Stanford Research Provides a Snapshot of a New Working-from-Home Economy," June 2020

GENOMICS & TELEHEALTH

Healthcare is primed for transformation—from new research and medical breakthroughs to tech-enabled innovations in the healthcare we receive and how we receive it. The U.S. government has committed billions of dollars for research and medical facilities to combat COVID-19, which may help propel some of these transformations.

The pandemic has dramatically increased telehealth adoption. According to an April 2020 Harris Poll, 32% of Americans have used telehealth services, doubling since before the outbreak. The shift to telehealth may endure. Indeed, a May 2020 McKinsey & Company study stated that up to \$250 billion of current U.S. healthcare spending could potentially be virtualized post-pandemic.

Some of the vaccine candidates for COVID-19 use genetic code to teach cells to produce antibodies. Should this treatment gain approval, it would mark the first time that genetic intervention is used on a mass scale—a major milestone in this emerging area of research. And vaccines are one of many potential near-term applications for genomics.

While the genomic revolution has roots in biology, advancements in big data algorithms and data processing are equally important. As an industry, healthcare generates 5% of the world's data, but remains one of the world's least-digitalized industries. From information management in hospitals, to the use of big data sets in diagnoses, the delivery of medical services has the potential for disruption.

These modernizations could be just the tip of the iceberg. The World Health Organization reports that, as of 2017, global health spending exceeded \$7 trillion annually. Innovations in diagnostics, genetic treatments, personalized medicine, and information management could unlock massive cost savings.

Types of Companies

- Bioinformatics
- Genome Hardware
- Gene Therapy/Editing
- Molecular Diagnostics
- Stem Cells
- Targeted Therapeutics
- Telemedicine

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99% decline in the cost of sequencing a human genome since it was first accomplished in 2003, dropping from billions to thousands.

\$155 billion projected size of the global telemedicine market by 2027, up from an estimated \$41 billion in 2019.

Sources: National Human Genome Research Institute, "The Cost of Sequencing a Human Genome," August 2020; Grandview Research, "Telemedicine Market Size, Share, Growth Report, 2020-2027," April 2020

DIGITAL CONSUMER

Skyrocketing internet connectivity is disrupting how people spend their time and money—on shopping, gaming, and leisure.

Consumers are increasingly moving from traditional retail stores to online hubs with fast delivery. In the U.S., e-commerce accounted for approximately 4% of total retail sales in 2009, steadily growing to 11% in 2019. By July 2020, e-commerce represented 16% of retail sales with COVID-19 driving a further 5% penetration in mere months. While e-commerce's growth may have accelerated, the trend is not a new one. The retail landscape had undergone dramatic changes prior to 2020, and COVID-19 may reinforce digital shopping habits.

Types of Companies

- E-Commerce
- E-Gaming
- Social Media

Gaming platforms and mobile devices also offer many new experiences and products to capture wallet share, including video games and streaming. McKinsey & Company reports that downloads of gaming apps in 2020 are up more than 30% year-over-year in the U.S., and global e-sports revenue has grown by 28% annually since 2015. Global competitive video gaming viewership is growing at a rate almost three times faster than that of NFL football, according to 2019 CNBC viewing figures.

Finally, social media is not only a widely used means of communication, but it's also a fast-growing revenue opportunity for advertisers and social platforms. In 2019, Americans spent more time with digital media than traditional media, including television, by 55 minutes.

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50 billion global internet-connected devices estimated by 2030, up from approximately 22 billion in 2018.

\$6 trillion in global e-commerce sales, predicted by 2023.

Sources: Statista, "Number of Internet of Things Connected Devices Worldwide in 2018, 2025, and 2030," May 2019; Statista, "Retail E-commerce Sales Worldwide from 2014-2023," June 2019

FOOD REVOLUTION

Traditional farming is giving way to 21st-century advancements as the industry has morphed into a haven for innovation. How the world meets its requirements for food and nutrition—and the need to secure our food supply chain from threats like coronavirus—is propelling advances in agricultural technology, sustainable and responsible farming, and plant-based foods. Instead of tractors and bales of hay, consider the future of self-driving and energy-efficient farm equipment, high-tech irrigation systems that cut water usage substantially, big data-optimized crop selection and yield management, and advanced research into new forms of food. Agriculture may have traditionally lagged other industries in innovation, but that is changing rapidly.

Types of Companies

- Responsible/Sustainable Farming
- Plant-Based Food & Agricultural Technology
- Zoonotic Disease Mitigation
- Food & Grocery Delivery

The challenge of feeding a growing global population while protecting the environment and ensuring food safety is creating opportunity. According to a 2019 report by AgFunds, global investment in agriculture-related technology reached \$16.9 billion in 2018, up 43% from 2017. Revenue from food innovations is also projected to grow from \$135 billion in 2018 to \$700 billion by 2030, a 15% compound annual growth rate. Leading the way, a 2019 UBS report forecast the plant-based protein segment to grow 28% annually over this period. Similarly, strong growth rates are projected for smart farming, seed treatment, and seed science segments as well. The era of high-tech food is here.

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29% growth in sales of plant-based foods from 2017-2019 in the U.S.

200,000 additional mouths to feed each day by 2050 if global population growth continues as expected.

Sources: The Good Food Institute, "Plant-Based Market Overview," December 2019; UBS CIO Global Wealth Management Research, "Longer Term Investments: The Decade Ahead and COVID-19," March 2020

INVEST IN TRANSFORMATIONAL CHANGES WITH ANEW

ANEW

ProShares MSCI Transformational Changes ETF

ANEW invests in companies which may benefit from transformational changes in how we work, take care of our health, and consume and connect—changes accelerated by COVID-19.

The fund seeks investment results, before fees and expenses, that track the performance of the MSCI Global Transformational Changes Index. The index includes U.S., non U.S., developed, and emerging market companies providing products or services associated with one or more of the four Transformational Changes, as determined by MSCI.

IMPORTANT INFORMATION

This information is not intended to be investment advice. There is no guarantee forecasts will be met

Sources: PwC "PwC U.S. CFO Pulse Survey" June 2020; PwC "PwC US Remote Work Survey" June 2020; Brookings "How to Protect Essential Workers During COVID-19 March 2020" and Bureau of Labor Statistics, 2018; UBS CIO Global Wealth Management Research "Longer Term Investments: Automation and Robotics" February 2020; The Harris Poll "Telehealth: The Coming 'New Normal' for Healthcare" April 2020; McKinsey & Company "A Quarter-Trillion Dollar Post COVID-19 Reality?" May 2020; UBS CIO Global Wealth Management Research, "Profit from Advances in Healthcare" 2020; World Health Organization "Global Spending on Health: A World in Transition" 2019; McKinsey & Company, "The Era of Exponential Improvement in Healthcare" May 2019; U.S. Census Bureau, E-Commerce Retail Sales as a Percent of Total Sales retrieved from FRED, "E-commerce Retail sales as a Percent of Total Sales" August 2020; McKinsey & Company "Meet the Next-Normal Consumer" August 2020; Newzoo "Newzoo Global E-Sports Market Report 2017-2020" 2020; Statista "Esports audience size worldwide from 2018 to 2023" April 2020; CNBC "National Football League Television Viewership Increases 5% for 2019 Regular Season" December 2019; Statista "Time Spent Per Day with Digital Versus Traditional Media in the United States from 2011 to 2020" May 2020; AgFunder Network Partners "AgriFood Tech in 2018" March 2019; UBS CIO Global Wealth Management Research "The Food Revolution" July 2019.

Investing involves risk, including the possible loss of principal. This ProShares ETF is subject to certain risks, including imperfect benchmark correlation and market price variance, 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.**

Natural or environmental disasters, including pandemics and epidemics have been, and can be, highly disruptive to economies and markets and have recently led, and may continue to lead, to increased market volatility and significant market losses.

Investments in the health care equipment and services industry, the software and services industry, and the media and entertainment industry are subject to a number of risks, including risks associated with limited product lines, technological developments, regulatory changes, the impact of research and development costs, and changing consumer preferences.

The fund concentrates its investments in certain sectors. Narrowly focused investments typically exhibit higher volatility.

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