

FREQUENTLY ASKED QUESTIONS ABOUT VOLATILITY INDEXES

About the Cboe Volatility Index (VIX)

1. What is the VIX?

The Cboe Volatility Index (VIX) projects the probable range of movement in the S&P 500 over the next 30 days—or the implied or expected volatility—as reflected in the prices of S&P 500 options.

2. How is implied volatility different from actual volatility?

Rather than measuring realized or historical volatility of the S&P 500, the VIX projects its implied or expected volatility—specifically 30 days in the future.

3. Why is the VIX sometimes referred to as the “fear gauge”?

The media tend to refer to the VIX as a “fear gauge,” or a measure of investor sentiment, particularly worry. This is because the VIX tends to rise as investors perceive a higher likelihood of equity prices declining.

4. How has the VIX behaved differently from broad equity markets?

- Negative correlation to the S&P 500: The VIX has historically been negatively correlated with U.S. equity performance.
- Convexity: The VIX has tended to rise more dramatically when U.S. equity markets fall significantly.
- High volatility: The annualized standard deviation of the percent changes in VIX—the volatility of the VIX—has been significantly higher than the volatility of major U.S. equity indexes.
- Mean reverting: Unlike other asset classes that have tended to increase in price over long periods of time, the VIX has tended to revert to a long-term average after periods of higher or lower levels.

5. Is there a way to invest in the VIX?

It is not possible to invest in the VIX directly or to replicate performance of the VIX. Investors wishing to reduce U.S. equity portfolio risk or to trade volatility can use products linked to the VIX, such as exchange traded products linked to VIX futures contracts.

About VIX Futures Contracts

1. What are VIX futures contracts?

VIX futures contracts give investors access to tradable S&P 500 volatility by providing a way to take a view on future values of the VIX. The price at which a VIX futures contract trades reflects the market’s view of the value of the VIX on the expiration date of the VIX futures contract.

2. What is contango?

The VIX futures market is said to be in contango when futures contracts with longer expirations have higher prices than those with shorter expirations. The VIX futures market has commonly been in contango, especially during periods when realized volatility is at average or below average levels.

3. What is backwardation?

The VIX futures market is said to be in backwardation when futures contracts with longer expirations are less expensive than those with shorter expirations. Backwardation has been most prevalent after a surge in realized volatility and has historically occurred much less frequently than contango.

About S&P 500 VIX Futures Indexes

1. What are VIX Futures Indexes?

S&P Dow Jones Indices calculates various benchmarks tracking the performance of VIX futures contracts.

2. What is the VIX Short-Term Futures Index?

The S&P 500 VIX Short-Term Futures Index, created in 2009, measures the returns of a portfolio of monthly VIX futures contracts that rolls positions from first-month contracts into second-month contracts on a daily basis. The index maintains a weighted average of one month to expiration.

3. What is the VIX Mid-Term Futures Index?

The S&P 500 VIX Mid-Term Futures Index, created in 2009, measures the returns of a portfolio of monthly VIX futures contracts that rolls positions from fourth-month contracts into seventh-month contracts, while maintaining positions in fifth- and sixth-month contracts, on a daily basis. The index maintains a weighted average of five months to expiration.

About the S&P 500 VIX Short-Term and Mid-Term Futures Indexes and the VIX

1. How do the VIX Short-Term and Mid-Term Futures Indexes' expectations for volatility differ from the VIX?

The VIX futures indexes reflect expectations for the VIX in one month (short-term) or five months (mid-term), while the VIX reflects expectations for the volatility of the S&P 500 over the next 30 days.

2. How closely do the VIX Short-Term and Mid-Term Futures Indexes move with the VIX?

While the S&P 500 VIX Short-Term and Mid-Term Futures Indexes have tended to move in the same direction as the VIX, they have tended to move in smaller increments, as indicated by the index betas to the VIX. This trend may or may not continue.

3. Are the VIX Short-Term and Mid-Term Futures Indexes as volatile as the VIX?

The S&P 500 VIX Short-Term and Mid-Term Futures Indexes have historically been less volatile than the VIX but significantly more volatile than the S&P 500. This trend may or may not continue.

4. How does the futures rolling process affect the VIX Short-Term and Mid-Term Futures Indexes?

The futures rolling process employed by the S&P 500 VIX Short-Term and Mid-Term Futures Indexes can negatively impact their daily returns when the VIX futures market is in contango and positively impact their daily returns when the VIX futures market is in backwardation.

Investing involves risk, including the possible loss of principal. Volatility ProShares ETFs are non-diversified and each entails 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. Please see their summary and full prospectuses for a more complete description of risks. **There is no guarantee any ProShares ETF will achieve its investment objective.**

There are considerable risks related to investing in ETFs benchmarked to VIX futures indexes, and ProShares Volatility ETFs are not suitable for all investors. VIX futures indexes can be highly volatile, and ETFs benchmarked to them may experience large losses. Investors could potentially lose the full value of their investment over periods even as short as one day. Many factors may contribute to the volatility of VIX futures indexes, including, but not limited to: economic, political or regulatory events that affect the level of the S&P 500, the VIX, VIX futures contracts or other related financial instruments; interest rates; inflation rates or inflation expectations; certain activities within equity derivatives markets; and S&P 500 trading disruptions. ProShares Volatility ETFs are generally intended for short-term investment horizons, and investors holding shares over longer-term periods may be subject to increased risk of loss. The level of the VIX has tended to revert to a long-term average over time. As such, the potential upside of long or short exposure to VIX futures contracts may be constrained and subject to significant and unexpected reversals. VIX futures indexes have historically reflected significant costs associated with rolling VIX futures contracts on a daily basis, which can consistently reduce returns for ETFs benchmarked to the indexes.

This information must be accompanied or preceded by a current ProShares Trust II prospectus (http://www.proshares.com/funds/trust_ii_prospectuses.html). ProShares Trust II (issuer) has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at sec.gov. Alternatively, the issuer will arrange to send you the prospectus if you request it by calling toll-free 866.776.5125, or visit ProShares.com.

"Standard & Poor's,®""S&P,®""S&P 500,®""Standard & Poor's 500,®""S&P 500® VIX® Short-Term Futures Index™" and "S&P 500® VIX® Mid-Term Futures Index™" are products of S&P Dow Jones Indices LLC and its affiliates and have 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. "VIX®" is a trademark of the Chicago Board Options Exchange, Incorporated ("Cboe") and has been licensed for use by S&P Dow Jones Indices LLC. ProShares have not been passed on by S&P Dow Jones Indices, Cboe or their respective affiliates as to their legality or suitability. ProShares are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices, Cboe 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' sponsor.

© 2018 PSA BR-2018-5372