

# REPORT (IN LIQUIDATION)

JUNE 1, 2020 THROUGH OCTOBER 13, 2020

Ultra Communication Services Select Sector	<b>XCOM</b>
Ultra Short Communication Services Select Sector	<b>YCOM</b>

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# STATEMENTS OF OPERATIONS

	Ultra Communication Services Select Sector	UltraShort Communication Services Select Sector
<b>INVESTMENT INCOME:</b>		
Dividends	\$ 5,197	\$ —
Interest	14	40
Total Investment Income	<u>5,211</u>	<u>40</u>
<b>EXPENSES:</b>		
Advisory fees (Note 4)	7,318	1,070
Management Services fees (Note 4)	976	143
Professional fees	5,680	5,552
Administration fees (Note 5)	25,031	12,853
Custodian fees (Note 6)	512	6
Printing and Shareholder reports	28	1
Listing, Data and related fees (Note 7)	10,359	4,089
Trustees fees (Note 8)	15	3
Compliance services fees (Note 4)	13	3
Other fees	1,457	1,460
Total Gross Expenses before fees waived and/or reimbursed	<u>51,389</u>	<u>25,180</u>
<b>LESS:</b>		
Expenses waived and/or reimbursed by Advisor (Note 4)	(42,082)	(23,824)
Total Net Expenses	<u>9,307</u>	<u>1,356</u>
Net Investment Income (Loss)	<u>(4,096)</u>	<u>(1,316)</u>
<b>NET REALIZED GAIN (LOSS) FROM:</b>		
Transactions in investment securities	514,341	—
Expiration or closing of non-exchange traded swap agreements	569,813	(492,475)
Net realized gain (loss)	<u>1,084,154</u>	<u>(492,475)</u>
<b>CHANGE IN NET UNREALIZED APPRECIATION/DEPRECIATION FROM:</b>		
Investments	(275,175)	—
Non-exchange traded swap agreements	(280,880)	369,877
Change in net unrealized appreciation/depreciation	<u>(556,055)</u>	<u>369,877</u>
Net realized and unrealized gain (loss)	<u>528,099</u>	<u>(122,598)</u>
Change in Net Assets Resulting from Operations	<u>\$ 524,003</u>	<u>\$ (123,914)</u>

# STATEMENTS OF CHANGES IN NET ASSETS

	Ultra Communication Services Select Sector		UltraShort Communication Services Select Sector	
	June 1, 2020 – October 13, 2020 (Liquidation Date) (Unaudited)	Year Ended May 31, 2020	June 1, 2020 – October 13, 2020 (Liquidation Date) (Unaudited)	Year Ended May 31, 2020
<b>FROM INVESTMENT ACTIVITIES:</b>				
<b>OPERATIONS:</b>				
Net investment income (loss)	\$ (4,096)	\$ 3,968	\$ (1,316)	\$ 6,648
Net realized gain (loss)	1,084,154	254,097	(492,475)	(307,393)
Change in net unrealized appreciation/depreciation	(556,055)	207,139	369,877	98,979
Change in net assets resulting from operations	<u>524,003</u>	<u>465,204</u>	<u>(123,914)</u>	<u>(201,766)</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM:</b>				
Distributable earnings	—	(7,820)	—	(14,702)
Total distributions	<u>—</u>	<u>(7,820)</u>	<u>—</u>	<u>(14,702)</u>
<b>CAPITAL TRANSACTIONS (a):</b>				
Proceeds from shares issued	124	800,555	—	—
Cost of shares redeemed	(3,077,663)	(3,066,301)	(378,553)	(2,823,382)
Change in net assets resulting from capital transactions	<u>(3,077,539)</u>	<u>(2,265,746)</u>	<u>(378,553)</u>	<u>(2,823,382)</u>
Change in net assets	(2,553,536)	(1,808,362)	(502,467)	(3,039,850)
<b>NET ASSETS:</b>				
Beginning of period	\$ 2,553,536	\$ 4,361,898	\$ 502,467	\$ 3,542,317
End of period	<u>\$ —</u>	<u>\$ 2,553,536</u>	<u>\$ —</u>	<u>\$ 502,467</u>
<b>SHARE TRANSACTIONS:</b>				
Beginning of period	50,001	100,001	25,001	100,001
Issued	—	—	—	—
Issued in-kind	—	25,000	—	—
Redeemed	(25,001)	(75,000)	(25,001)	(75,000)
Redemption in-kind	(25,000)	—	—	—
Shares outstanding, end of period	<u>—</u>	<u>50,001</u>	<u>—</u>	<u>25,001</u>

(a) Capital share transactions may include transaction fees associated with Creation and Redemption transactions which occurred during the period.

# NOTES TO FINANCIAL STATEMENTS

## 1. Organization

ProShares Trust (the “Trust”) is registered as an open-end management investment company under the Investment Company Act of 1940 (“1940 Act”). The Trust was formed as a Delaware statutory trust on May 29, 2002, has authorized capital of an unlimited number of shares at no par value. On September 15, 2020, ProShares Advisors announced plan to liquidate and close Ultra Communication Services Select Sector and Ultra Short Communication Services Select Sector (“the “funds”). Trading in the funds was halted prior to market open on October 2, 2020. Any shareholders remaining in the funds had their shares redeemed at net asset value on October 13, 2020. On October 13, 2020, NYSE Arca filed Form 25 with the U.S. Securities and Exchange Commission (“SEC”) removing the listing of the Funds on their exchange. These Financial Statements and accompanying notes relate only to the liquidated portfolios identified.

ProShares Trust	Ticker	Exchange
Ultra Communication Services Select Sector	XCOM	NYSE Arca
Ultra Short Communication Services Select Sector	YCOM	NYSE Arca

## 2. Significant Accounting Policies

### General

The funds are an investment company, as defined by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946 “Financial Services – Investment Companies.” As such, the Fund follows the investment company accounting and reporting guidance. The following is a summary of significant accounting policies followed by the Fund, as applicable, in preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

### Investment Valuation

The Funds record their investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## 3. Investment Transactions, Income and Expense Allocations

Interest income is recognized on an accrual basis and includes, where applicable, the amortization of premium or discount. Dividend income is recorded on the ex-dividend date. Gains or losses realized on sales of securities are determined using the specific identification method by comparing the identified cost of the security lot sold with the net sales proceeds. Expenses directly attributable to a Fund are charged to that Fund, while expenses which are attributable to more than one Fund or jointly with an affiliate, are allocated among the respective Funds and/or affiliates based upon relative net assets or another reasonable basis.

## 4. Advisory and Management Service Fees and Transactions with Affiliates

The Advisor serves as the investment adviser to each Fund pursuant to an Investment Advisory Agreement. For its investment advisory services, each Fund pays the Advisor a monthly fee, accrued daily at an annualized rate based on its average daily net assets. Pursuant to a separate Management Services Agreement, the Advisor performs certain administrative services on behalf of the Funds, such as negotiating, coordinating and implementing the Trust’s contractual obligations with the Funds’ service providers; monitoring, overseeing and reviewing the performance of such service providers to ensure adherence to applicable contractual obligations; and preparing or coordinating reports and presentations to the Board of Trustees with respect to such service providers. For these and other services, each Fund pays the Advisor monthly management services fees, accrued daily at an annualized rate based on its average daily net assets.

The Advisor has contractually agreed to waive advisory and management services fees, and if necessary, reimburse certain other expenses, in order to limit the annual operating expenses of each Fund to 0.95% of net assets.

## 5. Administration Fees

JPMorgan Chase Bank, N.A. acts as the Trust’s administrator (the “Administrator”). The Administrator provides certain administrative services to the Funds, including fund accounting, fund administration and certain compliance services, pursuant to a Fund Services Agreement. For these services, each Fund shall pay the Administrator monthly, a fee accrued daily and based on average net assets. Each Fund may also reimburse the Administrator for such out-of-pocket expenses as incurred by the Administrator in the performance of its duties. Such fees are reflected on the Statements of Operations as “Administration Fees”. Certain employees of the Administrator are also officers of the Trust.

## 6. Custodian Fees

JPMorgan Chase Bank, N.A. acts as custodian for the Funds in accordance with a Custody Agreement. The custodian holds cash, securities and other assets of the Funds as required by the 1940 Act. Custodian fees are payable monthly based on assets held in custody, investment purchases and sales activity and account maintenance fees, plus reimbursement for certain out-of-pocket expenses. Such fees are reflected on the Statements of Operations as “Custodian Fees”.

## 7. Listing, Data and Related Fees

The Funds may incur costs relating to their initial and ongoing listing on an exchange and for the calculation and dissemination of Indicative Optimized Portfolio Values (IOPVs). Additionally, a Fund may enter into a license agreement for the right to use an Index and the related Trade Mark(s) and to receive data related to the index from the index provider. The portion of such costs attributed to each Fund is reflected on the Statements of Operations as “Listing, Data and related fees”.

## 8. Trustees Fees

The Trust, together with other affiliated trusts, pay each Independent Trustee an aggregate fee consisting of a \$185,000 annual retainer (paid



in quarterly increments) for services provided as a Board member, plus a quarterly in-person meeting fee of \$10,000, an in-person special meeting fee of \$3,000 and a telephonic meeting fee of \$3,000. Such fees are allocated between the Funds and other affiliated funds. Each Fund's share of these fees, together with reimbursable expenses of the Trustees, is reflected on the Statements of Operations as "Trustees Fees".

### **9. In-Kind Redemption Transactions**

During the period presented in this report, certain Funds delivered portfolio securities in exchange for the redemption of shares (redemption in-kind). Securities were transferred for redemptions at fair value. For financial reporting purposes, the Funds recorded net realized gains and losses in connection with each transaction.

### **10. Indemnifications**

Under the Trust's organizational documents, its officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust. In addition, in the normal course of business the Trust enters into contracts that contain a variety of general indemnifications. The Trust's maximum exposure under these arrangements cannot be known; however, the Trust expects risk of loss to be remote.

### Affirmation of the Commodity Pool Operator

October 13, 2020

I affirm that, to the best of his knowledge and belief, the information contained in the attached liquidation financial statements of the Ultra Communication Services Select Sector and Ultra Short Communication Services Select Sector is accurate and complete.

By:  \_\_\_\_\_

Todd Johnson  
Principal for ProShares Advisors, Commodity Pool Operator



**ProShares Trust**

7501 Wisconsin Avenue, Suite 1000E, Bethesda, MD 20814

**866.PRO.5125** 866.776.5125

**ProShares.com**