PROSHARES LONG ONLINE/SHORT STORES ETF

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The Growth of Online Retail and the Decline of the Stores in One ETF

The retail landscape is changing

The rapid growth of e-commerce points to a radical shift in consumer buying habits that is transforming the retail landscape and creating opportunity for investors. Shoppers are moving out of the aisles and onto the Internet—going from J.C. Penney and Macy's to Amazon and Alibaba.

Retail disruption could be a long-term trend

Key indicators suggest that the transformation of retail could continue for years.

- By 2020, online sales growth is expected to outpace bricks-and-mortar retailers by 3 to 1 and account for $4 trillion of the global retail market.
- Experts predict that almost 25% of the nation's shopping malls will close in the next five years.

Online retail is soaring

Shopping is going digital. Only 10% of global purchases are currently conducted online, leaving tremendous room for growth.

Amazon sales in North America have quintupled since 2010, growing from $16 billion to $80 billion.

Forecasts estimated a 35% increase in online sales for 2017.

Bricks-and-mortar retailers are struggling

Stock returns for physical retailers have been weak, and profit margins are approaching lows not seen since the 2008 recession.

The United States has five times the retail square footage of the United Kingdom per person, and 10 times that of Germany.

At least 30 major retailers have declared bankruptcy over the past three years, nearly two-thirds of them in 2017 alone.

An ETF Designed to Benefit from Retail Disruption

ProShares Long Online/Short Stores ETF (CLIX) is the first ETF designed to help investors benefit from both sides of retail's transformation—toward online shopping and away from stores.

- CLIX combines a 100% long position in leading online retailers with a 50% short position in those that rely principally on physical stores.
- The fund has the potential to benefit both from outperforming online companies and underperforming bricks-and-mortar stores.
- The strategy's 100/50 structure means the fund has only 50% exposure to the equity market, which may result in less volatility than long-only equity strategies.

ProShares Long Online/Short Stores Index

The index works by combining two specialized retail indexes into one. It is 100% long the ProShares Online Retail Index, which tracks retailers that primarily sell online or through other non-store channels, and 50% short the Solactive-ProShares Bricks and Mortar Retail Store Index that brings together traditional in-store retailers. The positions are rebalanced monthly.

100% LONG

Retailers in the ProShares Online Retail Index include U.S. and non-U.S. companies. To be eligible, a retailer must:

- Be classified as an online retailer, an e-commerce retailer, or an internet or direct marketing retailer, according to standard industry classification systems.
- Have a market capitalization of at least $500 million.
- Have a six-month daily average value traded of at least $1 million and meet other requirements.

When the index is rebalanced, it is weighted so that no company may exceed 24% of the value of the index, the sum of companies individually weighing more than 4.5% may not exceed 50% of the value of the index, and the total weight of all non-U.S. companies will be capped at 25% of the value of the index.

The index uses a modified market-cap weighting approach, is rebalanced monthly and is reconstituted annually.

50% SHORT

To be included in the Solactive-ProShares Bricks and Mortar Retail Store Index, a retailer must:

- Be characterized as receiving at least 50% of its revenue from retail operations.
- Receive 75% or more of its retail revenues from in-store sales.
- Be a U.S. company.

In addition, a retailer must have a market capitalization of at least $500 million, a six-month daily average value traded of at least $1 million, and meet other requirements.

The index is equally weighted, rebalanced monthly and reconstituted annually.

About the ETF

Ticker Symbol: CLIX

Intraday Symbol: CLIX.IV

Bloomberg Index Symbol: PSCLIXTR

Investment Objective: CLIX seeks investment results, before fees and expenses, that correspond to the performance of the ProShares Long Online/Short Stores Index.

Inception: 11/14/2017

Access to the rapidly expanding online retail marketplace

E-commerce sales are growing at a rapid pace and undermining in-store retail as consumer habits change and shoppers move online. As popular as they may seem now, online retailers like Amazon and Alibaba only account for about 10% of global retail sales, leaving tremendous room for growth.

Short exposure to struggling bricks-and-mortar retailers

Physical retailers are under immense pressure. Sales have been declining and profit margins are approaching lows not seen since the recession. Over 30 major retailers have declared bankruptcy in the past three years, and longstanding names like J.C. Penney and Macy's are struggling to remain viable.

The power to invest in both retail disruption trends in one ETF

CLIX combines a 100% long position in retailers that primarily sell online or through other non-store channels with a 50% short position in those that rely principally on physical stores. Investors have the opportunity to benefit from both outperforming online and underperforming physical retailers. A potential advantage is that the long and short positions may offset one another, resulting in a lower net exposure to the direction of the market.

Key Considerations

What are long and short exposures?

To be "long" means to have exposure to an asset with the expectation that its value will increase over time. To be "short" means to have exposure to an asset with the expectation that it will fall in value.

Why is CLIX known as a long/short fund?

CLIX combines full 100% long exposure with a partial 50% short position. In a long/short portfolio, the long and short positions may offset one another, resulting in a lower net exposure to the direction of the market.

See prospectus

For more on risks, obtain a prospectus from your financial advisor or visit ProShares.com.

About ProShares

ProShares has been at the forefront of the ETF revolution since 2006. ProShares now offers one of the largest lineups of ETFs, with more than $26 billion in assets. The company is the leader in strategies such as dividend growth, alternative and geared (leveraged and inverse). ProShares continues to innovate with products that provide strategic and tactical opportunities for investors to manage risk and enhance returns.

Find out more

Visit ProShares.com or consult your financial advisor.

Retail revenue information in the Solactive-ProShares Bricks and Mortar Retail Store Index is based on Kantar Retail LLC data.

Sources include: ProShares; Bloomberg; Goldman Sachs Investment Research; Bankruptcy Data; U.S. Census Bureau; eMarketer; Euromonitor; IBGE; IPCA; AKIT; Japan METI; iResearch; NBS China; comScore; U.S. Department of Commerce for Retail; Cushman and Wakefield; Thompson, Derek, "The Great Retail Apocalypse of 2017," *The Atlantic*, 4/10/17; Peterson, Hayley, "The retail apocalypse has officially descended on America," *Business Insider*, 3/21/17; Peterson, Hayley, "Wall Street bank says a quarter of shopping malls will close in 5 years," *Business Insider*, 5/31/17; Beall, George, "The surprising retail habits of millennial shoppers," The Next Web, 9/11/17; Andrews, Travis, "America is 'over-stored' and Payless ShoeSource is the latest victim," *The Washington Post*, 4/5/17.

Investing involves risk, including the possible loss of principal. This ProShares ETF is non-diversified and entails certain risks, which may include risks associated with the use of derivatives (such as swap agreements, futures contracts and similar instruments), imperfect benchmark correlation, leverage and market price variance, all of which can increase volatility and decrease performance. The fund's short positions are not intended to hedge the portfolio in market downturns, but rather to allow stocks with unfavorable outlooks to contribute to performance. 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. The fund 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. Please see the summary and full prospectuses for a more complete description of risks. **There is no guarantee any ProShares ETF will achieve its investment objective.**

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 advisor or broker-dealer representative or visit ProShares.com.