ProShares

EQRR ProShares Equities For Rising Rates

When interest rates rise, certain sectors within U.S. large-cap equities have performed better than others. EQRR can help your portfolio go on the offensive in a rising rate environment.

Key Takeaways

Going on the offensive when rates rise

EQRR is built on a strategy designed to outperform traditional U.S. large-cap indexes during periods of rising interest rates.

Targets stocks that have had a strong tendency to outperform when rates rise

The strategy targets sectors that have had the highest recent correlations to 10-Year U.S. Treasury yields and, within those sectors, the stocks that have tended to outperform as rates rise.

An attractive large-cap opportunity

EQRR can be used to complement traditional large-cap equity investments.

Turning rising interest rates into an equity investing opportunity

An opportunity to outperform

When investors hear about rising interest rates, they probably think about fixed income first. But U.S. equities can also be repositioned to take advantage of the rising rate environment.

Certain equity market sectors are more sensitive to interest rates than others and can rise or fall as rates change. There are also stocks within these rate-sensitive sectors that have a greater tendency to demonstrate positive or negative results as rates move than others. These different sensitivities to rates create an opportunity.

By keying in on large-cap sectors and stocks that have shown a strong tendency to move up or down with interest rates, investors can potentially outperform traditional U.S. large-cap equity indexes during periods of rising rates.

EQRR: An equity strategy designed to outperform the S&P 500 as interest rates rise

ProShares Equities for Rising Rates ETF (EQRR):

- Is built on a strategy specifically designed to outperform traditional U.S. large-cap indexes during periods of rising interest rates.
- Targets sectors that have had the highest correlation to 10-Year U.S. Treasury yields and, within those sectors, the stocks that have had a strong tendency to outperform as rates rise.
- Can be used to complement traditional large-cap equity investments.

How the strategy works

EQRR tracks the **Nasdaq U.S. Large Cap Equities for Rising Rates Index**, which uses a rules-based stock selection process designed to:

- Help investors outperform traditional U.S. large-cap stock indexes during a rising interest rate environment.
- Target stocks that in recent years have had a strong tendency to outperform when rates rise.

Selecting the sectors and stocks

Building the Nasdaq U.S. Large Cap Equities for Rising Rates Index starts with the 500 largest listed U.S. stocks.

- The index selects the five U.S. large-cap sectors that have demonstrated the highest correlation to weekly changes in 10-Year U.S. Treasury yields over the last three years.
- The index then identifies the top ten stocks in each sector that have the highest correlation of relative performance—compared with 500 of the largest listed U.S. stocks—to changes in the 10-year yields.
- The process is repeated quarterly to maintain a portfolio of 50 stocks.

Allocating the portfolio

Step 1: Weighting the Sectors

On a quarterly basis, the five most correlated sectors are ranked and allocated to overweight those with higher correlations to 10-Year U.S. Treasury yields.

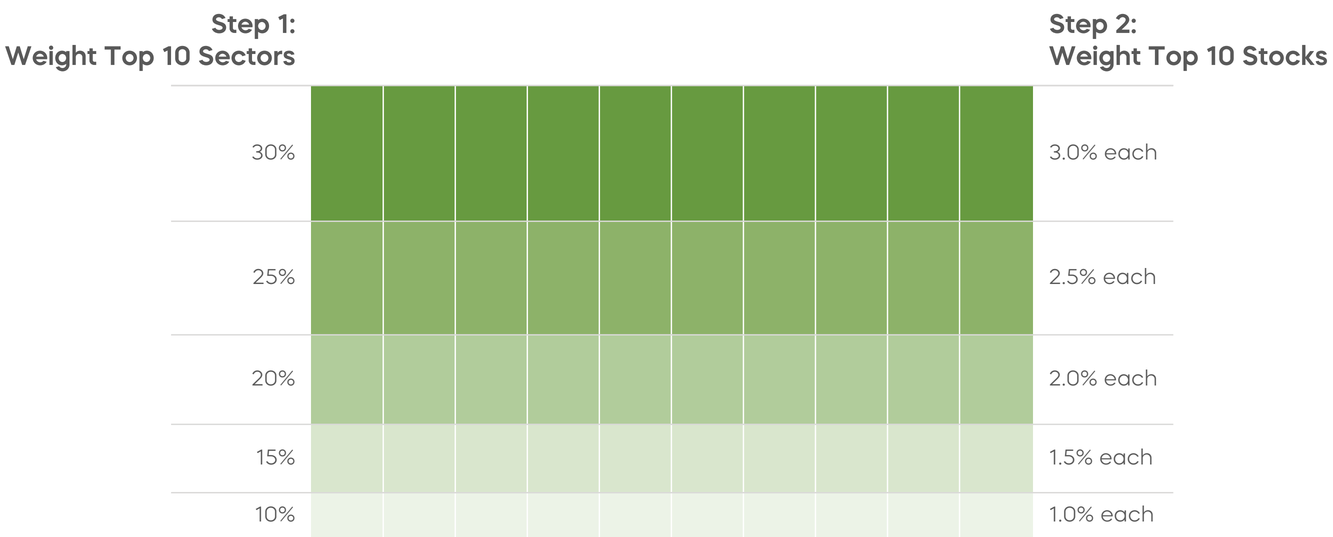
The higher the correlation, the more weight that sector will have in the final portfolio. This should increase the likelihood of outperformance when interest rates rise.

Step 2: Weighting the Stocks

The ten stocks selected for each sector are equal weighted within the sector. This allows the selections to have a balanced contribution to the portfolio.

- Each stock in the highest-correlated sector receives a 3% weight.
- Each stock in the least-correlated sector receives a 1% weight.

Nasdaq U.S. Large Cap Equities for Rising Rates Index: Construction and Weighting Methodology



For illustrative purposes only.

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About the ETF

Ticker Symbol: **EQRR**

Intraday Symbol: **EQRR.IV**

Bloomberg Index Symbol: **NQERRT**

Investment Objective: **EQRR seeks investment results, before fees and expenses, that track the performance of the Nasdaq U.S. Large Cap Equities for Rising Rates Index.**

Inception: **7/24/2017**

Potential Risks

Index performance

There is no guarantee that the fund or its index will achieve intended objectives.

No guarantee of positive returns

The fund is designed to provide relative outperformance, as compared to traditional U.S. large-cap indexes, such as the S&P 500, during periods of rising U.S. Treasury interest rates. As a result, the fund may be more susceptible to underperformance in a falling rate environment.

See prospectus

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

About ProShares

ProShares now offers one of the largest lineups of ETFs, with over $75 billion in assets. The company is a leader in strategies such as crypto-linked, dividend growth, interest rate hedged bond and geared (leveraged and inverse) ETF investing. 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 professional.

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 the index and that the fund's market price may fluctuate, which may 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.**

The fund is designed to provide relative outperformance, as compared to traditional U.S. large-cap indexes, such as the S&P 500, during periods of rising U.S. Treasury interest rates. As a result, the fund may be more susceptible to underperformance in a falling rate environment.

There can be no guarantee that the fund will provide positive returns or outperform other indexes.

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

The fund's shares may trade at a premium or discount to their net asset value in the secondary market. Trading fund shares in the secondary market will incur transaction costs.

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 professional or visit ProShares.com.

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