ProShares

Thematic Opportunities

E-Commerce Growth During the Inflationary Reopening

Key Observations:

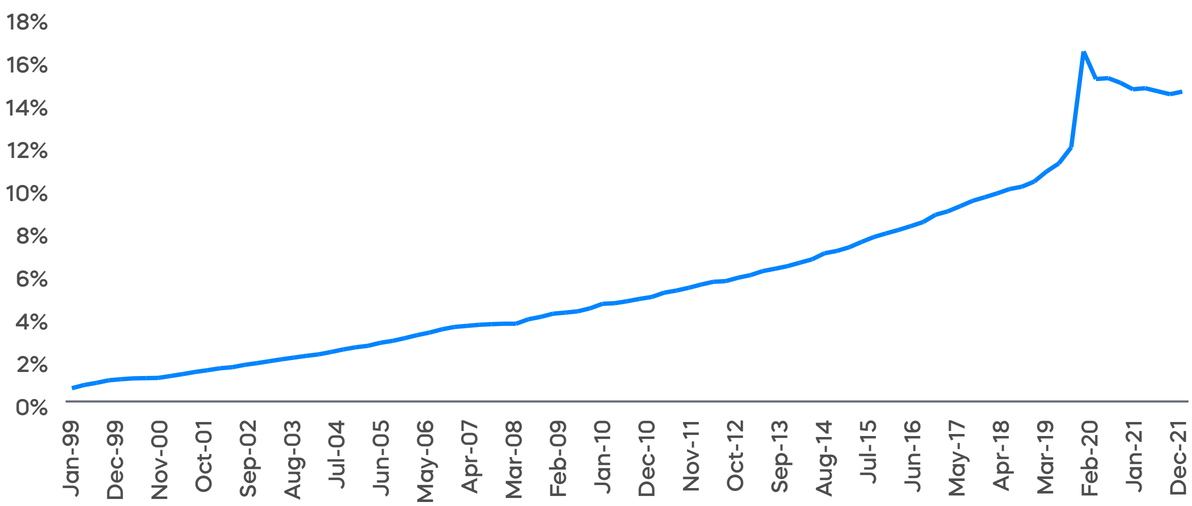
- E-commerce growth has kept up with its pre-pandemic pace.
- Bricks-and-mortar retailers' outperformance may have gone too far.
- E-commerce gross margins expanded during the COVID-19 pandemic.

E-Commerce Growth Is Right on Schedule

In March of 2020, the United States went into lockdown, and much of bricks-and-mortar retail was shuttered. E-commerce penetration increased nearly 40%, jumping from roughly 12% in the first quarter of 2020, to nearly 17% in the second quarter. Two years later, with the country predominantly reopened, e-commerce penetration has receded to 14.5%.

In the five years prior to the pandemic, e-commerce penetration rose from 7% to 12%—roughly 1% per year. What's the takeaway? E-commerce penetration is over 2% higher than it was prior to the pandemic. That's still right on the long-term trend of roughly 1% increase per year. The steady growth of e-commerce is on schedule.

E-Commerce as a Percentage of Total Domestic Sales



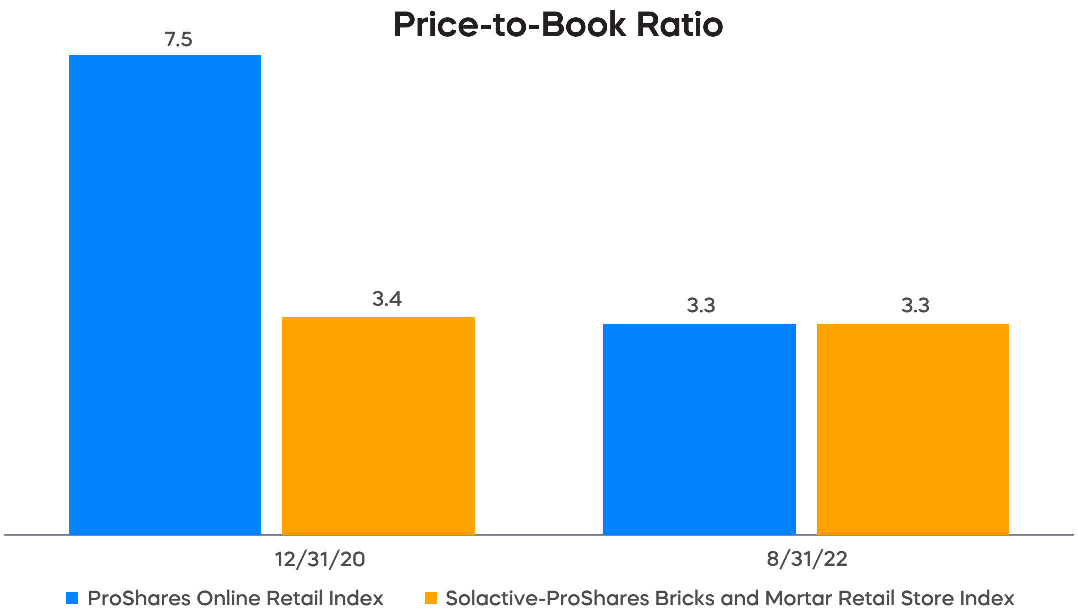
Source: United States Census Bureau, "Latest Quarterly E-Commerce Report," 12/31/99-6/30/22.

Has the Bricks-and-Mortar Rebound Gone Too Far?

In perhaps a misguided market reaction to e-commerce's retreat from its lockdown-driven levels, bricks-and-mortar retailers have outperformed online retailers since the end of 2020. As a group, bricks-and-mortar retailers are now trading at price-to-book parity to online retailers, compared to less-than-half prior to the pandemic. Perhaps the pendulum has swung too far? With just a 1% per year penetration growth trend, online retail penetration may grow 30-35% over five years without any increase in overall retail sales, and by 50% in seven years. That's a lot of tailwind for e-commerce, and it's coming at the expense of bricks and mortar.[1]

[1] Sources: Bloomberg, as of 8/31/22 (price to book); United States Census Bureau, 12/31/99-6/30/22 (growth); ProShares (calculations).

Bricks-and-Mortar Retailers Trading at Parity to Online Retailers

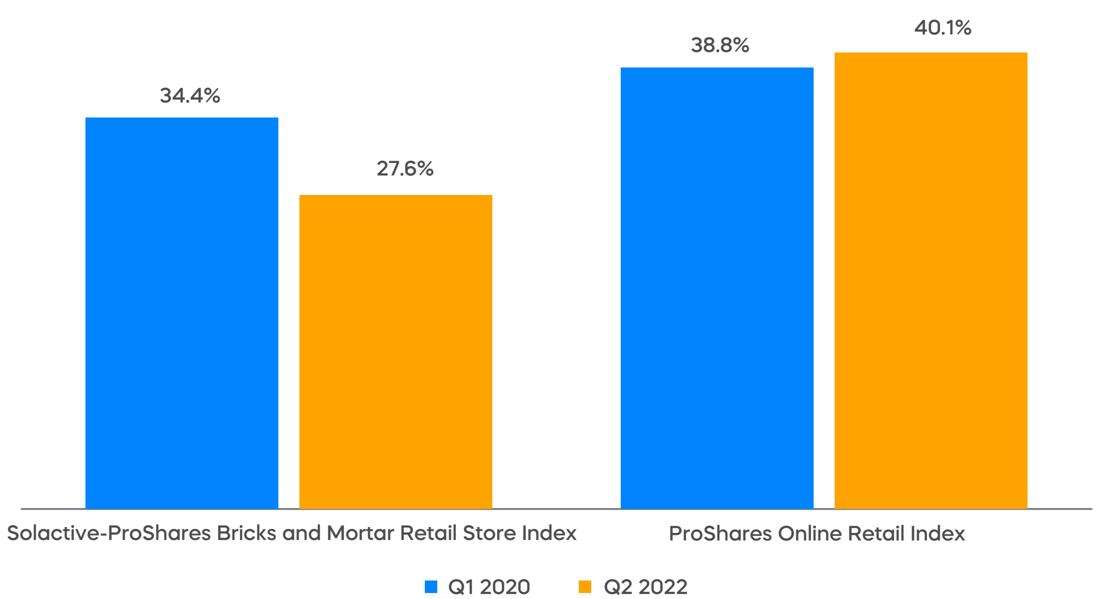


Source: Bloomberg, as of 8/31/22. Bricks-and-mortar retailers: Solactive-ProShares Bricks and Mortar Retail Store Index. Online Retailers: ProShares Online Retail Index. Index information does not reflect any management fees, transaction costs, or expenses. Indexes are unmanaged, and one cannot directly invest in an index. Past performance does not guarantee future results.

The Margin Advantage Goes to... Online Retail

At its core, retail is simple: Sell things for more than you pay for them. Inflation poses a challenge to all companies, retailers included. Can the price to consumers be increased fast enough to keep up with your rising costs? The answer, of late, is "yes" for online retailers and "no" for bricks-and-mortar retailers. Gross margins have fallen substantially from pre-pandemic levels for bricks-and-mortar retailers but have expanded for online retailers. What's the source of this advantage? It's hard to pinpoint, but among the likely answers are better and more dynamic control of inventory and more sophisticated customer targeting. Bricks-and-mortar retailers are, to some extent, fighting yesterday's battle.

Margins Have Fallen for In-Store Retail and Expanded for Online



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Capturing the E-Commerce Growth Opportunity with a Single Investment

To access the continuing potential growth of online retail, consider ProShares Online Retail ETF (ONLN). ONLN's strategy pinpoints retailers that principally sell online or through other non-store channels, and then zeros in on the companies reshaping the retail space, like Amazon and Alibaba.

ONLN is an ETF that brings together the growth opportunity of online retail in a single ETF—enabling you to invest in how you shop.

Have Questions?

Financial professionals can contact ProShares at **866-776-5125** or email **info@proshares.com** for additional information about ONLN and our other ETFs.

Fund performance and index history Fund inception (7/13/18)–6/30/22		1-Year	3-Year	5-Year	Since Fund Inception
ProShares Online Retail ETF	NAV	-59.79%	-4.73%	–	-4.79%
	Market Price	-59.82%	-4.71%	–	-4.79%
ProShares Online Retail Index		-59.63%	-4.24%	–	-4.30%

Source: ProShares, Bloomberg. Operating expenses are 0.58%.

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Shares are bought and sold at market price (not NAV) and are not individually redeemed from the fund. Market price returns are based upon the midpoint of the bid/ask spread at 4:00 p.m. ET (when NAV is normally determined for most funds) and do not represent the returns you would receive if you traded shares at other times. Brokerage commissions will reduce returns. Current performance may be lower or higher than the performance quoted. Standardized returns and performance data current to the most recent month end may be obtained by visiting ProShares.com.

Price-to-book value is the ratio of the price of a stock (or index) versus book value per share.

As of 6/30/22, ONLN included allocations to Amazon (23.22%) and Alibaba (16.49%). Holdings are subject to change.

This information is not meant to be investment advice. There is no guarantee that the strategies discussed will be effective. Investment comparisons are for illustrative purposes only and not meant to be all-inclusive.

Any forward-looking statements herein are based on expectations of ProShare Advisors LLC at this time. ProShare Advisors LLC undertakes no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Investing is currently subject to additional risks and uncertainties related to COVID-19, including general economic, market and business conditions; changes in laws or regulations or other actions made by governmental authorities or regulatory bodies; and world economic and political developments.

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

This ProShares ETF is non-diversified and concentrates its investments in certain sectors. Non-diversified and narrowly focused investments typically exhibit higher volatility.

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. Smaller company stocks also may trade at greater spreads or lower trading volumes, and may be less liquid than stocks of larger companies.

ONLN 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.

In emerging markets, many risks are heightened, and lower trading volumes may occur.

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. Obtain them from your financial professional or ProShares.com. Read them carefully before investing.