

ProShares Investment Grade—Interest Rate Hedged

Market overview

During the first quarter, interest rates increased across the yield curve, reversing course from the prior quarter. While the year-over-year downward trend in inflation remained in place, the futures market signaled three 2024 rate cuts at first-quarter-end, down from six rate cuts that were priced in at the beginning of the year. At the March FOMC meeting, the Federal Reserve slightly increased its projections of near-term inflation and longer-run policy rates, recognizing that current economic data may warrant extending restrictive policy. Accordingly, the 2-year Treasury yield increased by 37 bps during the quarter, and the 10-year yield increased by 32 bps, reversing about half of the previous quarter’s decrease. The Bloomberg U.S. Aggregate Bond Index posted losses of 0.8%, while investment-grade credit spreads narrowed by 9 bps during the period. The U.S. investment-grade corporate bond market outperformed the broader bond market by 0.4%, declining only 0.4% as tracked by the Bloomberg U.S. Corporate Bond Index.

Performance

IGHG gained 2.4% over the first quarter based on NAV, outperforming the U.S. investment-grade corporate bond market by 2.8%. Credit spread narrowing positively impacted IGHG’s performance, and the embedded interest rate hedge helped shield the strategy from changes in rates during the quarter.

Morningstar Overall Rating
 ★★★★★
 Overall Morningstar Rating out of 278 Nontraditional Bond funds based on risk adjusted returns as of 03/31/24.

Fund performance and index history ¹	1Q 2024	YTD	1-Year	3-Year	5-Year	10-Year	Fund Inception 11/5/13
ProShares Investment Grade—Interest Rate Hedged							
IGHG NAV Total Return	2.37%	2.37%	12.69%	4.00%	4.31%	2.99%	3.17%
IGHG Market Price Total Return	2.36%	2.36%	12.18%	3.69%	4.31%	2.92%	3.18%
FTSE Corporate Investment Grade (Treasury Rate-Hedged) Index	2.55%	2.55%	13.30%	4.77%	4.72%	3.32%	3.54%
Bloomberg Barclays US Corp TR (LUACTRUU)	-0.40%	-0.40%	4.43%	-1.87%	1.52%	2.61%	2.83%

Sources: ProShares and Morningstar. Periods greater than one year are annualized.

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. Performance data current to the most recent month end may be obtained by calling 866.776.5125 or visiting ProShares.com. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in any index.

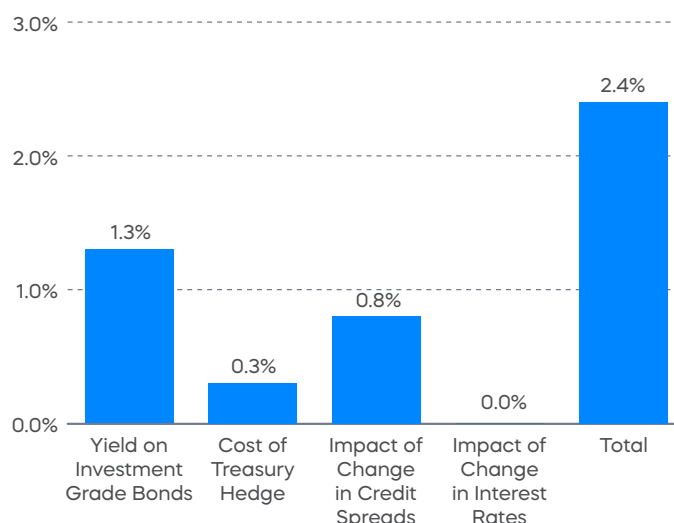
Sources: FactSet, Bloomberg. All attribution numbers above are estimated and are not exact. IGHG’s total operating expenses are 0.30%. As of 3/31/24. IGHG’s 30-day SEC yield was 5.00%. “30-day SEC yield” is a standard yield calculation developed by the Securities and Exchange Commission that allows investors to more fairly compare funds.¹ Market returns are based on the composite closing price and do not represent the returns you would receive if you traded shares at other times. The first trading date is typically several days after the fund inception date. Therefore, NAV is used to calculate market returns prior to the first trade date.

Performance contribution

IGHG consists of a portfolio of diversified investment-grade bonds, combined with short positions in Treasury futures that are designed to offset the interest rate risk inherent in investment-grade bonds. The fund's performance can be broken into these components: 1) investment-grade bond yields, 2) the cost of the Treasury hedge, 3) the impact of credit spread changes, and 4) the impact of interest rate changes.

During the quarter, IGHG's bond portfolio yielded approximately 1.3%, while the Treasury hedge gained roughly 0.3%. The strategy had gains of approximately 0.8% from credit spreads narrowing. Because of the interest rate hedge constructed within the portfolio, the strategy experienced approximately zero impact from interest rate movements during the quarter.

1st Quarter 2024 IGHG Contribution Analysis



ProShares makes reasonable efforts to obtain content from sources it believes to be reliable but cannot guarantee that the information is correct, accurate, complete or reliable. This material, other than historical fund performance, is not designed to represent the performance of a specific investment or to make any recommendation. Any forward-looking statements herein are based on expectations of ProShare Advisors LLC at this time. ProShares Advisors LLC undertakes no duty to update or revise any forward-looking statements as a result of new information, future events or otherwise.

Investing involves risk, including the possible loss of principal. This ProShares ETF 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 the summary and full prospectuses for a more complete description of risks. **There is no guarantee any ProShares ETF will achieve its investment objective.**

Bonds will generally decrease in value as interest rates rise.

Short positions in a security lose value as that security's price increases.

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

IGHG does not attempt to mitigate factors other than rising Treasury interest rates that impact the price and yield of corporate bonds, such as changes to the market's perceived underlying credit risk of the corporate entity. IGHG seeks to hedge investment grade bonds against the potential negative impact of rising Treasury interest rates by taking short positions in U.S. Treasury futures. These positions lose value as Treasury prices increase. Investors may be better off in a long-only investment grade investment than investing in IGHG when interest rates remain unchanged or fall, as hedging may limit potential gains or increase losses. No hedge is perfect. Because the duration hedge is reset on a monthly basis, interest rate risk can develop intra-month, and there is no guarantee the short positions will completely eliminate interest rate risk. Furthermore, while IGHG seeks to achieve an effective duration of zero, the hedge cannot fully account for changes in the shape of the Treasury interest rate (yield) curve. IGHG may be more volatile than long-only investment grade bond investments. Performance of IGHG could be particularly poor if investment grade credit deteriorates at the same time that Treasury interest rates fall. There is no guarantee the fund will have positive returns.

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. ProShares are not suitable for all investors.

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