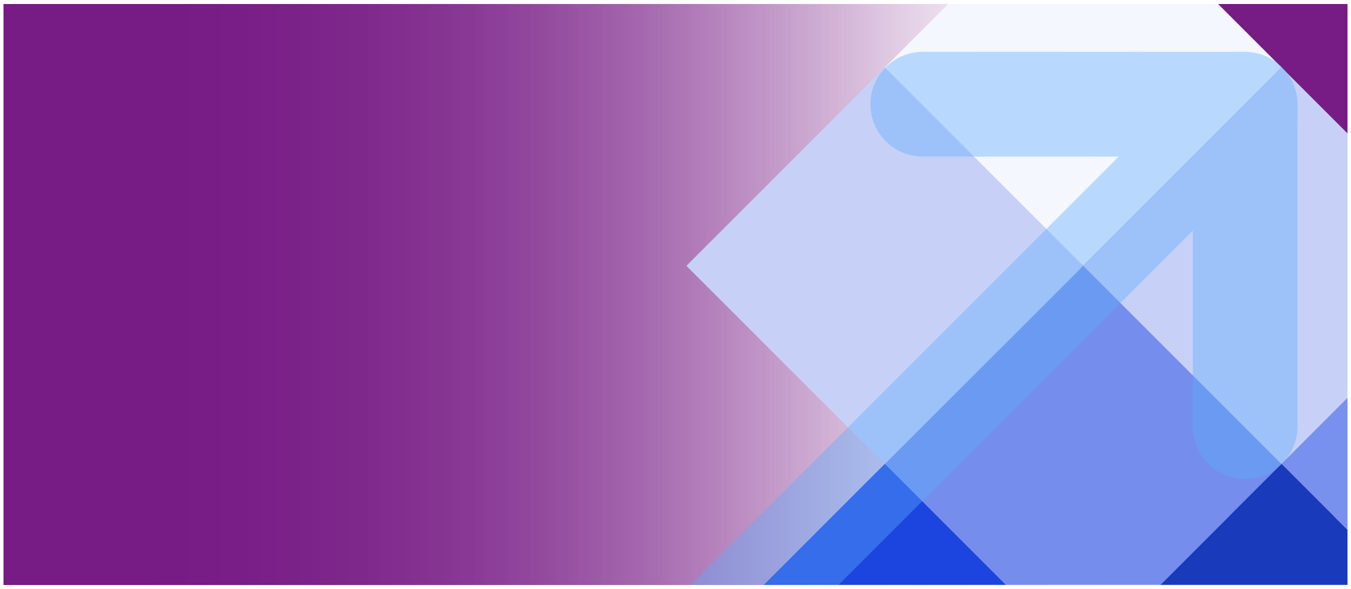
ProShares®

SEEK HIGH INCOME

The Daily Covered Call Opportunity



Executive Summary

In the search for both income and growth, covered call strategies have become a popular part of investors' toolkits. While covered call strategies can generate attractive levels of income, traditional covered call strategies—those using monthly call options—typically require investors to make a costly trade-off between the potential for high income and long-term total returns.

Recent innovations in the options market offer a potential solution. Using daily options, investors can participate more fully in upward price movements, capturing returns that monthly strategies may miss. A daily covered call strategy provides investors the opportunity to seek high income, target equity market performance over the long term, and potentially capture returns traditional strategies may sacrifice.

Read more to learn how a daily covered call strategy offers a compelling alternative to the potential for limited upside and limited downside protection of traditional monthly covered call strategies.

Traditional Covered Call Strategies: A Costly Trade-off

In the classic covered call strategy, an investor accepts a ceiling or cap on the appreciation of an investment—for example, a stock market index—in return for income from the sale of a call option. If the market price of the stock index rises above the strike price of the call option, the option is "in the money," meaning the seller of the call option owes a payment to the buyer. This payment or "payout" is equal to the difference between the price of the index and the option's strike price. The option payout is "covered" by the gains on the stock index. The covered call strategy does not lose money if the price of the index rises above the option's strike price; the strategy simply places a cap on performance.

Covered Call Payoff at Expiration

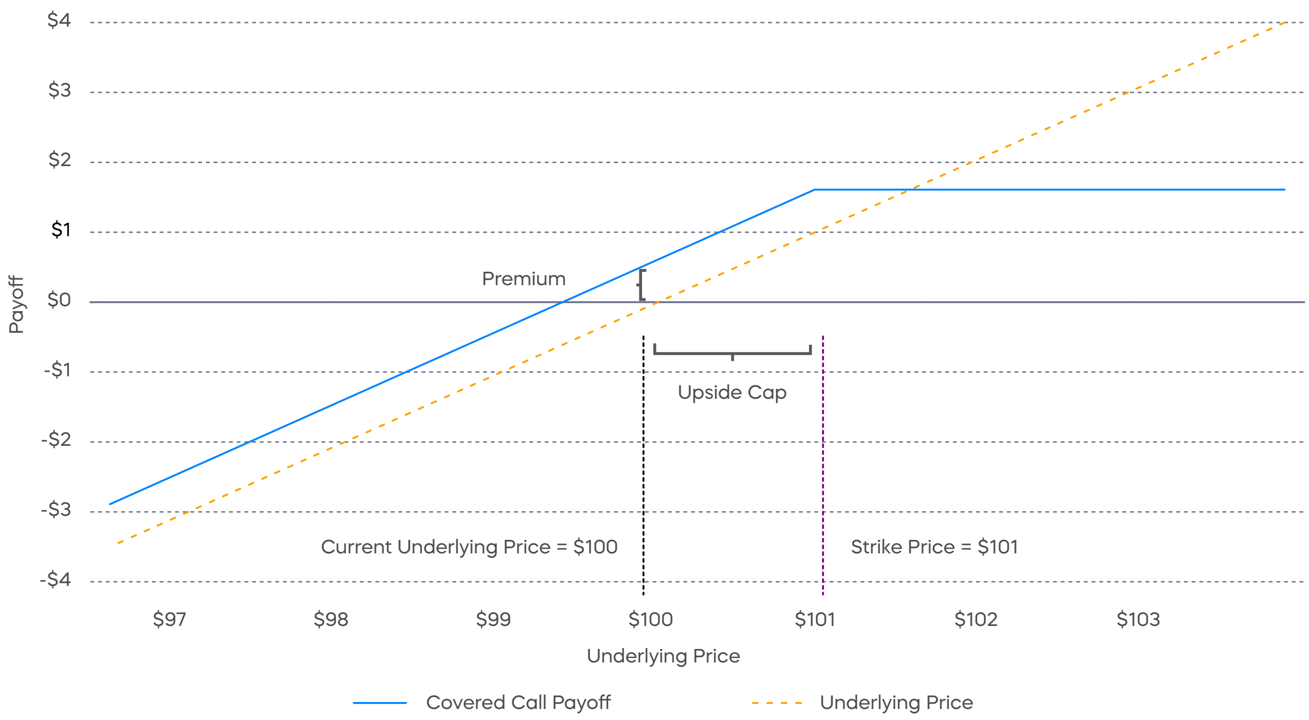
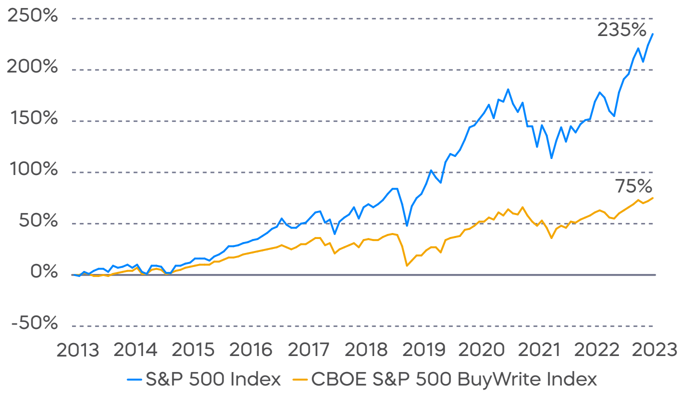


Chart is for illustrative purposes only.

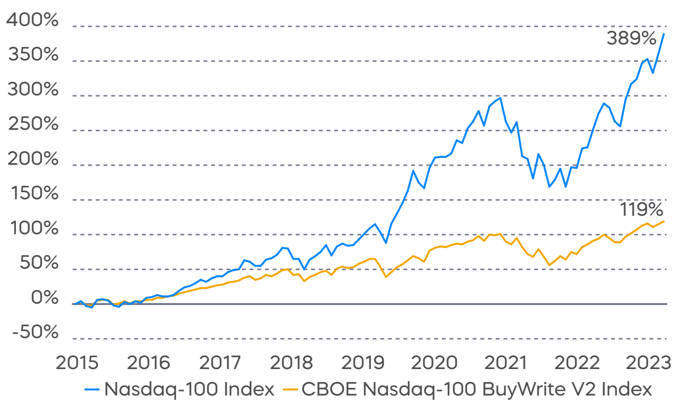
By capping the potential gains of an investment, covered call strategies create an inherent trade-off: The investor receives income from selling calls but sacrifices total return potential by capping the upside. In the case of traditional covered call strategies, this trade-off can be particularly costly. On the next page are performance comparisons of the S&P 500 Index and the CBOE S&P 500 BuyWrite Index, and the Nasdaq-100 Index and the CBOE Nasdaq-100 BuyWrite V2 Index. The CBOE BuyWrite indexes measure the performance of traditional, monthly covered call strategies on the S&P 500 and the Nasdaq-100, respectively. As shown on the next page, S&P 500 and Nasdaq-100 covered call strategies have typically resulted in total returns that are less than half and less than one-third, respectively, of their indexes—a costly trade-off indeed.

Income at a Significant Performance Cost

S&P 500 Covered Call Strategies



Nasdaq-100 Covered Call Strategies



Source: Bloomberg. Top chart: Monthly returns from 12/31/13 to 6/30/24. Bottom chart: Monthly returns from 6/30/15 to 6/30/24. Index returns are for illustrative purposes only and do not represent actual fund performance. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

Daily Call Options: Potential to Improve the Trade-off Between Income and Total Return

Recalling the mechanics of a monthly covered call strategy, if the price of the stock index goes above, and stays above, the strike price early in the month, the strategy could potentially be unable to participate in a stock market rally for days, or weeks, until the call option expires. This can be a significant drawback for achieving long-term total returns.

A daily covered call strategy seeks to overcome this by selling daily call options—a move that resets the cap daily. This allows the strategy the opportunity to participate in asset appreciation, up to the strike price, each day that it occurs. Additionally, selling call options each day acts as a rebalancing mechanism for maintaining the desired balance between premiums and payouts.

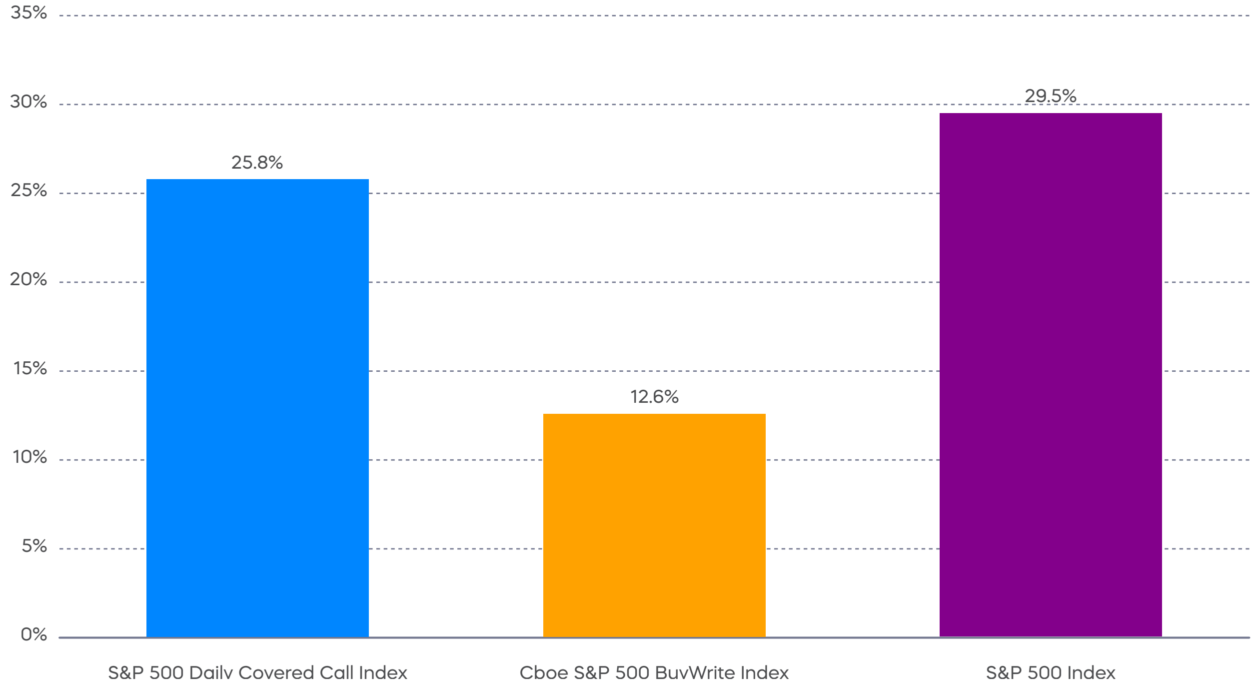
Taken together, daily appreciation potential and a better balance between premiums and payouts allow a daily covered call strategy to seek high income, target equity market performance over the long term, and potentially capture returns traditional strategies may sacrifice. While the daily covered call strategy is relatively new—the S&P 500 Daily Covered Call Index started only in October 2023—the early results are compelling in demonstrating the ability of this strategy to capture upside more effectively than its monthly option counterpart.

What About Downside Protection?

Do traditional covered call strategies provide downside protection? History suggests not so much: Over the past 10 years, the CBOE S&P 500 BuyWrite Index has delivered a mere 60% of the S&P 500's returns in up markets, and a quite disappointing 84% of the S&P 500's returns in down markets on a quarterly basis.[1]

[1] Morningstar. Quarterly up- and down-capture ratios from 7/1/2014 to 6/30/2024.

Daily Covered Call Index Shows Promise Since Its Inception



ISPY Total Return Since Inception—12/18/23[2]

As of 6/30/24: 13.47% (NAV) | 13.58% (Market Price)

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). Your brokerage commissions will reduce returns. Current performance may be lower or higher than the performance quoted. For standardized returns and performance data current to the most recent month-end, visit ProShares.com.

Source: Bloomberg. Data from 10/5/23 through 6/30/24. ISPY seeks investment results that track the performance of the S&P 500 Daily Covered Call Index. Index returns are for illustrative purposes only and do not represent actual fund performance. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

In addition to total return, the income potential of a covered call strategy is a key consideration for investors. For reference, the S&P 500 Daily Covered Call Index's annualized index yield for the short period from inception on 10/5/2023 through 6/30/2024 was 14.31% (though it's important to note that a daily covered call strategy's option premium income will vary over time based on

[2] The fund has very limited performance history, which should not be taken as an indication of future performance.

expectations of stock market volatility and other factors). The index's yield and total return results are early indications that a daily covered call strategy can provide investors the opportunity to seek high income, target equity market performance over the long term, and potentially capture returns traditional strategies may sacrifice.[3]

What About Covered Call ETF Distributions?

Many investors access covered call strategies through ETFs and value the periodic (e.g., monthly) cash distributions these ETFs make. It's important to note that, due to distribution policies, distributions from ETFs using a daily covered call strategy may be more variable on a month-to-month basis than those made by ETFs employing a monthly covered call strategy.

Next-Generation ETFs Powered by a Daily Covered Call Strategy

ProShares recently introduced two daily covered call strategies, tracking the S&P 500 (ticker: ISPY) and Nasdaq-100 (ticker: IQQQ), respectively, that are designed to help investors overcome the trade-offs described above. The ProShares High Income ETFs, powered by a daily call options strategy, aim for both high income and equity market performance over time, potentially capturing returns that traditional covered call strategies may sacrifice.

[3] ProShares. The annualized index yield reflects the dividend and call premium income earned by the index for the period from 10/5/2023 through 6/30/2024, on an annualized basis, as measured by the S&P 500 Daily Covered Call Index - Income Only, a sub-index that measures the cash received by the index from dividends and call option premiums. The annualized index yield assumes that the income received from 10/5/2023 – 6/30/2024 would remain the same, but future income may differ significantly and is not guaranteed. The annualized index yield reflects dividend and call premium income from a short period of time only and does not reflect total returns. The index has a very limited performance history, which should not be taken as an indication of future performance. Indexes are unmanaged and do not include the effect of fees. One cannot invest directly in an index. Past performance does not guarantee future results. The annualized index yield is for illustrative purposes only and does not represent actual performance received by any investor.

Interested in learning more?

Visit ProShares.com to learn more about ProShares High Income ETFs. Additionally, financial professionals can contact ProShares at **866-776-5125** or email **info@proshares.com** for additional information about ProShares' investment products.

Important information

ISPY and IQQQ seek to replicate a daily covered call strategy by investing in equity securities and derivatives. The funds do not sell (write) call options.

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. Projections and forward-looking statements are based on assumptions believed to be reasonable; actual results may vary materially. ProShares makes no guarantees regarding specific investment results.

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. Your brokerage commissions will reduce returns. Current performance may be lower or higher than the performance quoted. For standardized returns and performance data current to the most recent month-end, visit ProShares.com.

Index information does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index.

There is no guarantee any ProShares ETF will achieve its investment objective. The performance of the funds may not correspond to the performance of their respective indexes, and the funds may not be successful in generating income for investors.

Investing involves risk, including the possible loss of principal. These ProShares ETFs are nondiversified and entail certain risks, including risks associated with the use of derivatives (swap agreements, futures contracts and similar instruments), imperfect benchmark correlation, and market price variance, all of which can increase volatility and decrease performance. Please see summary and full prospectuses for a more complete description of risks at ProShares.com.

The S&P 500 Daily Covered Call Index replicates the performance of a covered call investment strategy that combines a long position in the S&P 500 Index with a short position in S&P 500 Index call options. In particular, the index is designed to replicate a daily covered call strategy that sells call options with one day to expiration each day. The fund intends to make distributions each month of an amount that reflects the dividends and call premium income earned by a daily S&P 500 Index covered call strategy (net of expenses).

The Nasdaq-100® Daily Covered Call Index replicates the performance of a covered call investment strategy that combines a long position in the Nasdaq-100 Index® with a short position in Nasdaq-100 Index call options. In particular, the index is designed to replicate a daily covered call strategy that sells call options with one day to expiration each day. The fund intends to make distributions each month of an amount that reflects the dividends and call premium income earned by a daily Nasdaq-100 Index covered call strategy (net of expenses).

Important information (cont'd)

There can be no guarantee that the funds will make such distributions, and the amount of such distributions, if any, may vary significantly from month to month. Some or all of such distributions may be characterized as a return of capital.

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 at ProShares.com. Read them carefully before investing.

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