

ALTS

POWERED BY
MORNINGSTAR®

ProShares Morningstar Alternatives Solution ETF

Allocation by Morningstar

ALTS follows the Morningstar® Diversified Alternatives IndexSM, which allocates among a comprehensive set of ProShares alternative ETFs. The index leverages Morningstar's investment research and index experience, and the asset allocation expertise of Ibbotson Associates, Inc., a division of Morningstar Investment Management.

Investing in Alternatives: A New Approach

Alternative investments have long been seen as an exclusive option of institutional investors, helping to enhance risk-adjusted returns. Today, innovations in the mutual fund and ETF marketplace have made many of these alternative strategies available to a wider range of investors. However, many investors still have questions about how to incorporate alternatives into their portfolios.

Introducing ALTS

ProShares Morningstar Alternatives Solution ETF (ALTS) provides a multi-alternative solution powered by a Morningstar index. When combined with traditional equity and fixed income investments, ALTS is designed to potentially enhance your risk-adjusted portfolio returns.

How ALTS Works

ALTS tracks the Morningstar® Diversified Alternatives IndexSM, which allocates among a comprehensive suite of ProShares alternative ETFs and dynamically adjusts the allocation to address market conditions.

- The asset allocation is calculated annually, using a proprietary model to determine the optimal weight for each underlying ETF as part of a traditional stock and bond portfolio. That is, the index is optimized as a completion portfolio, not as a stand-alone investment.
- The maximum allocation to any particular ETF is 30%.
- In addition to allocating the ETFs in the index based on its proprietary optimization model, Morningstar applies a tactical momentum signal designed to increase or decrease the allocations based on the price trends over time of each underlying ETF.

About the Index

The Morningstar® Diversified Alternatives IndexSM is intended to help address some of the complexities of investing in alternatives. Providing diversification beyond traditional asset classes, this benchmark, if added to a portfolio of traditional asset classes, has the potential to improve the risk-return profile of the entire portfolio.

The Morningstar® Diversified Alternatives IndexSM brings together multiple ETFs that employ alternative and non-traditional strategies. The components of this ETF of ETFs may include:

	Asset Class	Index Constituent	Description
Return Seekers	Listed Private Equity	ProShares Global Listed Private Equity ETF (PEX)	Invests exclusively in a globally diversified portfolio of listed private equity companies whose primary business is direct investments in private enterprises.
	Global Infrastructure	ProShares DJ Brookfield Global Infrastructure ETF (TOLZ)	Offers access to an asset class with growing global demand, increasing opportunities for private investment, and high barriers to entry that limit competition.
Risk Managers	Hedge Funds	ProShares Hedge Replication ETF (HDG)	Liquid, flexible way to access the risk/return characteristics of hedge fund investing, without many of the challenges.
	Breakeven Inflation	ProShares Inflation Expectations ETF (RINF)	Designed to provide exposure to 30-year breakeven inflation (a widely followed measure of inflation expectations).
	Long/Short Equity	ProShares RAFI Long/Short (RALS)	Seeks to provide an alternative to traditional market cap weighting by taking long and short equity positions.
	Managed Futures	ProShares Managed Futures Strategy ETF (FUT)	Seeks to profit in rising and falling markets by taking long and short positions in futures across asset classes such as commodities, currencies and fixed income.
	Merger Arbitrage	ProShares Merger ETF (MRGR)	Offers a rules-based approach for executing a merger arbitrage strategy.

About Morningstar

Morningstar, Inc. is a leading provider of independent investment research in North America, Europe, Australia, and Asia. The company offers an extensive line of products and services for individual investors, financial advisors, asset managers, retirement plan providers and sponsors, and institutional investors in the private capital markets. Morningstar provides data and research insights on a wide range of investment offerings, including managed investment products, publicly listed companies, private capital markets, and real-time global market data. Morningstar also offers investment management services through its investment advisory subsidiaries, with more than \$200 billion in assets under advisement and management as of Dec. 31, 2016. The company has operations in 27 countries.

Is ALTS Right for You?

Consider ProShares Morningstar Alternatives Solution ETF (ALTS) if you want:

- To potentially enhance the risk-adjusted returns of your traditional stock and bond portfolio.
- To invest in a single ETF that offers exposure to multiple alternatives.
- An alternatives solution that leverages Morningstar's investment research, asset-allocation and indexing expertise.
- To capture the benefits of ETF investing, including cost effectiveness, transparency and liquidity.

Potential Risks

- Alternatives may not be appropriate for every investor.
- Each ETF that ALTS invests in has specialized risks as described in each prospectus.
- An investment in ALTS may incur more costs and expenses than a direct investment in the underlying ETFs.

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 \$27 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.

Alternatives may not be appropriate for every investor. Investing involves risk, including the possible loss of principal. ProShares ETFs are generally non-diversified and each entails certain risks, including risk 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 their summary and full prospectuses for a more complete description of risks. **There is no guarantee any ProShares ETF will achieve its investment objective.**

ALTS is a fund of ETFs designed to track the performance of the Morningstar® Diversified Alternatives IndexSM. The fund allocates substantially all of its assets to underlying ETFs that are affiliated with the Advisor. This may create potential conflicts of interest. An investment in ALTS will incur more costs and expenses than a direct investment in the underlying ETFs. ALTS allocates among a set of underlying ProShares ETFs that employ alternative and non-traditional strategies such as long/short, market neutral, managed futures, hedge fund replication, private equity, infrastructure or inflation-related investments. ALTS is subject to the risks of these underlying ETFs to the extent it allocates to them. For more on specific risks related to these underlying ETFs, please see the summary and full prospectuses for ALTS and the underlying ETFs. There is no guarantee that ALTS will produce high or even positive returns, or that it will enhance risk-adjusted portfolio returns when combined with traditional investments. Short positions in a security lose value as that security's price increases. Leverage can increase market exposure and magnify investment risk. Investments in smaller companies typically exhibit higher volatility. International investments 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. There are additional risks related to commodity investments due to large institutional purchases or sales, and natural and technological factors such as severe weather, unusual climate change, and development and depletions of alternative resources.

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.

ProShares is the leader in dividend growth, alternative and geared (leveraged and inverse) strategies;
Source: ProShares, Strategic Insight and Lipper, based on number of funds and/or assets, as of December, 31 2016.

The "Morningstar® Diversified Alternatives IndexSM" is a product of Morningstar, Inc. (Morningstar) and has been licensed for use by ProShares. The index consists of a comprehensive set of exchange traded funds (ETFs) in the ProShares lineup that employ alternative and non-traditional strategies. ProShares have not been passed on by Morningstar or its affiliates as to their legality or suitability. ProShares based on the Morningstar Diversified Alternatives Index are not sponsored, endorsed, sold or promoted by Morningstar or its affiliates, and they make no representation regarding the advisability of investing in ProShares. **MORNINGSTAR AND ITS AFFILIATES MAKE NO WARRANTIES AND BEAR NO LIABILITY WITH RESPECT TO PROSHARES.**

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