Is your alternatives allocation diversified?

ProShares
The Alternative ETF Company.

You know diversification can play a key role in helping smooth out returns in your portfolio of stocks and bonds. And you may be looking to alternatives to help get that diversification. But did you know that it's also important to diversify your alternatives allocations?

- There are many types of alternatives and their performance varies widely, as the table below shows. When one alternative does well, another may do poorly—and may have a wider disparity than found in traditional investments.
- The ups and downs among alternatives serve as yet another reminder of the value of diversification. A well-constructed allocation to alternatives should include multiple alternative strategies.
- But the variability of performance among alternatives suggests that a well-constructed allocation is not enough and could benefit from a tactical framework that can take advantage of changing market conditions.

Alternatives' Ups and Downs: 2008–2014

2008	2009	2010	2011	2012	2013	2014
18.3%	51.8%	25.9%	1.5%	24.4%	30.5%	18.4%
-5.4%	25.3%	12.2%	-0.4%	11.9%	15.0%	13.0%
-19.0%	24.6%	10.5%	-4.2%	7.4%	14.3%	3.0%
-26.7%	20.0%	10.2%	-5.3%	6.4%	9.1%	1.8%
-39.0%	11.6%	5.8%	-8.4%	2.8%	4.7%	1.7%
-66.5%	-6.6%	4.6%	-23.3%	-2.9%	-2.6%	-5.5%

Asset Class
Hedge Funds
Long/Short Equity
Merger Arbitrage
Managed Futures
Private Equity
Global Infrastructure

Source: Bloomberg. Global Infrastructure = S&P Global Infrastructure Index, Long Short Equity = HFRI Equity Hedge (Total) Index, Managed Futures = Dow Jones Credit Suisse Managed Futures Index, Hedge Funds = HFRI Fund Weighted Composite Index, Private Equity = S&P Listed Private Equity Index, Merger Arbitrage = HFRI Merger Arbitrage Index. Indexes are unmanaged and one cannot invest directly in any index. For illustrative purposes only. Past performance does not guarantee future results.

So how do you go about selecting a diversified mix of alternatives for your portfolio? And how would you tactically adjust that allocation?
Consider an ETF that follows a unique index powered by Morningstar.

ProShares Morningstar Alternatives Solution ETF: Your alternatives strategy. One ETF.

About ALTS

- ProShares Morningstar Alternatives Solution ETF (ALTS) provides your alternatives strategy in a single ETF, powered by Morningstar.
- ALTS tracks the performance of the Morningstar® Diversified Alternatives Index℠, which allocates among a comprehensive set of ProShares alternative ETFs designed to enhance risk-adjusted returns when added to a traditional stock and bond portfolio.
- Based on its proprietary optimization model, strategic allocations are dynamically adjusted as market conditions change by applying a tactical momentum signal designed to increase or decrease the allocations based on the price trends over time.
- ALTS comes with the liquidity, transparency and cost effectiveness of an ETF.

For more information, visit ProSharesALTS.com or ask your financial advisor or broker.

Investing involves risk, including the possible loss of principal. ProShares ETFs are generally non-diversified and each 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 their summary and full prospectuses for a more complete description of risks.

ALTS is a fund of ETFs designed to track the performance of the Morningstar® Diversified Alternatives Index℠. 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. The underlying ETFs may include ETFs that are not investment companies regulated under the Investment Company Act of 1940 and are not afforded its protections. 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.

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