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ProShares

2022 Thematic Investing Outlook: A Grim Story or Fairy Tale?

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2022 Thematic Investing Outlook: A Grim Story or Fairy Tale?

Today's Speakers



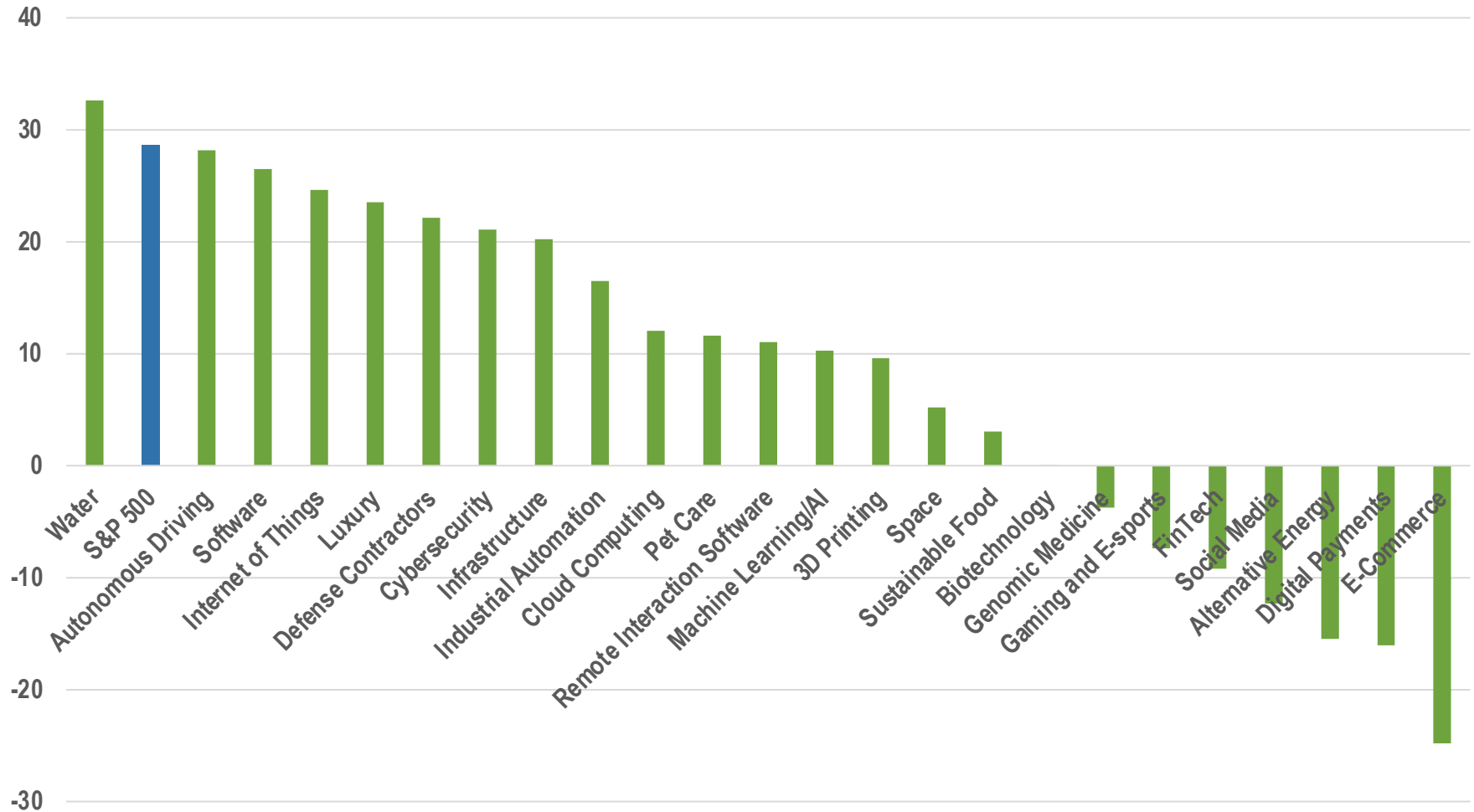
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Tale of Leaders and Laggards

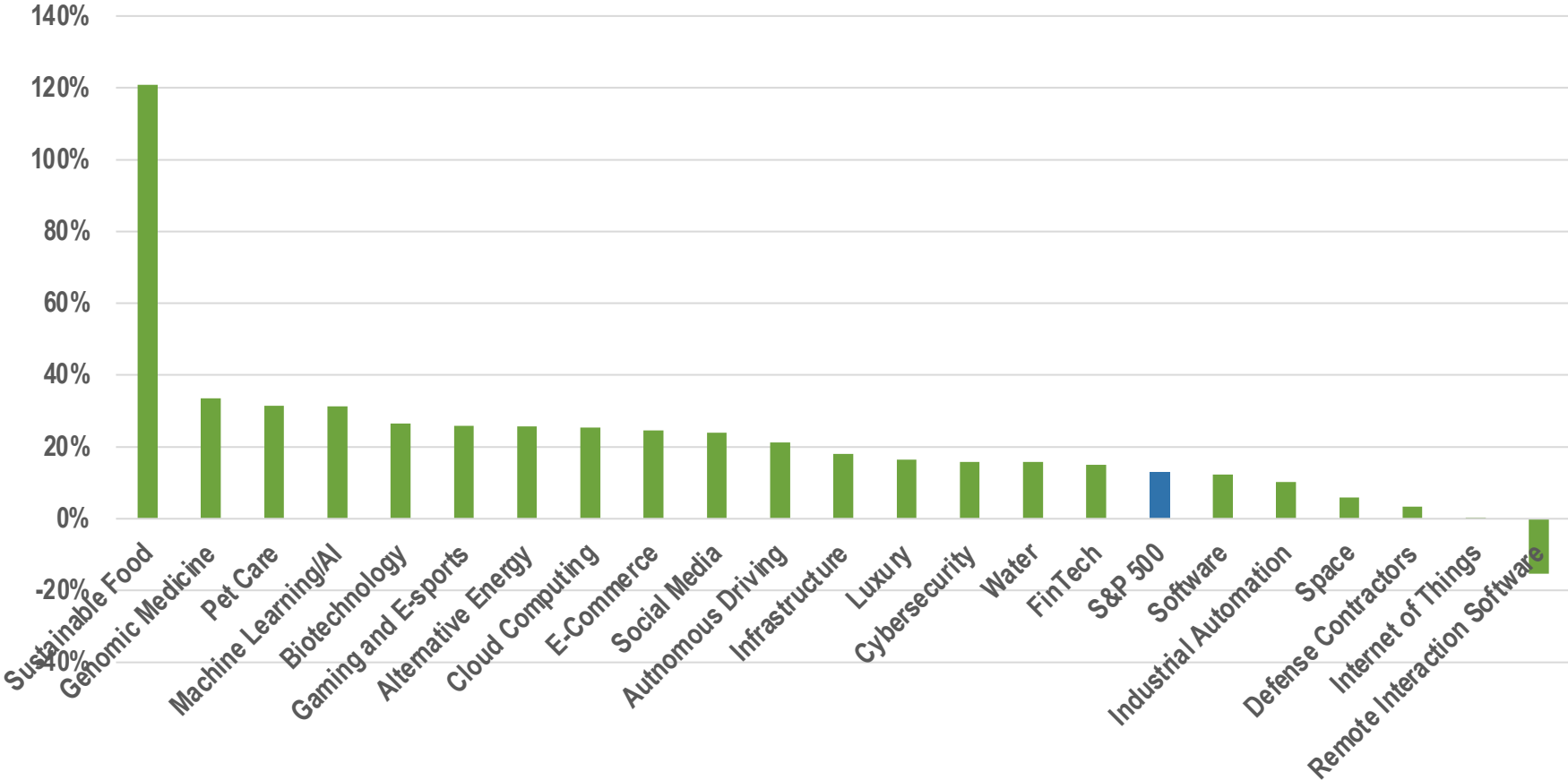
Return for Calendar Year of 2021



Source: Bloomberg, as of 12/31/2021

Stories of Secular Growth

Sales Growth Trailing 12-Months Q4 2021



Source: Bloomberg, as of 12/31/2021

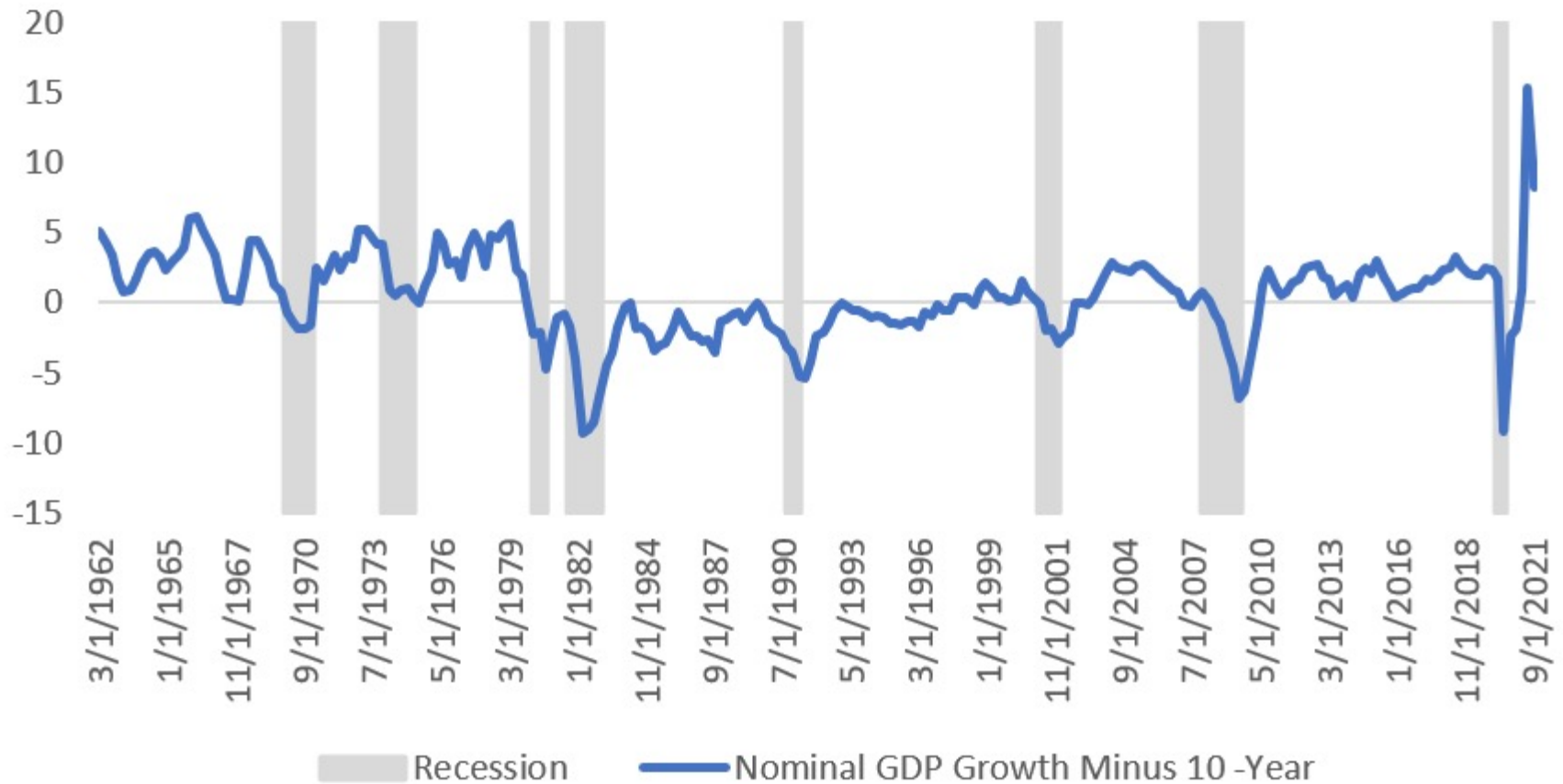
Condition 1: Economic Backdrop

Expectation: Goldilocks Has Inflation Indigestion



Economy Poised to Remain Strong

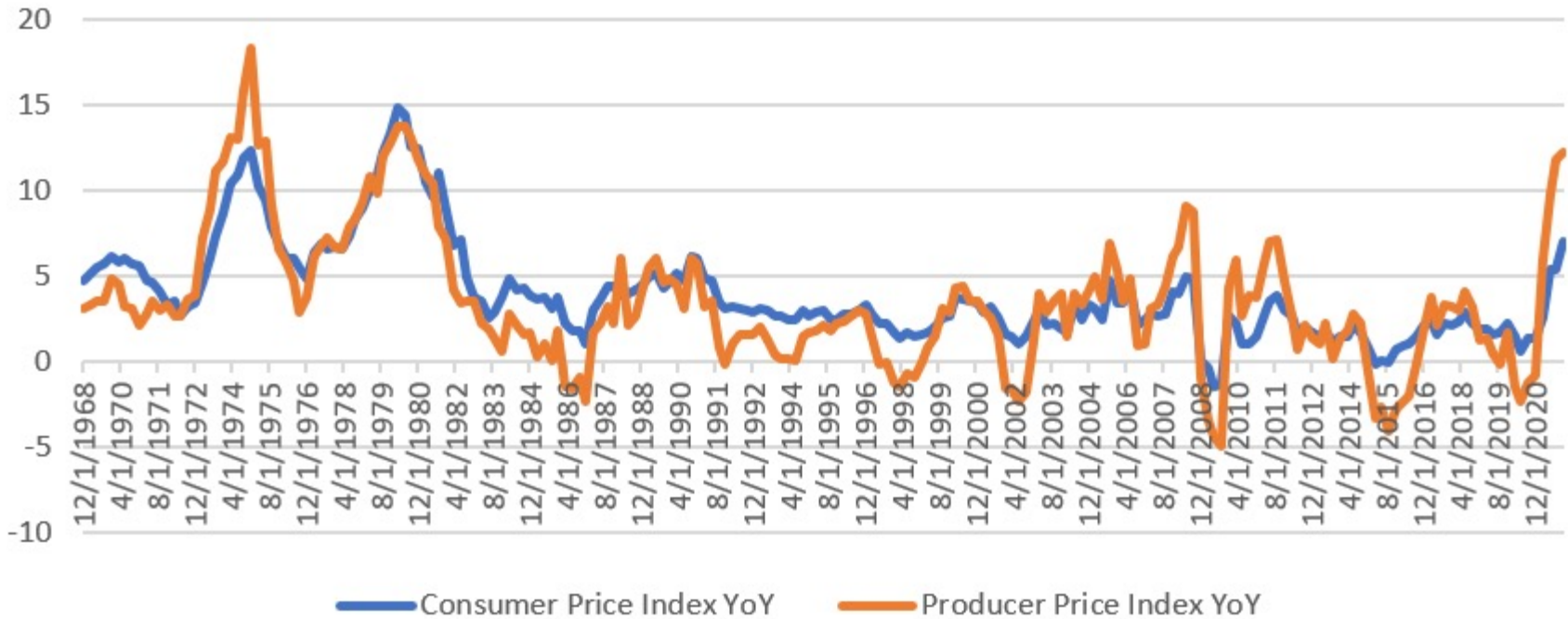
Nominal GDP Less 10-Year US Rates



Source: Bureau of Economic Analysis, NBER, Bloomberg, as of 9/30/2021.

Inflation is Real

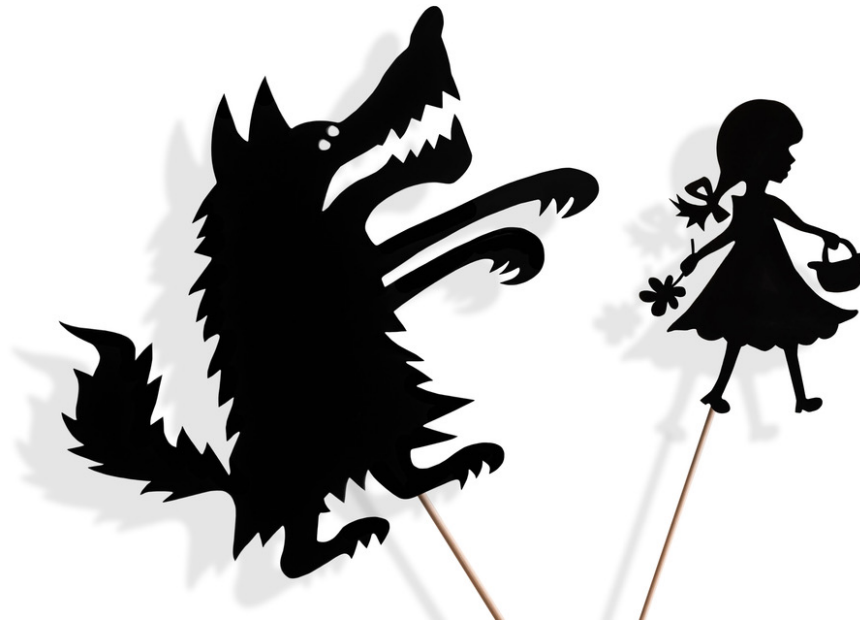
Producer Prices Outpacing Consumer Prices



Source: Bureau of Labor Statistics, Bloomberg, as of 12/31/2021.

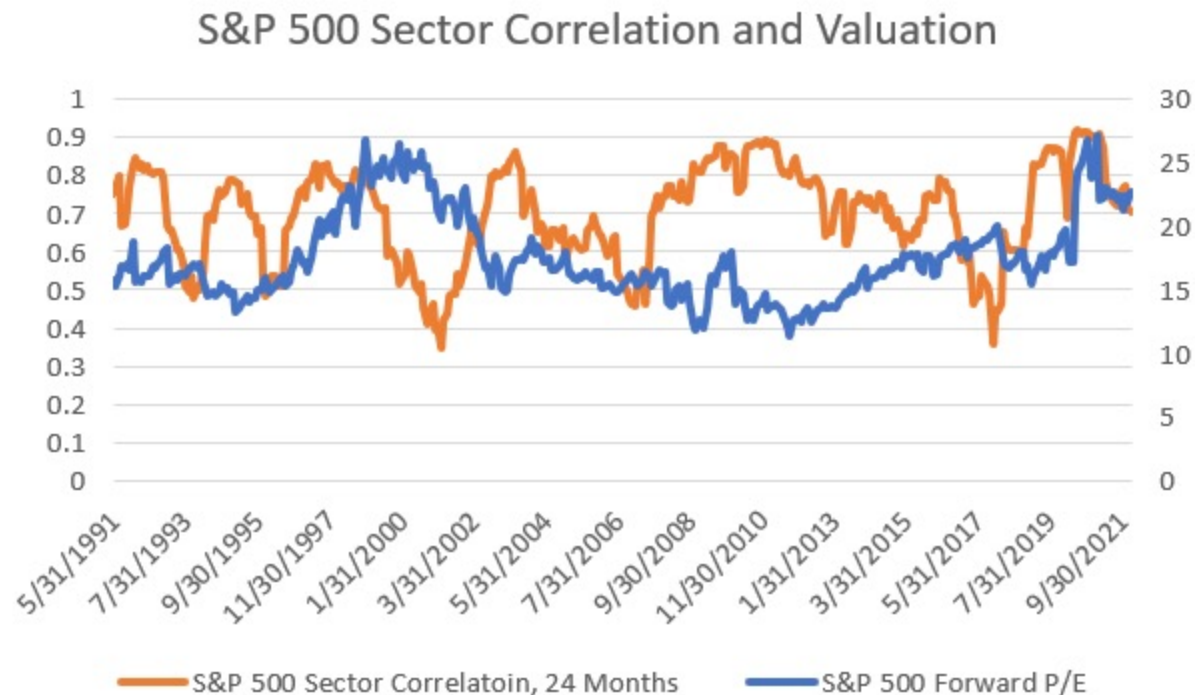
Condition 2: Market Conditions

Expectation: Index Valuations, What Big Teeth You Have



PE is the price earnings ratio, which is calculated by dividing a company's stock price by its earnings per share. In other words, the price earnings ratio shows what the market is willing to pay for a stock based on its current earnings. It is one of the most widely-used valuation metrics for stocks. The PE ratio of the S&P 500 divides the index (current market price) by the reported earnings of the trailing twelve months.

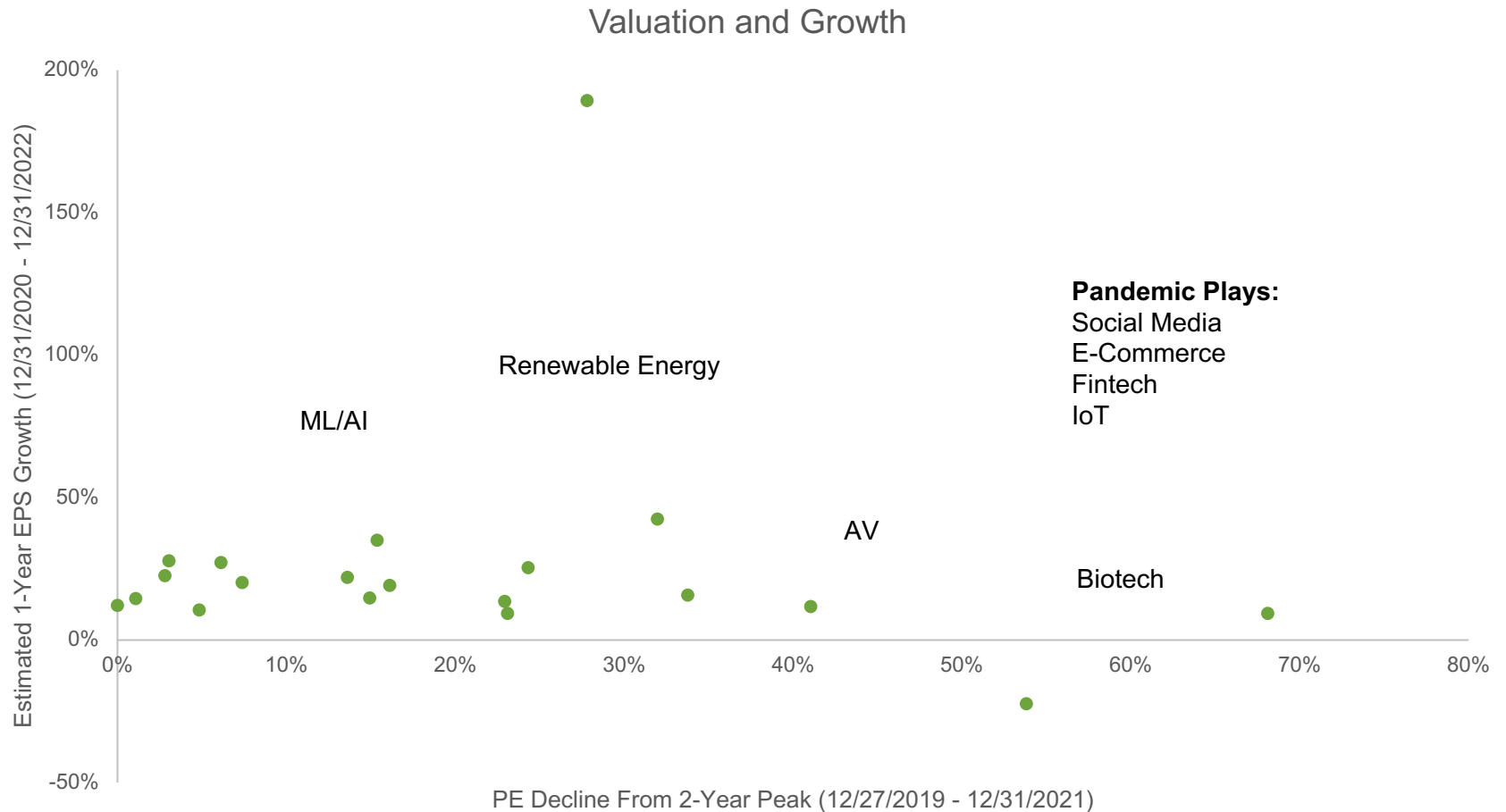
Valuation and Correlation



Source: Bloomberg, as of 12/31/2021.

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Markets: Growth at Bargain Valuations?



Source: Bloomberg, Estimated EPS data is from 12/31/2020 to 12/31/2021 and Peak PE data is from 12/27/2019 to 12/31/2021.

Condition 3: Innovation

Expectation: Spending to Weave Straw into Gold



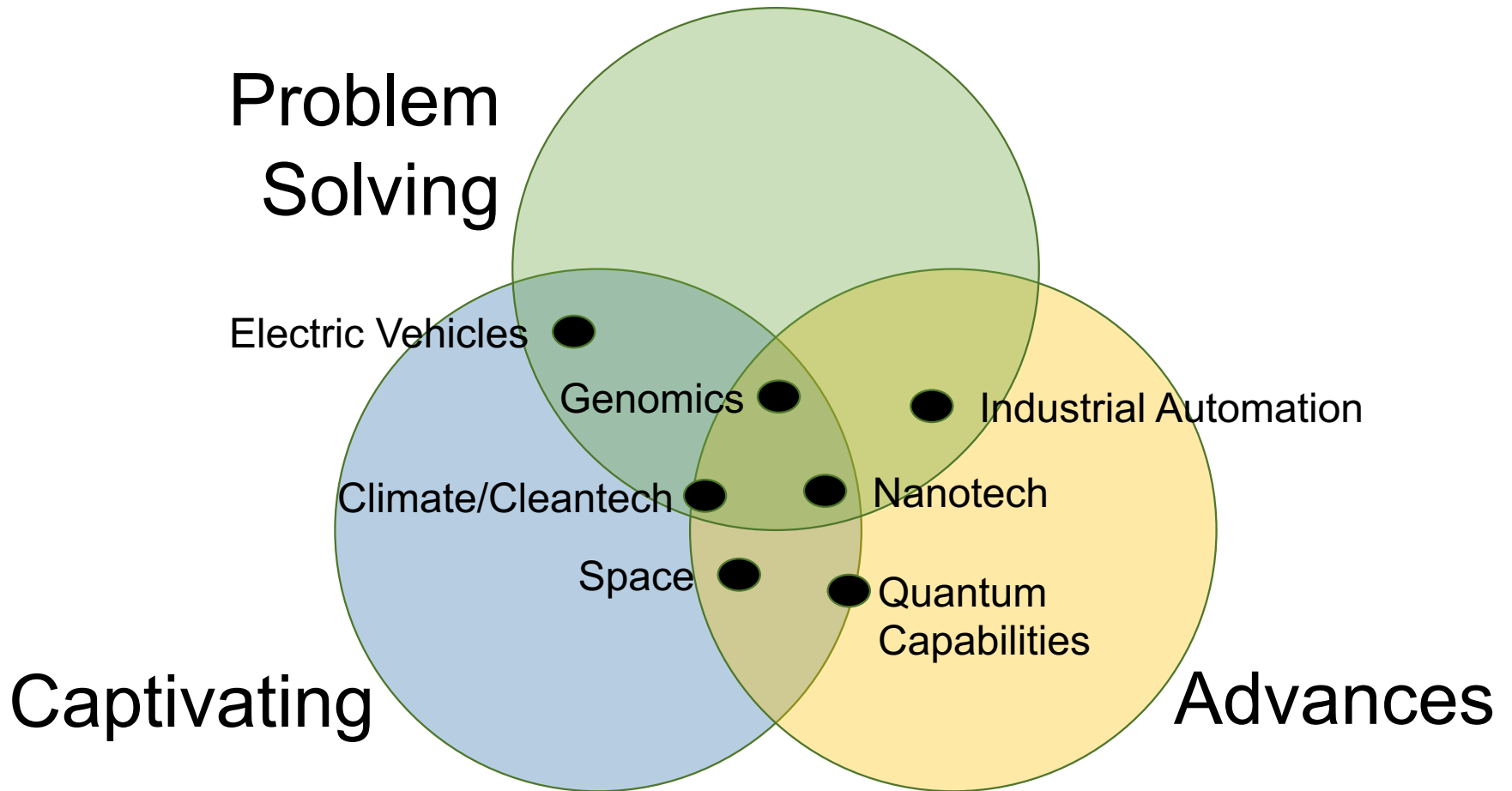
Corporate Investment

Private Investment to GDP Increasing by Decade



Source: Bureau of Economic Analysis, Bloomberg, as of 12/31/21.

Innovation: Framework for Analysis



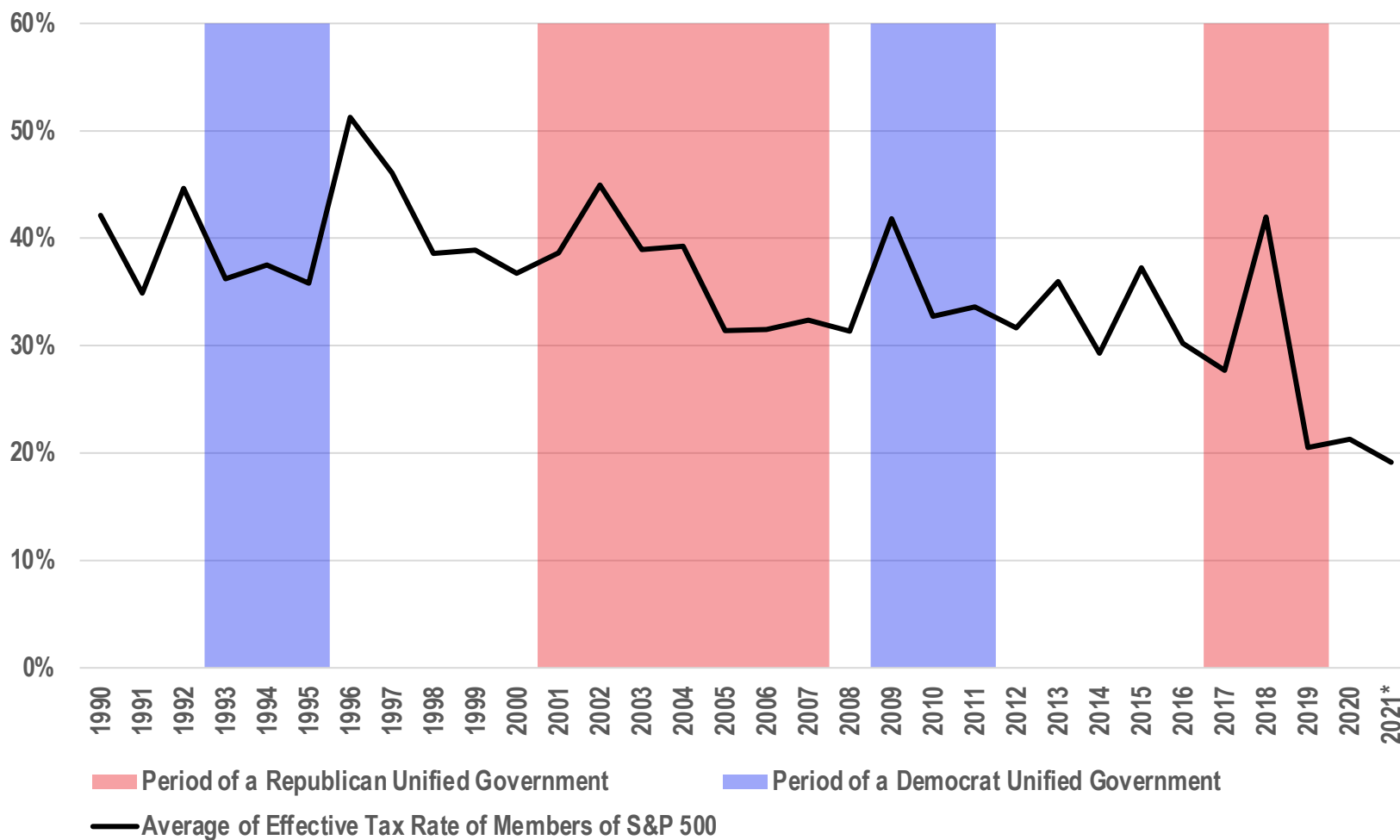
Condition 4: Government Policy

Expectation: They'll Huff and They'll Puff, But Nothing Blows Down



2022 Elections, Stimulus and Taxes

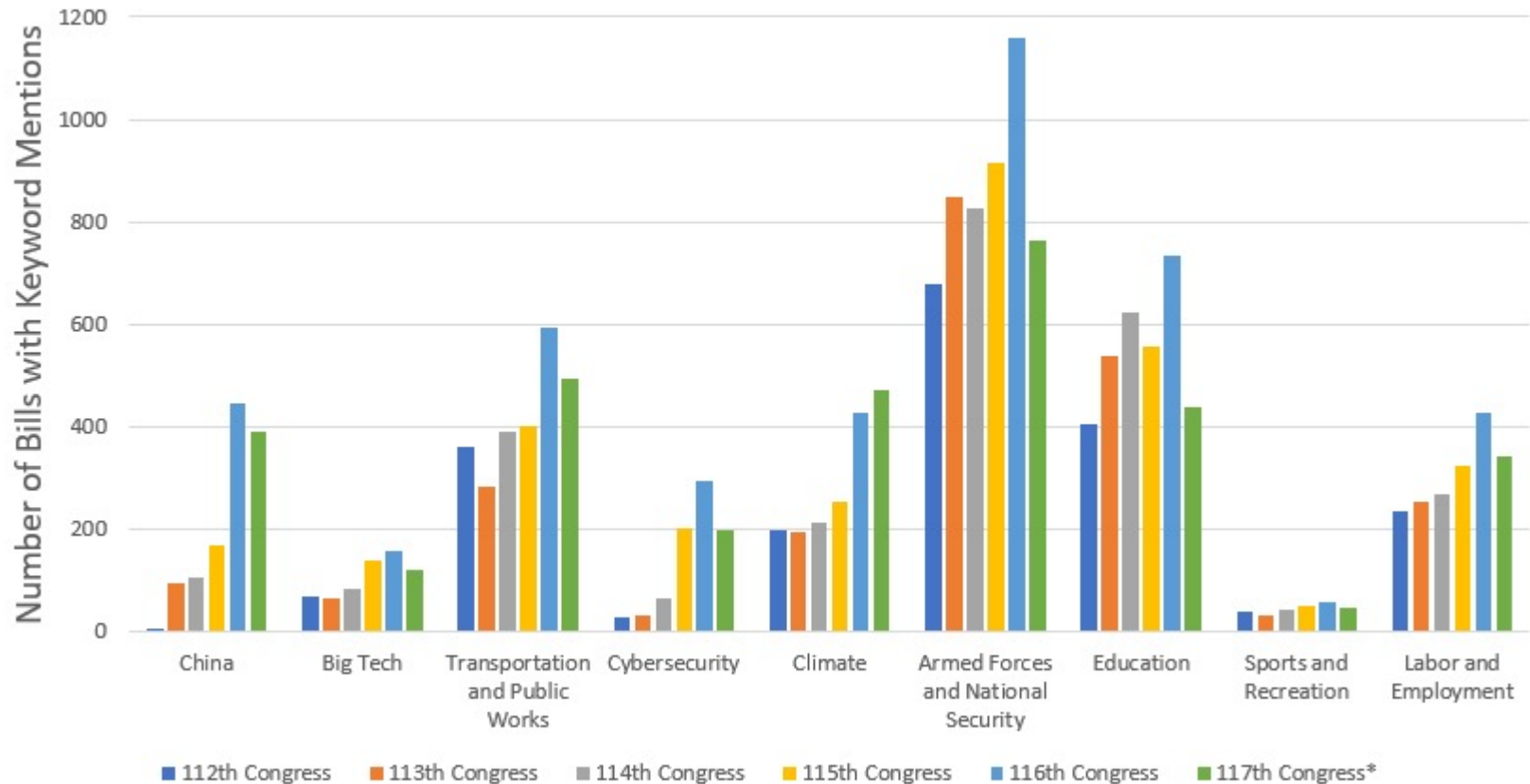
Average of Effective Tax Rate of Members of S&P 500



Source: Bloomberg, history.house.gov, *as of 12/31/2021.

Policy: Lean In or Lean Out

Number of Bills Introduced With Keywords Mentioned Per Congress

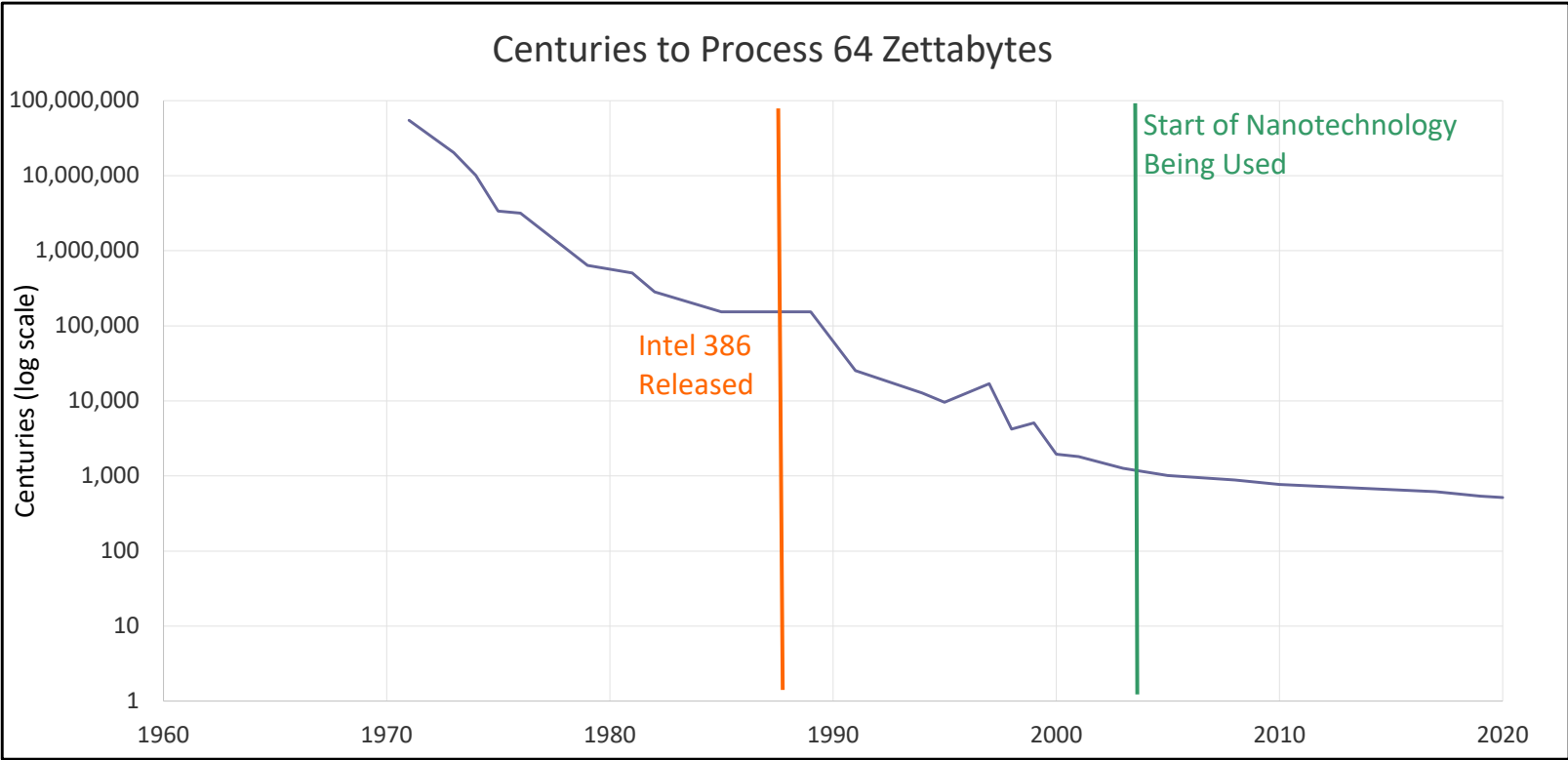


Source: govtrack.us. *As of 1/14/2022.

Putting the Pieces Together

- Themes that cut across multiple drivers:
 - Renewable Energy and Cleantech
 - Economics, Markets, Innovation, and Policy
 - Smart Factory Automation
 - Economics, Innovation, and Policy
 - Genomics and Biotech
 - Markets, Innovation, and Policy
 - Ecommerce
 - Economics, Markets, and Innovation
- Emerging ideas to keep an eye on
 - Nanotechnology, Adaptive Materials, Quantum, AI/ML, Cybersecurity, and Electric Vehicles

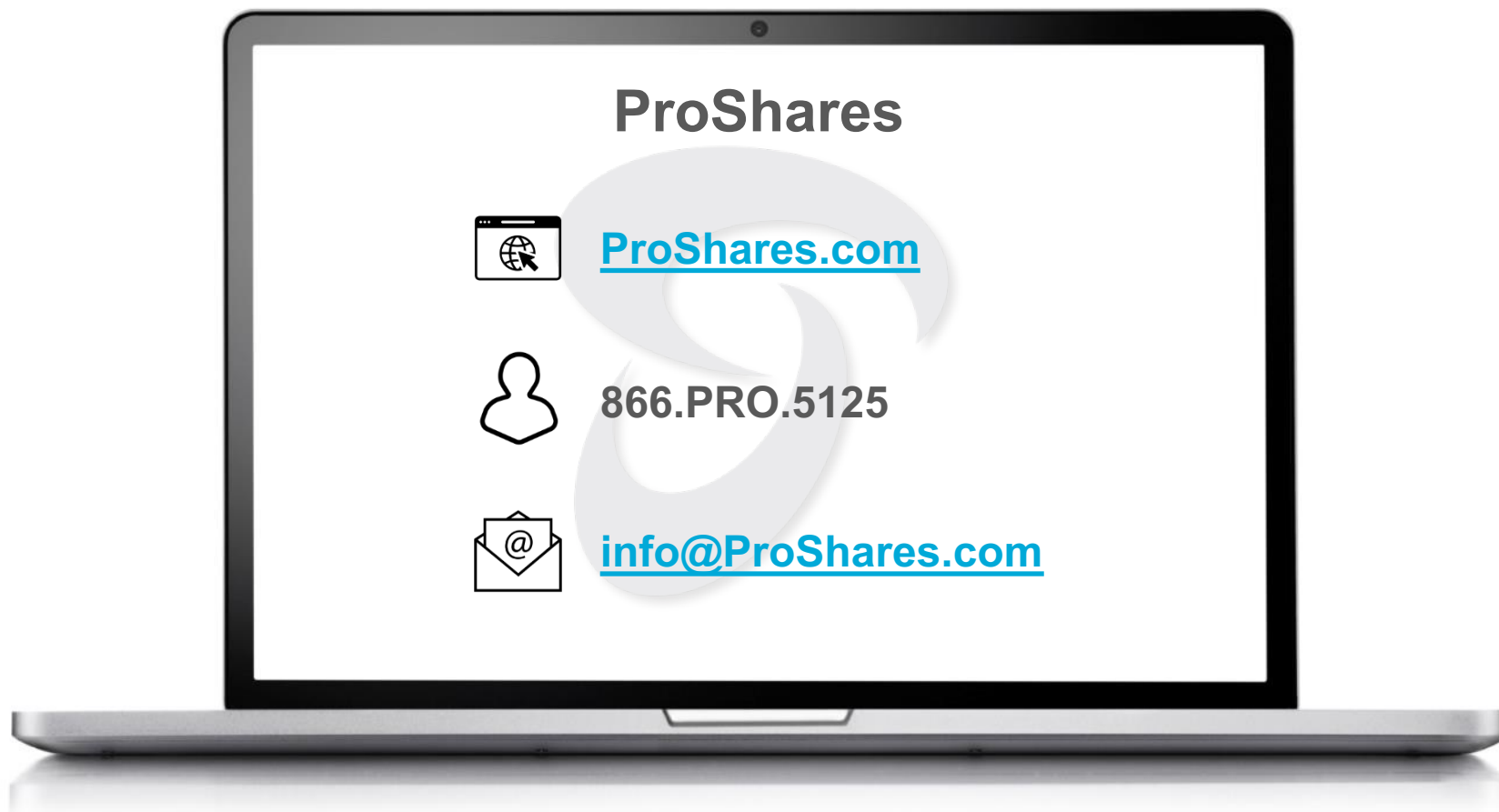
Challenge of Exponential Advances



Source: https://en.wikipedia.org/wiki/Microprocessor_chronology

Q&A

How to Contact ProShares



A Reminder About Risk

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Important Information

For discussion of thematic fundamental and market performance:

Cloud Computing as measured by the ISE Cloud Computing Index; Software as measured by the Bloomberg Americas Software Index; Internet of Things as measured by the Indxx Global Internet of Things; Machine Learning/AI as measured by the ROBO Global Artificial Intelligence Index; Industrial Automation as measured by ROBO Global Robotics and Automation Index;

Cybersecurity as measured by the Nasdaq CTA Cybersecurity Index; Remote Interaction Software as measured by the Solactive Remote Work Index; Digital Payments as measured by the Ecofin Global Digital Payments Index; Biotechnology as measured by the Nasdaq Biotechnology Index; Genomic Medicine as measured by NYSE FactSet Global Genomics and Immuno Biopharma Index;

E-commerce as measured by the ProShares Online Retail Index; Gaming and E-sports as measured by the Solactive Video Games & Esports Index; Social Media as measured by the Sol Social Media Index; Sustainable Food as measured by the Foxberry Tematica Research Sustainable Future of Food Index; Pet Care as measured by the FactSet Pet Care Index; Autonomous Driving as measured by the NYSE FactSet Global Autonomous Driving and Electric Vehicle Index;

Alternative Energy as measured by the S&P Kensho Clean Power Index; 3-D Printing as measured by the Total 3D-Printing Index; Defense & Aerospace as measured by the BI North America Defense Prime Index; Infrastructure as measured by the Dow Jones Brookfield Global Infrastructure Composite Index; FinTech as measured by the Indxx Global Fintech Thematic Index; Water as measured by the NASDAQ OMX US Water Index; Space as measured by the S&P Kensho Final Frontiers Index; and Luxury as measured by the S&P Global Luxury Index.

Thank You