

RALS

ProShares RAFI Long/Short ETF

Analyst Report

This ETF offers a unique twist on market neutral exposure, offering both long and short positions to U.S. stocks within a single portfolio. Given this objective, RALS can be expected to exhibit a low correlation with traditional asset classes, and as such can be a useful tool for investors looking to smooth overall volatility and who believe that the underlying methodology is capable of generating positive returns over the long run regardless of overall market direction. RALS should be appealing to those who believe that market capitalization weighting is inherently flawed, and that the fundamentals-based RAFI strategy offers a more rational way to achieve exposure to U.S. equities (essentially, that cap weighting has a tendency to overweight overvalued stocks and underweight undervalued companies). RALS essentially calculates the weight of various stocks based on multiple fundamental factors, and establishes long positions in those with a "RAFI weight" greater than their market cap weight (and vice versa). The methodology is sound, making RALS a useful tool for exploiting potential inefficiencies in cap weighted indexes. Investors shouldn't expect huge returns in either direction; as a long/short fund, RALS is unlikely to make significant moves in either direction. One potential drawback is the expense ratio, which creates a material breakeven hurdle, especially considering the nature of the fund's strategy.

ESG Themes and Scores

7.31/10

ESG Rate

55.48%

Global Percentile

56.73%

Peer Percentile

Performance Data

	RALS	ETF Database Category Average	Factset Segment Average
1 Month	2.72%	-2.60%	-1.43%
3 Month	2.61%	-0.75%	1.17%
YTD Return	7.88%	-2.60%	0.04%
1 Year Return	4.06%	0.23%	2.41%
3 Year Return	-0.89%	6.34%	8.01%
5 Year Return	-6.40%	11.71%	9.31%

Top 5 Holdings

No Holdings Data Available

Vitals

Issuer	ProShares
Brand	ProShares
Structure	ETF
Expense Ratio	0.95%
Inception	Dec 02, 2010
Index Tracked	FTSE RAFI US 1000 Long Short Index

ETF Database Themes

Category	Long-Short
Asset Class	Alternatives
Asset Class Size	Large-Cap
Asset Class Style	Blend
Region (General)	North America
Region (Specific)	U.S.

FactSet Classifications

Segment	Alternatives: Absolute Returns
Category	Absolute Returns
Focus	Long/Short
Niche	Long/Short Equity
Strategy	Fundamental
Weighting Scheme	Fundamental

