

# ITWO

## ProShares Russell 2000 High Income ETF

### Fund Description

ITWO tracks an index that holds Russell 2000 stocks and sells daily call options on the same index. The fund primarily uses swaps to replicate the buy-write strategy in replicating returns of the sub-index.

### FactSet Analyst Report

ITWO combines long positions in the Russell 2000 Index with short positions in daily call options. The objective is to provide monthly distributions derived from option premiums and dividends, though some payments may be classified as a return of capital. The index employs a buy-write (or covered call) strategy, generating additional income from selling call options while maintaining exposure to small-cap US stocks. Unlike traditional call option strategies, this index uses short-dated, out-of-the-money call options, which are rebalanced daily to capture short-term market movements. Instead of directly writing options, the fund gains its short exposure through swap agreements and futures contracts, replicating returns from the covered call strategy without direct option transactions. The portfolio is constructed using a mathematical approach that optimizes the type, quantity, and mix of positions to produce returns in line with the index.