



PART 1
Future
of Work



PART 2
Digital
Consumer



PART 3
Food
Revolution



PART 4
Genomics
and Telehealth

A Year of Transformational Change: Part III—The Food Revolution

A year has passed since the World Health Organization declared COVID-19 a global pandemic and some U.S. states implemented lockdown directives. For many, the early days of the coronavirus and stay-at-home orders are etched into our collective memory, but the adverse circumstances also paved the way for the acceleration of trends affecting how we work, take care of our health, and consume and connect.

We will be looking at these trends and the investment opportunities they could represent in a four-part series titled *A Year of Transformational Change*. Each part will cover one of the four themes tracked in the ProShares MSCI Transformational Changes ETF (ANEW).

In the third part of our series, we will examine changes over the past year in the ways food gets on our tables, developments in alternative protein production, and the increasing importance of technology in agriculture as we explore the **Food Revolution**.

Revolutionizing What We Eat

Food is one of our most basic human needs. As the nature of the food we eat and how it is produced and supplied comes into focus, companies and industries that comprise the food supply chain may gain attention.

For example, the meat industry and protein alternatives were forced into the foreground by the pandemic. Twenty-three states reported COVID-19 outbreaks in more than 200 meat and poultry processing facilities by May of last year, resulting in targeted intervention and prevention efforts, plant closures, and significant pressure on the U.S. meat supply.¹

Higher prices on conventional meat products brought about by the pandemic-driven supply reduction during the first half of 2020,² may have contributed to many companies' increased interest in the plant-based protein industry.³ Beyond Meat, a leading company in plant-based meat substitutes

For 2020, Beyond Meat reported a 37% increase in net revenue from the previous year, and a gross profit of \$122 million with a gross margin of 30%.

—Beyond Meat fourth quarter and full year 2020 financial results, February 2021

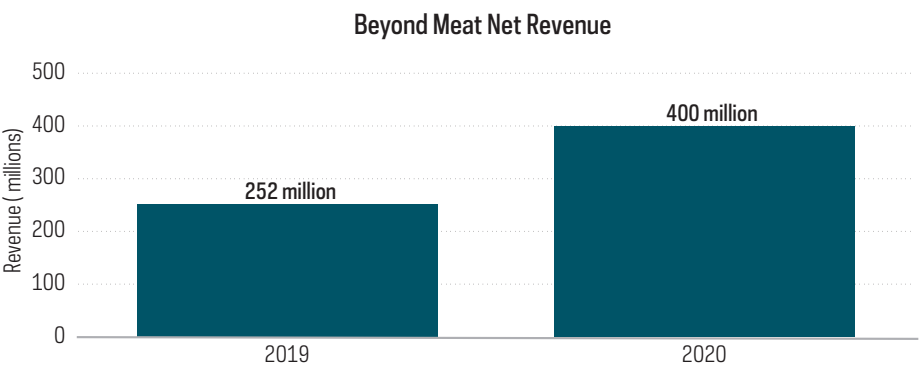
¹ CDC Morbidity and Mortality Weekly Report, July 10, 2020

² American Farm Bureau Federation Market Intel report, May 2020

³ Wired, "Covid Is Accelerating the Rise of Faux Meat," May 2020

THE FOOD REVOLUTION

with a strong consumer brand, distinguished itself among competing plant-based products, many of which are distributed by larger and more diversified food companies. What might this signal for the future of alternative proteins?



Source: Beyond Meat fourth quarter and full year 2020 financial results, February 2021.

In 2020, 18% of American households purchased plant-based meat substitutes, which accounted for about 1.4% of all retail meat sales,⁴ and about half of American consumers intended to keep plant-based milk products in their refrigerators.⁵ Numbers like that seem to suggest we are still in a period of early adoption, which means many more companies could join what seems a growth industry with a consumer base primed for expansion.

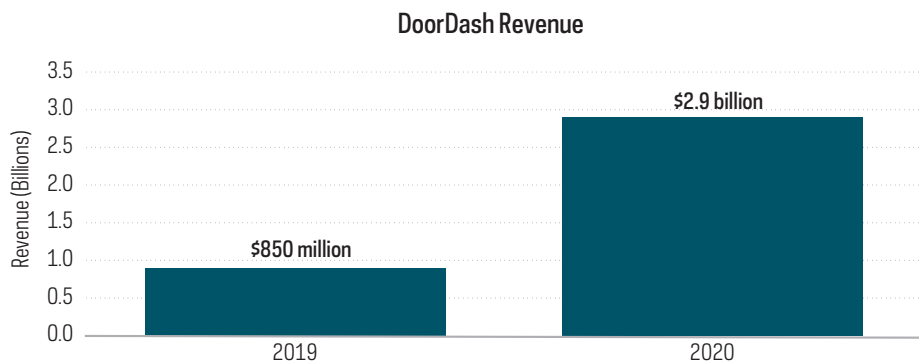
Revolutionizing How Our Food Gets to Us.

Carryout and delivery services have been a vital lifeline for the food industry over the past year. Going forward, food delivery could remain an important aspect of the growing on-demand trend, however certain aspects of this trend may fade out. For example, the rise of so-called “ghost kitchens”—food-preparation facilities with no actual restaurants—helped lift restaurant sales during the pandemic, however it is unclear whether the trend will stick after the crisis subsides.⁶ With that said, companies may not be keen on shuttering those facilities after making large investments equipping them and realizing the efficiencies they have gained.

U.S. food and beverage purchases increased by 221% in Q2 2020, and another 162% in Q3, compared to the previous year.
—U.S. Department of Commerce

⁴ Good Food Institute, 2020 U.S. retail market data for the plant-based industry
⁵ Veg News, “Nearly 50 percent of Americans plan to drink plant-based milk regularly,” March 2020
⁶ CNBC, “Ghost kitchens and delivery-only restaurants may be too popular for their own good,” February 2021

THE FOOD REVOLUTION



Source: Business of Apps, DoorDash Revenue and Usage Statistics, March 2021

As vaccine rollouts continue and restaurants return to more normal operations, demand for food delivery should decline. Nonetheless, the pandemic has brought about what may be some permanent change in the global food supply chain and how people will obtain their food in the future.

Revolutionizing Food Production

If we look farther up the food supply chain, food production is also undergoing significant transformations. Innovations in food production certainly predate COVID-19, but the pandemic has brought many of the challenges and needed changes into a starker relief.

For example, with finite agricultural resources, the question of how we will continue to feed our growing global population remains open. Harkening back to the growing interest in alternative protein products, part of the appeal is that these products typically take *fewer resources* to create than to produce a pound of beef.⁷

There are a number of fascinating innovations taking hold in food production and farming to help address resource concerns. Greater efficiencies are still desperately needed though if we are to meet the food challenges of the future. Sustainable practices like using smaller, autonomous tractors that place less burden on the land, artificial intelligence algorithms to minimize water use and maximize yield, or drones that identify crop regions to target pesticide use are becoming more commonplace.⁸ For example, companies like John Deere, a leading provider of agricultural machinery for example, are helping move such innovative efforts and reaping the rewards.

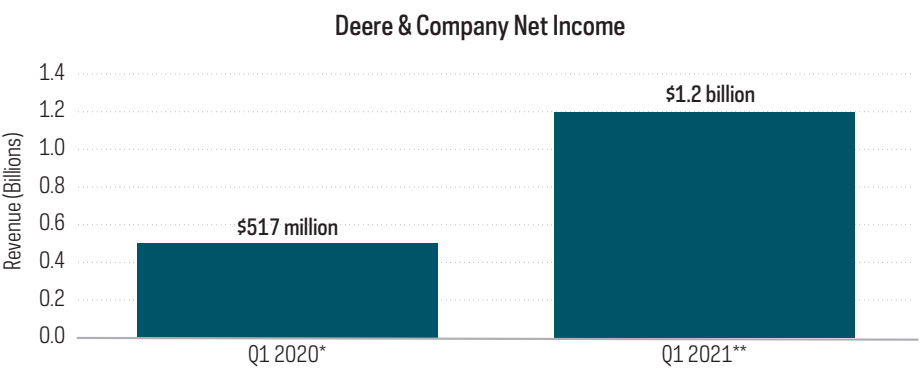
Approximately 50% of the habitable land on Earth is currently dedicated to food production and the United Nations projects that there could be as many as 2 billion more mouths to feed by 2050.

—Our World in Data, "Agricultural Land by Global Diets" October 2017, United Nations report, June 2019

⁷ CNBC, "Beyond Meat uses climate change to market fake meat substitutes. Scientists are cautious," September 2019

⁸ United States Department of Agriculture, National Institute of Food and Agriculture, 2021

THE FOOD REVOLUTION



*Ending on February 2, 2020 ** Ending on January 31, 2021
Source : John Deere press release, "Deere Reports First-Quarter Net Income of \$1.224 Billion," February 2021

Whether eating healthier, adding plant-based proteins to our diets, focusing on sustainable sourcing, or using the latest delivery app, customer behavior and consumption patterns seem to be changing rapidly.

What's Next?

In the fourth and final part of our series, we will look into some of the revolutionary medical advancements brought about by the Covid-19 pandemic and examine the resulting transformations in Genomics and Telehealth.

Invest in Companies Involved with Transformational Changes

ProShares MSCI Transformational Changes ETF (ANEW) invests in companies which may benefit from transformational changes in how we work, take care of our health, and consume and connect—changes accelerated by COVID-19. ANEW tracks the MSCI Global Transformational Changes Index.

IMPORTANT INFORMATION

Holdings as of 6/30/2021: Beyond Meat Inc 0.76%, Deere & Co 1.81%. Holdings subject to change.

This is not intended to be investment advice. There is no guarantee forecasts will be met. Indexes are unmanaged and one cannot invest in an index. Past Performance does not guarantee future results.

Investing involves risk, including the possible loss of principal. This ProShares ETF is subject to certain risks, including imperfect benchmark correlation and market price variance, that may decrease performance. Please see its summary and full [prospectuses](#) for a more complete description of risks. **There is no guarantee any ProShares ETF will achieve its investment objective.**

Natural or environmental disasters, including pandemics and epidemics have been, and can be, highly disruptive to economies and markets and have recently led, and may continue to lead, to increased market volatility and significant market losses.

Investments in the health care equipment and services industry, the software and services industry, and the media and entertainment industry are subject to a number of risks, including risks associated with limited product lines, technological developments, regulatory changes, the impact of research and development costs, and changing consumer preferences.

The fund concentrates its investments in certain sectors. Narrowly focused investments typically exhibit higher volatility.

Investments in non-U.S. securities may involve risks different from U.S. securities, including 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.

Investments in emerging markets generally are less liquid, more volatile and riskier than investments in more developed markets and are considered to be speculative.

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 professional or visit www.ProShares.com.

"MSCI," "MSCI Inc." and "MSCI Index" are service marks of MSCI and have been licensed for use by ProShares. ProShares have not been passed on by MSCI or its affiliates as to their legality or suitability. ProShares based on MSCI indexes are not sponsored, endorsed, sold or promoted by MSCI or its affiliates, and they make no representation regarding the advisability of investing in ProShares. **THIS ENTITY AND ITS AFFILIATES MAKE NO WARRANTIES AND BEAR NO LIABILITY WITH RESPECT TO PROSHARES.**

ProShares are distributed by SEI Investments Distribution Co., which is not affiliated with the funds' advisor or sponsor.