

## Market overview

During the fourth quarter, interest rates fell across the yield curve, reversing course from the prior quarter. At the same time, inflation moved further toward the 2% target, and the futures market began to price in several rate cuts expected by the end of first half in 2024. In the December FOMC meeting, the Federal Reserve's median dot plot projected three rate cuts by the end of 2024. The 10-year Treasury yield declined 0.69% during the fourth quarter, after a 0.73% third-quarter increase. The equity market welcomed the relief, and the rally resumed: 10 out of 11 sectors in the Russell 2000® Index posted gains during the quarter, while 8 out of 11 sectors posted double-digit gains. The Russell 2000 itself gained 14.0%, bringing total return for 2023 to 16.9%. Among the Russell 2000 sectors, financials posted the highest quarterly gain (23.6%). Energy was the only sector that suffered a loss (-6.0%), as oil prices declined throughout the fourth quarter.

## Performance

During the fourth quarter, SMDV's benchmark, the Russell 2000® Dividend Growth Index, outperformed the Russell 2000 by 2.1% (16.1% vs. 14.0%). The outperformance was driven both by favorable security selection and sector allocation effects.

Fund performance and index history <sup>2</sup>	4Q 2023	YTD	1-Year	3-Year	5-Year	Fund Inception 2/3/15
ProShares Russell 2000 Dividend Growers ETF						
SMD NAV Total Return	16.00%	8.89%	8.89%	6.91%	6.40%	7.90%
SMDV Market Price Total Return	16.05%	9.03%	9.03%	6.88%	6.40%	7.91%
Russell 2000 Dividend Growth Index	16.13%	9.30%	9.30%	7.33%	6.86%	8.37%
Russell 2000 Index	14.03%	16.93%	16.93%	2.22%	9.97%	7.56%

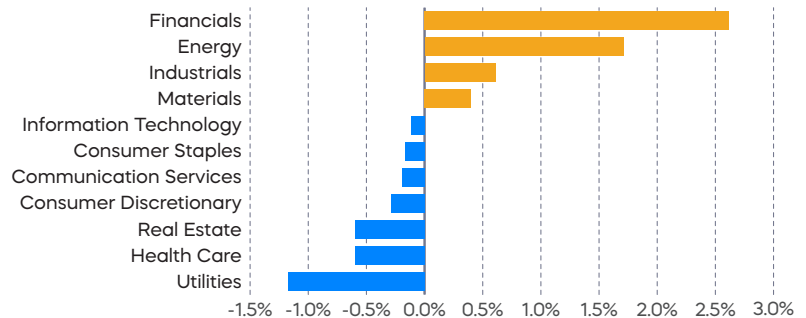
Source: ProShares and Morningstar. Periods greater than one year are annualized.

## Attribution

The largest relative contributor at the sector level was financials, as a potential end to the Federal Reserve's hiking cycle provided tailwinds for small-cap banking stocks. Due to SMDV's overweight in banks, the sector contributed a combined allocation and security selection effect of 2.6% to SMDV's relative outperformance. In addition, the energy sector also added 1.7% to SMDV's outperformance, since SMDV did not hold any energy stocks during the fourth quarter. On the other hand, SMDV's overweight in utilities had a negative allocation effect of 0.9%, as the sector trailed the overall market.

(Continued on page 2)

### Contribution to Relative Performance vs. Russell 2000



The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Shares are bought and sold at market price (not NAV) and are not individually redeemed from the fund. <sup>1</sup>Market price returns are based upon the midpoint of the bid/ask spread at 4:00 p.m. ET (when NAV is normally determined for most funds) and do not represent the returns you would receive if you traded shares at other times. Brokerage commissions will reduce returns. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by calling 866.776.5125 or visiting ProShares.com. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in any index.

## Attribution (continued)

From a stock perspective, shares of Glacier Bancorp, Inc., gained nearly 48% during the quarter, making it the top individual contributor among banking stocks, which outperformed as a group. Other top contributors included conglomerate manufacturer Griffon Corp., which exceeded earnings expectations and raised its quarterly dividend by 20%, to 15 cents per share. The individual stock that detracted the most from relative performance was publishing company John Wiley & Sons, Inc. Shares dropped after Wiley announced the departure of its CEO and president.

Stock <sup>3</sup>	Sector	4Q 2023 Performance	Russell 2000 Weight	SMDV's Index Weight <sup>4</sup>	Contribution to Relative Performance
<b>Positive Contributors</b>					
Griffon Corp.	Industrials	54.13%	0.09%	1.08%	0.36%
Glacier Bancorp, Inc.	Financials	47.91%	0.17%	1.10%	0.29%
Universal Corp.	Consumer Staples	45.05%	0.06%	1.10%	0.29%
<b>Negative Contributors</b>					
John Wiley & Sons, Inc. Class A	Communication Services	-12.80%	0.06%	0.88%	-0.26%
Kennedy-Wilson Holdings, Inc.	Real Estate	-14.40%	0.07%	0.83%	-0.25%
Atrion Corp.	Health Care	-7.67%	0.02%	0.80%	-0.19%

Source: FactSet

SMDV's index focuses on companies within the Russell 2000—quality companies that have not just paid dividends but grown them for at least 10 consecutive years. As a group, SMDV's holdings generally have had stable earnings, solid fundamentals, and strong histories of profit and growth. SMDV's strategy has a demonstrated history of weathering market turbulence over time by capturing a significant portion of the gains of rising markets and fewer of the losses in falling markets.

Sources: FactSet, Bloomberg. SMDV's total operating expenses are 0.40%.

<sup>1</sup>Source: Blue Chip Economic Indicators and Blue Chip Financial Forecasts.

<sup>2</sup>Market returns are based on the composite closing price and do not represent the returns you would receive if you traded shares at other times. The first trading date is typically several days after the fund inception date. Therefore, NAV is used to calculate market returns prior to the first trading date.

<sup>3</sup>Holdings are subject to change.

<sup>4</sup>SMDV's average index weight from 10/1/23–12/31/23.

If fewer than 40 stocks meet criteria, the index may include companies with shorter dividend growth histories.

ProShares makes reasonable efforts to obtain content from sources it believes to be reliable but cannot guarantee that the information is correct, accurate, complete or reliable. This material, other than historical fund performance, is not designed to represent the performance of a specific investment or to make any recommendation. Any forward-looking statements herein are based on expectations of ProShare Advisors LLC at this time. ProShare Advisors LLC undertakes no duty to update or revise any forward-looking statements as a result of new information, future events or otherwise.

**Investing involves risk, including the possible loss of principal.** This ProShares ETF is subject to certain risks, including the risk that the fund may not track the performance of the index and that the fund's market price may fluctuate, which may decrease performance. Please see their summary and full prospectuses for a more complete description of risks. **There is no guarantee any ProShares ETF will achieve its investment objective.**

Investments in smaller companies typically exhibit higher volatility.

Small- and mid-cap companies may have limited product lines or resources, may be dependent upon a particular market niche and may have greater fluctuations in price than the stocks of larger companies. Small- and mid-cap companies may lack the financial and personnel resources to handle economic or industry-wide setbacks and, as a result, such setbacks could have a greater effect on small- and mid-cap security prices.

**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 ProShares.com. ProShares are not suitable for all investors.**

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies Inc. ("S&P"). Neither MSCI, S&P nor any third party involved in making or compiling GICS or any GICS classifications makes any express or implied warranties or representations with respect thereto (or the results to be obtained by the use thereof).

"Russell 2000® Dividend Growth Index" and "Russell®" are trademarks of Russell Investment Group ("Russell") and have been licensed for use by ProShares. ProShares have not been passed on by Russell as to their legality or suitability. ProShares based on the Russell 2000 Dividend Growth Index are not sponsored, endorsed, sold or promoted by Russell, and it makes 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 fund's advisor.

**For financial professional use only. This material is not for public distribution.** No permission is granted to sell, copy, publish, reproduce, distribute or modify this material, in whole or in part, without the advance, express, written permission of ProShares.

©2024 PSA RE-2023-3692630.13