ProShares®

DIVIDEND GROWTH INVESTING

Rules-Based Stock Screening Beat the Market

How Did Your Active Manager Do?

Many investors turn toward active managers to beat the market. And while some active managers may actually succeed, the majority of them do not. According to S&P Global's June 2016 SPIVA® Scorecard, almost 85% of active large-cap managers underperformed the S&P 500 over the past year. Over longer periods, the results were as bad or worse.[1]

There is, however, an approach that has outperformed the S&P 500 consistently over time. The S&P 500 Dividend Aristocrats Index, which screens for companies with the longest records of dividend growth, has outperformed the S&P 500 by an average 2.23% per year since January of 2006.[2] And it has done so with lower volatility.

Since 2006, the S&P 500 Dividend Aristocrats Index has outperformed the S&P 500 by an average of 2.23% per year. What drove those returns?[2]

- **90% came from stock selection**
- **10% came from allocation**

What Makes Screening for Dividend Growth So Effective

So what accounts for the Dividend Aristocrats Index's outperformance? S&P Global analyzed the sources of the excess returns of the Dividend Aristocrats relative to the S&P 500 and found that the vast majority of the average outperformance—almost 90% came from security screening—while only 10% came from allocation.[3]

The strict dividend growth screen that selects the Dividend Aristocrats—S&P 500 companies that have at least 25 years of consecutive dividend growth—was the key differentiator. Companies that grow their dividends consistently tend to be high quality, with long histories of profit and growth, strong fundamentals and stable earnings. The bottom line: screening for quality has led to outperformance.

Returns for the ProShares S&P 500 Dividend Aristocrats ETF (NOBL) as of 12/31/16 for NOBL: NAV since inception (10/9/2013): 11.70%; Market Price, since inception (10/9/2013): 11.81%; NAV, 1 year: 11.41%; Market Price, 1 year: 11.64%; NAV, 3 year: 8.90%; Market Price, 3 year: 9.02%. Source: Bloomberg, NOBL's expense ratio is 0.35%.

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. Share are bought and sold at market price (not NAV) and are not individually redeemed from the fund. 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. Brokerage commissions will reduce returns. Current performance may be lower or higher than the performance quoted. Standardized returns and performance data current to the most recent month end may be obtained by visiting ProShares.com.

[1] Nearly 92% of active managers lagged the S&P 500 over five years and 85% over ten years.
[2] Source: S&P Dow Jones Indices LLC., based on an analysis of S&P 500 and S&P 500 Dividend Aristocrats Index returns over the 10-year period from January 2006 to December 2015.
[3] Source: S&P Dow Jones Indices LLC. The allocation effect is the portion of a strategy's excess return attributable to the over or underweighting of securities in a particular group (sector, country, etc.) relative to the benchmark. The selection effect is the portion of a strategy's excess return attributable to selecting different securities within each group from the benchmark.

THE TAKEAWAY

NOBL
S&P 500
Dividend Aristocrats

Has your large cap active manager let you down?

Consider the S&P 500 Dividend Aristocrats ETF (NOBL). NOBL is the only ETF that tracks the S&P 500 Dividend Aristocrats Index, which, by screening for companies with at least 25 years of dividend growth, historically has outperformed the S&P 500 with lower volatility.

ProShares offers the largest suite of ETFs focused on dividend growers, covering various U.S. market caps as well as international markets.

REGL	SMDV	EFAD	EUDV	EMDV
S&P MidCap 400 Dividend Aristocrats	Russell 2000 Dividend Growers	MSCI EAFE Dividend Growers	MSCI Europe Dividend Growers	MSCI Emerging Markets Dividend Growers

Find out more

Visit ProShares.com or consult your financial advisor.

Required years would drop to 20 if needed in order to have at least 40 companies or to meet index sector diversification rules. Additional companies are added in order of decreasing yield until requirements are met.

This information is not meant to be investment advice. There is no guarantee dividends will be paid. Companies may reduce or eliminate dividend at any time, and those that do not will be dropped from the indexes at reconstruction. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest in an index.

Investing involves risk, including the possible loss of principal. These ProShares ETFs are diversified and entail certain risks, including imperfect benchmark correlation and market price variance, that may decrease performance. Investments in smaller companies typically exhibit higher volatility. Smaller company stocks also may trade at greater spreads or lower trading volumes, and may be less liquid than stocks of larger companies. International investments may involve 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. EUDV may be adversely affected by economic uncertainty experienced by various members of the European Union. In emerging markets, many risks are heightened, and lower trading volumes may occur. Please see summary and full prospectuses for a more complete description of risks. **There is no guarantee any ProShares ETF will achieve its investment objective.**

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 advisor or broker-dealer representative or visit ProShares.com

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