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Technology Stocks: An Unexpected Source of Dividend Growth

Overview

- The technology sector has evolved, and many companies are now operating with mature business models and demonstrating a greater commitment to shareholders through dividends.
- Technology stocks are now a leading source of the market's dividends, and are growing them faster than any other sector.
- Well-established technology-related companies that grow their dividends—those in the S&P® Technology Dividend Aristocrats® Index—have quality characteristics that make them especially attractive for investors.

The Tech Sector Has Grown Up—And Is Now an Important Source of Dividends

Technology stocks have long been viewed as an exciting sector to invest in for growth and, more specifically, innovation and invention. And while there will always be a part of the sector that is in earlier-stage or high-growth mode, the sector as a whole has grown up from the long-ago days of the dot-com bubble. Today, a larger portion of the technology sector is made up of well-established companies that have mature business models, attractive growth rates and margins, strong balance sheets, and relatively low levels of debt. S&P reports that over one third of all tech stocks within the S&P Composite 1500 are now generating plenty of cash and rewarding shareholders with dividends—up from 29% in 2014.[1]

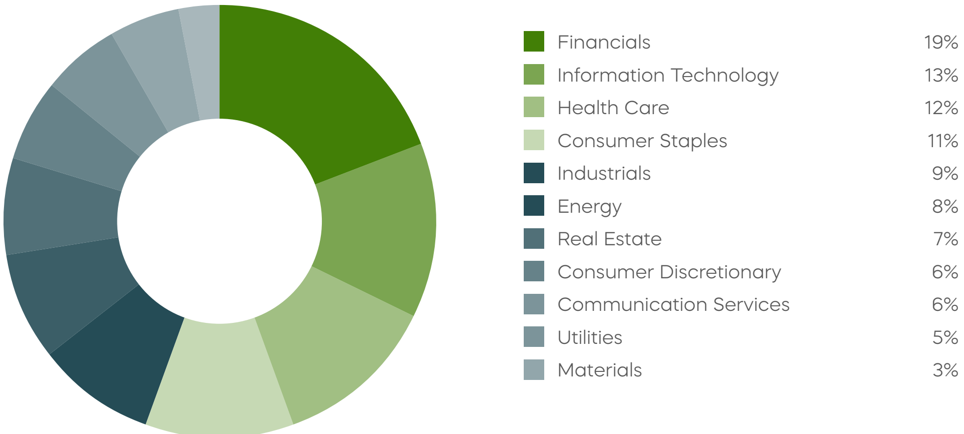
Today, technology stocks have become a critical source of the market's dividends. According to FactSet, technology stocks make up approximately 13% of the S&P Composite 1500 Index's total dollar value of dividends.[2] Trailing only the financials sector, technology is the index's second-highest dividend source—and has a strong possibility of becoming number one soon.

Dividend income investors who have not focused on or have underweighted technology could be missing a potential opportunity.

1, 2 Source: FactSet as of 3/31/2025. The S&P Composite 1500® Index combines three leading indexes, the S&P 500®, the S&P MidCap 400® and the S&P SmallCap 600®, to cover approximately 90% of U.S. market capitalization..

Times Have Changed: Technology Is an Important Source of Dividends

Contributions to S&P Composite 1500 Index's Total Dividends (Dollar Value) by Sector



Source: S&P Dow Jones Indices, 3/31/25. Past performance does not guarantee future results.

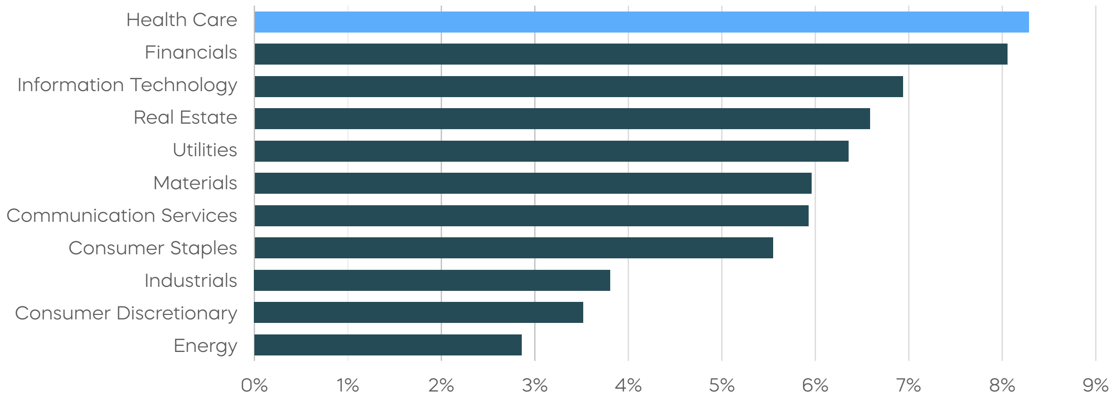
Tech Sector Growing Dividends at Faster Rate Than the Market

Technology and technology-related companies have not only started paying dividends, but an elite number have grown their dividends year after year. These dividend growers include some of the largest and most successful technology companies in the world today—Apple, Microsoft, IBM and others—as well as major global consulting firms, credit card companies and other tech-related names.

What's more, the growth rate of dividends from tech stocks has exceeded the overall market for several years now. In fact, tech companies in the S&P 1500 have roughly doubled the dollar amount of their dividends through 2024 as compared with what they paid in 2014. (Source: S&P Dow Jones Indices.) This growth rate is the 3rd highest of any sector, and it has far exceeded the 6% dividend increase for the S&P Composite 1500 as a whole over the same period. And with this index's tech sector dividend payout ratios currently at only 36%, we believe there is ample room for continued growth.

Technology Companies in the S&P Composite 1500 Index Lead Dividend Growth Rates

Compound Annual Growth Rate of Dividends 2024 by Sector



Source: S&P Dow Jones Indices. S&P Composite 1500 Index data as of 4/14/25.

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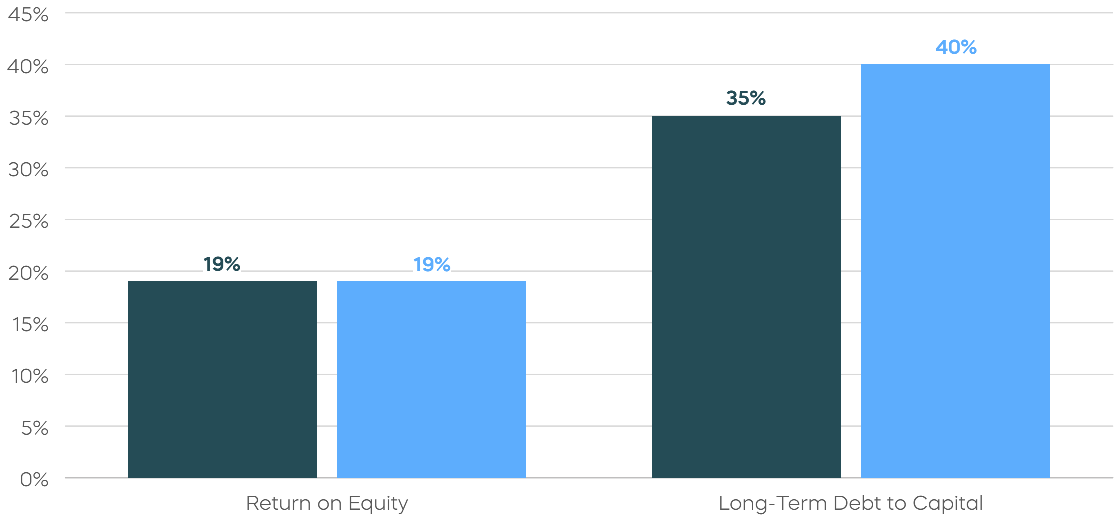
S&P Technology Dividend Aristocrats Index: A Quality Approach to Technology Investing

The companies in the S&P® Technology Dividend Aristocrats® Index have grown their dividends for a minimum of seven years and have had hallmarks of quality such as stable earnings, solid fundamentals, and often strong histories of profit and growth.

Why does this matter? Collectively, these dividend growers have produced higher return on equity with lower levels of debt compared with the S&P 500, the index many people think of when they reference "the market."

S&P Technology Aristocrats Index Has Higher Quality, as Measured by Return on Equity, Than the S&P 500

S&P Technology Dividend Aristocrats Index vs. the S&P 500



Source: FactSet, 3/31/25 Past performance does not guarantee future results. Return on equity (ROE) is a measure of profitability calculated by dividing net income by shareholder equity. Debt to capital measures the proportion of a company's debt to its equity.

These characteristics can make technology-related dividend growers especially attractive for investors allocating to technology in their portfolios.

The Only ETF Focused on the S&P Technology Dividend Aristocrats

ProShares S&P Technology Dividend Aristocrats ETF (TDV) is the only ETF focusing on the S&P Technology Dividend Aristocrats Index—well-established technology-related companies that have consistently raised their dividends for at least seven consecutive years.

Have Questions?

Financial professionals can contact ProShares at 866-776-5125 or email info@proshares.com for additional information about ProShares and other investment products.

Learn about ProShares Dividend Growth ETFs

NOBL

S&P 500 Dividend Aristocrats ETF

Seeks investment results, before fees and expenses, that track the performance of the S&P 500® Dividend Aristocrats® Index.

REGL

S&P MidCap 400 Dividend Aristocrats ETF

Seeks investment results, before fees and expenses, that track the performance of the S&P MidCap 400® Dividend Aristocrats® Index.

SMDV

Russell 2000 Dividend Growers ETF

Seeks investment results, before fees and expenses, that track the performance of the Russell 2000® Dividend Growth Index.

TMDV

Russell U.S. Dividend Growers ETF

Seeks investment results, before fees and expenses, that track the performance of the Russell 3000® Dividend Elite Index.

TDV

S&P Technology Dividend Aristocrats ETF

Seeks investment results, before fees and expenses, that track the performance of the S&P® Technology Dividend Aristocrats® Index.

EFAD

MSCI EAFE Dividend Growers ETF

Seeks investment results, before fees and expenses, that track the performance of the MSCI EAFE Dividend Masters Index.

EUDV

MSCI Europe Dividend Growers ETF

Seeks investment results, before fees and expenses, that track the performance of the MSCI Europe Dividend Masters Index.

EMDV

MSCI Emerging Markets Dividend Growers ETF

Seeks investment results, before fees and expenses, that track the performance of the MSCI Emerging Markets Dividend Masters Index.

As of June 30, 2025, TDV's holdings included Apple (2.52%), Microsoft (2.81%) and IBM (2.37%). Holdings are subject to change. Weightings may fluctuate between reconstitution dates and may be higher or lower than the indicated amounts until they are reset at the next index reconstitution date. This information is not meant to be investment advice. There is no guarantee dividends will be paid. Companies may reduce or eliminate dividends at any time, and those that do will be dropped from the indexes at reconstitution.

Investing involves risk, including the possible loss of principal. This ProShares ETFs is non-diversified and entails certain risks, including imperfect benchmark correlation and market price variance, that may decrease performance. Technology companies may be subject to intense competition, product obsolescence, general economic conditions and government regulation and may have limited product lines, markets, financial resources or personnel. 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. 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 professional or visit ProShares.com.

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