Key Takeaways

As investors consider dividend strategies, it’s important to note the difference between high dividend yield strategies and dividend growth strategies. While the former may provide the higher income many investors crave, they tend to be sensitive to interest rate movements. The latter, on the other hand, offer all-weather potential, having performed well in a variety of interest rate environments.

Not all dividend strategies are created equal

These dividend strategies are constructed differently and may be used to accomplish different objectives. For example, investors seeking a greater-than-average income may choose high dividend yield strategies. But these strategies tend to have significant weightings in sectors that are highly sensitive to interest rate movements, thus introducing interest rate risk into the equity allocation.

On the other hand, strategies focused on stocks that have grown their dividends consistently (but don’t always have the highest yields) may provide an all-weather dividend solution—one that has the potential to perform well regardless of the direction of rates.

There are generally two types of dividend strategies:

- **Dividend Growers**
  - Those targeting stocks that consistently grow their dividends over time

- **High Dividend Yielders**
  - Those focusing on stocks that pay a high dividend yield

Comparing dividend growers and high dividend yielders in different rate environments

Let’s examine two popular dividend indexes as an example: S&P 500® Dividend Aristocrats® Index (dividend growers) vs. Dow Jones U.S. Select Dividend™ Index (high dividend yielders).

<table>
<thead>
<tr>
<th>Impact</th>
<th>Dividend Growers</th>
<th>High Dividend Yielders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rising Interest Rates</td>
<td>12.50%</td>
<td>7.90%</td>
</tr>
<tr>
<td>Falling Interest Rates</td>
<td>10.65%</td>
<td>9.80%</td>
</tr>
<tr>
<td>Full Period</td>
<td>11.49%</td>
<td>8.93%</td>
</tr>
</tbody>
</table>

Dividend growers outperformed whether interest rates increased or decreased and have outperformed high dividend yielders for more than 10 years.

Source: Bloomberg, 5/2/05–9/30/23. Results show average performance of dividend strategies based on monthly interest rate changes. S&P 500 Dividend Aristocrats measures the performance of S&P 500 companies that have increased dividends every year for the last 25 consecutive years. Dow Jones U.S. Select Dividend Index represents the United States’ leading stocks by dividend yield; this index is shown here because it is tracked by the largest high dividend yield ETF by assets. Past performance is not a guarantee of future results. See reverse for fund performance. 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.
About ProShares

ProShares has been at the forefront of the ETF revolution since 2006. ProShares now offers one of the largest lineups of ETFs, with more than $65 billion in assets. The company is the leader in strategies such as dividend growth, interest rate hedged bond and geared (leveraged and inverse) ETF investing. ProShares continues to innovate with products that provide strategic and tactical opportunities for investors to manage risk and enhance returns.

Fund Performance and Index History Fund inception (10/9/13) through 9/30/23

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>Fund Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>ProShares S&amp;P 500 Dividend Aristocrats ETF NAV Total Return</td>
<td>13.23%</td>
<td>9.29%</td>
<td>8.09%</td>
<td>10.52%</td>
</tr>
<tr>
<td>ProShares S&amp;P 500 Dividend Aristocrats ETF Market Price Total Return</td>
<td>13.13%</td>
<td>9.29%</td>
<td>8.09%</td>
<td>10.52%</td>
</tr>
<tr>
<td>S&amp;P 500 Dividend Aristocrats Index</td>
<td>13.64%</td>
<td>9.69%</td>
<td>8.49%</td>
<td>10.95%</td>
</tr>
</tbody>
</table>

Source: ProShares, Bloomberg

NOBL’s total operating expenses are 0.35%. 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. 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. Standardized returns and performance data current to the most recent month end may be obtained by visiting ProShares.com.

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NOBL | REGL | SMDV | TMDV | TDV | EFAD | EUDV | EMDV
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