



# The Upside of Excluding Tech's Downside

## The Risk of Technology-Sector Concentration

Sector concentration can be a double-edged sword. Sustained gains in a small group of stocks or in a single sector can lead market returns to new heights. But over time, such gains can also create the sort of excessive concentration that threatens returns when investor sentiment shifts suddenly. Both the recent and historical performance of the S&P 500 underscores this risk.

In December 1999, shortly before the burst of the Dot-Com Bubble, the technology sector made up nearly 30% of the S&P 500. By September 2002, after its crash, the tech sector's weight in the index had fallen to just 12%. Since then, technology's weight has steadily increased, achieving a more than 20-year high of 32.5% in December of 2024.

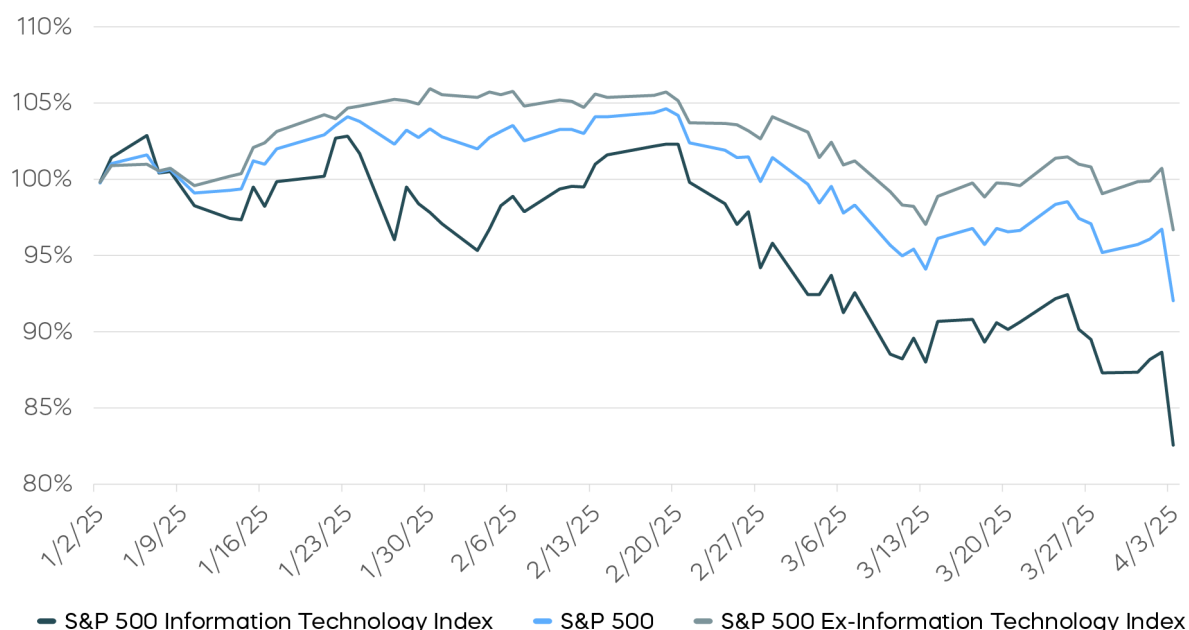
### The S&P 500 Information Technology Sector's Weight Has Increased Steadily



Source: FactSet, weight of GICS Information Technology Sector in the S&P 500 12/31/99–3/31/25.

Unfortunately, in 2025, what once fueled gains has again become a drag on performance. With President Trump's announcement of global tariff plans on April 3, 2025, S&P 500 returns suffered. The index declined 7.9% year-to-date through April 3rd, with much of that decline driven by tech—the S&P 500 Information Technology Index fell 17.4% during the period. Given the market-leading valuations of many tech companies before broader market weakness began, it's not clear how vulnerable the sector may be to further disruption.

## The S&P 500 Information Technology Index Has Declined Significantly



Source: FactSet, performance of the S&P 500, S&P 500 Information Technology Index and S&P 500 Ex-Information Technology Index 1/2/25–4/3/25. Index returns are for illustrative purposes only and do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

## Ex-Sector ETFs Offer a Solution to Reduce Tech Risk

ProShares Ex-Sector ETFs offer investors a way to invest in the S&P 500 while reducing or eliminating exposure to a specific sector.

For example, the ProShares S&P 500 Ex-Technology ETF (SPXT) is designed to track the S&P 500 Ex-Information Technology Index, which targets the performance of the S&P 500, while excluding companies in the tech sector. SPXT's ex-tech strategy held up significantly better through April 3rd—both in terms of returns and volatility—versus the S&P 500 and the S&P 500 tech sector.

1/1/2025 – 4/3/2025	S&P 500 Information Technology Index	S&P 500	S&P 500 Ex-Information Technology Index
Cumulative Return	-17.4%	-7.9%	-3.3%
Annualized Standard Deviation	31.4%	18.7%	15.6%
April 3 Return	-6.9%	-4.8%	-4.0%

Source: S&P Global and FactSet, performance of the S&P 500, S&P 500 Information Technology Index and S&P 500 Ex-Information Technology Index 1/2/25–4/3/25. Index returns are for illustrative purposes only and do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

## The Takeaway

ProShares Ex-Sector ETFs provide a compelling tool designed to strategically exclude a specific sector—technology, health care, financials, or energy—from the S&P 500 portion of an investor's portfolio. Ex-Sector ETFs may be used to take a bearish position on a sector, but perhaps more importantly, they can be used to help diversify an investor's already concentrated financial position in a sector because of market gains, their career path, stock options, an inheritance, or other reason.

## Fund Performance and Index History

As of 3/31/2025

	YTD	1 YR	3 YR	5 YR	SINCE INCEPTION
ProShares S&P 500 Ex-Technology ETF NAV Total Return	-0.26%	9.24%	7.27%	16.34%	10.98%
ProShares S&P 500 Ex-Technology ETF Market Price Total Return	-0.17%	9.17%	7.18%	16.33%	10.99%
S&P 500 Ex-Information Technology Index	-0.24%	9.37%	7.36%	16.55%	11.35%

*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. Your brokerage commissions will reduce returns. Current performance may be lower or higher than the performance quoted. For standardized returns and performance data current to the most recent month end, visit ProShares.com.*

## Ex-Sector ETFs

### SPXT

#### S&P 500 Ex-Technology ETF

Excludes information technology companies, including software, technology hardware and equipment, and semiconductor companies.

### SPXE

#### S&P 500 Ex-Energy ETF

Excludes oil, gas and consumable fuels, and energy equipment and services companies.

### SPXN

#### S&P 500 Ex-Financials ETF

Excludes banks, diversified financials, such as consumer finance, asset management, investment banking and brokerage companies, insurance companies and REITs.

### SPXV

#### S&P 500 Ex-Health Care ETF

Excludes pharmaceuticals, biotechnology and life sciences tools and services companies, and health care providers, equipment and services companies.

#### → Interested in learning more?

Visit ProShares.com to learn more about ProShares Ex-Sector ETFs. Additionally, financial professionals can contact ProShares at 866-776-5125 or email [info@proshares.com](mailto:info@proshares.com) for additional information about ProShares investment products.

**Investing involves risk, including the possible loss of principal.** These ProShares ETFs are subject to certain risks, including the risk that the funds may not track the performance of the index and that the funds' market prices 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.**

These funds are exposed to the stocks of large-cap companies, which tend to go through cycles of outperformance or underperformance lasting up to several years relative to other segments of the stock market. As a result, large-cap returns may trail the returns of the overall stock market or other market segments. The funds may operate as non-diversified in order to approximate the index; non-diversified and narrowly focused investments typically exhibit higher volatility.

**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](https://ProShares.com).**

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