

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 34% of all tech stocks within the S&P Composite 1500 are now generating plenty of cash and rewarding shareholders with dividends—up from 25% in 2011.¹

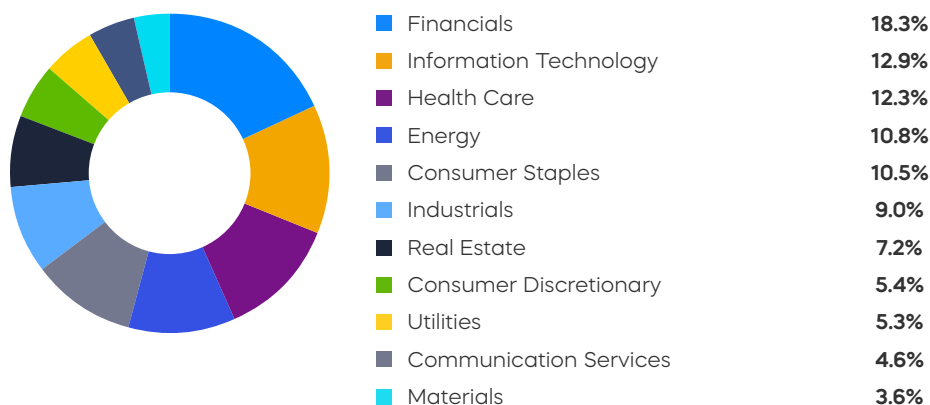
Today, technology stocks have become a critical source of the market's dividends. According to FactSet, technology stocks make up approximately 16% of the S&P Composite 1500 Index's total dollar value of dividends.² Trailing only the financials sector, technology is the index's second-highest dividend 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 12/31/2022. 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, 12/31/22.
Past performance does not guarantee future results.

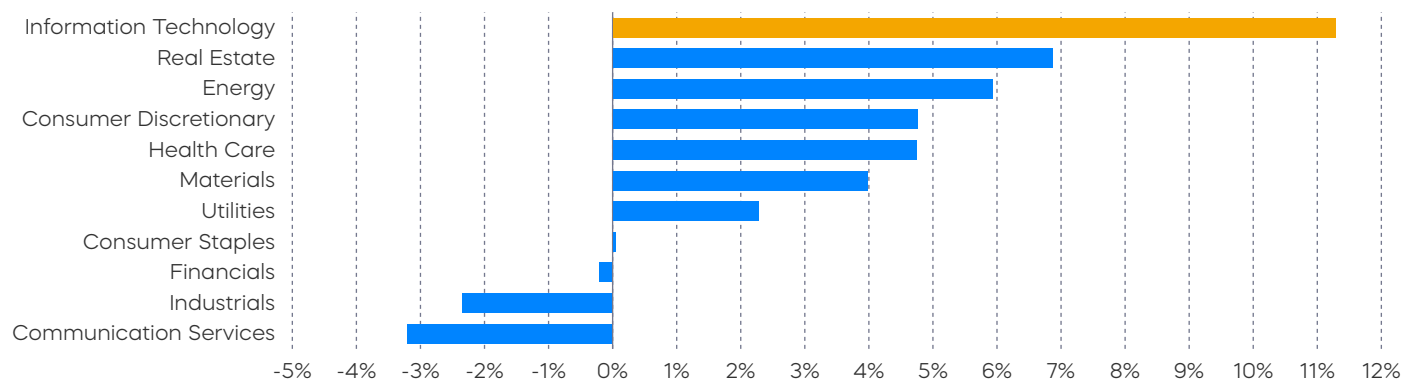
Tech Sector Growing Dividends at Faster Rate Than the Market

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 almost quadrupled the dollar amount of their dividends through 2022 as compared with what they paid in 2011. (Source: S&P Dow Jones Indices.) This growth rate is the highest of any sector, and it has far exceeded the 2.6% 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 35%, 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 2008-2022 by Sector



Source: S&P Dow Jones Indices. S&P Composite 1500 Index data as of 12/31/22.

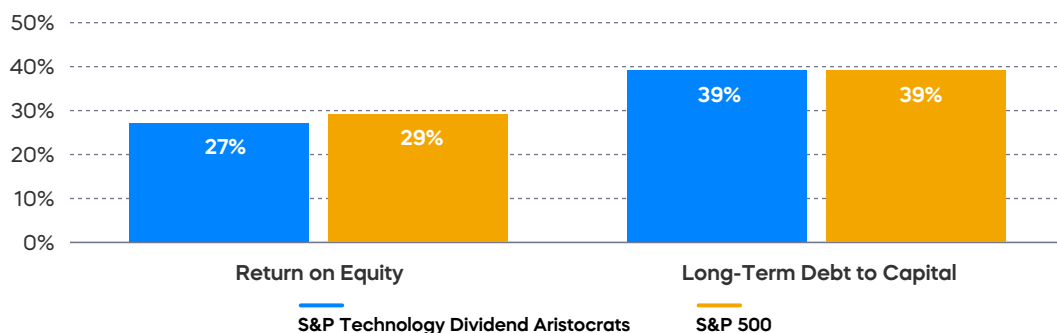
S&P Technology Dividend Aristocrats Index: A Quality Approach to Technology Investing

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, 12/31/23
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.

Fund Performance and Index History Fund inception (11/5/19) through 12/31/23

	Year To Date	1 Year	3 Years	5 Years	Fund Inception
ProShares S&P Technology Dividend Aristocrats ETF NAV Total Return	27.18%	27.18%	11.10%	—	15.80%
ProShares S&P Technology Dividend Aristocrats ETF Market Price Total Return	27.30%	27.30%	11.15%	—	15.82%
S&P Technology Dividend Aristocrats Index	27.79%	27.79%	11.60%	—	16.33%
S&P Composite 1500 Information Technology Index	56.53%	56.53%	14.71%	—	22.70%

Source: ProShares, Bloomberg

TDV's total operating expenses are 0.45%. **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.** Index performance is for illustrative purposes only and does not represent fund performance. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest in an index. Past performance is not a guarantee of future results.

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.

Find out more
 Visit [ProShares.com](https://proshares.com) or consult your financial professional.

The ProShares Lineup of Dividend Growers ETFs

ProShares’ suite of Dividend Growers ETFs covers major U.S. market caps as well as international markets.

NOBL	REGL	SMDV	TMDV	TDV	EFAD	EUDV	EMDV
S&P 500 Dividend Aristocrats ETF	S&P MidCap 400 Dividend Aristocrats ETF	Russell 2000 Dividend Growers ETF	Russell U.S. Dividend Growers ETF	S&P Technology Dividend Aristocrats ETF	MSCI EAFE Dividend Growers ETF	MSCI Europe Dividend Growers ETF	MSCI Emerging Markets Dividend Growers ETF

As of February 1, 2024, TDV’s holdings included Apple (2.71%), Microsoft (2.86%) and IBM (3.04%). 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.

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