

Why Consider Technology Dividend Aristocrats Now

Key Observations

- The companies of the S&P® Technology Dividend Aristocrats® Index are well-established technology firms that have raised their dividends for at least seven consecutive years—offering a combination of growth and income rooted in quality.
- The index's equal-weighted approach helps reduce the top-heavy concentration risk common in cap-weighted technology strategies, and its constituents have recently traded at attractive valuations relative to the broader sector.¹
- ProShares S&P Technology Dividend Aristocrats ETF (TDV) is the only ETF focused exclusively on the S&P® Technology Dividend Aristocrats® Index.

Technology Dividend Aristocrats: Potential Growth, Quality, and Discipline

After several years of market leadership defined by a narrow group of high-growth, mega-cap technology companies, investors face an interesting dilemma: how to gain exposure to the innovative and fast-growing technology sector without overpaying or taking on excessive concentration risk.

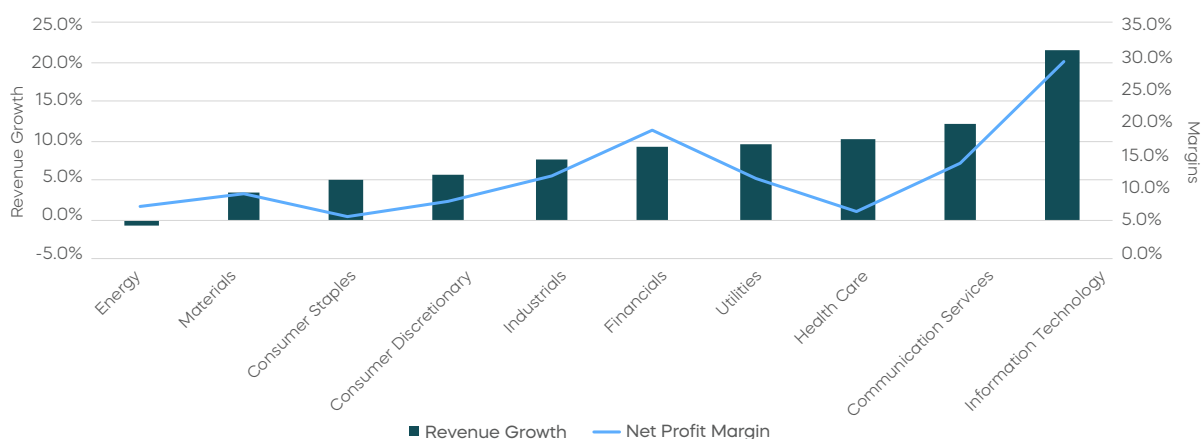
With valuations elevated for the most dominant companies in the sector, and continued disruptions from innovations such as artificial intelligence, selectivity now could be key to long-term success. The S&P Technology Dividend Aristocrats Index represents a differentiated approach focused on quality. It combines technology's growth potential with the financial discipline of consistent dividend growth, creating a potentially compelling opportunity for investors.

¹ Source: FactSet, data as of 2/28/26.

Technology Stocks May Be an Emerging Powerhouse of Dividend Growth

Economic and geopolitical uncertainty remains significantly elevated, but in this environment, technology stocks may represent one of the market's most attractive sources of growth. Technology and tech-related stocks have turned high rates of revenue growth into profits with the support of trends that could have long runways, such as artificial intelligence, digital transformation, and cloud computing. As these companies have matured, many of them have begun to generate substantial free cash flow, enabling them to return capital to shareholders through dividends.

Tech Stocks: High Revenue Growth with Sector-Leading Margins



Source: FactSet. Revenue growth rates and net profit margins are as of the fourth quarter of 2025. Sectors are defined by the Global Industry Classification Standard ("GICS"). Past performance does not guarantee future results.

The S&P Technology Dividend Aristocrats Index captures this evolution by including only companies that have increased dividends for at least seven consecutive years, reflecting both growth and quality characteristics. A company's decision to consistently grow its dividend over a long period of time serves as a powerful signal of management's confidence in the company's future. They are implicitly signaling that they expect future earnings to support those dividend payments. For investors, this can provide an additional layer of discipline and visibility compared to more speculative areas of the technology sector.

The index's rules-based approach results in a unique group of companies that combine strong revenue growth potential, high profitability, and growing dividends. Tech investors don't necessarily need to choose between growth and income—they can access the potential for both within the Technology Aristocrats.

Technology Dividend Aristocrats Offer Potential Growth at Moderate Valuations

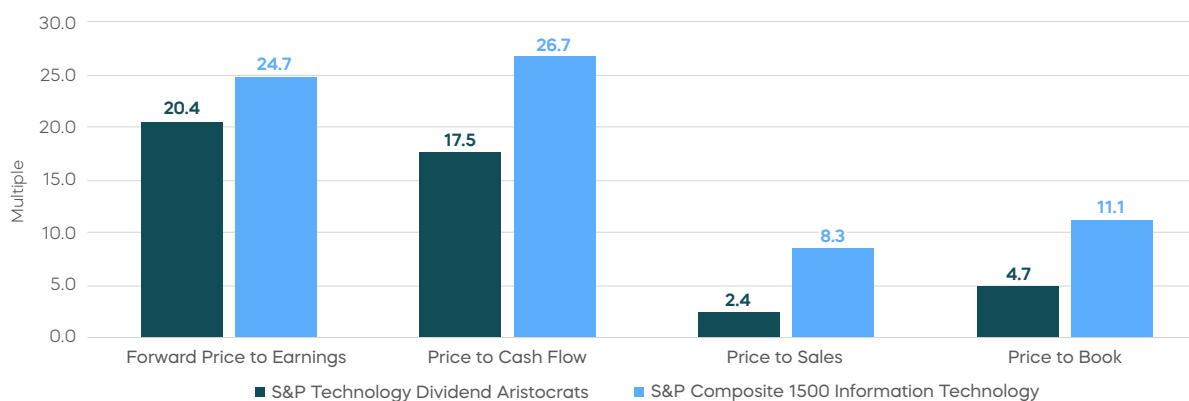
Valuation remains a key consideration for technology investors. The extended tech rally has led to increasingly elevated multiples, raising concerns about a potential repeat of the dot-com bubble.

This sits at the heart of the dilemma investors now face. They want exposure to tech's outstanding growth potential (and may feel compelled to pay those premium valuations), while those who avoid it miss out on the sector's innovation-driven gains. The S&P Technology Dividend Aristocrats offer a potential solution.

Because they have an established track record of growing their dividends over an extended period, Technology Aristocrats tend to represent more mature, established businesses. As a result, they often trade at more reasonable valuations compared to the broader technology sector, which includes speculative growth companies that typically trade at higher multiples.

This positioning may offer investors exposure to technology, while helping them to manage valuation risk.

Technology Aristocrats Have Recently Traded at Better Relative Values vs. the Broad Sector



Source: FactSet, data as of 2/28/26. Forward price-to-earnings (forward P/E) is a version of the ratio of price-to-earnings (P/E) that uses forecasted earnings for the P/E calculation. This is not a forecast of future performance. Price-to-cash-flow measures the value of a stock's price relative to its operating cash flow per share. Price-to-sales uses a company's market capitalization and revenue to determine whether the stock seems to be valued properly. The price-to-book (P/B) ratio is a financial metric that compares a company's market value to its book value to indicate if it is overvalued or undervalued. Past performance does not guarantee future results. Indexes are unmanaged, and one cannot invest directly in an index.

The S&P Technology Dividend Aristocrats Index May Help Reduce Concentration Risk

A final potential advantage we should discuss is the equal-weighted structure of the S&P Technology Dividend Aristocrats Index, which helps to mitigate concentration risk. Cap-weighted indexes, especially in tech, are often heavily influenced by a small number of mega-cap stocks. An equal-weight approach distributes exposure more evenly across constituents. This structure can both enhance diversification and provide exposure to a broader set of companies as market leadership evolves.

The Takeaway

Investing in technology has rarely been more important—or more complex. While the sector continues to drive innovation and economic growth, elevated valuations and concentration risk have made traditional cap-weighted approaches less straightforward.

The S&P Technology Dividend Aristocrats ETF (TDV)—the only ETF focused exclusively on the S&P Technology Dividend Aristocrats Index—offers a differentiated and compelling approach.

By focusing on companies that combine growth, profitability, and a history of increasing dividends, TDV's equal-weighted strategy may provide investors with a more balanced approach to their technology investing in today's volatile environment.

Learn More

TDV

S&P Technology Dividend Aristocrats ETF

ProShares 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.

This is not intended 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 index at reconstitution.

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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.

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