

Market overview

During the fourth quarter, interest rates fell across the yield curve, reversing course from the prior quarter. At the same time, inflation moved further toward the 2% target, and the futures market began to price in several rate cuts expected by the end of first half in 2024. In the December FOMC meeting, the Federal Reserve's median dot plot projected three rate cuts by the end of 2024. The 10-year Treasury yield declined 0.69% during the fourth quarter, after a 0.73% third-quarter increase. The equity market welcomed the relief, and the rally resumed: 10 out of 11 sectors in the S&P MidCap 400® posted gains during the quarter, while 7 out of 11 sectors posted double-digit gains. The S&P MidCap 400 itself gained 11.7%, bringing total return for 2023 to 16.4%. Among the S&P MidCap 400 sectors, consumer discretionary posted the highest quarterly gain (17.3%). Energy was the only sector that suffered a loss (-4.7%), as oil prices declined throughout the fourth quarter.

Performance

During the quarter, REGL's benchmark, the S&P MidCap400® Dividend Aristocrats® Index, underperformed the S&P MidCap 400 by 0.4% (11.3% vs. 11.7%). The rally in the mid-cap segment was broad-based, as aggregate effects from both sector allocation and security selection on relative performance were limited.

Fund performance and index history ²	4Q 2023	YTD	1-Year	3-Year	5-Year	Fund Inception 2/3/15
ProShares S&P MidCap 400 Dividend Aristocrats ETF						
REGL NAV Total Return	11.20%	5.41%	5.41%	8.05%	10.00%	9.40%
REGL Market Price Total Return	11.20%	5.44%	5.44%	8.05%	10.01%	9.40%
S&P MidCap 400 Dividend Aristocrats Index	11.32%	5.81%	5.81%	8.49%	10.43%	9.82%
S&P MidCap 400	11.67%	16.44%	16.44%	8.09%	12.62%	9.13%

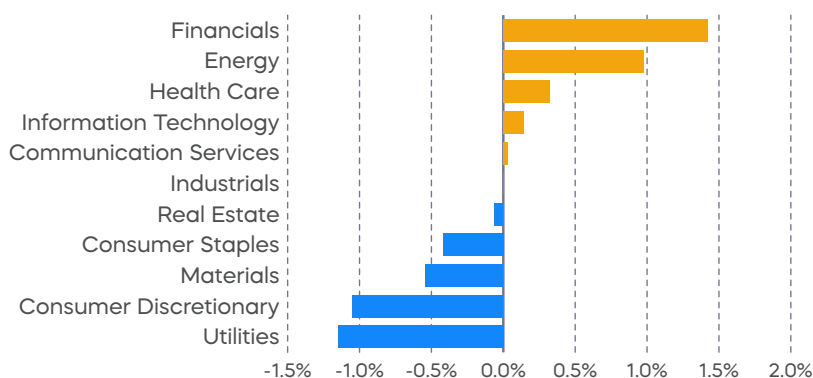
Source: ProShares and Morningstar. Periods greater than one year are annualized.

Attribution

The largest detractor at the sector level was utilities, which had a negative allocation effect of 0.8% on relative performance, due to REGL's overweight in the sector. On the other hand, REGL had an underweight in the energy sector, which contributed a positive allocation effect of 1.0% during the quarter. Having outperformed the overall mid-cap market in the third quarter, financials posted another quarter of strong gains. The sector contributed a combined allocation and security selection effect of 1.4% to REGL's relative performance.

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Contribution to Relative Performance vs. S&P MidCap 400



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. ¹Market 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. Performance data current to the most recent month-end may be obtained by calling 866.776.5125 or visiting ProShares.com. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in any index.

Attribution (continued)

From a stock perspective, the top three positive contributors were all regional banks, as a potential end to the Federal Reserve's hiking cycle provided tailwinds for mid-cap banking stocks. Each of the three top performers posted gains north of 30% during the quarter. The top detractor for the period was automotive manufacturer Polaris, Inc. The company missed its earnings expectations, as management cited pressures from elevated manufacturing costs and cautious consumer demand for its products. Other laggards include ONE Gas, Inc. and National Fuel Gas Co. Shares of both companies declined in the low- to mid-single digits.

Stock ³	Sector	4Q 2023 Performance	S&P MidCap 400 Weight	REGL's Index Weight ⁴	Contribution to Relative Performance
Positive Contributors					
United Bankshares, Inc.	Financials	37.54%	0.19%	2.40%	0.51%
Bank OZK	Financials	35.77%	0.19%	2.27%	0.47%
UMB Financial Corp.	Financials	35.34%	0.13%	2.31%	0.47%
Negative Contributors					
Polaris, Inc.	Consumer Discretionary	-8.28%	0.21%	1.89%	-0.35%
ONE Gas, Inc.	Utilities	-5.69%	0.15%	1.92%	-0.34%
National Fuel Gas Co.	Utilities	-2.40%	0.21%	2.11%	-0.25%

REGL's strategy remains focused exclusively on the S&P MidCap 400 Dividend Aristocrats—high-quality companies that have not only paid dividends but grown them for at least 15 consecutive years. As a group, REGL's holdings generally have had stable earnings, solid fundamentals, and strong histories of profit and growth. This strategy has a demonstrated history of weathering market turbulence over time by capturing most of the gains of rising markets and fewer of the losses in falling markets.

Sources: FactSet, Bloomberg. REGL's total operating expenses are 0.40%.

¹Source: Wolters Kluwer's Blue Chip Economic Indicators and Blue Chip Financial Forecasts.

²Market returns are based on the composite closing price and do not represent the returns you would receive if you traded shares at other times. The first trading date is typically several days after the fund inception date. Therefore, NAV is used to calculate market returns prior to the first trading date.

³Holdings are subject to change.

⁴REGL's average index weight from 10/1/23–12/31/23.

If fewer than 40 stocks meet criteria, the index may include companies with shorter dividend growth histories.

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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.

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