

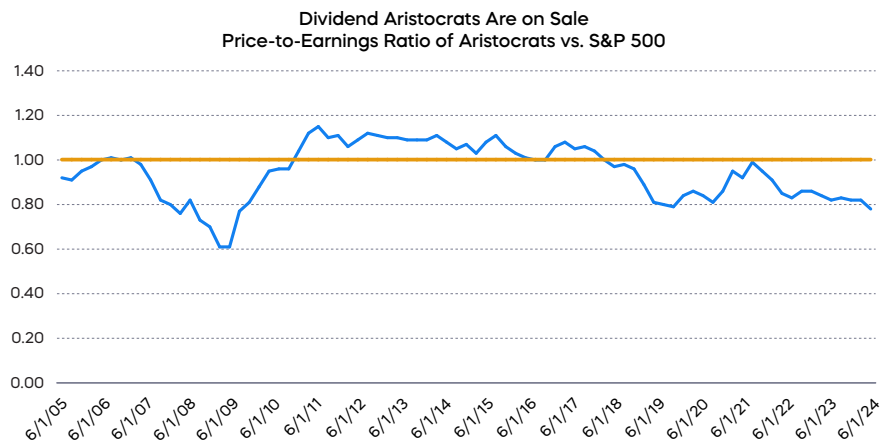
The Dividend Aristocrats Are on Sale: Potential Buy Signal?

Metrics like a company’s price-to-earnings (P/E) ratio¹, which may indicate whether a stock is over- or undervalued, can help investors determine the potential for future total returns, but with one big caveat: They must be patient. In the short term, stock prices tend to be driven by supply and demand, and sentiment. Fundamentals like earnings, cash flows and valuations tend to matter more in the longer term. What can today’s valuations tell us? That there is a potential opportunity to buy high-quality stocks at low prices.

The S&P 500 advanced over 26% in 2024 with earnings that have been mostly flat, pushing the P/E ratios of S&P 500 stocks above long-term averages. Meanwhile, returns for the S&P 500 Dividend Aristocrats were more modest, despite delivering more stable earnings². The result? The Aristocrats were trading at roughly 78% of the broader S&P 500’s P/E multiple as of 6/30/24.

That level of discount is not common and, prior to a few occurrences in 2020–2021, had not been seen in well over a decade. Higher-quality stocks like the S&P 500 Dividend Aristocrats have tended to trade at premium valuations to the market. When they have traded at discounted valuations to the S&P 500, it’s typically been a good time to invest.

The following chart shows the price-to-earnings ratio of the S&P 500 Dividend Aristocrats Index relative to the S&P 500. Anytime the blue line is below 1, the Aristocrats are relatively cheaper than the broad market.

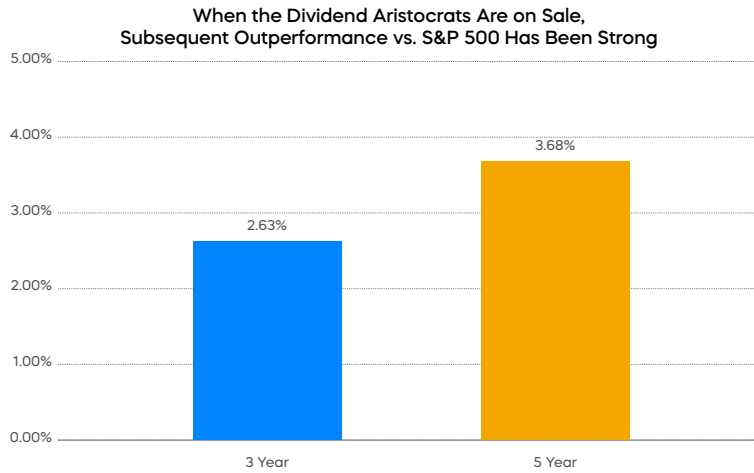


Source: Bloomberg. Data from 6/30/05 to 6/30/24.

Prior periods when the Aristocrats have traded at similar relative valuations to today have often preceded strong periods of future outperformance, which could make today’s valuation levels a potential buy signal. Anytime the Dividend Aristocrats have traded at less than 90% of S&P 500 valuations, average forward three- and five-year returns for the Aristocrats have outperformed and always been positive, as shown in the next chart.

¹Price/earnings (P/E) ratio is calculated by dividing the current share price of a company by its earnings per share (EPS). It shows how much investors are paying for a dollar of a company’s earnings.

²Sources: Morningstar and FactSet.



Source: Bloomberg. Data from 6/30/05 to 6/30/24. Chart represents average of subsequent 3- and 5-year outperformance of S&P 500 Dividend Aristocrats vs. S&P 500 when the Aristocrats have been valued at less than 90% of the valuation of the S&P 500.

The S&P 500 Dividend Aristocrats often trade at premium valuations relative to the S&P 500. The Aristocrats are on sale, and they were trading at only 78% relative to the broad market as of 6/30/24. While there's not generally a bad time to invest in quality stocks, now could be a great time to invest in the Dividend Aristocrats.

Have Questions?

Financial professionals can contact ProShares at **866-776-5125** or email info@proshares.com for additional information about ProShares and other investment products.

NOBL
S&P 500 Dividend
Aristocrats ETF

Important Information

Any forward-looking statements herein are based on expectations of ProShare Advisors LLC at this time.

The performance quoted represents past performance and does not guarantee future results. Index information does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index.

There is no guarantee any ProShares ETF will achieve its investment objective.

Shares of any ETF are generally bought and sold at market price (not NAV) and are not individually redeemed from the fund. Your brokerage commissions will reduce returns.

Investing involves risk, including the possible loss of principal. This ProShares ETF is subject to certain risks, including the risk that the fund may not track the performance of the index and that the fund's market price may fluctuate, which may decrease performance. Please see summary and full [prospectuses](#) for a more complete description of risks.

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.

The "S&P 500 Dividend Aristocrats®" Index is a product of S&P Dow Jones Indices LLC and its affiliates and has been licensed for use by ProShares. "S&P®" is a registered trademark of Standard & Poor's Financial Services LLC ("S&P") and "Dow Jones®" is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones") and have been licensed for use by S&P Dow Jones Indices LLC and its affiliates. ProShares have not been passed on by S&P Dow Jones Indices LLC and its affiliates as to their legality or suitability. ProShares based on the S&P 500 Dividend Aristocrats Index are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates, and they make no representation regarding the advisability of investing in ProShares. **THESE ENTITIES AND THEIR AFFILIATES MAKE NO WARRANTIES AND BEAR NO LIABILITY WITH RESPECT TO PROSHARES.**

ProShares ETFs (ProShares Trust and ProShares Trust II) are distributed by SEI Investments Distribution Co., which is not affiliated with the funds' advisor or sponsor.

©2024 PSA BR-2024-6441341.1