

DIVIDEND GROWTH INVESTING

Mid Caps: Hitting the Sweetest Spot with Dividend Aristocrats

Why are mid caps the sweet spot?

Mid-cap equities are commonly referred to as the “sweet spot” between the lower risk of large-cap stocks and the greater potential of small caps. Mid caps have even outperformed both large and small caps over time. But filtering for consistent dividend growth may make that mid-cap sweet spot even sweeter.

Selectivity is the key to smart mid-cap investing

Companies that consistently grow their dividends tend to be high quality, with strong fundamentals, long histories of profit and growth, and generally stable earnings. And we know companies that grow their dividends have outperformed, with lower volatility. Selecting companies with the longest track records of dividend growth identifies a very elite group of high quality mid-cap dividend growers.

FINDING THE SWEETEST SPOT



The S&P MidCap 400 Dividend Aristocrats Index further refines the mid-cap sweet spot. It rigorously screens the S&P MidCap 400 for high-quality companies with at least 15 consecutive years of dividend growth, then caps each sector at 30%, and equal weights the holdings to help ensure diversification.

Only 12% of mid caps make the cut.

S&P MidCap 400 stocks have returned 13.68% versus 13.12% for the large-cap S&P 500 and 11.97% for the small-cap Russell 2000, based on annualized total returns for the 10-year period ending 12/31/18 (source: Morningstar). Dividend growth stock performance and volatility were analyzed by Ned Davis Research, based on Russell 3000 stocks from 1/31/87-12/31/18. Past performance does not guarantee future results. If there are not enough stocks meeting dividend growth requirements, or if sector caps are breached, the index will include companies with shorter dividend growth histories.

THE TAKEAWAY



If you're looking for high quality mid-cap stocks, consider a dividend growth strategy.

ProShares S&P MidCap 400 Dividend Aristocrats ETF (REGL) is the only ETF designed to track the S&P MidCap 400 Dividend Aristocrats Index, which identifies highly select companies in the S&P MidCap 400 with at least 15 consecutive years of dividend growth. Since inception, REGL and its index have outperformed the S&P MidCap 400, with lower volatility.

ProShares offers the largest suite of ETFs focused on dividend growers, covering various U.S. market caps as well as international markets.



Find out more

Visit ProShares.com or consult your financial advisor.

Fund performance and index history

Fund inception (February 3, 2015) through December 31, 2018

	Year to Date	1-Year	Fund Inception	Volatility (Standard Deviation)
ProShares S&P MidCap 400 Dividend Aristocrats ETF NAV Total Return	-3.16%	-3.16%	8.64%	12.56%
ProShares S&P MidCap 400 Dividend Aristocrats ETF Market Price Total Return	-3.26%	-3.26%	8.64%	13.02%
S&P MidCap 400 Dividend Aristocrats Index	-2.77%	-2.77%	9.03%	12.19%
S&P MidCap 400	-11.08%	-11.08%	4.82%	14.25%

Source: ProShares, Bloomberg

REGL's total operating expenses are 0.40%. 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.

ProShares is the leader in dividend growers ETFs by assets under management. Source: Bloomberg, 12/31/18. **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 index at reconstitution. **Investing involves risk, including the possible loss of principal.** This ProShares ETF is diversified and entails certain risks, including imperfect benchmark correlation and market price variance, that may decrease performance. Investments in smaller companies typically exhibit higher volatility. Smaller company stocks also may trade at greater spreads or lower trading volumes, and may be less liquid than stocks of larger companies. Please see summary and full prospectuses for a more complete description of risks. **There is no guarantee any ProShares ETF will achieve its investment objective.**

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 advisor or broker-dealer representative or visit ProShares.com.

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