

DIVIDEND INVESTING IN INTERNATIONAL MARKETS

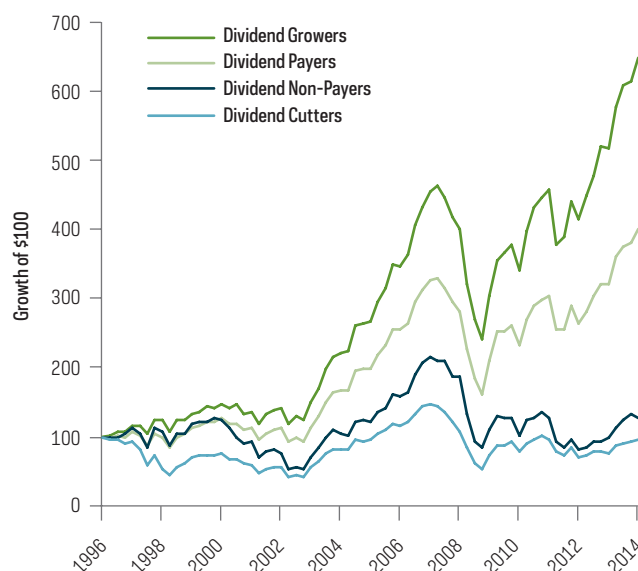
Dividend growth: not just for U.S. stocks

Expanding your dividend toolkit

Dividend strategies have gained a foothold with equity investors seeking outperformance potential and attractive yield. But it's important to remember that not all dividend strategies are created equal. While companies that paid dividends outperformed those that didn't, in recent years, companies that grew their dividends year over year outperformed companies that simply paid dividends.¹ This simple but powerful trend applies outside the traditional realm of domestic large cap stocks. It also works for small and mid cap stocks, and applies to international markets as well.

MSCI EAFE Dividend Growers Led the Pack

June 30, 1996-June 30, 2014



Source: Ned Davis Research analysis of MSCI EAFE stocks from 6/30/96 through 6/30/14. Growth of a hypothetical \$100 in MSCI EAFE, which represents developed markets outside North America, including Europe, Australasia and the Far East. MSCI EAFE companies include: Dividend Growers: companies that increased their dividend during the previous 12 months and a subset of Dividend Payers; Dividend Payers: companies that paid a quarterly or annual dividend in the calendar year and includes Dividend Growers, Dividend Cutters, and Dividend Non-Changers; Dividend Non-Payers; and Dividend Cutters. Assumes dividends reinvested and all are equally weighted.

Exporting your dividend growth strategy

If you're contemplating a dividend growth strategy, consider exporting it to international markets.

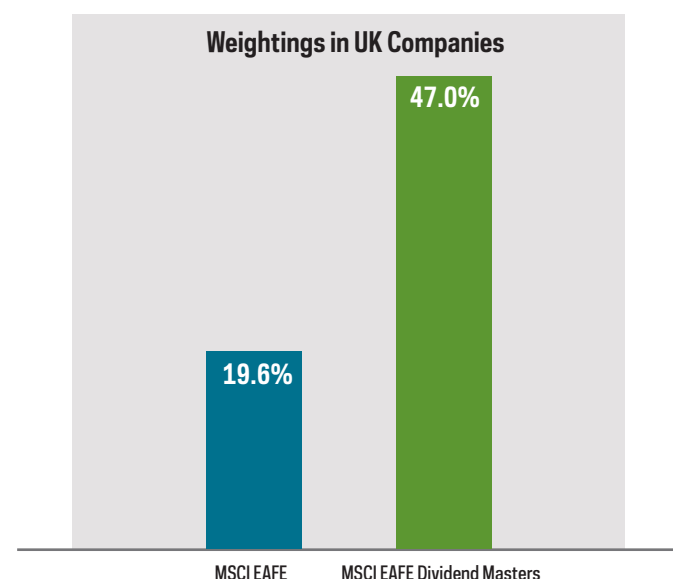
One index that focuses on the strongest dividend growers in international markets is the MSCI EAFE Dividend Masters Index. This index includes large and mid cap dividend growth stocks across developed market countries outside North America. The index is designed to capture the performance of companies in the MSCI EAFE Index (a leading developed market index) that have increased dividends every year for at least 10 consecutive years.

Looking under the hood of MSCI EAFE Dividend Masters

The focus on dividend growth in MSCI EAFE Dividend Masters means there are key differences between it and the baseline MSCI EAFE. For example, MSCI EAFE Dividend Masters has a significant overweight to the United Kingdom.

UK Companies Dominated MSCI Dividend Masters

As of March 31, 2015



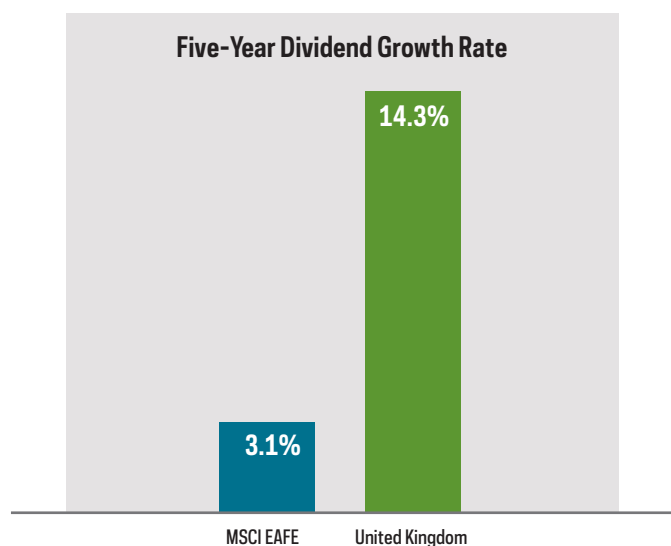
Source: Bloomberg

¹Source: Ned Davis Research analysis of companies underlying the Russell 3000 Index, a measure of the broad U.S. equities market. Data is from February 2, 1987 through December 31, 2014.

What's behind this overweight? Traditionally, UK stocks have stood out from other international developed markets with a long and stable dividend-paying culture. Of the 109 UK-based stocks in MSCI EAFE, 25 stocks, or 23% of the total, have grown their dividends for at least 10 consecutive years (as of 12/31/14). That's a remarkable statistic considering that it is almost double the percentage of the country with the next highest proportion of long-term dividend growers, Switzerland, with 13%. In fact, UK companies with this dividend growth record have represented at least 16% of all UK companies in MSCI EAFE since 2007. Moreover, since 2009, UK companies have grown their dividends at an annual rate of over four times the rate for MSCI EAFE as a whole, as shown below.

UK Dividend Growth Eclipsed Other Developed Markets

June 1, 2010–May 31, 2015



The takeaway

The merits of dividend growth for domestic large cap stocks are becoming increasingly well known. These merits also apply to other markets. By exporting your dividend growth strategy to international markets you get:

- Potential outperformance—stocks from international developed markets that grew their dividends year over year outperformed all other stocks in these markets in recent years.²
- A large overweight to UK stocks—because that's where the dividend growth has been.³

Invest in international stocks with the best records of dividend growth.



**ProShares MSCI EAFE
Dividend Growers ETF**

Find out more

Visit ProShares.com or consult your financial advisor.

²Source: Ned Davis Research analysis of MSCI EAFE stocks from June 30, 1996 through June 30, 2014.

³Index weights are subject to change.

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

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