Harnessing the potential of dividend growth

Many investors are aware that dividend growth stocks have historically outperformed stocks that have not grown their dividends. But, that is only the beginning of the story.

The highest dividend growth rate stocks outperformed the S&P 500 by 8.7% over the 25-year period from 1992 through 2016. Meanwhile, stocks with the lowest dividend growth underperformed the S&P 500 by 1.7% per year. This is why we believe that dividend growth matters, as stocks with higher dividend growth rates have shown this long-term outperformance.

The magnitude of dividend growth matters

Stocks with higher dividend growth rates (and not higher yields) have outperformed the market, contrary to what many investors might believe.

| Quintile One - Lowest dividend growth | 1.72% |
| Quintile Two - Below average dividend growth | 1.51% |
| Quintile Three - Average dividend growth | 1.65% |
| Quintile Four - Above average dividend growth | 3.68% |
| Quintile Five - Highest dividend growth | 8.72% |

Relative performance vs. S&P 500 increases at higher rates of dividend growth

1992 - 2016

5 year annualized total return % (excess over S&P 500)

1 Source: Bloomberg, Reality Shares Research. Past performance does not guarantee future results. Dividend growth quintiles are based on 5-year dividend growth for the universe of dividend payers among the top 2,000 stocks by market capitalization. The full 25-year time period is broken up into five non-overlapping 5-year segments ending 12/31/1996, 12/31/2001, 12/31/2006, 12/31/2011, and 12/31/2016, then aggregated. Data was normalized across time frames by subtracting relevant 5-year dividend growth and 5-year total return rates of the S&P 500 index. Quintile 1 includes dividend cutters and stocks with no dividend change. Over the full period, there were 640 instances in the first quintile. Of these 295 (46%) were cutters and 116 (18%) were non-growers. 3,166 instances of non-payers.
Finding potential dividend growth companies with DIVCON®

To help investors find companies with the highest potential for dividend growth over the next 12 months, Reality Shares developed DIVCON, which analyzes and ranks a company’s future dividend growth potential. A ‘DIVCON 5’ rating indicates the greatest potential for dividend growth.

Potential to outperform with leading DIVCON® companies

The Reality Shares DIVCON Leaders Dividend ETF, by seeking long-term capital appreciation by tracking the performance, before fees and expenses, of the Reality Shares DIVCON Leaders Dividend Index, invests in the stocks with the highest DIVCON rating. This strategy follows the DIVCON methodology to seek investments in the companies with the greatest potential for dividend growth over the next 12 months. By utilizing this methodology, the LEAD ETF seeks capital appreciation over the long term.

5 year dividend growth, earnings per share growth and revenue growth for current constituents

Bubble size = 5yr median Annualized revenue growth

The potential benefits of investing with LEAD

- Utilizes a rules-based methodology
- Affordable and relatively low cost
- Stocks selected for potential for dividend growth
- Available on most online brokerages

**Ticker: LEAD**
DIVCON Leaders Dividend ETF

Seeks to invest in dividend growth companies*

* These are ETFs and there is no guarantee that their investment goals and strategies will be successful. The Funds are not designed to deliver substantial dividend income, and may not be appropriate for investors seeking dividend income.

Contact Reality Shares to learn how the LEAD ETF can potentially help you capitalize on the potential of dividend growth investing; or visit TheLeadETF.com for more information.

**Definitions**

- S&P 500: A broad stock market index of 500 large companies based on market capitalization.
- Dividend Yield: A standardized measure of a stock’s dividend payout relative to its current market share price.
- Earnings per share: The company’s profit divided by each outstanding share of common stock.

The investment objective of the Reality Shares DIVCON Leaders Dividend ETF (the “Fund”) is to seek long-term capital appreciation by tracking the performance, before fees and expenses, of the Reality Shares DIVCON Leaders Dividend Index (the “Benchmark Index”).

There is no guarantee or assurance the methodology used to create the Benchmark Index will result in the Fund achieving positive returns. The Fund may be more susceptible to a single adverse economic or other occurrence and may therefore be more volatile than a more diversified Fund. The Benchmark Index is constructed using a rules-based methodology based on quantitative models developed by Reality Shares. These quantitative models may be incomplete, flawed or based on inaccurate assumptions and, therefore, may lead to the selection of assets that produce inferior investment returns or provide exposure to greater risk of loss.

These are ETFs and there is no guarantee that their investment goals and strategies will be successful. The Funds are not designed to deliver substantial dividend income, and may not be appropriate for investors seeking dividend income.

**Carefully consider the investment objective, risks, charges and expenses before investing in Reality Shares ETFs. This and other important information can be found in the Fund’s prospectus, which may be obtained by calling 855-595-0240 or by visiting us at realityshares.com. Please read the prospectus carefully before investing.**

Historical data relative to companies that have or have not paid dividends is no indication of how the ETF will perform, since investors are not directly investing in these companies.

Dividends are not guaranteed. Companies can cease paying dividends without notice.

There are risks involved with investing including the possible loss of principal. The Fund’s emphasis on dividend paying stocks involves the risk that a company may cut or eliminate its dividend which may affect the Fund’s returns. Investments in swaps, options, and futures and forward contracts are subject to a number of risks, including correlation risk, market risk, leverage risk and liquidity risk, which may negatively impact the Fund’s investment strategy and could cause the Fund to lose money. Please review the prospectus for important risks regarding the Fund, as each of these factors could cause the value of an investment in the Fund to decline over short- or long-term periods.

ETF shares are bought and sold at market price, not NAV, and are not individually redeemable. Owners may acquire shares from the Fund and tender shares for redemption to the Fund in creation units only.

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