

Hedging against market volatility? Try a long/short ETF.

The surprising rise in volatility in the beginning of 2018 begs the question: what's a simple way to potentially protect against the next market drop?

The Reality Shares DIVCON Dividend Defender ETF (ticker: DFND) is a quantitative long/short ETF designed as an alternative hedge. The Fund's investment objective is to seek long-term capital appreciation by tracking the performance, before fees and expenses, of the Reality Shares DIVCON Dividend Defender Index. DFND takes a long position in stocks with the highest potential for dividend growth, and shorts the companies that show potential dividend weakness, as indicated by the Reality Shares dividend growth ranking system, DIVCON®.

Ticker: DFND 

DIVCON Dividend Defender ETF

Seeks dividend growth leaders while short-selling expected dividend cutters*

HOW DFND'S LONG/SHORT STRATEGY IS DESIGNED

POTENTIAL DRIVEN BY THE FUND'S ONE-TWO PUNCH

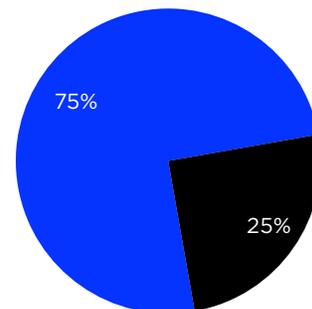
1. Pinpoints stock quality by analyzing dividend health

We believe DIVCON analyzes and determines a stock's potential to outperform or underperform the market based on its potential dividend growth. As dividends are a function of earnings and underlying fundamentals, dividend growth potential can be used to forecast future performance.

2. The 75/25 Rule

DFND follows a rules-based, quantitative allocation, and invests using with a 3-to-1 ratio of long and short holdings, based on DIVCON rankings. Investors can benefit from long holdings in potential outperformers, and shorting stocks that may underperform.

DFND leverages dividend health as a volatility hedge in a 75/25 split



- 75% long the companies most likely to raise their dividend as indicated by DIVCON
- 25% short the companies most likely to cut their dividend as indicated by DIVCON

Why dividend growth is important

Historically, stocks in the S&P 500 that consistently raise their dividends have outperformed stocks with stagnating dividends or dividends cuts¹

*These are exchange traded funds and there is no guarantee that their investment goals and strategies will be successful. Dividends are not guaranteed. Companies can cease paying dividends without notice.
¹ Source: 2017 Ned Davis Research, Inc. and Reality Shares. Past performance does not guarantee future results

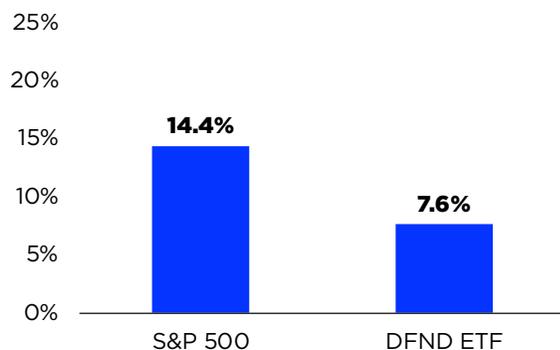
THE POTENTIAL IMPACT OF A LONG/SHORT HEDGE

Upside Capture

In the last year, DFND captured 53.2% of the S&P 500's return, with low correlation to the index and low volatility.² DFND's strategy can be a good fit to investors looking to participate in market growth AND have the potential for downside mitigation during market declines.

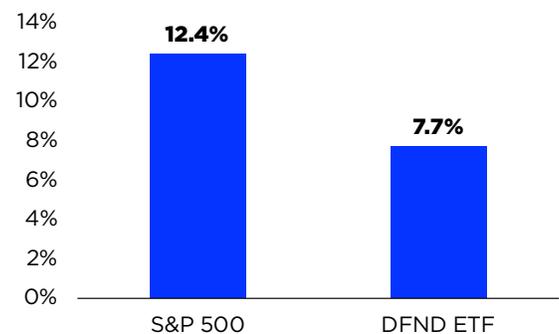
Long/short split returns still keep up

June 30, 2017 - June 30, 2018



Maintaining low volatility³

Std dev, June 30, 2017 - June 30, 2018



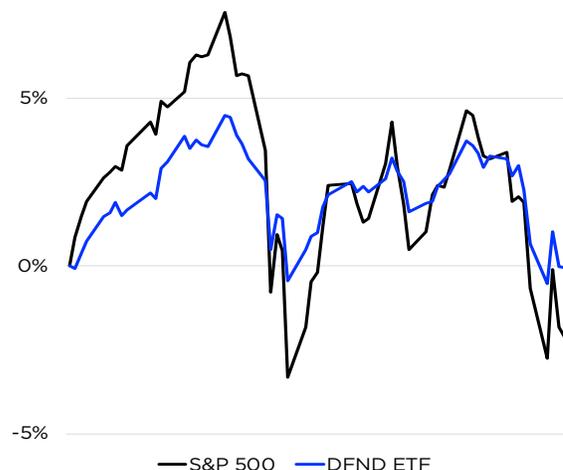
Potential downside mitigation

During the correction in the first quarter of 2018, the S&P 500 pulled back 10.1%, while DFND was only down 4.8%. In the event of a bigger downturn, or even a recession, the DFND ETF can offer additional levels of diversification and may limit some downside movement.

Cumulative performance of assets in the first half³

Jan 1, 2018 - June 30, 2018

Performance comparison during Q2 2018, by growth of assets³



WHY INVEST IN THE DFND ETF?

When corporate profits are slowing, valuations are stretched, or volatility is rising, many investors will naturally seek alternative strategies that may allow for participation in market gains while mitigating their downside risks. Investors seeking these kinds of strategies should consider hedging during downturns utilizing models that incorporate earnings, dividends, and actual company quality.

Utilize the power of DIVCON and the DIVCON ETFs to avoid possible dividend cutters and include potential dividend growers, an important strategy in today's market environment with heightened volatility and valuations.

² Source: Reality Shares Research. Past performance does not guarantee future results.

³ Standard deviation based on daily returns from Mar 31, 2017- Dec 31, 2017, and inception from June 30, 2017 - June 30, 2018. Past performance is no guarantee of future results. Source: Bloomberg, Compustat, S&P Capital IQ, Reality Shares Research.

⁴ Source: Reality Shares Research. Past performance does not guarantee future results.

Performance vs. Benchmark Since Fund Inception*

| Performance (As of 6/30/2018) | 3M | YTD | 1Y | Inception Cumulative* | Inception Annualized* |
|---|--------|-------|--------|-----------------------|-----------------------|
| DFND NAV Returns | -0.54% | 0.19% | 7.64% | 15.18% | 5.91% |
| DFND Market Price Returns | 0.01% | 0.24% | 8.24% | 16.07% | 6.25% |
| Reality Shares DIVCON Dividend Defender Index | -0.51% | 0.29% | 8.04% | 17.01% | 6.59% |
| HFRX Equity Hedge Index | -0.92% | 0.24% | 6.28% | 14.59% | 5.69% |
| S&P 500 Total Return Index | 3.43% | 2.65% | 14.37% | 51.29% | 18.33% |

*Inception date is 1/14/2016.

Performance data quoted represents past performance. Past performance is no guarantee of future results and investment return, and principal value of the Fund will fluctuate so that shares when sold may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted. Market price returns are based on the midpoint of the bid/ask spread at 4 pm ET and do not represent the returns an investor would receive if shares were traded at other times. Returns over one year are annualized. ETF shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Visit realityshares.com for performance data current to the most recent month end. Gross expenses: 1.38%.

Ask us how to capitalize on the potential of the dividend growth rate.
Contact 855.595.0240 or visit realityshares.com for more information.

Definitions

Correlation: A statistic which measures the relationship between two securities, and how closely their fluctuations coincide with one another

HFRX Equity Hedge Index: An index representing the overall composition of the hedge fund universe.

Reality Shares DIVCON Dividend Defender Index: An index 75% long of the large-cap U.S. stocks most likely to increase their dividend and 25% short of the large-cap U.S. stocks least likely to raise their dividend, as rated by the Reality Shares DIVCON methodology.

S&P 500 Total Return Index: A broad stock market index of 500 large companies based on market capitalization and income including dividends, interest, and securities lending fees.

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 clicking here. Please read the prospectus carefully before investing.

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

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. The Fund is new and has a limited operating history. Short sale risk: Securities sold short create special risks which may result in increased volatility of returns. As losses on short sales occur from increases in the value of the security sold short, such losses are theoretically unlimited. Investments in short sales may also incur expenses related to borrowing securities. Short sales within the portfolio may result in the fund being less tax-efficient.

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 for inclusion in the Benchmark Index that produce inferior investment returns or provide exposure to greater risk of loss. The S&P 500 is a broad stock market index of 500 large companies based on market capitalization.

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.

Diversification does not eliminate the risk of experiencing investment losses.

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. Brokerage commissions will reduce returns.

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