Reality Shares Launches DIVCON Dividend Health Indexes

Proprietary Methodology Forecasts Dividend Increases and Cuts
Free Online Research Tools Available

SAN DIEGO—Aug. 19, 2015—Reality Shares Advisors, LLC, an innovative investment advisor and index provider, today launched DIVCON™, a proprietary new dividend health rating system that assesses the likelihood that companies will grow or cut their dividends. Like the U.S. Armed Forces’ iconic DEFCON system, which rates the country’s defense readiness condition, DIVCON (dividend condition) uses a five-tier rating system to provide a clear and concise snapshot of companies’ dividend health, where DIVCON 5 indicates the highest probability for a dividend increase and DIVCON 1 the highest probability for a dividend cut.

Reality Shares Advisors also launched a series of three DIVCON indexes, which use the DIVCON methodology to select companies with the strongest future economic prospects based on their projected dividend growth.

“We believe dividends are a crucial measure of the underlying value of companies and a strong indicator of their future performance, and our new DIVCON indexes are uniquely designed to track the companies our methodology determines are most likely to grow their dividends,” said Eric Ervin, President of Reality Shares Advisors. “DIVCON also gives investors tools to help them assess the dividend health of their portfolios, as well as shining a spotlight on the best- and worst-performing dividend-paying companies.”

Reality Shares Advisors calculates a DIVCON Score from 1-to-100 for each dividend payer among the 500 largest U.S. companies based on market capitalization. Scores are based on a weighted average of seven factors which measure the relationship between historic dividend trends, cash flow and earnings, buybacks, as well as consensus forecasts and external financial ratings. The DIVCON model calculates that for each one-point increase in DIVCON Score, the probability of a company increasing its dividend within one year rises by 2.6 percent.

Based on its score, each company receives a DIVCON Rating from one to five, which indicates its potential for future dividend increases or cuts. For example, in backtested (simulated) results, of the 207 instances where companies achieved a DIVCON 5 rating from 2001-2014, companies increased their dividends within 12 months 96.6 percent of the time, and none cut their dividends. Over the same period, there were 215 instances of companies falling into DIVCON 1, after which they cut their dividends within a year 34.9 percent of the time.
To enable market participants to track the performance of the highest-rated companies, Reality Shares Advisors also launched a series of three indexes based on the DIVCON methodology. Unlike many dividend indexes that focus solely on historic dividend growth or yield, the DIVCON indexes are engineered to track companies projected to grow their dividends in the future. The DIVCON series also includes an index that incorporates Reality Shares Advisors’ recently launched Guardian™ market strength indicator, a proprietary market valuation mechanism designed to reduce volatility and enhance portfolio returns.

In backtested (simulated) results, all three DIVCON indexes produced higher annualized returns than the S&P 500 Total Return Index from January 2001 through June 2015. The DIVCON index series consists of the following:

- Reality Shares DIVCON Leaders Dividend Index tracks DIVCON 5 stocks
- Reality Shares DIVCON Dividend Defender Index tracks DIVCON 5 stocks while shorting DIVCON 1 stocks
- Reality Shares DIVCON Dividend Guardian Index tracks DIVCON 5 stocks, and shorts DIVCON 1 stocks when the Guardian Indicator signals a declining market

Reality Shares Advisors provides its DIVCON Scores and Ratings for free on its website, [www.RealitySharesAdvisors.com/divcon](http://www.RealitySharesAdvisors.com/divcon), including a table of the 500 largest U.S. companies by market cap which can be sorted by DIVCON Rating, dividend yield and other criteria. The DIVCON indexes, including the associated research and methodology documents, are available at [www.RealitySharesAdvisors.com/indexes](http://www.RealitySharesAdvisors.com/indexes).

**About Reality Shares Advisors**

Reality Shares Advisors is an investment advisor and index provider that creates innovative, research-driven solutions to help minimize the effects of market noise and emotion on investment performance. Our goal is to democratize the world’s best investing ideas by delivering institutional-grade investment strategies and unique market exposure opportunities. Our strategies are designed to enhance a wide range of investment concepts using quantitative analytical methods focusing on investment characteristics such as diversification, lower correlation, risk mitigation, or highly targeted market exposures. For more information, visit [www.realitysharesadvisors.com](http://www.realitysharesadvisors.com).

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