SEVENS REPORT *alpha*

October 4, 2017

In Today's Issue

- The Dividend Issue
- DIVY—The lone ETF that invests in pure dividend growth.
- REGL and SMDV—Finding the next Dividend Aristocrats through Mid and small-cap dividend growth powerhouses.

Finding a Needle(s) in the Dividend Haystack

Last year, Morningstar reported there were 469 US-listed dividend strategies across the open-end, closed-end and ETF universes. Collectively, these funds had $745 billion in assets and accounted for 9% of all equity fund assets, at the time.

As an advisor or financial professional, how do you sort through the gobs of dividend-related funds in the marketplace?

It's a tall task, but an important one to undertake. After all, dividends have been responsible for close to half of the stock market's total return over the last 90 years.

In many time periods, dividends accounted for much more than 50% of the S&P 500's total return. Non-dividend-paying stocks only have one way to recognize value… their share prices must rise. Dividend-paying stocks have two ways to recognize value… regular cash dividend payments, and a rise in their share prices.

Howard Silverblatt, a Senior Index Analyst with S&P Dow Jones Indices said:

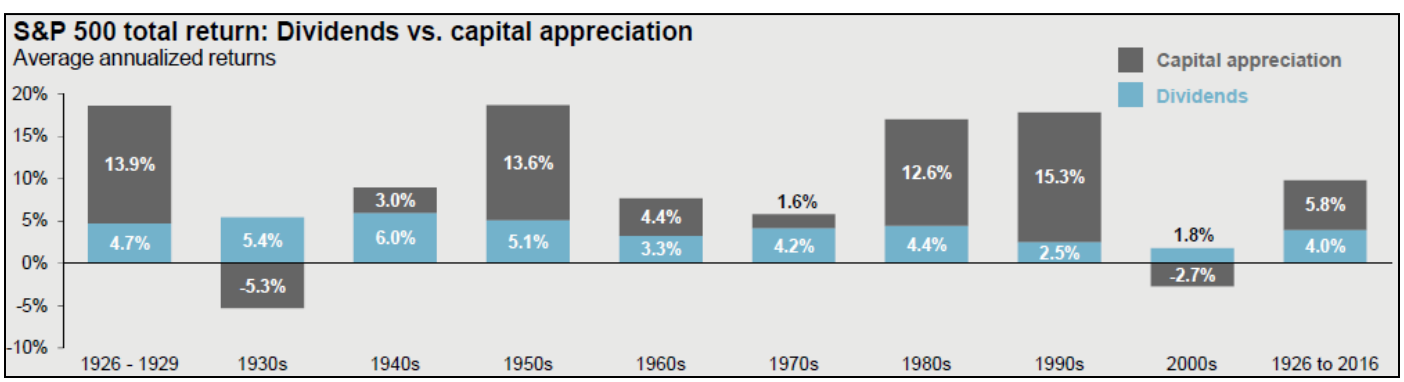
"Dividend stocks have several advantages. Since 1926, dividends have accounted for about 42% of investor returns, while being less volatile than the market. To some extent, the dividend acts like an anchor, slowing the stock down. The beauty of dividends is that you get paid, whether or not the market is up."

We know dividends are a crucial component of long-term investment returns. So, how do you scour the smorgasbord of dividend funds available?

The general answer is pick a reputable fund family; a fund with a satisfactory asset level (volume too, if it's an ETF), decent track record and low expenses and a dividend strategy that makes sense.

One way to shorten the list is to strictly use ETFs. Many advisors are doing this. According to FPA's Trends in Investing Surveys, ETFs have been the product of choice for financial advisors each of the last three years.

There are approximately 160 ETFs with a dividend focus. Vanguard Dividend Appreciation ETF (VIG), Vanguard High Dividend Yield ETF (VYM), iShares Select Dividend ETF (DVY), SPDR S&P 500 Dividend ETF (SDY), Schwab US Dividend Equity ETF (SCHD) and other dividend ETFs have hauled in a ton of assets. These popular ETFs have served investors well and are all solid choices.



But, using a simple process and opting for the conventional dividend-oriented funds can leave a lot of stones unturned. And that's where *Sevens Report Alpha* comes in. My team and I have dug through dozens of dividend-centered ETFs. Today, I'll unveil three under-the-radar dividend ETFs that warrant more attention and investment dollars.

One is truly unique, as there's no other ETF or fund like it. The other two, which I've grouped together, cover market capitalizations that are often overlooked when it comes to dividend investing.

Before we get to the ideas, it's important to cover an often-debated dividend topic. This will show why I've chosen one route over the other.

Dividend Growth Versus Dividend Yield

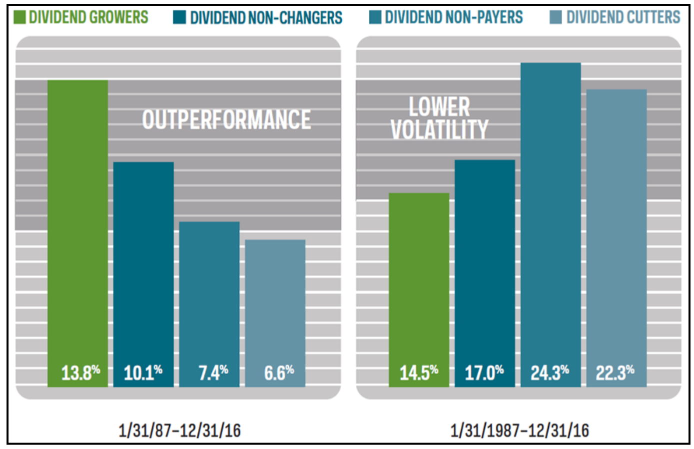
With today's low interest rate environment, dividend yield is in great demand.

But, dividend yield doesn't always work out for shareholders. Often, high dividend yields are a result of big stock price drops. In these situations, there could be underlying financial problems with the company. Or an investor could be catching a falling knife. And in other cases, companies know investors are desperate for yield, so they may stretch to maintain those high yields. This could mean borrowing (taking on more debt) to continue making unsustainable dividend payments. As you'd guess, neither of these scenarios typically ends well for investors.

I'd rather focus on companies that are consistently growing their dividends. These types of companies tend to have cash flow and balance sheets that are trending in a positive direction. By and large, they possess strong fundamentals, stable earnings, and management teams that excel as capital allocators.

The numbers dictate this belief.

Here's are the results from a Ned Davis Research Study on Russell 3000 stocks, which cover roughly 98% of the investable US equity market.



Over the last three decades, dividend growth stocks have significantly outperformed all other types of stocks. And they've done it with less volatility.

Now, let's go through some of my top dividend growth options in the ETF universe. Again, these funds aren't jam-packed with assets, but they're extraordinary, well-reasoned strategies.

Idea #1: DIVY—Reality Shares DIVS ETF

Eric Ervin was a financial advisor for Morgan Stanley for 14 years. He and his partner managed over $300 million in assets and were in the top 2% of all Morgan Stanley offices.

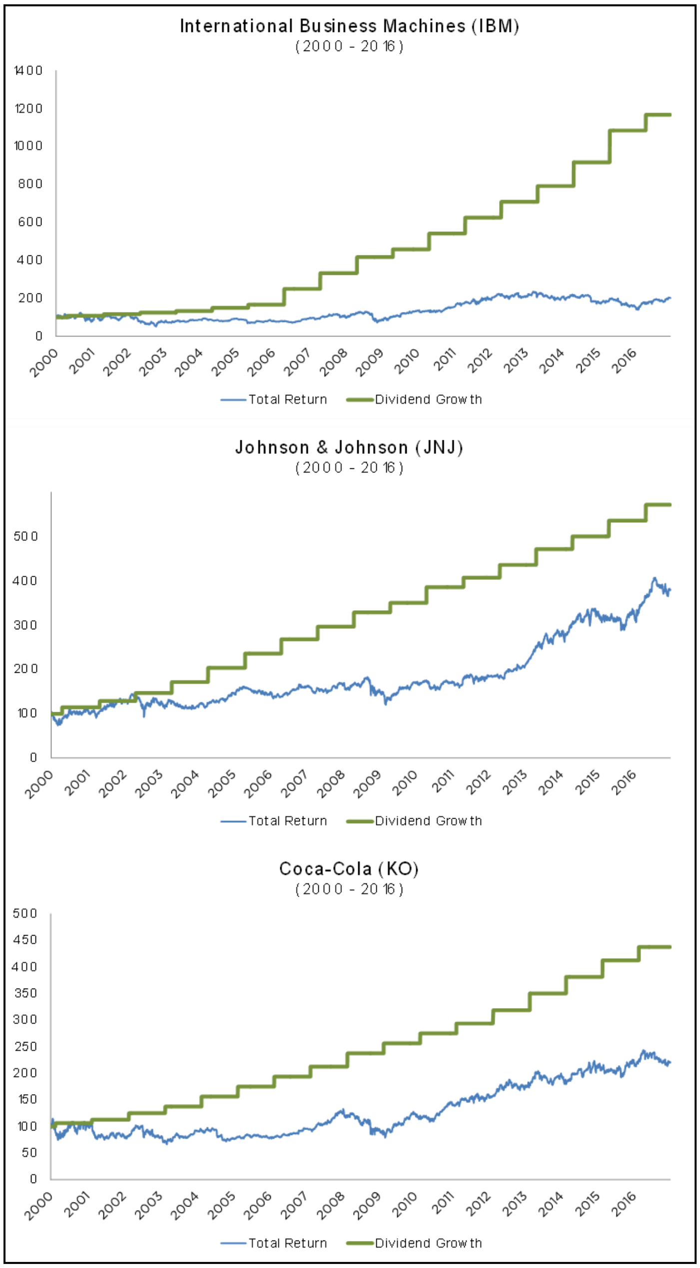
Eric enjoyed his job, but one issue always kept him up at night. He could buy good businesses for his clients, and eventually, their stock prices should rise to meet their fundamentals. But oftentimes, it would take long to happen. Many of his clients—just like most investors—were too impatient to wait.

On top of that, Eric knew stock prices could be impacted by a variety of external, uncontrollable factors (an employment report, geopolitical news, North Korea, etc.). So, even if a company possessed solid fundamentals and regularly grew its earnings, it didn't mean its stock price would rise.

But, over the years, Eric found that dividends were more representative of a company's true financials.

Take IBM, JNJ and KO from 2000-2016.

- IBM: Dividend growth 1,067% vs. total return 102%
- JNJ: Dividend growth 471% vs. total return 279%



- KO: Dividend growth 338% vs. total return 120%

Dividend growth (the green line) was a steady climb up the stairs without any missteps. While total return (price appreciation + dividends, the blue line), had several slips along the way.

So, Eric used a strategy—one that he learned from his hedge fund buddies—inside his alternative bucket to isolate and capture the growth of stock dividends.

It permitted him to focus on the long-term financial health of companies (through dividend growth) without exposure to their stock prices. Basically, it smoothed out returns and volatility.

His clients loved it.

One of Eric's wealthiest clients treasured the strategy so much, **he actually convinced him to quit Morgan Stanley and take this strategy to the masses.**

Eric obliged and quit Morgan Stanley in 2011. After a couple years of building his company from scratch, the **Reality Shares DIVS ETF (DIVY)** launched on Dec. 18, 2014. It was the world's first publicly traded vehicle centered on pure dividend growth.

In its early days, DIVY used a complex options strategy called a "jelly roll." The "roll" was a four-legged option combination (two pairs) built around the dividends. And the "jelly" was the dividends captured in the middle of the options expirations.

The strategy participated in the dividend growth of the index without any price risk.

In the fall of 2015, Reality Shares switched from the jelly roll to dividend swaps, which DIVY still uses today. The move to more efficient dividend swaps had three advantages:

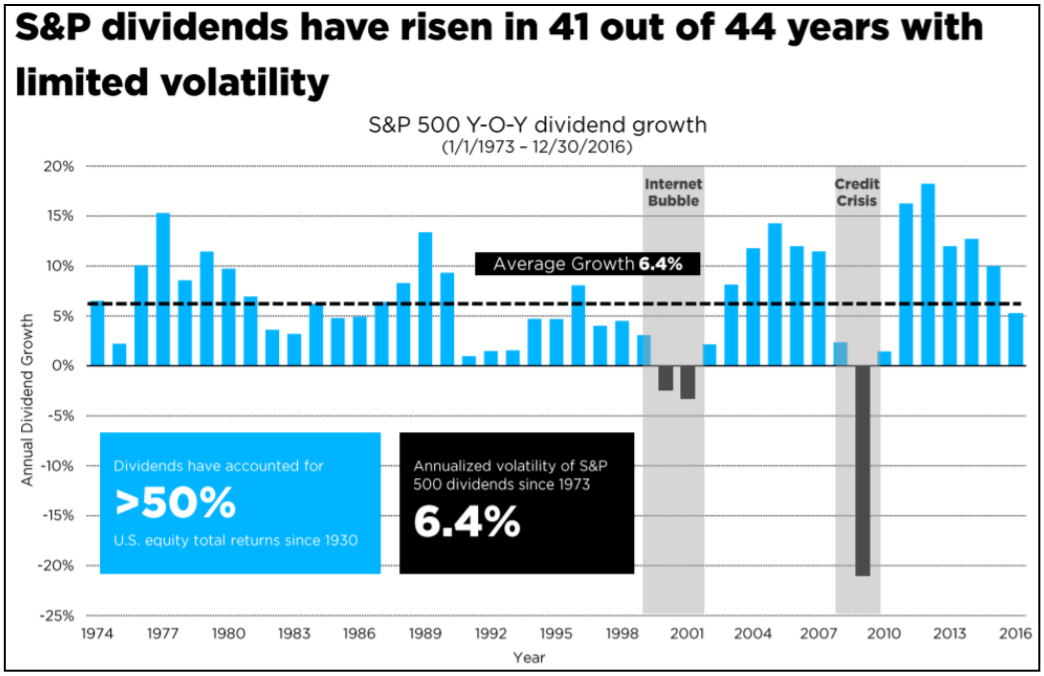
- It lowered transaction costs,
- Eliminated outside interference from the options market, and
- It further reduced NAV volatility.

A dividend swap is a derivative in which counterparties—i.e., Reality Shares and a large bank—exchange a set of future cash flows at set dates in the future.

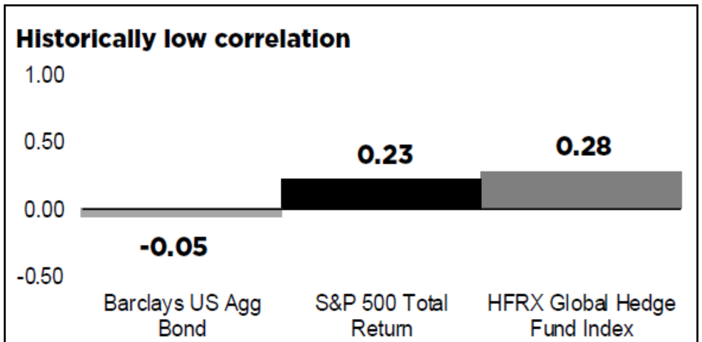
For example, Reality Shares purchased 2018 S&P 500 dividend-swap contracts at a price of $48 (meaning, the aggregate dividend per share of the S&P 500 as an index is $48), believing this contract to be undervalued with the expectation that S&P 500 dividends will end 2018 at a higher value).

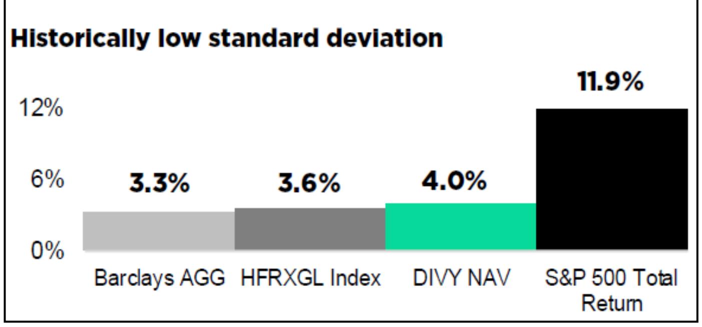
If this works out, DIVY will be owed the ending dividend value. It benefits from capital appreciation due to dividend growth beyond market expectations. As dividends grow, DIVY's share price should grow proportionately.

Obviously, DIVY is a bet on the S&P 500's dividend growth, which has been remarkably steady over time. The S&P 500 year-over-year dividend growth has had an average growth rate of 6.4% over the last 44 years. (S&P 500 dividend growth declined in only three of the last 44 years. In contrast, the S&P 500 had a negative total return in nine of the last 44 years).



Going back to Eric's penchant for holding an alternatives sleeve for his former Morgan Stanley clients, that's where DIVY fits, too. With its alternative approach, DIVY won't run with the market in booms, but it won't decline with the market in busts, either.





DIVY has a low correlation to other traditional asset classes.

Plus, it has a standard deviation that's much closer to bonds than stocks.

While DIVY doesn't produce income, some financial advisors are using it as a fixed income substitute. And others are using it as an alternatives allocation.

Industry experts have sure noticed the ingeniousness of DIVY's strategy:

- Current member of U.S. News' "Best ETFs" list
- 2017 winner of "Alternative ETF of the Year" (Fund Action ETF Innovation Awards)
- 2016 winner of "Most Innovative ETF—Americas" (Global ETF Awards)
- 2014 winner of "New ETF Issuer of the Year" (ETF.com)
- 2014 finalist "Most Innovative ETF Issuer of the Year" (ETF.com)
- 2014 finalist "Most Innovative New ETF" (ETF.com)

But, DIVY is still somewhat of an undiscovered gem with just $54 million in assets.

Don't expect any other ETF issuer to copy DIVY's strategy. The dividend experts at Reality Shares have proprietary index licenses and methodology copyrights in place.

Why could now be an especially opportune time to own DIVY? Four potential positive catalysts:

Catalyst 1: Rising Rates. Dividends have historically grown during periods of both rising and falling interest rates. They've been negatively correlated to bonds when interest rates have risen and positively correlated when interest rates have fallen.

Between 1972 and 1981, the 10-year Treasury went from 5.95% to 14.59%. Over that time, S&P 500 dividends grew an average of 8.07% per year.

Catalyst 2: Tax reform and repatriation. The Trump administration's tax plan, if passed, would lower the current corporate tax rate from 35% to 20%. It would also eliminate the US taxes paid on profits gained overseas, in an attempt to make US corporations more competitive and bring profits back to US shores. Although it could take months to pass, the potential for tax reform bodes well for future dividends, as a new tax environment can leave US companies flush with cash and set the stage for higher dividend payouts.

DIVY Facts	
Inception Date:	12/18/14
Assets:	$54M
Avg Daily Vol:	13K
Expense Ratio:	0.91%
Mstar Category:	Multialternative

Catalyst 3: Energy Turnaround. Energy stocks have been among the worst performers in 2017. Earnings, returns and dividend growth have all suffered in the worst performing sector (down 8.7% YTD). But towards the end of Q3, the sector reversed course. (The Energy Select Sector SPDR ETF (XLE) was up 10.2% in September.)

Energy stocks are projected to report the highest year-over-year earnings growth rate in the market, at a resounding 108.4%. A positive change in the sector's earnings could revive energy stock dividends, which would boost the dividend stream of the S&P 500.

Catalyst 4: The "pull-to-realized" effect. Regarding the phenomenon with DIVY and swap maturities, dividend swaps have historically been discounted relative to the year-end dividend values (with the S&P 500, for instance). As the swap contracts approach year-end and maturity, the value of the swaps tends to converge towards the expected ultimate dividend value. Last year, DIVY's Q4 return (4.25%) accounted for 52% of its 2016 return (8.23%). Potentially, this effect presents a buying opportunity for investors right now.

Eric Ervin, President of Reality Shares, summed up his firm's flagship ETF like this:

"For the same reasons that endowments like Harvard and Yale have de minimis allocations to traditional fixed income and equity, people need to consider other ways to capture returns in this environment. Isolating the dividend risk premium through a product like DIVY makes a lot of sense right now for long-term investors concerned about the potential damage that either rising rates or elevated market valuations could inflict on their portfolios."

Note: Don't be dissuaded by DIVY's daily trading volume. It's important to make the distinction between average daily volume and liquidity. DIVY has consistently had volume every day since inception, even if the volume was minimal on some days. This doesn't impact the ETF's liquidity and tradability. For example, DIVY had a 425,000 share order (equating to $10 million, at the time) filled just pennies above that particular day's NAV. This execution took place when the 30-day average volume was a few thousand shares.

Reality Shares encourages investors, who are placing sizable orders, to contact their office. The team will work with its market makers and large investors to assure trades are executed efficiently and effectively.

Ideas 2 & 3: Finding the Dividend Aristocrats of Tomorrow—REGL (ProShares S&P MidCap 400 Dividend Aristocrats ETF) & SMDV (ProShares Russell 2000 Dividend Growers ETF)

The "Dividend Aristocrats" are the holy grail of dividend-growth investing. This elite group of S&P 500 companies holds the longest track records of year-over-year dividend growth. The S&P 500 Dividend Aristocrats Index targets S&P 500 companies that have increased their dividends every year for at least 25 consecutive years.

As you might imagine, there's an ETF for this.

The ProShares S&P 500 Dividend Aristocrats ETF (NOBL) holds 51 companies (including familiar names like AT&T, Coca-Cola, Johnson & Johnson, McDonald's, Procter & Gamble, Wal-Mart, etc.) that have all accomplished this feat.

Per S&P Dow Jones Indices, the S&P 500 Dividend Aristocrats Index has outperformed the S&P 500 Index by an average of 2.4% per year from 1/31/90 to 12/30/16 (annualized returns of 11.8% vs. 9.4%, respectively).

Even though the long-term outperformance is significant, many of these companies don't have the growth of the past when it comes to revenues, earnings and dividends. A lot of them have slowed down and are not in hyper-growth mode any longer.

But, that's not the case for smaller capitalization stocks with impressive records of dividend growth.

ProShares offers similar ETFs for mid-cap and small-cap stocks.

These stocks could be the S&P 500 Dividend Aristocrats of tomorrow. Or they could stay in their respective capitalization spaces and continue cranking out fast-growing dividend streams for their shareholders.

As Simeon Hyman, Head of Investment Strategy for ProShares, told me:

"There are indeed companies that grow their dividends for long periods of time and remain mid or small cap. So, rather than the notion of companies graduating from mid and small cap to large cap (while that does occa-

S&P MidCap 400 Dividend Aristocrats Index Holdings As of 7/25/17

Name	Ticker	Sector
45+ Years of Consecutive Dividend Growth		
Black Hills Corp.	BKH	Utilities
Commerce Bancshares Inc. (MO)	CBSH	Financials
Lancaster Colony Corp.	LANC	Consumer Staples
MSA Safety Inc.	MSA	Industrials
National Fuel Gas Co.	NFG	Utilities
Tootsie Roll Industries Inc.	TR	Consumer Staples
35–44 Years of Consecutive Dividend Growth		
Carlisle Cos Inc.	CSL	Industrials
CDK Global Inc.	CDK	Information Technology
Eaton Vance Corp.	EV	Financials
Nordson Corp.	NDSN	Industrials
Old Republic Intl Corp	ORI	Financials
RPM International Inc.	RPM	Materials
Telephone & Data Systems Inc.	TDS	Telecommunication Services
Vectren Corp.	VVC	Utilities
WGL Holdings Inc.	WGL	Utilities
25–34 Years of Consecutive Dividend Growth		
Aqua America Inc.	WTR	Utilities
Atmos Energy Corp.	ATO	Utilities
Bemis Co Inc	BMS	Materials
MDU Resources Group Inc.	MDU	Utilities
Mercury General Corp.	MCY	Financials
National Retail Properties Inc.	NNN	Real Estate
SEI Investments Co.	SEIC	Financials
Sonoco Products Co.	SON	Materials
UGI Corp.	UGI	Utilities

Name	Ticker	Sector
15–24 Years of Consecutive Dividend Growth		
AptarGroup Inc.	ATR	Materials
Bank of the Ozarks Inc.	OZRK	Financials
Brown & Brown Inc.	BRO	Financials
Casey's General Stores Inc.	CASY	Consumer Staples
Cullen/Frost Bankers Inc.	CFR	Financials
Donaldson Company Inc.	DCI	Industrials
FactSet Research Systems Inc.	FDS	Financials
Graco Inc.	GGG	Industrials
John Wiley & Sons Inc.	JW/A	Consumer Discretionary
Lincoln Electric Holdings Inc.	LECO	Industrials
Meredith Corp.	MDP	Consumer Discretionary
New Jersey Resources Corp.	NJR	Utilities
Owens & Minor Inc.	OMI	Health Care
Polaris Industries Inc.	PII	Consumer Discretionary
Prosperity Bancshares Inc.	PB	Financials
RenaissanceRe Hldgs Ltd	RNR	Financials
Tanger Factory Outlet Centers Inc.	SKT	Real Estate
UMB Financial Corp.	UMBF	Financials
West Pharmaceutical Services Inc.	WST	Health Care
W.R. Berkley Corp.	WRB	Financials

sionally happen), we see the power simply in the efficacy of applying the dividend growth screen to mid and small caps, whereas most investors are only familiar with it as a large-cap approach. Just as with NOBL in large cap, the approach identifies quality companies in the mid and small cap space that can outperform over time. And in this period of near-daily new market highs, the fund can offer the opportunity to participate and protect."

Per Bloomberg, here's how ProShares US-based dividend growth ETFs stack up in terms of dividend growth…

- NOBL: 1-year dividend growth rate of 14.6%; 3-year dividend growth rate of 18.8%. SPY: 1-year dividend growth rate of 8.1%; 3-year dividend growth rate of 9.1%.
- REGL: 1-year dividend growth rate of 23%. MDY (SPDR S&P MidCap 400 ETF): 1-year dividend growth rate of 4.7%.
- SMDV: 1-year dividend growth rate of 29.7%. IWM (iShares Russell 2000 ETF): 1-year dividend growth rate of 6.7%.

There's only a year's worth of data since REGL and SMDV launched less than three years ago.

<u>But as you can see, REGL and SMDV have significantly higher dividend growth rates than NOBL and their broad-based, vanilla counterparts (MDY and IWM).</u>

The **ProShares S&P MidCap 400 Dividend Aristocrats ETF (REGL)** tracks the S&P MidCap 400 Dividend Aristocrats Index. The index identifies select companies in the S&P MidCap 400 Index with at least 15 consecutive years of dividend growth (only 12% of mid caps make the cut). Index constituents are equally weighted, re-

Russell 2000 Dividend Growth Index Holdings As of 6/26/17 reconstitution

Name	Ticker	Sector	Years[1]	Name	Ticker	Sector	Years[1]
Northwest Natural Gas	NWN	Utilities	61	Southside Bancshares	SBSI	Financial Services	18
Tootsie Roll Industries	TR	Consumer Staples	53	Urstadt Biddle Pptys Ins	UBA	Financial Services	18
ABM Industries Inc	ABM	Producer Durables	52	Vector Group Ltd	VGR	Consumer Staples	18
California Water Service Group	CWT	Utilities	49	ATN International	ATNI	Utilities	17
HB Fuller Company	FUL	Materials & Processing	49	South Jersey Industries	SJI	Utilities	17
SJW Group	SJW	Utilities	49	Andersons Inc	ANDE	Consumer Staples	14
Stepan Co	SCL	Materials & Processing	49	Avista Corp	AVA	Utilities	14
Lancaster Colony	LANC	Consumer Staples	47	Calavo Growers Inc	CVGW	Consumer Staples	14[2]
MSA Safety	MSA	Producer Durables	46	Lindsay Corp	LNN	Producer Durables	14
Universal Corp	UVV	Consumer Staples	46	National Health Invs Inc	NHI	Financial Services	14
Black Hills Corp	BKH	Utilities	45	Westwood Holdings Group	WHG	Financial Services	14
Middlesex Water	MSEX	Utilities	44	Aarons Inc	AAN	Consumer Discretionary	13
Allete Inc	ALE	Utilities	41[2]	American Equity Invst	AEL	Financial Services	13
Connecticut Water Svc	CTWS	Utilities	41	Atrion Corp	ATRI	Health Care	13
RLI Corporation	RLI	Financial Services	40	Chesapeake Utilities	CPK	Utilities	13
WGL Holdings	WGL	Utilities	40	Healthcare Svcs Grp Inc	HCSG	Producer Durables	13
United Bankshares Inc	UBSI	Financial Services	35	Infinity Ppty & Cas Corp	IPCC	Financial Services	13
Brady Corp	BRC	Producer Durables	32	Spire Inc	SR	Utilities	13
Universal Health Realty	UHT	Financial Services	29	Compass Minerals Intl	CMP	Materials & Processing	12
McGrath Rent Corp	MGRC	Producer Durables	26	Hawkins Inc	HWKN	Materials & Processing	12
Community Bank Systems	CBU	Financial Services	25	J & J Snack Foods Co	JJSF	Consumer Staples	12
UMB Financial Corp	UMBF	Financial Services	25	International Speedway	ISCA	Consumer Discretionary	11
Badger Meter Inc	BMI	Producer Durables	24	National Healthcare Corp	NHC	Health Care	11
BancFirst Corp	BANF	Financial Services	23	Northwestern Corp	NWE	Utilities	11
Franklin Electric Co	FELE	Producer Durables	23	Sensient Technologies	SXT	Materials & Processing	11
Meredith Corp	MDP	Consumer Discretionary	23	Amtrust Finl Svcs	AFSI	Financial Services	10
Matthews International	MATW	Consumer Discretionary	22	GATX Corp	GATX	Producer Durables	10
New Jersey Resources	NJR	Utilities	21	Portland Gen Elec Co	POR	Utilities	10
Tompkins Financial Corp	TMP	Financial Services	20	Quaker Chemical Corp	KWR	Materials & Processing	10[2]
Owens & Minor Inc	OMI	Health Care	19	Average Consecutive Years of Dividend Growth			25

balanced quarterly, and each sector cannot exceed 30% of the index's weight.

Since its 2/3/15 inception, REGL has crushed MDY. REGL's cumulative total return is 35.2%, while MDY's cumulative total return is 26.3%. REGL is also cheaper than MDY: REGL has an average P/E of 22.8 and MDY has an average P/E of 29.9.

REGL Facts	
Inception Date:	2/3/15
Assets:	414M
Avg Daily Vol:	58K
Expense Ratio:	0.40%
Dividend Yield:	1.7%

For a longer look at performance, S&P Dow Jones Indices' back-tests show longer-term outperformance. Through 8/31/17, the S&P MidCap 400 Dividend Aristocrats Index is up an annualized 11.3% (3-year), 15% (5-year) and 9% (10-year). In comparison, the S&P 400 MidCap Index is up an annualized 8.1% (3-year), 14% (5-year) and 8.9% (10-year).

REGL is the only ETF that tracks the S&P MidCap 400 Dividend Aristocrats Index—the quality companies of the S&P MidCap 400 Index with at least 15 consecutive years of dividend growth. Many of REGL's 40-plus holdings that have consistently grown their dividends over multiple decades tend to have strong fundamentals, stable earnings and long histories of profit and growth.

SMDV Facts	
Inception Date:	2/3/15
Assets:	$453M
Avg Daily Vol:	66K
Expense Ratio:	0.40%
Dividend Yield:	2%

The **ProShares Russell 2000 Dividend Growers ETF (SMDV)** tracks the Russell 2000 Dividend Growers Index. This index identifies select companies in the Russell 2000 Index with at least 10 consecutive years of dividend growth (only 3% of small caps make the cut). Index constituents are equally weighted, rebalanced quarterly and each sector cannot exceed 30% of the index's weight.

Since its 2/3/15 inception, SMDV has steamrolled IWM. SMDV's cumulative total return is 46.3%, while IWM's cumulative total return is 29.7%. SMDV also is much cheaper than IWM. SMDV has an average P/E of 23.9 and IWM has an average P/E of 93.1.

FTSE Russell backtests illustrate long-term outperformance here, as well. Through 8/31/17, the Russell 2000 Dividend Growth Index is up an annualized 14.6% (3-year), 16.9% (5-year). In contrast, the Russell 2000 Index is up an annualized 7.7% (3-year), 13.2% (5-year).

SMDV is the only ETF that tracks the Russell 2000 Dividend Growth Index—the quality companies of the Russell 2000 Index with the longest records of dividend growth. Although the requirement is 10 years of consecutive dividend growth, SMDV's average company (almost 60 holdings, in total) has an average of 25 years of consecutive dividend growth.

Quality matters when comes to small-cap dividend growers. Companies in the Russell 2000 Dividend Growth Index have a higher return on equity (ROE) than the companies in the Russell 2000 Index—12.4% versus 7.8%.

If you're really interested in dividend growth, it pays to consider mid-cap and small-cap stocks, in addition to large-cap stocks.

Have a good day,

Tom

Sevens Report Alpha ETF & Stock Ideas

ETF/Stock	Strategy	Date	Initiation Price	Current Price	Total Return	S&P 500
KWEB **(PGJ as an alternative if KWEB not available from your B/D).**	*KWEB (KraneShares CSI China Internet ETF) is a play on an index rebalance, where by Chinese "N" shares, which are ADRS of major Chinese companies like BIDU, WB, etc. will be added to MSCI Emerging Market Indices between now and June 2018.* ***What to do now: Buy.***	**Issue 1: 8/17/17 8/24/17**	**$55.77**	**$58.28**	**4.90%**	**4.30%**
RSP **(Guggenheim Equal Weight S&P: 500 ETF)**	*RSP has massively outperformed SPY as a core stock holding over longer-term time frames (314% vs. 112% over 17 years). In 2017, RSP has lagged (so far) due to significant tech sector outperformance, but we view this is a short-term distortion and an opportunity to buy this ETF at a discount compared to SPY.* ***What to do now: Buy.***	**Issue 2: 9/7/17**	**$93.40**	**$96.11**	**3.34%**	**2.70%**
Self-Driving Car Basket. **SNSR (Global X Internet of Things ETF).** **ROBO (Global Robotics & Automation ETF).** **AMBA (Ambarella)** **QCOM (Qualcomm)**	*Massive changes to the auto industry, including self-driving technology, are closer to the mainstream than most investors think. We think the foundational changes to the auto industry could be the next investing "Mega Trend" that can provide outperformance for years to come.* *There is no pure play "self driving" ETF yet, but SNSR and ROBO offer exposure to a lot of the tech companies that are best positioned in the space.* *AMBA and QCOM also have unique exposure to the growing self driving car industry and represent two of the better "pure play" stocks on the industry.* ***What to do now: Buy.***	**Issue 3: 9/21/17**	**SNSR: $18.96 ROBO: $38.44 AMBA: $46.00 QCOM: $51.86**	**SNSR: $19.04 ROBO: $39.08 AMBA: $49.32 QCOM: $52.00**	**SNSR: 0.11% ROBO: 1.33% AMBA 6.26% QCOM 0.27%**	**1.17%**
Electric Car Battery Plays. **LIT (Global X Lithium & Battery Tech ETF).** **ALB (Ablemarle Corp)**	*The trend towards the widespread adoption of electric cats is accelerating, with US auto companies planning massive roll out and China declaring all cars to be electric by the mid 2030's.* *There is no pure play "Electric Car" ETF but the key here is better technology, specifically lithium.* *LIT is a lithium ETF, while Albemarle Corp (ALB) is one of the leading lithium miners in the market today.* ***What to do now: Longer term investors can buy now, but as we said in the issue, both LIT and ALB ran up big time following the Chinese electric car decision. Both have digested those gains but remain over bought. Waiting for a lower enter point for shorter/medium term investors is certainly understandable.***	**Issue 3: 9/21/17**	**LIT: $38.70 ALB: $136.50**	**LIT: $38.27 ALB: $137.42**	**LIT: -0.71% ALB: 1.28%**	**1.17%**