

Sevens Report Alpha Fund & Stock Ideas

ETF/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
<u>Index Rebal</u> KWEB (KraneShares CSI China Internet ETF)	KWEB is an index rebalance play, where Chinese “N” shares (ADRs of major Chinese internet companies like BIDU, WB, etc.) will be added to FTSE Emerging Market Indices between now and June 2018. (PGJ is an alternative if KWEB is unavailable on your platform.) What to do now: Buy.	Issue 1: 8/17/17 8/24/17	KWEB: 10.76%	SPY: 7.64%
<u>Smart Beta</u> RSP (Guggenheim S&P 500 Equal Weight ETF)	RSP has massively outperformed SPY over longer-term time frames (314% vs. 112% over 17 years). In 2017, RSP has lagged (so far) due to significant tech sector outperformance. We view this as a short-term dislocation and an opportunity to buy RSP at a discount compared to SPY. What to do now: Buy.	Issue 2: 9/7/17	RSP: 5.54%	SPY: 5.99%
<u>Self-Driving Car Basket</u> SNSR (Global X Internet of Things ETF). ROBO (ROBO Global Robotics & Automation Index ETF). AMBA (Ambarella) QCOM (Qualcomm)	Massive changes to the auto industry, including self-driving technology, are closer to the mainstream than most investors think. The foundational changes to the auto industry could be the next “Megatrend” in investing to provide outperformance for years to come. There is no pure play “self-driving” ETF yet, but SNSR and ROBO offer exposure to many tech companies that are best-positioned in the space. AMBA and QCOM are two of the better stocks with unique exposure to the growing self-driving car industry. What to do now: Buy the ETFs. We closed QCOM a month and a half after the Broadcom takeover announcement for a quick, sizable gain. AMBA is up big, as well. If you decided to book similar profits here, that’s justifiable	Issue 3: 9/21/17	SNSR: 8.80% ROBO: 10.88% AMBA: 27.51% QCOM: 23.20% (closed)	SPY: 4.40% SPY: 3.72% (through QCOM close date)
<u>Electric Car Battery Plays</u> LIT (Global X Lithium & Battery Tech ETF). ALB (Albemarle)	The trend towards the widespread adoption of electric cars is accelerating, with US auto companies planning massive roll outs and several countries putting end dates on the internal combustion engine. There is no pure-play “electric car” ETF, but the key here is better technology, specifically lithium. LIT is a lithium ETF. ALB is one of the leading lithium plays in the market. What to do now: Longer-term investors can buy now, but as we said in the issue, LIT and ALB ran up big following China’s electric car decision. Both have digested those gains, but both remain overbought. Waiting for a lower entry point for shorter/medium-term investors makes sense.	Issue 3: 9/21/17	LIT: 6.59% ALB: 1.61%	SPY: 4.40%
<u>Dividend Growth</u> DIVY (Reality Shares DIVS ETF) REGL (ProShares S&P MidCap 400 Dividend Aristocrats ETF) SMDV (ProShares Russell 2000 Dividend Growers ETF)	Historically, dividends are responsible for half of the market’s total return. They are an essential component of long-term outperformance. While most investors choose high-yielding dividend stocks, our research shows dividend growth stocks can generate better long-term returns. DIVY is the only ETF that isolates pure dividend growth. This ETF is a fixed income alternative that should provide steady single-digit returns with low volatility and true diversification. REGL and SMDV are ETFs that provide exposure to the “Dividend Aristocrats” of tomorrow. What to do now: Buy.	Issue 4: 10/4/17	DIVY: 1.20% REGL: 1.14% SMDV: -1.47%	AGG: 0.25% MDY: 2.58% IWM: 0.73%
<u>Merger Arbitrage</u> GABCX (Gabelli ABC Fund) MNA (IQ Merger Arbitrage ETF)	Merger arbitrage is a time-tested hedge fund strategy. It seeks to profit from the timely completion of mergers, takeovers and corporate re-orgs. The strategy has produced solid absolute returns with low correlations to stocks and bonds. GABCX and MNA are the two best-performing—and cheapest—options to invest in this space. What to do now: Buy.	Issue 5: 10/17/17	GABCX: 0.00% MNA: 0.39%	BIL: 0.08%
<u>Insider Sentiment</u> KNOW (Direxion All Cap Insider Sentiment Shares ETF)	Numerous academic studies prove following corporate insider buying is a strategy that can outperform. KNOW—and its index—have been consistent outperformers. What to do now: Buy.	Issue 7: 11/14/17	KNOW: 2.41%	SPY: 1.02%