SEVENS REPORT

alpha

March 6, 2018

In Today's Issue

- Cash is the universal, but often forgotten, asset class.
- Everyone has exposure to cash, but most are letting it sit idle earning nothing. You can create "alpha on cash"—and impress clients—by utilizing little-known, cash strategies.
- MaxMyInterest and FPA New Income are excellent cash management solutions (plus, some ETF ideas).

The Universal Asset Class

Cash is the "most hated asset class on the planet."

Skimpy yields have been the culprit over the last several years.

The Federal Deposit Insurance Corporation (FDIC) reports daily yields on cash and cash equivalents.

Here are the national rates for "Jumbo Deposits" (>$100,000):

- Interest checking: 0.04%
- Savings: 0.07%
- Money market: 0.15%
- 1mo, 3mo, 6mo CDs: 0.08%, 0.13%, 0.20%

National rates for "Non-Jumbo Deposits" (< $100,000), in some cases, are even lower.

The double whammy is every other asset class has produced much higher returns in recent years.

It's no wonder everyone hates cash…

It's boring, uneventful, and provides basically no return. So, most investors and advisors just completely ignore it as an actual return source.

But, it's also the universal asset class. That's because cash is held by everyone.

According to Ally Financial, there is ≈$7.5 trillion of retail bank deposits in the U.S.

The numbers are staggering when you look at affluent individuals...

As specified in the Capgemini World Wealth Report, high-net-worth (HNW) U.S. households hold ≈$3.5 trillion of cash and equivalents in deposits and money market funds.

<u>Capgemini's research discloses the average HNW household keeps 23.7% of its assets in cash</u>!

Cash also has many uses and applications…

It's held in your wallet (not as much, nowadays) for miscellaneous expenses… It's stored in bank accounts to pay bills and as a form of savings… and it's held in brokerage accounts, generally, as a surplus to stock and bond investments.

Financial advisors keep nominal cash on hand in client portfolios for multiple reasons, too. Cash can accommodate securities trades, the collection of quarterly management fees, recurring client withdrawals, or a 6-to-12-month "emergency fund" to protect against the unexpected.

Legendary investor Warren Buffett is a big fan of cash. But, not in the way you'd typically think…

Biographer Alice Schroeder, who spent 2,000-plus hours with Buffett to write the book "The Snowball: Warren Buffett and the Business of Life," has spoken about Buffett's fondness for cash. Schroeder says:

He thinks of cash differently than conventional investors. This is one of the most important things I learned from him: the optionality of cash. He thinks of cash as a call option with no expiration date, an option on every asset *class, with no strike price.*

If you factor in the optionality of cash (basically, having the 'dry powder' to put into action when bargains become available), investors can be tempted to gloss over the fact that traditional cash earns next to nothing.

However you view cash, you don't have to let it sit there in conventional vehicles at measly rates.

You can earn <u>much more</u> than 4 to 20 basis points on idle cash.

Today, we'll show you how effective cash management can generate alpha... win additional assets… demonstrate extra value… and make you stand out as an a holistic financial advisor.

Let's go through a couple of unique cash alternatives that offer considerable extra yield.

1) "Super Alpha" on Cash

Gary Zimmerman was an investment banker at a time when his bank had a near-death experience.

During the financial crisis of 2007-2009, Citigroup stock fell from $55 to $0.97 per share.

When it looked like Citi could go under, it struck Gary that any cash balances above FDIC insurance limits in his Citi private bank accounts made him an unsecured creditor of the firm.

Safety was priority.

Gary quickly opened several online bank accounts and linked them to his Citi account. He spread his cash around multiple banks, keeping each new online bank account balance under the $250,000 FDIC insurance limit.

At the end of the financial crisis, brick-and-mortar bank rates on cash and cash equivalents had dropped to pretty much zero.

Gary spent the next 3 to 4 years manually managing his cash account balances. He shuffled monies around to ensure he was always getting the highest yields with the constraint of keeping all cash FDIC insured.

He finally got tired of manually managing these accounts. Gary was ready to throw in the towel, but his account statements showed he had picked up roughly $40,000 of incremental interest income. (Online banks were able to pay higher yields than traditional banks because of their lower overhead costs.)

It was "super alpha." That is, the incremental interest income not only came with <u>no</u> additional risk, it came with <u>less</u> additional risk. (He increased his FDIC insurance.)

Gary still didn't want to spend every Sunday managing his cash. Yet, he didn't want to pass on the pure arbitrage opportunity, either. That's when Gary started thinking about how to automate it.

He studied cash balances at a broader level and learned many others were in a similar situation. Trillions of dollars were sitting in cash and earning essentially nothing. He knew hordes of investors—with their cash stockpiles—could benefit from his cash arbitrage strategy.

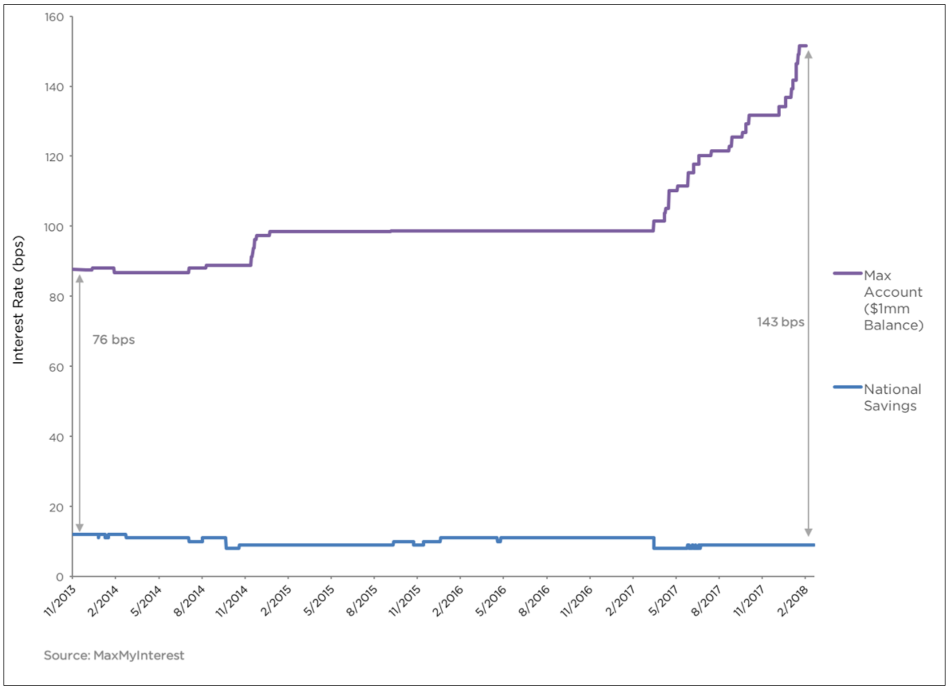
Gary scaled it through technology and launched "MaxMyInterest.com" ("Max" for short) in 2014.

Max is an intelligent cash management service that provides investors with dramatically higher yield and broader FDIC insurance coverage on cash.

<u>Max Facts</u>	
Inception:	3/24/14
Avg Yield:	1.52%
Top Yield:	1.61%
Min Deposit:	$1
Max Deposit:	None
Fees (Qtr):	0.02%
Liquidity:	Daily
FDIC Insurance:	Yes

Max isn't a bank itself. It never takes custody of client assets. Instead, it works as a platform that links traditional checking accounts to online bank accounts.

Max has automated account opening with a common account application that helps opens multiple online bank accounts simultaneously. With their newest bank integration, the process takes less than 3 minutes.



Source: MaxMyInterest

The Max opportunity is even more attractive today than when it originated...

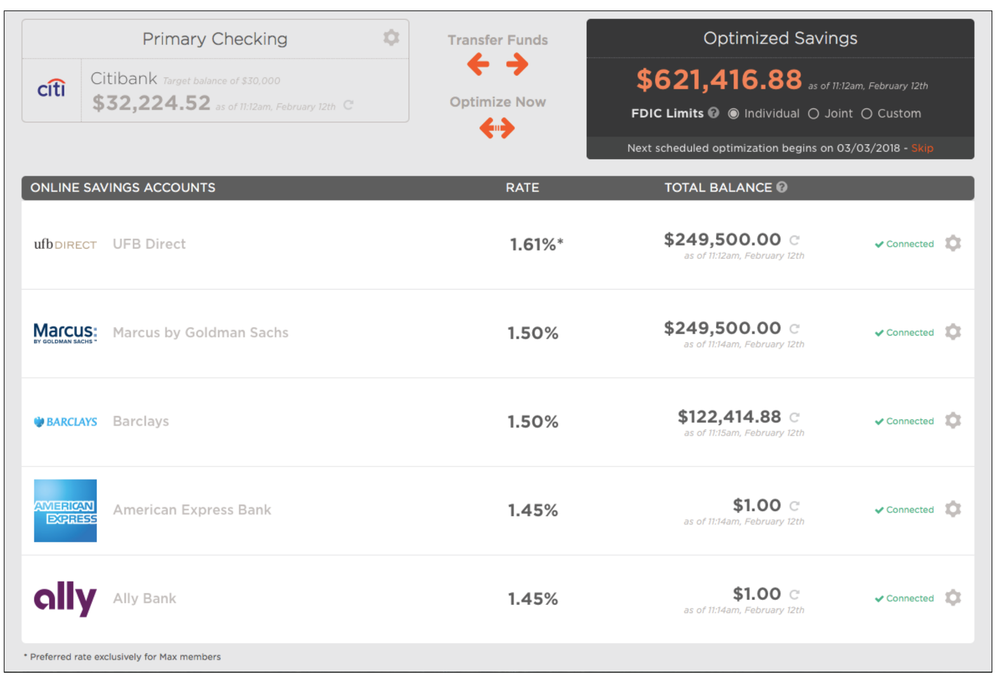
Back in 2014, Max was bypassing the average 0.11% savings account rate from brick-and-mortar banks and upgrading to an average rate of 0.87% from the highest-yielding online banks.

Today, the spread has widened substantially. Max's online bank rates have jumped to an average of 1.52%, while large retail banks are paying an average rate of 0.09%.

Max monitors rates daily and helps ensure a client's funds are kept within FDIC limits, while earning the highest rates among their group of online accounts. (Clients can also choose to forgo FDIC limits and easily *max* out on the highest yield(s).)

Max's website breaks down the FDIC insurance possibilities in more detail:

FDIC insurance is limited by the number of external accounts linked to Max. An individual can link five online savings accounts to Max to obtain up to $1.25 million of incremental FDIC insurance. Joint accounts can be insured for up to $2.5 million. Couples seeking even greater FDIC insurance coverage can open three Max accounts—one in the name of each spouse and a third in their names jointly, with corresponding sets of online savings accounts—to obtain up to $5 million of FDIC insurance coverage.



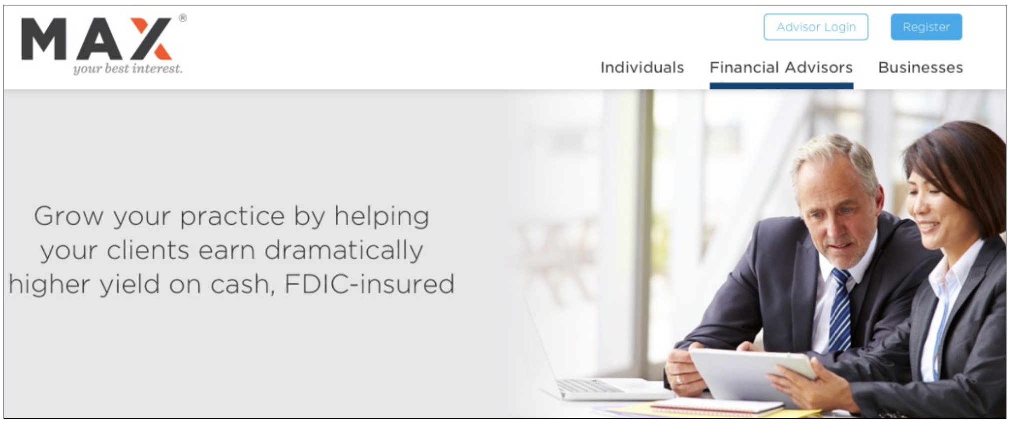
Max customers can set a target checking/ brokerage account balance and the excess cash is swept automatically to the highest-yielding online bank accounts each month.

As Max adds support for additional banks, the amount of FDIC insurance coverage available will increase further.

Think of the target checking/ brokerage account as the "hub" and the online bank accounts as the "spokes."

Supported hub checking/brokerage accounts: Bank of America, Citibank, PNC Bank, TD Bank, Fidelity CMA, SunTrust, USAA Bank, JPMorgan/Chase, Wells Fargo, Capital One, Charles Schwab Bank, First Republic Bank, and U.S. Bank.

And for the spokes, Max has carefully curated a group of banks with both market-leading rates and depositor-friendly terms. The five banks supported on the Max platform are well-capitalized, FDIC-insured banks that offer no-fee, no-minimum accounts with no teaser rates, and the ability to move large balances each day—helping investors preserve liquidity. (Max is evaluating adding more banks to the platform, so long as they meet their aforementioned criteria.)



Here's how Gary (Max's Founder and CEO) summarized his company in a phone call with us last week:

With Max, we've created a platform for clients and advisors that enables delivery of an automated and intelligent solution for client cash. It delivers both higher yield and brings cash into the view of advisors. Clients link their existing checking or brokerage account to higher-yielding savings accounts at some of the nation's leading online banks. Then, Max automatically helps allocate funds across these accounts to increase FDIC insurance coverage and maximize yield, even as rates change.

Today, clients can earn up to 1.61% while benefitting from access to higher levels of FDIC insurance coverage by using multiple bank accounts. Funds remain fully liquid, held directly in clients' own accounts. With client consent, advisors also gain visibility into the balances held in all of the linked accounts.

Advisors from more than 400 wealth management firms use Max to provide better client solutions for cash and gain greater visibility over client assets so that they can provide more holistic advice and grow their book of business by identifying "held-away" assets. Whether you think of it as "alpha for cash" or a fiduciary solution for cash, Max is something that every advisor should consider for many of their clients with meaningful levels of cash.

Gary's comments bring up another important distinction. Max offers "MaxForAdvisors," too. This white label platform presents a compelling opportunity for financial advisors. Any advisor can register to use the "Max Advisor Dashboard," regardless of whether they are an RIA or broker-dealer.

With MaxForAdvisors, an advisor can gain read-only visibility—through Max Advisor Dashboard—to a client's held-away cash balances. In other words, Max helps bring cash—that an advisor doesn't know exists—into view for an advisor.

For MaxForAdvisors, a client must authorize their advisor to gain read-only visibility. They can do so by checking a box (to consent) and entering the advisor's email address, either during the initial Max registration or anytime thereafter. <u>Importantly, when advisors invite their clients to use Max, the advisor is granted visibility by default, unless the client opts out.</u>

Wouldn't advisors find it helpful to have visibility over held-away cash?

Even though, advisors like to believe they see all of their client's assets, there is almost always held-away cash somewhere. And there's a high probability it's under-earning. With Max, advisors can gain greater insight into their clients' overall assets, maximize yield and FDIC insurance coverage, provide more holistic advice, and often grow AUM as a result.

There's also "MaxForBusinesses." Max has partnered with The American Deposit Management Co. (ADM) to offer proprietary cash management solutions for businesses. Examples of businesses using Max/ADM include: corporations, municipalities, universities, foundations, non-profits, condo associations, and complex trusts.

2) The Safest Mutual Fund in the World

This option is for longer-term cash.

The mutual fund family that runs this fund would not advise its use as a cash management vehicle. But, it's hard to argue against the fund's results over time (more on this shortly).

FPA stands for First Pacific Advisors. Located in Los Angeles, California, FPA has a line-up of six mutual funds. The shop focuses on deep-value investing and has done a stellar job over time.

FPA management teams have collected five Morningstar Manager of the Year awards and 38 Lipper awards for their achievements through multiple decades.

You might not recognize this fund's name...

FPA

investors first

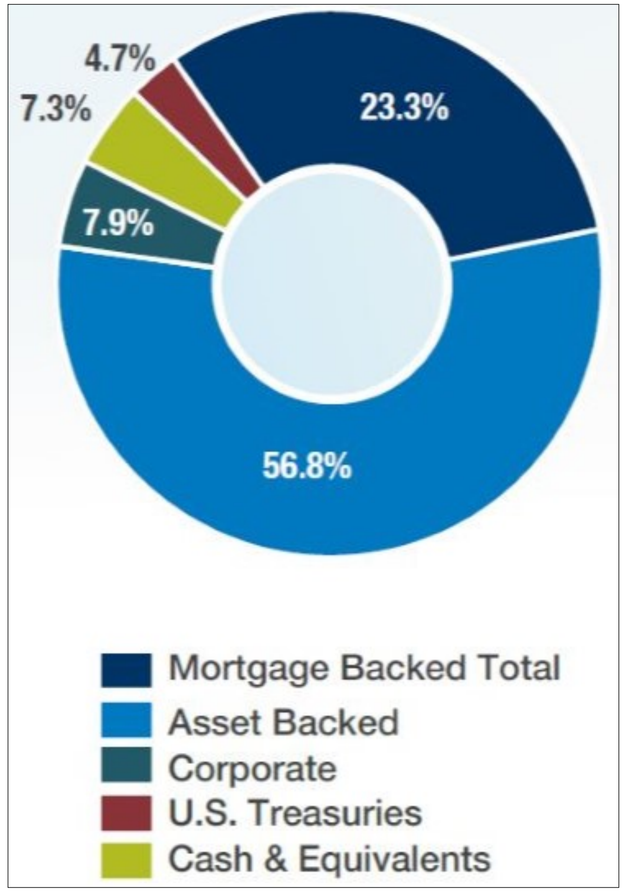
FPA New Income (FPNIX).

That's because it's somewhat of a hidden gem in the fund world…

The fund has $5.2 billion in assets. (With the SMA, the total strategy has $6.2 billion in assets.) That's certainly a nice chunk of money, but check out the asset levels of the five biggest bond funds: Vanguard Total Bond Market Index Fund ($195 billion), Vanguard Total Bond Market II Index Fund ($151 billion), PIMCO Income Fund ($110 billion), MetWest Total Return Bond Fund ($79 billion), and PIMCO Total Return Fund ($73 billion).

In the grand scheme of things, FPNIX is kind of tiny. That's a size advantage in the fund world because management can buy bonds that other much larger funds simple can't.

The fund has only one share class: FPNIX is a no-load, no 12b-1 fee share class.



My analyst discovered the fund several years ago while working at a billion-dollar RIA. He won over his investment committee to use it as a shorter- to longer-term cash management tool (for instance, 3 months to 1 year) in firm-wide model portfolios. In practicality, it ended up serving as a longer-term allocation that boosted cash yields and also worked as a general fixed income diversifier of the safest variety.

FPNIX is run by Tom Atteberry and Abhijeet Patwardhan. Atteberry joined FPA in 1997 and Patwardhan joined FPA in 2010. Prior to 1997, Robert Rodriguez ran FPA New Income (some mutual fund enthusiasts may remember that name).

The fund adheres to the following principles:

- **Absolute return.** As absolute return investors, each investment must meet strict fundamental research and macroeconomic criteria.

- **Long-term focus.** Investment horizon is usually 3 to 5 years. They expect to hold investments until maturity unless fundamental valuation parameters change. They do not speculate and maintain a strict investment discipline.
- **Alignment of interest.** They invest alongside their shareholders as partners in the process. Managers have a significant amount of their own money invested in the strategy.
- **Strict risk/reward parameters.** Risk of loss is a critical element in their thinking and thus, each investment must compensate for its unique risks, combined with a margin of safety.
- **Independent decision making.** They do not follow the crowd and often viewed as contrarian in strategy and execution.
- **Flexible mandate.** They do not bind themselves to any one benchmark or index. Flexibility provides a competitive advantage over those that do not have this capability.

In the short term, the fund seeks positive absolute returns in any 12-month period.

Over the long term, the fund seeks positive real returns (outperform inflation plus 100 basis points) over any 5-year period and competitive returns versus the bond market universe.

FPNIX aims to give investors two crucial things today:

First, it seeks to protect against inflation. The fund's stated purpose is to beat inflation by 1% over any 5-year period. The team describes its approach as absolute return.

The fund has an SEC yield of 2.84%. With rates being low, FPNIX has an annualized return of 1.45% over the last 5 years (through 12/31/17). In comparison, the Morningstar Money Market—Taxable Category has an annualized return of 0.03% over the same time.

FPA New Income Annual Returns (net of fees)	
1985	21.31%
1986	10.76%
1987	7.83%
1988	8.55%
1989	12.22%
1990	8.38%
1991	18.80%
1992	11.12%
1993	10.17%
1994	1.46%
1995	14.36%
1996	7.12%
1997	8.31%
1998	3.86%
1999	3.39%
2000	9.32%
2001	12.33%
2002	4.52%
2003	8.32%
2004	2.60%
2005	1.57%
2006	4.79%
2007	6.02%
2008	4.31%
2009	2.89%
2010	3.18%
2011	2.23%
2012	2.18%
2013	0.67%
2014	1.32%
2015	0.15%
2016	2.53%
2017	2.67%

Source: Morningstar Direct

And second, it strives to provide overall safety. Although, the fund managers can buy any type of bond, they exercise extreme caution (including, "stress testing" the portfolio regularly).

By mandate, 75% of the portfolio must be rated "A" or higher. That's generally a breeze for this fund. Currently, over 71% of the fund is rated "AAA."

If you're worried about bond investments at this point in time, which many investors are, the fund's effective maturity (2.2 years) and effective duration (1.5 years) are very short. That means it won't suffer as much if rates continue to rise.

On the safety angle, let's move on to "show, don't tell."

Take a close look at the fund's performance numbers in the table on this page.

FPNIX has never had a single year of negative calendar year performance. The fund possesses a remarkable history of 33 straight years of positive returns!

No other non-government bond fund can boast of an equivalent track record.

Another outstanding achievement under the fund's belt is its history of positive 12-month rolling returns. An examination of 12-month rolling returns gives us a whopping 391 time periods to observe. <u>The fund has only two 12-month rolling time periods of negative returns</u>: 2/1/5 - 1/31/16 (-0.35%) and 3/1/15 - 2/29/16 (-0.15%).

<u>Since the fund's inception in July 1984, 389 of the last 391 12-month rolling return periods have been positive</u>.

That means the fund has a 99.5% success rate of generating positive returns in 12-month rolling returns over the last 33-plus years!

FPNIX Facts	
Inception:	7/11/84
Assets:	$5.2B
SEC Yield:	2.84%
Dividend Frequency:	Quarterly
Effective Maturity:	2.2 yrs
Effective Duration:	1.5 yrs
Avg Credit Quality:	AA
# of Holdings:	450
Min Investment:	$1,500
Redemption Fees:	None

Obviously, the fund's returns—and bond returns, in general—have come down over the life of the fund. However, FPNIX has still cranked out positive returns in the last several years. The firm has lived up to its philosophy: **"We do not like to lose money!"**

As veteran portfolio manager Tom Atteberry told us:

The majority of our investors use FPA New Income as part of their overall fixed income allocation in a portfolio.

Our 33+ year history of positive returns each year has produced attractive returns relative to the interest rate and credit risk taken, that on average have exceeded the level of inflation.

The investment strategy is well defined and the discipline has been constantly applied over those 33+ years. Adding to the attractiveness of the strategy, is that over an extended period of time, the fund has not correlated strongly with a vast majority of other taxable fixed-income strategies.

Final Thoughts

If you're an advisor who is not taking advantage of alternative cash management in today's ultra-low rate environment, we've presented two attractive opportunities for you.

With **MaxMyInterest**, it has multiple uses:

First, if you're an advisor who charges fees on cash, you've just opened up another alpha source. 140 basis points of alpha on cash is really no different than 140 basis points of alpha from an actively-managed fund that outperforms its benchmark by that amount (except the alpha from an active manager is much harder to come by). Alpha is alpha, no matter where it comes from.

Second, you can just pass the idea along to any client. Any HNWI who is making peanuts on their cash balance should love the idea. This is a value-add beyond what most advisors would provide. Remember, Gary said over 400 RIAs are using Max. Considering there are over 38,000 RIA firms in the U.S. (per our friends at RIA Database), if you turn your clients on to Max, you become part of that elite 1%.

And third, Gary tells us the real value proposition for advisors, from his experience, starts with bringing held-away cash into view. From there, advisors can migrate some of that cash, that hasn't been performing well, into higher-performing savings accounts and/or into other assets.

Here's an example…

Let's say you have a client with a total portfolio balance of $3 million. This client has an aggregate cash balance of $100,000 (around 3%—probably close to the standard cash allocation for many advisors).

You turn your client on to Max. Upon doing so, you find out there's another $1 million in cash in an outside savings account. Something you'd definitely want to know about as an advisor. This discovery opens up other questions about risk tolerance, liquidity, planning, etc.

Your client is thankful for the idea and sends half of that idle cash to your firm. You spread out $500,000 into the appropriate spots per your firm's model portfolio allocations (potentially, adding some new less-correlated funds or asset classes).

By bringing in that extra $500,000, not only are you able to increase your client's return chances and factor in their entire portfolio, but you're also able to pick up an extra $5,000 annually via a hypothetical 1% management fee.

Assume your client was earning $900 per year from the previous savings account ($1,000,000 cash balance X national savings average of 0.09% = $900)... And now, you've just increased your client's cash income stream to $7,800 via Max ($500,000 cash balance X 1.56% (Max's weighted average yield on $500,000) = $7,800).

Plus, you've helped increase their asset protection since the previous cash balance was held at one bank.

Fundamentally, it depends on the advisor/client relationship on how you want to use Max. Suffice it to say, there are numerous ways to use this tool to your benefit.

With **FPA New Income**, you now know about—and have access to—a fund that can serve as an option for mid- to longer-term cash.

The fund has an incredible track record of 33 consecutive years of positive returns. Talk about protecting shareholders' money… Morningstar illustrates it doesn't get much better than that.

Alternatively, the fund can also function as core fixed income allocation. After all, fixed income is *supposed* to be safe. It's evident the management team at FPA New Income makes safety their No. 1 priority.

Lastly, if you prefer **ETFs**, here's a list of "Money Market ETFs" with at least $1 Billion in assets (ETF Database):

- iShares Short Treasury Bond ETF (SHV): Yield 1.43%… Duration 0.44 years… Assets $9.5 billion... Expenses 0.15%
- PIMCO Enhanced Short Maturity Active ETF (MINT): Yield 1.83%... Duration 0.60 years… Assets $8 billion... Expenses 0.35%
- iShares Short Maturity Bond ETF (NEAR): Yield 1.92% … Duration 0.44 years… Assets $3.1 billion… Expenses… 0.25%
- SPDR Bloomberg Barclays 1-3 Month T-Bill ETF (BIL): Yield 1.21%... Duration 0.17 years… Assets $$2.8 billion… Expenses 0.14%
- Guggenheim Ultra Short Duration ETF (GSY): Yield 1.30%... Duration 0.11 years… Assets $1.1 billion… Expenses 0.27%

[Clearly, none of these ETFs—or any ETF for that matter—have anywhere close to history of FPNIX.]

Bottom line: We think all these ideas (MaxMyInterest, FPA New Income, and even specific ETFs) are attractive cash management solutions for financial advisors.

Yes, you can earn "alpha on cash."

In fact, it's relatively easy. There are multiple avenues. And as a fiduciary, it may be difficult to ignore or "unsee" these value propositions.

Best,

Tom

Sevens Report Alpha Fund & Stock Ideas

ETF/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Index Rebal **KWEB (KraneShares CSI China Internet ETF)**	*KWEB is an index rebalance play, where China N-shares and S-chips of major Chinese internet and ecommerce companies will be added to FTSE Emerging Market Indices between Sep 2017 and June 2018.* ***What to do now: Buy.***	**Issue 1:** **8/17/17** **8/24/17**	**KWEB:** **17.77%**	**SPY:** **11.81%**
Smart Beta Pioneer **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:** **8.65%**	**SPY:** **10.10%**
Self-Driving Car Basket **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. If you decided to book similar profits, that's justifiable.***	**Issue 3:** **9/21/17**	**SNSR:** **6.59%** **ROBO:** **9.89%** **AMBA:** **13.07%** **QCOM:** **23.20% (closed)**	**SPY:** **8.45%** **SPY:** **3.72%** **(through QCOM close date)**
Electric Car Battery Plays **LIT (Global X Lithium & Battery Tech ETF)** **ALB (Albemarle)**	*The trend towards the widespread adoption of electric cars is accelerating, with U.S. auto companies planning massive roll outs and several countries putting end dates on the internal combustion engine.* *From an investment angle, 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:** **-8.51%** **ALB:** **-29.39%**	**SPY:** **8.45%**
Dividend Growth **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:** **5.61%** **REGL:** **0.16%** **SMDV:** **-6.41%**	**AGG:** **-1.89%** **MDY:** **4.02%** **IWM:** **2.05%**
Merger Arbitrage **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:** **0.23%** **MNA:** **0.75%**	**BIL:** **0.50%**

Sevens Report Alpha Fund & Stock Ideas

ETF/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Special Dividends **List of 24 stocks**	*Screened 17,070 stocks to arrive at 24 stocks that have consistently paid large special dividends. Investors can't see the true yields on these stocks because they're missing from financial websites. Our elite list has yields ranging from 50% to 600% higher than the S&P 500's yield.* ***What to do now: Buy (multiple ways to implement in issue).***	**Issue 6:** **10/31/17**	**Basket of stocks (avg.):** **2.46%**	**50% SPY/50% AGG:** **1.65%**
Insider Sentiment **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 underlying index—have been consistent outperformers.* ***What to do now: Buy.***	**Issue 7:** **11/14/17**	**KNOW:** **5.31%**	**SPY:** **4.94%**
Global Value **GVAL (Cambria Global Value ETF)**	*A fundamentally-focused deep value strategy that uses a cyclically-adjusted valuation composite to evaluate 45 global countries for investment. GVAL captures the cheapest countries and the cheapest stocks in those specific countries, too.* ***What to do now: Buy.***	**Issue 9:** **12/12/17**	**GVAL:** **7.17%**	**ACWI:** **1.39%**
"Backdoor" Hedge Fund Investing **List of 10 stocks**	*It's almost impossible for investors to access the world's best hedge fund managers. Either their funds are closed, the minimums are too steep (in the millions), or the fees are outrageously high ('2 & 20'). We found 10 little-known ways to access ace managers who have produced Buffett-like returns.* ***What to do now: Buy (multiple ways to implement in issue).***	**Issue 10:** **12/27/17**	**Basket of stocks (avg.):** **-2.83%**	**50% SPY/50% AGG:** **-0.75%**
EM & FM Bonds **EMB (iShares JPM USD Emerging Markets Bond ETF)** **EMLC (VanEck JPM EM Local Currency Bond ETF)** **EBND (SPDR Bloomberg Barclays Emerging Markets Local Bond ETF)** **AGEYX (American Beacon Global Evolution Frontier Markets Income Fund)**	*Most investors have no allocation to fixed income outside the U.S., but we think it's worth serious consideration. Emerging and frontier debt funds have yields 2X, 3X, and 4X the yields of traditional fixed income investments... low correlations to major asset classes... and healthier fundamentals (lower debt-to-GDP ratios, faster-growing economies, and better demographics) from a country perspective.* *EMB (emerging market debt hard currency), EMLC/EBND (emerging market debt local currency), and AGEYX (actively-managed frontier market debt) are all attractive options.* ***What to do now: Buy.***	**Issue 11:** **1/9/18**	**EMB:** **-2.87%** **EMLC:** **2.24%** **EBND:** **0.73%** **AGEYX:** **0.74%**	**AGG:** **-1.63%**
"Blockchain" Investing **List of 25 stocks**	*Blockchain, the technology behind cryptos, has the potential to change many industries. Having the right exposure to companies using or pioneering the use of blockchain, offers substantial long-term growth opportunities. Not only did we break the story on the first two blockchain ETFs (BLOK and BLCN) ahead of every financial media outlet, we also provided a sneak peek at their top holdings and a blockchain primer.* ***What to do now: Buy (multiple ways to implement in issue).***	**Issue 12:** **1/16/18**	**Basket of stocks (avg.):** **-2.56%**	**50% SPY:** **-2.85%**
"Active" Bond ETFs **BOND (PIMCO Active Bond ETF)** **TOTL (SPDR DoubleLine Total Return Tactical ETF)** **FTSL (First Trust Senior Loan Fund)**	*Studies show actively-managed fixed income funds have been much more successful at beating benchmarks than actively-managed equity funds.* *In addition, the "Agg" has changed for the worse over time: higher duration, lower yield, and less diversification. These three active bond ETFs—with better statistics and all-star portfolio management teams—stand a good chance at beating the Agg going forward.* ***What to do now: Buy.***	**Issue 14:** **2/20/18**	**BOND:** **0.07%** **TOTL:** **0.03%** **FTSL:** **-0.03%**	**AGG:** **0.00%**