SEVENS REPORT *alpha*

September 5, 2018

In Today's Issue

- Momentum & Value Issue. We profile the best-performing ETFs YTD and ETFs with compelling value, so you have interesting ideas for both momentum and value-oriented clients and prospects.
- PSCH (Momentum)—Why the best performing non-leveraged ETF (year-to-date) surprised me.
- SBIO (Momentum)—A small-cap biotech ETF with a systematic approach.
- Consumer Staples (Value)—Consumer staples are at the cheapest relative valuation to the S&P 500 since 2007!
- FXG (Value)—A smart-beta consumer staples ETF that outperforms over the long term.

Momentum or Value: The Best Investment Ideas for Both Camps

What's working and what's cheap?

That was a question I was constantly asked back when I was on the buy side. The gentleman who most-often asked me that question was my friend's father (a successful builder in South Florida). He knew I was in the investment business, and he asked me that same question every time we played golf together.

I obviously wanted him to invest in the fund I worked for at the time, so I learned quickly to always come to that golf game with two good, interesting ideas: One idea that had strong momentum (i.e. what was "working,") and one idea that was a value (i.e. what was "cheap").

Later in my career, when I started the *Sevens Report* and began talking with hundreds and then thousands of advisors on a regular basis, I was surprised to learn that many advisors basically face the same questions from their clients, and that's because most advisors' clients can be divided into two camps...

Momentum investors and value investors.

If you're like most advisors I've spoken with over the years, you know both types.

There's the client that wants to know the latest, greatest idea you have about what the fastest-moving stock or sector out there is *right now*.

They are the kind of client or prospect that is always asking you about how much more upside there is in Netflix (NFLX), or whether it's too late to buy into Amazon.com (AMZN), or Facebook (FB), or Tesla (TSLA)… or even Bitcoin.

The other type of client is the one who thinks of him or herself as a sort of mini Warren Buffett—this client never wants to chase anything and says things are "too expensive" a lot. These clients are only interested in strategies that are based on allocating to beat up, value-oriented assets.

In short, you have your "momentum" clients, and you have your "value" clients.

Now, you may have more momentum clients than value clients, or vice versa. But whatever your mix of clients, almost every advisor I know has to be armed with outstanding ideas for both your momentum and your value clients and prospects.

Those ideas must not only be interesting, they must also be consistent. Let's face it, there's nothing more fleeting that an advisor with just one good idea. Moreover, to get more AUM and to land more clients, you have to have those good, consistent ideas that set you apart from your competition.

So, in this issue, we are debuting our latest regular, recurring feature that profiles the best-of-breed, momentum-oriented exchange-traded funds (ETFs), as well as the best opportunities in ETFs with a strong value component.

Going forward, each quarter, we'll identify which ETFs are outperforming (i.e. have momentum), and which ETFs are looking particularly "cheap," (i.e. value).

But, more importantly than just identifying which ETFs have the best momentum or compelling value, we're going to go deeper, <u>to provide additional, under-the-radar momentum and value ETFs that provide compelling alternatives to the more well known ETFs.</u>

Remember, having that great idea is the key to keeping both your momentum and value clients consistently happy.

It's also key to making sure prospects are impressed with your knowledge and idea-generating ability.

In short, an advisor equipped with good ideas is a successful advisor—and providing those good ideas, and the analysis behind them, is what *Sevens Report Alpha* (and the *Sevens Report*) is all about.

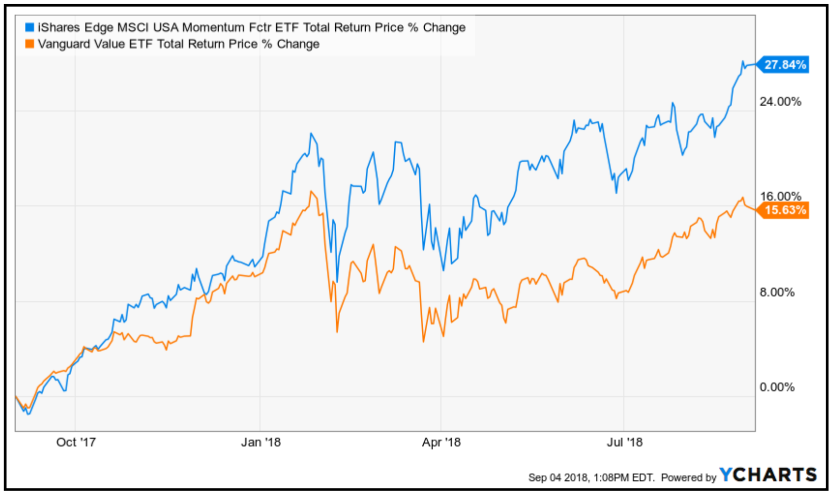
Momentum vs. Value

Two of the most studied and empirical factors in the investment world are momentum and value.

Both investing "styles" have withstood countless challenges, and both have proven to be superior drivers of alpha over long time frames.

An investor's preference for one versus the other may come down to a variety of factors, including: risk tolerance, experience, psychological makeup, and even that person's perspective regarding current/future market conditions.

Whatever the reasons, there is no denying the power of these dueling styles as they relate to individual stocks.



Momentum vs. Value. The largest "momentum" ETF (MTUM) is outperforming the largest "Value" ETF (VTV). But the gap has been closing in the second half of 2018.

In countless discussions with individual investors and advisors, we have found that we provide the most benefit when we identify opportunities on both the momentum and value fronts.

Understanding the top performers in the market is just as important as classifying the current laggards/value plays that may offer superior rewards in the future.

For us, identifying the top ETFs over a given time period (one week, four weeks, year to date) is the easy part. What is far more difficult, and what also is part art and part science, is doing the analysis required to find the "diamonds in the rough" that fall into the momentum and value categories.

Screening for stocks, ETFs, or commodities that advisors can use to create a distinct impact on their clients' portfolios is the objective of this service, and that's why we've done the work for you here in this issue, with four of our best investment ideas (two in momentum, two in value).

Momentum Idea: PSCH, Why the Best Performing ETF YTD Surprised Me.

Our momentum screen begins with a look at the top 10 unleveraged, long-only ETFs ranked by year-to-date performance.

	Symbol	ETF Name	1 Week	4 Week	YTD	1 Year
1	PSCH	Invesco S&P SmallCap Health Care ETF	3.60%	3.98%	42.92%	64.14%
2	XWEB	SPDR S&P Internet ETF	2.54%	1.07%	38.65%	37.08%
3	PSJ	Invesco Dynamic Software ETF	2.57%	2.17%	31.21%	41.11%
4	XHE	SPDR S&P Health Care Equipment ETF	3.64%	2.66%	30.56%	38.31%
5	ARKG	ARK Genomic Revolution Multi-Sector ETF	4.18%	4.35%	30.18%	41.75%
6	XITK	SPDR FactSet Innovative Technology ETF	3.28%	0.05%	29.09%	38.08%
7	IBUY	Amplify Online Retail ETF	2.93%	-1.59%	28.94%	48.98%
8	FINX	Global X FinTech Thematic ETF	3.85%	0.84%	28.27%	43.43%
9	PTH	Invesco DWA Healthcare Momentum ETF	4.39%	-0.44%	28.14%	48.33%
10	FDN	First Trust Dow Jones Internet Index	1.40%	-4.74%	28.00%	42.73%

Data as of 8/23/18. Source: ETFDB.com

Periodically doing this screen is useful because it often reveals a pattern of persistent factors, sectors, or industries that are experiencing superior returns versus the market (i.e. it shows us what strategies are working).

This list currently is filled with multiple familiar themes: health care, biotech, technology, and internet retail stocks.

In fact, we have touched on several of these leading ETFs in prior issues, including the **Amplify Online Retail ETF (IBUY)**, **Global X FinTech Thematic ETF (FINX)** and the **First Trust Dow Jones Internet Index (FDN)**.

These are three funds we've highlighted in this publication as being on the leading edge of important, long-term growth dynamics. Clearly, the fundamental undercurrents for these ETFs are working in the current environment, and we expect those tailwinds to continue well into the future.

But, the best performing ETF YTD, the **Invesco S&P SmallCap Health Care ETF (PSCH)** surprised me.

I say that because this hasn't been the best year for healthcare or biotech (IBB, one of the biggest biotech ETFs is only up 12%, compared to the 40% plus return of PSCH).

But, as we did more research into PSCH, it reinforced to me the "tech" in "bio-tech" and PSCH really should be viewed more as a small-cap tech ETF than a traditional healthcare allocation.

Looking at PSCH more specifically, this fund is part of a suite of small-cap sector ETFs culled from the S&P 600 Index.

PSCH owns 70 companies with market capitalizations below $3 billion that include biotechnology, pharmaceutical, health care equipment, and other health care services providers. The fund has $1 billion in total assets and has appreciated over 40% this year alone.

Invesco S&P Small Cap Healthcare ETF (PSCH)	
Inception Date:	04/07/2010
Assets:	$1.16B
Avg Daily Volume:	53K
Expense Ratio:	0.29%
# of Holdings:	70
YTD Return:	47.17%
3-Yr Return:	107.50%
Mstar Rating:	5 Star

From a technical standpoint, the chart (next page) shows a persistent pattern of momentum that is hard to argue with. PSCH has continually hit new, 52-week highs and shown dominant relative strength even as the broad market faltered earlier this year.

So, why has PSCH performed so well this year?

Well, the simple answer is that the fund avoids the stodgy health care behemoths such as Johnson & Johnson (JNJ) and Pfizer (PFE) in favor of smaller, more technology-oriented companies that are focused on innovation.

In fact, 58% of PSCH's holdings are classified in the small-cap growth category. These are the kinds of companies that are the engines behind new products or new drugs brought to market, or those that get bought out by larger competitors.

Either of those scenarios are wins for shareholders, and that's a big reason why this fund has really been in the sweet spot the last few years despite the noise that always swirls in the background.

Now, while this fund is on a hot track and represents a solid vehicle to access small-cap health care stocks, we have identified an ETF in the same sector that we like even better.

SBIO: A Systematic Approach to Biotech Investing

One of the biggest concerns about investing in the biotech space is that, for the most part, none of us are doctors and none of us truly understand the drug chemistry or the FDA approval process. Combine that with the potential for massive headline volatility based on whether a drug is approved or denied, we can easily see that investing in small-cap biotech is not for every investor.

ALPS Medical Breakthroughs ETF (SBIO)	
Inception Date:	12/31/2014
Assets:	$276M
Avg Daily Volume:	49K
Expense Ratio:	0.50%
# of Holdings:	106
YTD Return:	18.02%
3-Yr Return:	18.06%
Mstar Rating:	1 Star

But, in our research to find a more compelling ETF to profile along with PSCH, **we found a small-cap biotech ETF that has a systematic approach that helps take some of the guess work out of biotech investing.**

That fund is the **ALPS Medical Breakthroughs ETF (SBIO)**.

This truly is a unique ETF with a history of differentiated portfolio exposure and market-beating returns.

SBIO invests in a portfolio of approximately 100 small- and mid-cap biotech stocks using a modified, capitalization-weighted methodology.

Companies in SBIO must have a market capitalization between $200 million and $5 billion to be admitted into the index, and no single company can make up more than 4.5% of the fund.

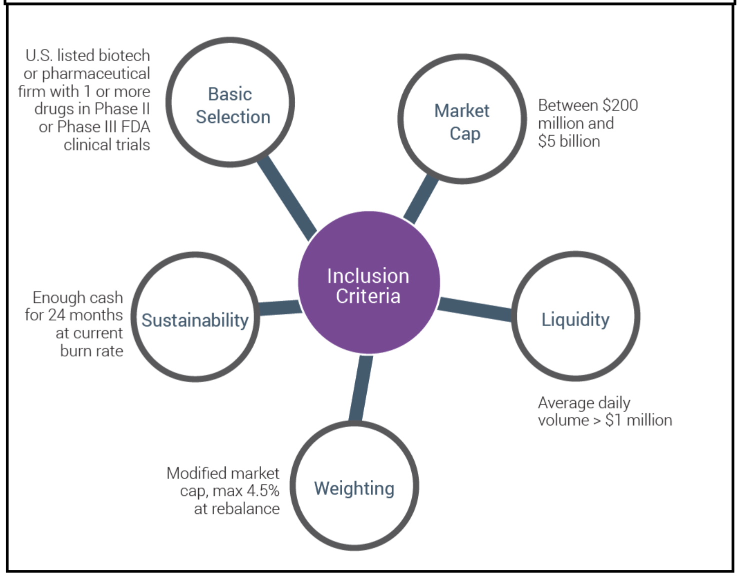
In addition, these specialized health care stocks must also have one or more drugs in either Phase II or Phase III U.S. Food and Drug Administration (FDA) clinical trials.

This means that the stocks are well on their way to creating viable, revenue-generating products that will help quash diseases or enhance legacy healthcare methods.

One of the more pernicious detriments in the biotech world is the concept of cash burn, or companies that are rapidly depleting their financial assets, and will require further capitalization to continue operations.

SBIO filters out any lagging stocks in this category by screening for holdings with at least 24 months of current operating capital based on historical balance sheet measures.

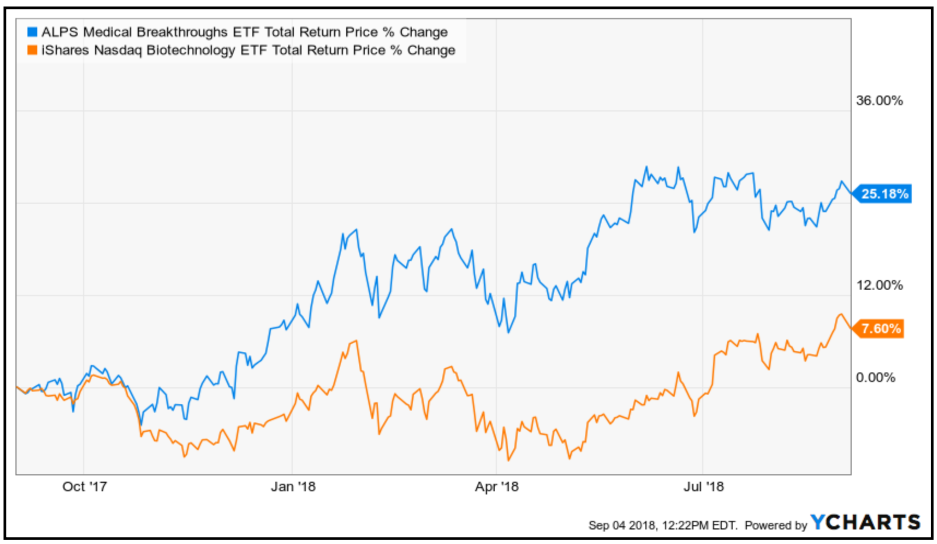
SBIO's Five Factor Inclusion Methodology



Finally, the index ensures that each holding has sufficient liquidity by requiring a minimum of $1 million in average daily trading volume for the most recent 90-day period. The net effect is a “five-factor approach” (seen above) to stock selection that produces a best-in-breed basket of biotech companies.

This five-factor approach that makes up the index's construction criteria is really the “secret sauce” behind how the stocks in the index (and fund) are selected.

It's also one key reason why it has outperformed both large-cap dominated benchmarks and other more diversified health care funds.



SBIO has handily outperformed the more widely held IBB biotech ETF over the previous year.

That best-in-class group of smaller, more research-focused companies also means that many of the underlying holdings are ripe takeover targets.

Larger firms in the biotech space like Biogen (BIIB) and Amgen (AMGN) are often looking to acquire patents or technology from firms in the SBIO portfolio at attractive premiums to their existing market value.

SBIO charges a net expense ratio of 0.50% annually and has $264 million in total assets. That expense ratio is right in line with many of the largest biotech ETFs in this category. It has been in existence since 2014, and continues to demonstrate formidable relative strength versus the broad market and industry-specific competition.

And, we can clearly see the results of this systematic approach via the positive relative performance of SBIO versus the well-known **iShares NASDAQ Biotechnology ETF (IBB).**

One of the more attractive qualities of SBIO at this juncture is that it resides in the sweet spot of targeting high-quality, small-cap health care stocks in the U.S. market. Furthermore, its chart pattern denotes a strong possibility of a breakout to fresh highs that will attract additional investor attention (i.e. additional momentum).

For investors that strongly believe in the health care theme, or for those with more aggressive, risk-seeking portfolio strategies, we think it wise to consider SBIO for a tactical portfolio allocation.

The fund fits the profile of a well-balanced, industry-focused growth story that is currently experiencing a high degree of relative momentum.

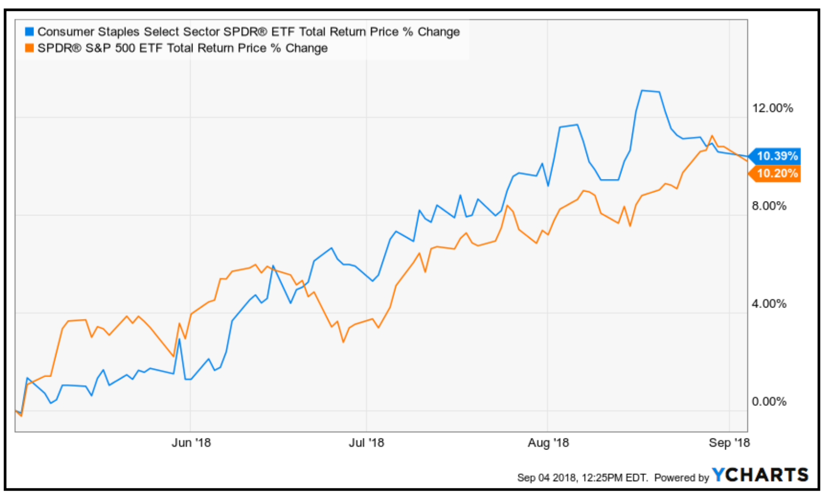
It also can be paired with more conventional health care index funds or used as a standalone position to tilt your stock exposure towards the biotech field.

Value Idea: Consumer Staples

Swinging to the other side of the pendulum, it's now time to identify an area of the market that is on sale, and that represents a strong opportunity for future gains.

There are numerous ways to identify value stocks in both relative and absolute terms. P/E ratios, recent performance, and expected return metrics are just some of the common characteristics that analysts use to classify this factor.

In our regular examination of the major S&P sector groups, one area stands out as having undergone a severe correction, but that now is back on the upswing.



Since the bottom in early May, Consumer Staples have traded in-line with the S&P 500.

The **Consumer Staples Select Sector SPDR (XLP)** underwent a 16% drop from high to low in the first half of 2018.

But, since early May, XLP has a total return above 10%, basically matching the S&P 500 over that time period, which is pretty shocking considering how strong tech has been!

Point being, Consumer Staples have bounced, but because of the very bad start to the year, the sector remains a laggard YTD.

Undoubtedly you know XLP from general knowledge and our consistent mentions in *Sevens Report*.

This index fund tracks 32 large-cap companies from within the S&P 500 Index that are engaged in traditional food, retail, drug stores, and other essential consumer product lines.

Think companies like Proctor & Gamble (PG), Coca Cola (KO), Walmart (WMT) and Philip Morris (PM). These are stocks with a global footprint and inelastic demand models.

People may stop buying Tiffany (TIF) jewelry in a downturn, but they're not going to skip on the purchase of diapers, food and soap.

On a year-to-date basis, XLP is still in the red with a total return of -5.47% versus +8.79% for the SPDR S&P 500 ETF (SPY).

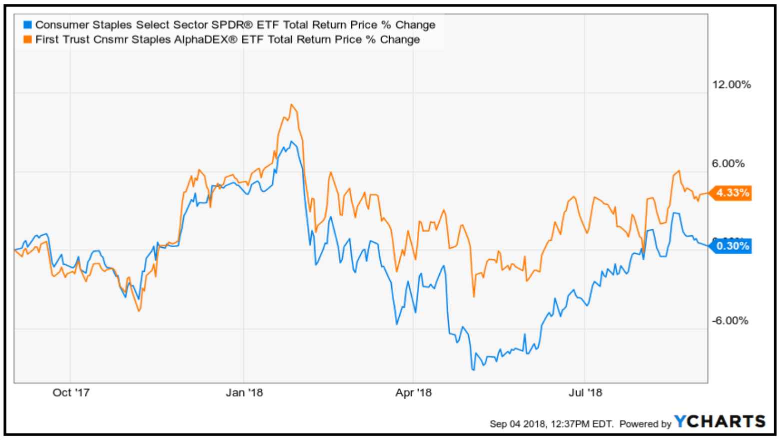
On a full, one-year comparison, that gap widens even further to a total return of -1.7% for XLP and +17.3% for SPY.

From a valuation standpoint, that underperformance has totally reversed the valuation premium we saw in staples from 2015-2017.

Over the past 10 years, the consumer staples sectors has traded at a 20% or 30% premium to the S&P 500 on a forward P/E basis.

To that point, back in '15 an '16, when the S&P 500 was trading with a 16X forward multiple, consumer staples were trading above 20X forward earnings!

Now, though, that gap has been largely eliminated.



FXG has handily outperformed XLP over the previous year, thanks to smaller drawdowns in declining markets.

The forward P/E on consumer staples is 17.9 (per Thompson Reuters) while the current forward P/E on the S&P 500 is about 16.2.

According to *Barron's*, the gap between the P/E of the S&P 500 and the P/E of Consumer Staples hit an 11-year low in June, and it's barely off that level now!

Point being, compared to the rest of the market, consumer staples are as cheap as they've been since 2007!

Now, like our momentum idea, XLP is one way to play this value opportunity. It's low-cost, well-known, deep in liquidity, and offers a tax-efficient means of capital allocation.

However, there is also a smart-beta competitor in the field that we like even better.

A Smart-Beta Consumer Staples Strategy That Outperforms

The **First Trust Consumer Staples AlphaDEX Fund (FXG)** is an ETF based on an enhanced index that culls a select group of consumer staples stocks from the broader Russell 1000 universe.

It actively screens stocks for factors such as price appreciation, sales growth, book value, cash flow, and return on assets.

The system then ranks these stocks according to those with the highest scores in these categories and weights them accordingly. The result is a group of high-quality, value-oriented companies from within this sector that differs markedly from a conventional market-cap index such as XLP.

First Trust Consumer Staples AlphaDex ETF (FXG)	
Inception Date:	05/08/2007
Assets:	$367.18M
Avg Daily Volume:	59k
Expense Ratio:	0.62%
# of Holdings:	34
YTD Return:	-1.38%
3-Yr Return:	11.16%
Mstar Rating:	4 Star

FXG currently has an outsized allocation to food product companies and is generally more overweight in the mid-cap and small-cap groups than XLP.

Over the last year, FXG has had stronger relative performance than XLP as well. The graphic here denotes the 4.33% price gain of this smart-beta fund versus 0.33% for its benchmark competition.

The key to this performance differential has been the reduced downside (i.e. lower volatility) of FXG. In fact, we found this to be a reoccurring pattern since inception of the fund.

During nearly every sell-off over the course of its decade-plus history, FXG has experienced shallower drops in price and sharper recoveries to the upside. Both qualities are what more conservative investors like to see when they are comparing the path of their returns versus the market.

If there is a downside to this fund, it may well be its expensive price tag. FXG carries a net expense ratio of 0.62% versus 0.13% for XLP.

While this gap is wide, FXG has been worth it given recent returns.

Furthermore, ETF investors should come to expect a certain premium for the privilege of owning enhanced indexes with more advanced stock selection and regular rebalancing criteria.

A fund of this nature can really be used in two ways:

1) It will appeal to more conservative, risk-averse investors that want to see a portion of their portfolio allocated to a historically low volatility sector. It can either be used as a stand-alone position or paired in tandem with a fund like XLP, due to the differentiated basket of holdings.

2) It also will appeal to value-conscious investors that prize the underdog story and want to own established brands with strong cash flow statistics.

Consumer staples stocks have generally been strong areas to own even when the market takes a downturn, and may allow these investors to add on any significant weakness.

Conclusion

One of the greatest strengths an advisor can have is access to tools and knowledge that enhance their relationship with clients.

The momentum and value ideas listed in this issue of *Sevens Report Alpha* create instant awareness of the market landscape, as well as the best-of-breed solutions to gain exposure for either of the two main types of clients.

Finally, remember that we plan to run our "Momentum and Value" issue at least once per quarter, so you will always have fresh ideas for the two main camps in your client universe.

Best,

Tom

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Index Rebal **KWEB (KraneShares CSI China Internet ETF)**	*KWEB is an index rebalance play based on major Chinese internet and ecommerce companies (China N-shares) being added to FTSE Emerging Market Indices between Sep 2017 and June 2018. KWEB is our conduit to front-run huge index funds that will be forced to buy its underlying holdings.* ***What to do now: We closed KWEB on June 15th (last leg of rebal). It's still viable as a long-term holding.***	**Issue 1:** **8/17/17** **8/24/17**	**KWEB:** **21.46%** **(closed)**	**ACWX:** **6.93%** **(through KWEB close date)**
Smart Beta Pioneer **RSP (Invesco S&P 500 Equal Weight ETF)**	*From an index standpoint, S&P 500 Equal Weight has massively outperformed S&P 500 (cap weight) over the long term (392% vs. 158% over the last 18 years). RSP has lagged recently due to tech sector outperformance. That presents a short-term dislocation and opportunity to buy RSP at a discount to SPY.* ***What to do now: Buy.***	**Issue 2:** **9/7/17**	**RSP:** **16.73%**	**SPY:** **19.69%**
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.***	**Issue 3:** **9/21/17**	**SNSR:** **10.83%** **ROBO:** **9.50%** **AMBA:** **-16.80%** **QCOM:** **23.20% (closed)**	**SPY:** **17.89%** **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: Long-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 sold off since. The growth opportunity is years, if not decades, ahead.***	**Issue 3:** **9/21/17**	**LIT:** **-13.9%** **ALB:** **-27.8%**	**SPY:** **17.89%**
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:** **5.71%** **REGL:** **10.50%** **SMDV:** **5.52%**	**AGG:** **-1.16%** **MDY:** **13.71%** **IWM:** **16.26%**
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:** **1.68%** **MNA:** **2.27%**	**AGG:** **-1.34%**

Sevens Report Alpha Fund & Stock Ideas

Fund/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.):** **7.37%**	**50% SPY/50% AGG:** **3.77%**
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:** **11.94%**	**SPY:** **14.06%**
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:** **-5.37%**	**ACWX:** **-2.69%**
"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.):** **-5.09%**	**50% SPY/50% AGG:** **1.30%**
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:** **-6.96%** **EMLC:** **-14.90%** **EBND:** **-12.70%** **AGEYX:** **-3.48%**	**AGG:** **-0.89%**
"Blockchain" Investing **BLOK (Amplify Transformational Data Sharing ETF)** **BLCN (Reality Shares Nasdaq NexGen Economy ETF)**	*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**	**BLOK:** **1.39%** **BLCN:** **-2.64%**	**SPY:** **4.61%**
"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:** **0.39%** **TOTL:** **0.57%** **FTSL:** **1.79%**	**AGG:** **0.76%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Cash Alpha FPNIX (FPA New Income)	*FPNIX has generated positive returns for 33 straight years. No other non-government bond fund can boast of an equivalent track record. We also featured "MaxMyInterest," which produces 140 to 150 basis points of alpha versus traditional cash vehicles (MMAs, MMFs, and CDs). Max also increases FDIC insurance and can give advisors visibility to held-away cash.* ***What to do now: Buy (Max is also an excellent cash management solution).***	Issue 15: 3/6/18	FPNIX: 1.16%	BIL: 0.66%
Index Rebal KBA (KraneShares Bosera MSCI China A Share ETF)	*KBA is an index rebalance play based on the inclusion of Mainland Chinese equities (A-shares) into MSCI Global Standard Indexes. The first two steps will take place on June 1st and September 1st. KBA is our gateway to front-run massive index funds that will be forced to buy its underlying holdings.* ***What to do now: Buy.***	Issue 16: 3/20/18	KBA: -22.70%	ACWX: -5.00%
Anti-Trade War QABA (First Trust Nasdaq ABA Community Bank Index Fund)	*QABA is a play to protect against trade war ramifications (97% of its sales are U.S.-sourced). Additionally, it should also be a beneficiary of U.S. tax reform, in that, smaller U.S. companies should capture most of the 35% to 21% corporate tax cut. We also featured three more ETFs (AMCA, AIRR, KRE) and two exclusive stock screens—run through Cap IQ—for advisors to share with clients who have trade war concerns.* ***What to do now: Buy.***	Issue 18: 4/17/18	QABA: 6.61%	SPY: 7.83%
Foreign Small Caps VSS (Vanguard FTSE All-World ex-US Small-Cap ETF) DLS (WisdomTree International Small-Cap Dividend Fund)	*Most advisors don't allocate to international small caps. But, we think they should reconsider. This hidden asset class holds several advantages over its U.S. equivalents: cheaper valuations, less volatility, lower correlations, higher dividend yields, and past outperformance. We highlight multiple individual ETFs, ETF combinations, and actively-managed mutual funds that do the trick.* ***What to do now: Buy.***	Issue 19: 5/1/18	VSS: -4.82% DLS: -5.86%	EFA: -3.41%
Disruptive Innovation ARKK (ARK Innovation ETF)	*Investing in the "cornerstone themes of disruptive innovation" has resulted in huge profits over time (think Amazon, Apple, and Netflix). ARK sees current investment opportunities in innovation platforms, such as automation, energy storage, DNA sequencing, next generation internet, blockchain technology, etc. ARK's top innovation-based themes are all represented in ARKK. In 2017, ARKK was the #1 performing ETF (excluding leveraged and inverse ETFs) with a return of 87%!* ***What to do now: Buy.***	Issue 20: 5/15/18	ARKK: 15.02%	SPY: 7.47%
Buybacks PKW (Invesco BuyBack Achievers ETF)	*Companies with meaningful share count reduction have outperformed over the long term with lower volatility. Currently, U.S. companies are flush with cash due to tax cuts and repatriation. In turn, share repurchases broke a new record in Q1 2018 and they're on pace to set a new record for 2018. PKW is the premier ETF to profit from buybacks (largest asset base and longest history). We also featured four alternative ETFs (SPYB, TTFS, DIVB, SYLD) and some individual stock lists.* ***What to do now: Buy.***	Issue 21: 5/29/18	PKW: 8.26%	SPY: 8.30%
"FANG and Friends" of Emerging Markets EMQQ (Emerging Markets Internet & Ecommerce ETF)	*"By 2025, annual consumption in emerging markets will reach $30 trillion—the biggest growth opportunity in the history of capitalism."—McKinsey & Company. The combination of four major forces in emerging markets make this a great investment setup: favorable demographics, increasing smartphone availability, surging wireless broadband and Wifi access, and the globalization of the capital formation process. EMQQ is the best ETF to invest in this great confluence. We also featured three alternative ETFs (ECON, KWEB, KEMQ).* ***What to do now: Buy.***	Issue 23: 6/26/18	EMQQ: -11.80%	EEM: -1.81%

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Micro Caps IWC (I-Shares Micro-Cap ETF)	*Small caps have outperformed YTD, but while allocations to that sector of the market are rising, micro-caps, a sub-set of small caps, remain generally overlooked.* *Micro caps remain an overlooked, under-researched, and under-allocated part of the small cap universe that can offer diversification and outperformance (micro caps perennial takeover candidates).*	Issue 24: 7/10/18	IWC: 0.76%	IWM: 2.37%
The Future of Consumer Spending IBUY (Amplify Online Retail ETF) FINX (Global X FinTech ETF) IPAY (ETFMG Prime Mobile Payments ETF)	*The way U.S. consumers purchase goods is changing—rapidly. And, getting "pure play" exposure to the rise to on-line retailers and to the growth of mobile payments could be similar to investing in credit cards back in the mid-80's. There are few other established corners of the market that offer this type of growth potential.*	Issue 25: 7/24/18	IBUY: 4.87% FINX: 6.32% IPAY: 4.30%	SPY: 2.99%
Floating Rate Funds FLOT (I-Shares Floating Rate Bond ETF USFR (Wisdom Tree Floating Rate Treasury Fund) SRLN (SPDR Blackstone / GSO Senior Loan ETF EFR (Eaton Vance Floating Rate Trust)	*Despite stubbornly high bonds/low yields, bonds are still now in a longer term bear market, and there exist few non-inverse bond alternatives that can produce absolute gains in a falling bond environment.* *Floating rate ETFs rise as bond yields fall and offer absolute return potential in bond portfolios, and are an important tool in constructing client bond portfolios in a rising rate environment.*	Issue 26: 8/6/18	FLOT: 0.00% USFR: 0.11% SRLN: -0.01% EFR: -0.63%	AGG: 0.01%
Content is King PBS (Invesco Dynamic Media ETF) IEME (I-Shares Evolved Media & Entertainment ETF) DIS (Disney)	*Streaming video and content driven media companies (Netflix, Hulu, etc.) are fundamentally changing the media landscape, and the near 3,000% percent return of Netflix since 2011 is proof of the potential of harnessing this move.* *We've identified two ETFs and one stock that we believe are positioned to capitalize on this generation shift in the way the world consumes video content.*	Issue 27: 8/21/18	PBS IEME DIS	SPY