SEVENS REPORT *alpha*

April 17, 2018

In Today's Issue

- A large reason for the market's increased volatility in 2018 has been the threats of a global trade war.
- A "patriotic" equity playbook to protect against tariffs and trade wars: four ETFs and two exclusive stock screens.

Tariffs and Trade Wars Help Spur Volatility

The S&P 500 has gone 54 trading days since last setting an all-time closing high on 1/26/18. It's the longest stretch between record closes since 11/21/16, or 13 days following Trump's election win.

What's the deal?

Long-absent volatility has crept back into the markets.

In just the second week of February, the DJIA had four days with 1,000-point-plus moves from high to low: 1,597 points on February 5th (The VIX had its largest one-day move ever this day, surging 116%!)… 1,167 points on February 6th… 1,054 points on February 8th… and 1,022 points on February 9th.

During that time, the market experienced its first 10% correction since early 2016. It only took nine trading days to do so.

Again, volatility picked up in late March and early April. While DJIA movements weren't as big this time around, they were still substantial from high to low: 737 points on March 27th… 779 points on April 2nd… 786 points on April 5th… and 696 points on April 6th.

At one point in March, the market had pulled back as much as 7%.

Mainly, the increased volatility and downturns have been a result of trade war tensions between the U.S. and China.

Here's a summary of how it's all shaken out this year:

- January: The U.S. announces a 30% tariff on imported solar panels (many of which come from China) and taxes on large residential washing machines starting at 20%.
- February: The Commerce Department proposes a range of tariffs including 24% on steel and 7.7% on aluminum.
- March: Liking the Commerce Department's suggestions, Trump taxes steel imports at 25% and imported aluminum at 10%.
- April: China imposes tariffs on U.S. imports worth around $3 billion… The U.S. Trade Representative proposes another $50 billion in tariffs on about 1,300 Chinese goods… China retaliates with an additional $50 billion on a range of U.S. products… And Trump calls for new tariffs of $100 billion on Chinese goods.

Uncertainty surrounding a global trade war took its toll on the markets in the latter part of the 1st quarter. After 15 straight months (including January of this year) of positive returns for the S&P 500, the index posted back-to-back losses in February and March. The streak of nine quarters in a row of positive returns also ended, as the S&P 500 finished down 0.76% in the 1st quarter.

It's not like trade war worries have come out of left field…

At "Inside ETFs" (The World's Largest ETF Conference) in late January of 2018, my analyst told me "trade" was the primary concern among expert panelists. For instance, Michael Jones (Chairman & CEO of RiverFront), Tom Farley (President of NYSE Group), Kurt Reiman (Chief In-

Copyright 2018, Kinsale Trading LLC. All Rights Reserved. www.sevensreport.com

vestment Strategist of BlackRock Canada), Dennis Gartman (Editor of The Gartman Letter), Richard Bernstein (CEO & CIO of Richard Bernstein Advisors), and David Kotok (Chairman & CIO of Cumberland Advisors) acknowledged it was top of mind.

It's certainly been on my mind, as well.

And I'm sure it's been on your mind, too.

In fact, any investor—from Wall Street to Main Street—who reads the newspaper, watches CNBC, uses a social media account, or surfs everyday websites is likely worried about the investment implications of a trade war.

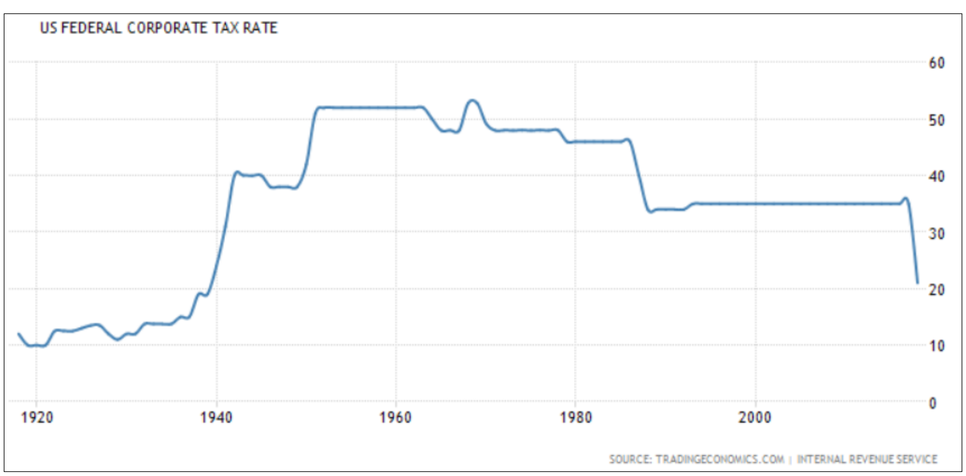
Of course, your clients are also part of that concerned group.

This could all be a moot point weeks or months from now. Or it could intensify. The truth is no one knows how this will play out.

But, while we're in the thick of a tit-for-tat trade war between the U.S. and China, I want to give you some ideas to implement—or have up your sleeve—if clients/prospects ask about investment options to steer away from the impact of a full-scale trade war.

Designing an Atypical Playbook for Anti-Trade War Investing

In this case, I'm referring to ways investors can potentially dodge trade war ramifications, yet remain invested in equities.



My analyst and I have kicked around the idea of creating a playbook of sorts for investing amidst threats of an all-out trade war.

But, we didn't want it to be a standard solution, as in, sit in cash, go long Treasuries, buy gold, reduce equity exposure, or short the market.

So, as we continually do with Sevens Report Alpha, we put more thought into it and took it a couple steps further...

First, we decided to look for companies with an ultra-high percentage of revenues sourced in the U.S. Right off the bat, my analyst knew of two ETFs that, by design, covered this angle. We did some more digging on each one and they both get a very large portion of revenues from the U.S.

Second, we enlisted the help of our colleagues at Sabrient Systems (quantitative index experts famous for their monthly "Baker's Dozen" portfolios).

At our request, Sabrient ran a complex screen using Capital IQ. (Generally, an annual subscription starts at $20,000.) The search criteria was to find companies that received 100% of their revenues from the U.S. We added some metrics to whittle the screen down to two manageable size lists.

And third, after combing through the screen results, it was evident that one industry fit our criteria very well. This industry accounted for a large share of our final results. Using this knowledge, we lasered in on two industry-specific ETFs that stand a good chance to do well in a rising trade war environment. These stocks have some extra tailwinds, too.

The ironic aspect here is that while we're trying to protect against trade tensions tied to the Trump Administration, we have the potential to benefit from actions of the Trump administration, too!

By investing in companies that get almost all their revenues from the U.S., we should reap more benefits from U.S. tax reform.

The Tax Cuts and Jobs Act cut the U.S. corporate tax rate from 35% to 21% in 2018. It's the lowest corporate tax rate since 1939.

Copyright 2018, Kinsale Trading LLC. All Rights Reserved. www.sevensreport.com

Looking at the big picture, President Trump's tax cuts have stimulated the economy. Employment, wages, and profits are all rising.

A corporate tax cut delivers a windfall to the owners of businesses on investments that have already been made in the past. It should allow shareholder-friendly companies to increase buybacks and dividend payments.

Let's walk through multiple options that have the potential to protect against a brewing trade war and profit from tax reform legislation...

ETFs with a High Percentage of U.S. Sales

iShares Russell 1000 Pure U.S. Revenue ETF (AMCA). AMCA tracks the Russell 1000 Pure Domestic Exposure Index. This index selects stocks within the Russell 1000 Index by the ratio of absolute domestic sales to total sales and weights by market capitalization.

iShares website says:

AMCA provides exposure to U.S. companies while remaining more insulated from international political and economic events such as foreign elections, tariffs, and currency fluctuations.

With an inception date of 8/8/17, this ETF hasn't been too popular with investors in the early going. It has only accumulated $9 million in assets.

Perhaps, the pure U.S. revenue designation in AMCA's full name has befuddled investors. AMCA invests in American companies that generate 85% or more of their sales from the U.S. For example, AMCA's top holding, Bank of America, has a domestic sales ratio of 87%. That's high, but technically not pure.

Along with Bank of America, AMCA owns household names like AT&T, Home Depot, and Southwest Airlines. But, it also holds less familiar names such as DTE Energy, Pinnacle Foods, and Vulcan Materials.

Since AMCA's inception, AMCA has run almost even with SPY (trailing by less than 40 basis points).

Per Russell and BlackRock, the Russell 1000 Pure Domestic Exposure Index (AMCA's index), gets 97% of its revenues from the U.S.

AMCA Facts	
Inception Date:	8/8/17
Assets:	$9M
Avg Daily Volume	5K
Expense Ratio:	0.15%
Div Yield:	2.1%
U.S. Sales	97%
# of Holdings:	417
YTD Return:	-4.62%

First Trust RBA American Industrial Renaissance ETF (AIRR). AIRR tracks the Richard Bernstein Advisors American Industrial Renaissance Index. This index is designed to measure the performance of small and mid cap U.S. companies in the industrial and community banking sectors.

The index is constructed as follows:

- Starting with the Russell 2500 Index, eliminate companies not directly related to manufacturing, infrastructure, and banking.
- Banks stocks are chosen from states considered to be traditional banking hubs and limited to 10% of the index.
- Exclude companies with non-U.S. sales greater than or equal to 25% and companies with negative 12-month forward earnings consensus estimates.
- Specific liquidity provisions.

The sector breakdown is roughly 90% industrials and 10% financials.

RBA's brainchild has been around since March 2014 and has nearly $200 million in assets. The "Make America Great Again" ETF, has been a nice play to profit off of Trump's win. From 11/8/16 to 12/31/17, AIRR returned

Copyright 2018, Kinsale Trading LLC. All Rights Reserved. www.sevensreport.com

41% vs. SPY's 28%.

Per FactSet, AIRR gets 91% of its revenues from the U.S.

AIRR Facts	
Inception Date:	3/11/14
Assets:	$198M
Avg Daily Volume	38K
Expense Ratio:	0.70%
Div Yield:	0.9%
U.S. Sales	91%
# of Holdings:	53
YTD Return:	-6.14%

Stock Screens—Russell 3000 Companies with 100% U.S. Sales

85% and 75% are high percentages, but we wanted truly pure U.S. sales exposure of 100%.

With Sabrient Systems' assistance, we screened the Russell 3000 Index for stocks with a strict 100% of sales from the U.S. The results were around 1,000 stocks.

From there, we screened for stocks that were cheaper than the Russell 3000 and had a dividend yield. Obviously, investors would prefer to buy stocks cheaper than the market. And most senior clients favor companies that pay dividends. We got it down to 300-some stocks.

That was still too many names for our liking. So, we added more parameters: Forward P/E ratio must be lower than 5-year average... NTM (next 12 months) EPS growth must be positive... NTM PEG ratio must be less than or equal to 0.75... And market cap must be $1 billion or higher.

Stock List #1. Our first multi-layer screen ended up with 104 stocks.

* Note: We provided an excel document in the issue email for you to sort this list of stocks at your discretion.

Stock List #1	
Exchange: Ticker	
NYSE:APAM	Nasdaq:LTXB
Nasdaq:BANF	NYSE:LEN
NYSE:BXS	NYSE:LAD
Nasdaq:OZRK	Nasdaq:LPLA
NYSE:BKU	NYSE:MTB
NYSE:BSIG	Nasdaq:NBTB
Nasdaq:BRKL	NYSE:NYCB
NYSE:CADE	Nasdaq:NXST
NYSE:CWH	NYSE:NSC
Nasdaq:CATY	Nasdaq:NWBI
Nasdaq:CSFL	AMEX:PRK
Nasdaq:CHFC	Nasdaq:PBCT
NYSE:XEC	Nasdaq:PNFP
NYSE:CFG	NYSE:PJC
Nasdaq:CHCO	NYSE:PFS
NYSE:CNO	NYSE:PHM
Nasdaq:COLB	NYSE:RDN
NYSE:CVI	NYSE:RRC
NYSE:DHI	Nasdaq:RNST
NYSE:DFS	Nasdaq:STBA
NYSE:DG	Nasdaq:SASR
NYSE:EXP	Nasdaq:SFBS
NYSE:ETM	Nasdaq:SFNC
Nasdaq:EFSC	Nasdaq:SBGI
NYSE:FNB	Nasdaq:SKYW
NYSE:FFG	Nasdaq:SSB
Nasdaq:FBNC	Nasdaq:SBSI
Nasdaq:BUSE	Nasdaq:STBZ
NYSE:FCF	NYSE:STL
Nasdaq:FFBC	NYSE:SYF
NYSE:FHN	NYSE:SNV
Nasdaq:FIBK	Nasdaq:ENSG
Nasdaq:FRME	NYSE:PGR
Nasdaq:FMBI	NYSE:TOL
Nasdaq:GBCI	AMEX:TMP
Nasdaq:HBHC	Nasdaq:TOWN
NYSE:HTH	NYSE:TRTX
NYSE:HNI	Nasdaq:TSCO
Nasdaq:HOMB	NYSE:USB
Nasdaq:HOPE	NYSE:SLCA
Nasdaq:HBAN	Nasdaq:UBSH
NYSE:HII	Nasdaq:UBSI
Nasdaq:IBKC	Nasdaq:UCBI
Nasdaq:INDB	NYSE:VLY
Nasdaq:IBTX	NYSE:VZ
Nasdaq:JRVR	NYSE:WNC
NYSE:KBH	NYSE:WDR
NYSE:KMPR	Nasdaq:WAFD
NYSE:KEY	NYSE:WBS
NYSE:KREF	NYSE:WFC
NYSE:KSS	Nasdaq:WSFS
Nasdaq:LKFN	Nasdaq:ZION

Stock List #2. After observing that banks made up over 60% of the stocks in our first screen, we stripped them out of our second screen. Our second list is composed of

Copyright 2018, Kinsale Trading LLC. All Rights Reserved. www.sevensreport.com

39 non-bank stocks (104 stocks - 65 bank stocks).

* Note: We provided an excel document in the issue email for you to sort this list of stocks at your discretion.

Stock List #2	
Exchange: Ticker	
NYSE:APAM	NYSE:LEN
NYSE:BSIG	NYSE:LAD
NYSE:CWH	Nasdaq:LPLA
NYSE:XEC	Nasdaq:NXST
NYSE:CNO	NYSE:NSC
NYSE:CVI	NYSE:PJC
NYSE:DHI	NYSE:PHM
NYSE:DFS	NYSE:RRC
NYSE:DG	Nasdaq:SBGI
NYSE:EXP	Nasdaq:SKYW
NYSE:ETM	NYSE:SYF
NYSE:FFG	Nasdaq:ENSG
NYSE:HNI	NYSE:PGR
NYSE:HII	NYSE:TOL
Nasdaq:JRVR	NYSE:TRTX
NYSE:KBH	Nasdaq:TSCO
NYSE:KMPR	NYSE:SLCA
NYSE:KREF	NYSE:VZ
NYSE:KSS	NYSE:WNC
	NYSE:WDR

Banking ETFs (Very High Percentage of U.S. Sales and Other Tailwinds)

With the understanding that regional and community banks made up a large percentage of domestic stocks with 100% U.S. sales, we pinpointed an ETF for each.

Tax reform should be more advantageous to smaller corporations—banks, specifically—that are domestically focused. Many will see the full impact of the tax cut. (Plus, they're less hindered by tariffs.)

In our estimation, there are several extra tailwinds when it comes to investing in regional and community banks:

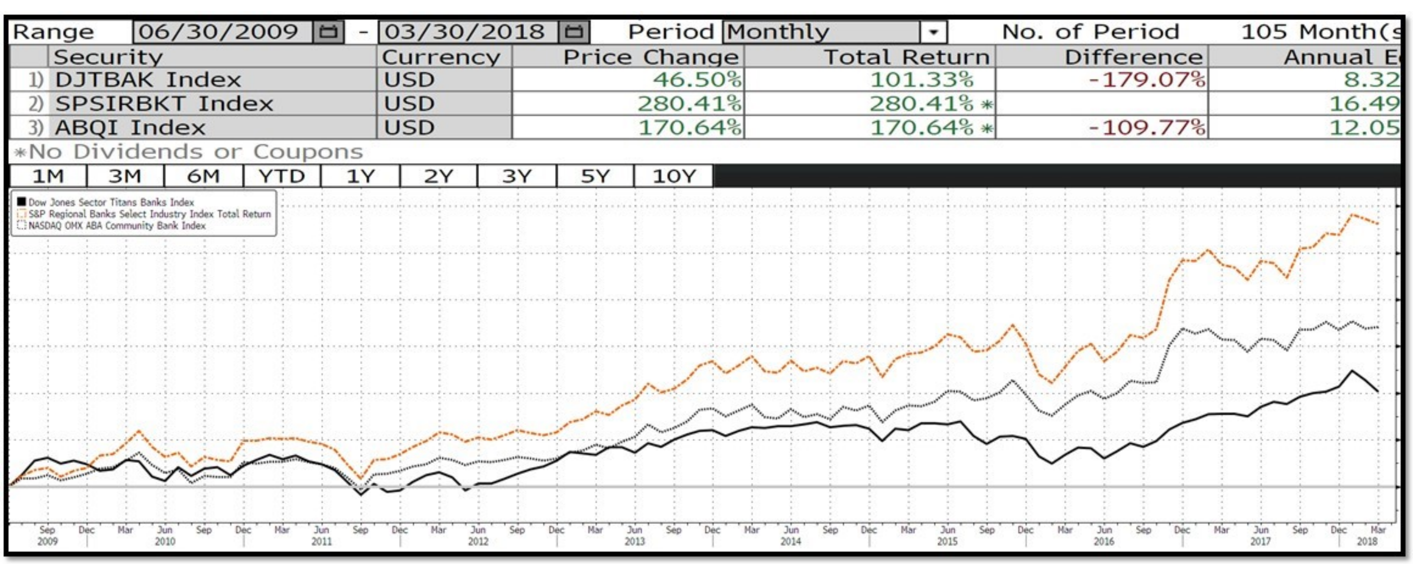
1) Rising interest rate environment. While big banks are more dependent on "non-interest income," smaller banks make most of their profit from "net interest margin" (also known as the "spread"). Regional and community banks have a simple business model: secure low-cost deposits and loan money out at higher rates. When rates rise, banks can hike loan rates faster than deposit rates. Smaller banks will see more of a direct benefit from a rising rate cycle.

2) Regulatory environment. Smaller banks are bigger beneficiaries of regulatory easing. Regulations have been more sensitive to the size of banks. Meaning, standards and requirements for the non-systematically important banks have been more lenient. Looser regulations are widely considered to continue for the banking industry.

3) Less exposure to cross-border lending. Regional and community banks have the ability to finance smaller businesses that are less exposed to foreign trade.

4) Banking industry consolidation. M&A activity should continue in the banking industry. Bigger banks strategically acquire smaller banks.

5) Long-term performance. Over the long run, smaller banks tend to outperform bigger banks (see Bloomberg screenshot: Dow Jones Sector Titans Banks In-



Copyright 2018, Kinsale Trading LLC. All Rights Reserved. www.sevensreport.com

dex vs. S&P Regional Banks Select Industry Index vs. Nasdaq OMX ABA Community Bank Index).

SPDR S&P Regional Banking ETF (KRE). KRE tracks the S&P Regional Banks Select Index. Basically, this index consists of U.S. regional banks with a float-adjusted market capitalization above $500 million.

The ETF employs a sampling strategy in an effort to hold securities with generally the same risk and return characteristics of the index.

Some recognizable banks in KRE's top 10 holdings include: Comerica, SunTrust, M&T, BB&T, and Fifth Third.

Per FactSet, KRE gets 94% of its revenues from the U.S.

KRE Facts	
Inception Date:	6/19/06
Assets:	$5B
Avg Daily Volume	6.4M
Expense Ratio:	0.35%
Div Yield:	1.4%
U.S. Sales	94%
# of Holdings:	120
YTD Return:	2.88%

First Trust Nasdaq ABA Community Bank Index Fund (QABA). QABA tracks the Nasdaq OMX ABA Community Bank Index. This index includes the common stock of all Nasdaq listed banks and thrifts or their holding companies that are designated as banks by the American Bankers Association.

The index excludes the 50 largest banks, thrifts, or holding companies and any banks that have an "international specialization" or "credit-card specialization." Stocks must also pass eligibility tests for liquidity, solvency, and financial history.

From an exposure standpoint, QABA's top 10 states include: California (13.4%), Texas (7%), Illinois (5.5%), Missouri (4.8%), Arkansas (4.8%), New Jersey (4.1%), Pennsylvania (4%), Washington (3.8%), Indiana (3.5%), and Mississippi (3.4%).

Per FactSet, QABA gets 97% of its revenues from the U.S.

QABA Facts	
Inception Date:	6/29/09
Assets:	$321M
Avg Daily Volume	45K
Expense Ratio:	0.60%
Div Yield:	1.3%
U.S. Sales	97%
# of Holdings:	180
YTD Return:	1.82%

Idea Implementation

We're not favoring any specific strategy.

Our goal here is to provide multiple outlets (i.e., four ETFs and two stock lists) for advisors who are interested in trying to protect against tariff and trade war concerns.

Another ancillary benefit of this strategy is these ETFs and specific stock lists have the potential to be the biggest prizewinners from the effects of tax reform.

Again, with an emphasis on not relinquishing equity exposure to do so.

The four highlighted ETFs can serve as tactical positions...

AMCA and AIRR require that their holdings derive a large percentage of revenue from the U.S. (85% and 75%, respectively). AMCA is more diversified by sector, but it's also a newbie in the ETF universe with a low asset base. AIRR is much more concentrated by sector (90% industrials and 10% financials), yet it's been around for a few years and has attracted close to $200 million in assets.

Copyright 2018, Kinsale Trading LLC. All Rights Reserved. www.sevensreport.com

Our two banking ETFs secure ultra-high percentages of their revenues from the U.S. KRE, which focuses on regional banks, receives 94% of its revenues from the U.S. And QABA, which concentrates on community banks, gets 97% of its revenues from the U.S.

Going forward, we're going to follow QABA in our portfolio tracker to make things simple. It has the highest percentage of U.S. revenues (fractionally higher than AMCA) out of the four ETFs we covered. Theoretically, QABA should also be the biggest beneficiary from tax reform if we go with a "think U.S. and think small" approach. Additionally, we listed five major catalysts for smaller-sized banking stocks. QABA should be available on all major platforms.

Lastly, our unique stock lists could come in handy for advisors. We've received feedback from numerous advisors who have used our stock-specific strategies to impress clients and prospects during meetings.

For instance, do you have clients who tinker around with stock picking in a separate account? Or do you have clients who have voiced concerns on a looming trade war? As an advisor, you probably have both.

Keep these ideas in your back pocket. We believe these stock screens could help you stand out as a thoughtful advisor who's going the extra mile and anticipating client anxieties.

Editor's Note: We're aware that some of our ETFs have not been available at Wells Fargo Advisors. So, we've tried our best to provide alternatives when that's been the case. One suggestion from a WFA subscriber is to submit an *Excellence First request* to add that ETF to the platform. The more advisors who request an ETF to be added, the better chance for success.

Best,

Tom

Disclaimer: Sevens Report Alpha is protected by federal and international copyright laws. Kinsale Trading, LLC is the publisher of the newsletter and owner of all rights therein, and retains property rights to the newsletter. The Newsletter may not be forwarded, copied, downloaded, stored in a retrieval system or otherwise reproduced or used in any form or by any means without express written permission from Kinsale Trading LLC. The information contained in Sevens Report Alpha is not necessarily complete and its accuracy is not guaranteed. Neither the information contained in Sevens Report Alpha or any opinion expressed in Sevens Report Alpha constitutes a solicitation for the purchase of any future or security referred to in the Newsletter. The Newsletter is strictly an informational publication and does not provide individual, customized investment or trading advice to its subscribers. SUBSCRIBERS SHOULD VERIFY ALL CLAIMS AND COMPLETE THEIR OWN RESEARCH AND CONSULT A REGISTERED FINANCIAL PROFESSIONAL BEFORE INVESTING IN ANY INVESTMENTS MENTIONED IN THE PUBLICATION. INVESTING IN SECURITIES, OPTIONS AND FUTURES IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK, AND SUBSCRIBERS MAY LOSE MONEY TRADING AND INVESTING IN SUCH INVESTMENTS.

Copyright 2018, Kinsale Trading LLC. All Rights Reserved. www.sevensreport.com

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: Buy.***	**Issue 1:** **8/17/17** **8/24/17**	**KWEB:** **9.17%**	**SPY:** **10.62%**
Smart Beta Pioneer **RSP (PowerShares 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.*	**Issue 2:** **9/7/17**	**RSP:** **8.28%**	**SPY:** **8.92%**
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:** **6.91%** **ROBO:** **9.03%** **AMBA:** **13.68%** **QCOM:** **23.20% (closed)**	**SPY:** **7.29%** **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:** **-9.08%** **ALB:** **-28.80%**	**SPY:** **7.29%**
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:** **6.45%** **REGL:** **1.47%** **SMDV:** **-4.36%**	**AGG:** **-1.35%** **MDY:** **4.49%** **IWM:** **3.36%**
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:** **0.43%** **MNA:** **-0.45%**	**AGG:** **-1.55%**

Copyright 2018, Kinsale Trading LLC. All Rights Reserved. www.sevensreport.com

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.): 3.89%	50% SPY/50% AGG: 1.36%
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: 3.94%	SPY: 3.82%
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: 5.49%	ACWI: 1.41%
"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.): -2.64%	50% SPY/50% AGG: -1.03%
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: -2.34% EMLC: 2.19% EBND: 1.07% AGEYX: 1.87%	AGG: -1.09%
"Blockchain" Investing BLOK (Amplify Transformational Data Sharing ETF) BLCN (Reality Shares Nasdaq NexGen	*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: -4.54% BLCN: -6.48%	50% SPY: -4.79%
"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: 0.19% TOTL: 0.38% FTSL: 0.52%	AGG: 0.55%

Copyright 2018, Kinsale Trading LLC. All Rights Reserved. www.sevensreport.com

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:** **0.15%**	**BIL:** **0.15%**
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:** **-4.23%**	**SPY:** **-2.14%**

Copyright 2018, Kinsale Trading LLC. All Rights Reserved. www.sevensreport.com