SEVENS REPORT *alpha*

May 1, 2018

In Today's Issue

- A hidden asset class: International Small Caps.
- Most advisors/investors allocate to U.S. small caps. But, why not foreign small caps?
- Fund solutions: Our two favorite ETFs, a list of our preferred active mutual funds, and multiple alternatives.

It Pays to Think Small

Market capitalization is just a fancy name for a simple concept. That is, the market value of a company's outstanding shares.

The formula for market capitalization is current stock price x total number of shares outstanding = market capitalization.

While the framework can vary depending on the source, generally, different market capitalization ranges are classified like this:

- Large cap: $10 billion and above
- Mid cap: $2 billion to $10 billion
- Small cap: $2 billion and below

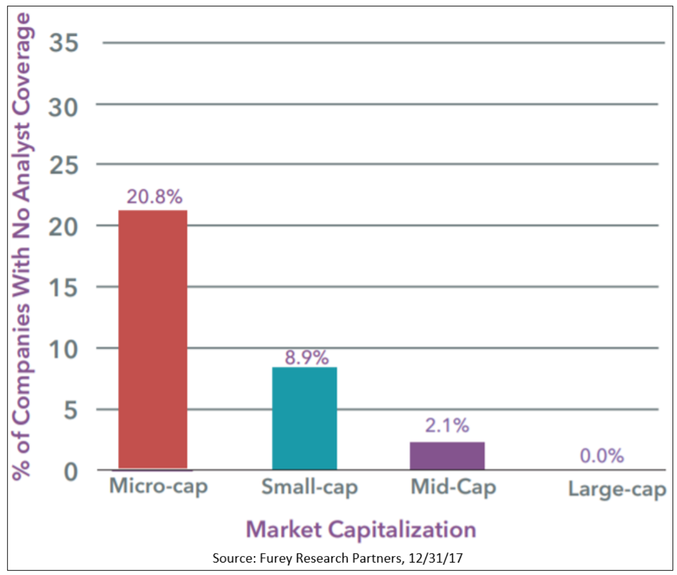
We could have included mega caps, micro caps, and nano caps, but, for the purpose of this issue, simplicity works just fine.

Today, we're zeroing in on smaller-sized stocks.

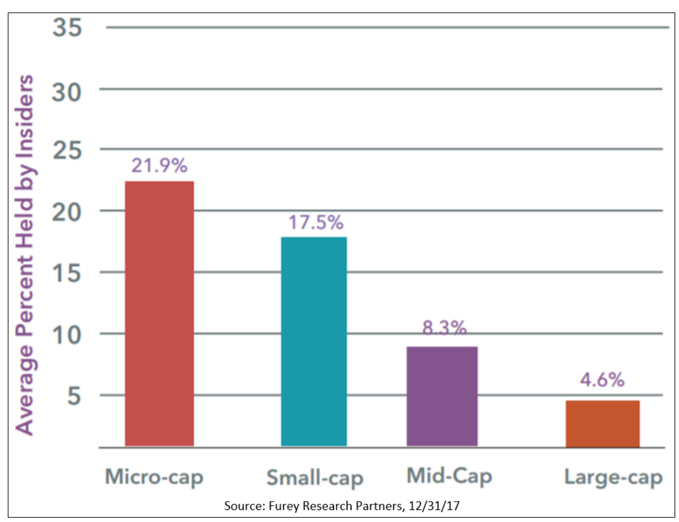
Most advisors have allocations to small-cap stocks in their model portfolios.

There are several reasons why small-cap stocks warrant a piece of an allocation pie…

Off Wall Street's radar. While Wall Street provides wall-to-wall analysis on large-cap stocks, it doesn't really want to waste its time reporting on little companies! (You don't hear CNBC, Bloomberg, or Fox Business running stories on small-cap stocks.) That means plenty of under-the-radar opportunities exist in this less-efficient part of the market.

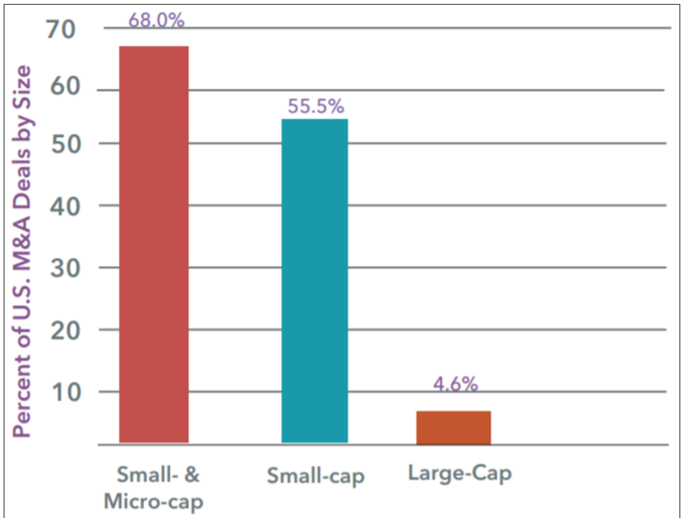


High degree of inside ownership. When insiders own big stakes of a company, they have their own monetary incentives at stake. So, not only are they trying to create long-term value for investors, but, they are aiming to pad their own wallets, too. High insider ownership



means the interest of company management and investors is aligned. Various studies have shown stocks with high insider ownership perform better than stocks without such ownership. Small stocks possess a sizable advantage in this area.

Takeover potential. The highest probability of takeovers occurs at the small- and micro-cap level. Intuitively, bigger companies buy smaller companies. And shareholders of publicly-traded acquired stocks generally receive a big payday when this happens. (FactSet Mergerstat reports premiums for acquired companies in M&A situations average in the neighborhood of 20% to 40%.)



Source: Furey Research Partners, 12/31/17

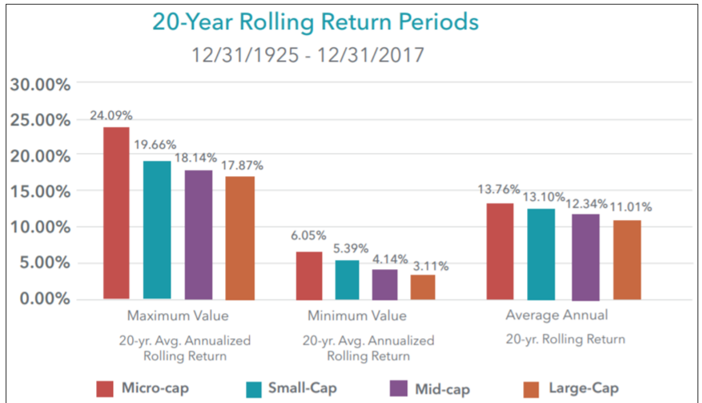
Lower correlation. Correlation measures the relationship between two different asset classes under the same market conditions. Small company stocks have lower correlations to other asset classes (including, large company stocks).

CORRELATIONS OF ANNUAL RETURNS 1926-2017

Category	Large Company Stocks	Small Company Stocks	L-T Government Bonds	Treasury Bills
Large Company	1.00	0.79	0.00	-0.02
Small Company	0.79	1.00	-0.10	-0.09
Long-Term Gov't Bonds	0.00	-0.10	1.00	0.18
Treasury Bills	-0.02	-0.09	0.18	1.00

Source: Ibbotson SBBI and FRP, 12/31/17

Outperformance. Finally, the most important point of all: Small-cap stocks outperform their bigger-cap pals over the long term. They outperform in long-dated, high-return cycles and long-dated, low-return cycles. In essence, they provide "higher highs" and "higher lows." And this is primarily why investors and advisors allocate to small caps.



Source: Ibbotson Classic Yearbook 2015, FRP, and FactSet, 2017

Beyond those five big reasons to own small stocks, there are two other important forces working in the favor of small caps in today's market environment:

1) They tend to perform better than other capitalization stocks in low growth environments (like we're in currently).

2) They typically outperform larger stocks after rate hikes (another period we're in now).

However, everything we've just referred to represents domestic small caps.

What about international small caps?

The Investment Case for International Small Caps: A Similar Story Applies

The logic behind investing in overseas small caps is comparable to the reasoning for investing in domestic small caps.

In some ways, it's actually better.

In our minds, these are the main justifications to allocating to the space...

[Morningstar classifies these categories as Foreign Small/Mid Growth, Foreign Small/Mid Value, and Foreign Small/Mid Blend.]

Valuation. In terms of small caps, foreign stocks are cheaper than U.S. stocks:

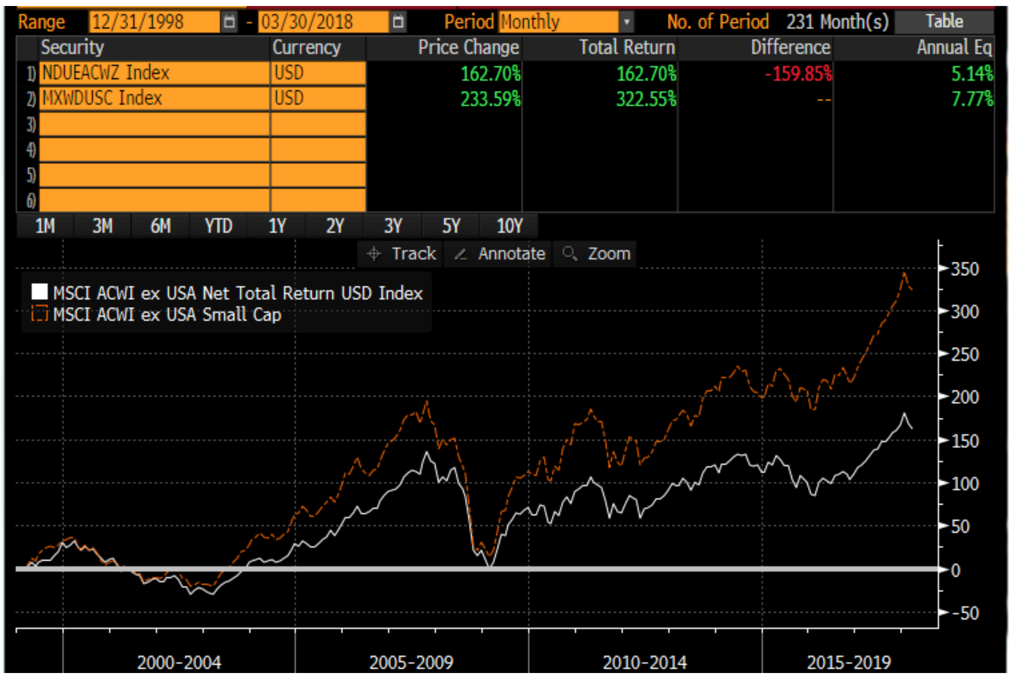
- Russell 2000 Index: P/E ratio of 20.1 and P/B ratio of

2.2

- FTSE Global Small-Cap ex US Index: P/E ratio of 15.4 and P/B ratio of 1.6

Lower volatility. Looking at 36 monthly returns, the historical volatility is lower for foreign small caps than it is for domestic small caps:

- iShares Russell 2000 ETF (IWM): 3-year standard deviation of 13.89%
- Vanguard FTSE All-World ex-US Small-Cap ETF (VSS): 3-year standard deviation of 11.22%



Low correlation. International small caps have low correlations to other equity asset classes. The diversification edge is influenced by multiple factors: minimal analyst coverage, limited effect from globalization, and country, currency, and economic distribution. Again, this means this asset class can add much-needed diversification to a portfolio.

Correlation Matrix

Investment Name	1	2	3	4	5	6	7
SPDR® S&P International Small Cap ETF							
MSCI ACWI IMI NR USD	0.88						
S&P 500 TR USD	0.71	0.94					
Russell 3000 TR USD	0.73	0.94	0.99				
Russell 1000 TR USD	0.73	0.94	1.00	1.00			
Russell 2000 TR USD	0.59	0.71	0.77	0.83	0.80		
S&P Developed Ex US BMI NR USD	0.92	0.95	0.80	0.80	0.81	0.56	
S&P Emerging BMI NR USD	0.79	0.81	0.66	0.65	0.66	0.40	0.80

Source: Morningstar, April 2013 - March 2018

Bigger dividends. By practice, foreign companies are more apt to pay dividends than domestic companies. You'll probably find this factoid from WisdomTree research a bit shocking… Percentage of non-dividend payers by region:

- Russell 2000 Index: 49%
- MSCI EAFE Index: 11.5%
- MSCI Emerging Markets Index: 22%

In turn, international small caps have a higher dividend yield than domestic small caps:

- iShares Russell 2000 ETF (IWM): Distribution yield of 1.25%
- Vanguard FTSE All-World ex-US Small-Cap ETF (VSS): Distribution yield of 2.82%

That's over 2X more in terms of distribution yield! Higher dividend yields could also help cushion downward pressure during weak markets.

Outperformance. Naturally, the statistic that everyone wants to see (see Bloomberg chart for reference). Over the last 20 years, a robust period that contains two major bear markets, international small caps have materially outperformed international large caps.

Even with all these great advantages that international small caps have under their belt, they are still overlooked by the broad investment community.

Uncovering a Neglected Asset Class

My analyst had a 30-minute phone call with his colleague Jeremy Schwartz (Director of Research at WisdomTree) last week. Jeremy, who is considered one of the smartest individuals in the ETF industry, pointed out:

While the investors that we meet with tend to be very comfortable investing along the entire market capitalization size spectrum in the United States, far fewer tend to feel the same about markets abroad. Just as small caps *represented what can now be seen as a phenomenal opportunity coming out of the global financial crisis of 2008-2009 in the United States, we think that non-U.S. small caps could represent a similarly compelling opportunity at this time.*

My analyst also reached out to several of his contacts in the field (numerous mutual fund families, ETF issuers, and RIAs) about exposure to foreign small caps.

The consensus response was:

<u>Most advisors don't allocate to the international small cap asset class</u>.

Why?

First, it's an area of the markets that is often tough to digest. Look, if an emerging markets allocation is difficult to sell to clients, then an allocation to foreign small caps is plausibly even more of an onerous task.

Second, a large number of advisors just don't hear enough about it to take it into consideration. Alibaba, Nestle, Toyota, Novartis, Tencent, and other foreign mega-cap behemoths make global news quite often. But, developments surrounding foreign smaller-sized companies rarely—if ever—hit the U.S. tape.

And third, others think they have it covered with broad-based international funds. However, generally, that's not the case. For example, the typical wide-ranging, international ETFs with the most assets have very little exposure to small caps (stats per Morningstar)…

- iShares MSCI EAFE ETF (EFA): 0.02% in small- and micro-cap stocks.
- Vanguard FTSE Developed Markets ETF (VEA): 5.82% in small- and micro-cap stocks.
- iShares Core MSCI EAFE ETF (IEFA): 5.38% in small- and micro-cap stocks.
- Vanguard FTSE All-World ex-US ETF (VEU): 0.59% in small- and micro-cap stocks.
- iShares Core MSCI Total International Stock ETF (IXUS): 5.32% in small- and micro-cap stocks.

And if you think your emerging market ETF is providing exposure to small caps, you're pretty much in the same empty boat...

- Vanguard FTSE Emerging Markets ETF (VWO): 5.52% in small- and micro-cap stocks.
- iShares Core MSCI Emerging Markets ETF (IEMG): 5.48% in small- and micro-cap stocks.
- iShares MSCI Emerging Markets ETF (EEM): 0.72% in small- and micro-cap stocks.

Now that we've covered the investment case for international small caps and why the asset class often goes undetected, let's explore some of the best available fund options...

<u>Foreign Small-Cap ETFs</u>

Vanguard FTSE All-World ex-US Small-Cap ETF (VSS).

VSS seeks to track the FTSE Global Small Cap ex US Index. This index consists of small-cap stocks located in developed and emerging markets around the world, excluding the U.S. In total, the index includes approximately 3,300 holdings in 47 countries.

<u>VSS Facts</u>	
Inception Date:	4/2/09
Assets:	$6B
Avg Daily Volume	185K
Expense Ratio:	0.13%
Distribution Yield:	2.8%
"Smid" Exposure	98%
# of Holdings:	3,610
YTD Return:	0.75%

This is one of the cheapest international ETFs in the international space with an expense ration of just 13 basis points.

Per Morningstar, VSS is definitely more of a small/mid ("smid") portfolio. It's almost an even split between exposure to mid caps and small caps.

Market Capitalization	
Size	% of Portfolio
Giant	0.01
Large	2.33
Medium	51.67
Small	41.86
Micro	4.13

VSS has a breakdown of roughly 85% developed markets and 15% emerging markets.

The top 10 countries, by weighting, are Japan (15.9%), Canada (11.9%), United Kingdom (11.9%), Taiwan (7.2%), Korea (4.8%), Australia (4.6%), Germany (4.3%), Sweden (3.6%), China (3.5%), and India (3.1%).

WisdomTree International SmallCap Dividend Fund (DLS).

DLS is designed to track the WisdomTree International SmallCap Dividend Index. This fundamentally-weighted index lasers in on the small-cap segment of the dividend-paying market in the industrialized world outside the U.S. and Canada. It is comprised of companies in the bottom 25% of the market capitalization of the WisdomTree International Equity Index after the 300 largest companies have been removed. Companies are weighted based on annual cash dividends paid.

DLS Facts	
Inception Date:	6/16/06
Assets:	$2B
Avg Daily Volume	78K
Expense Ratio:	0.58%
Distribution Yield:	2.9%
"Smid" Exposure	99%
# of Holdings:	945
YTD Return:	0.18%

The index's methodology includes a minimum market cap of $100 million, no more than a 25% cap weight to any single country, and no greater than a 25% cap weight to any one sector. If any of these stipulations are breached, they're taken care of during annual rebalances.

DLS is the oldest smart beta ETF in the foreign small-cap group. With an emphasis on the highest, dividend-paying small caps, this ETF has a distribution yield of almost 3%. Not only does it satisfy investors' thirst for income, it also presents an opportunity for growth potential with its smaller-cap focus.

According to Morningstar, DLS puts an emphasis on small caps, but it's not light on mid caps by any means. Roughly, it has a 60/40 allotment (small caps to mid caps).

Market Capitalization	
Size	% of Portfolio
Giant	0.00
Large	0.90
Medium	39.64
Small	49.72
Micro	9.74

The ETF is almost entirely focused on developed markets at 99%.

The top 10 countries, by weighting, are Japan (27.0%), United Kingdom (15.7%), Australia (12.4%), Sweden (4.6%), Italy (4.5%), Germany (4.4%), New Zealand (3.9%), Singapore (3.8%), Norway (3.4%), and Israel (2.8%).

Some other top competitors include:

Schwab International Small-Cap Equity ETF (SCHC). SCHC has 2,022 holdings, $2 billion in assets, a 2.76% distribution yield, and an expense ratio of 0.12%. Morningstar reports this ETF is a true smid fund with an even-steven divvy between mid caps and small caps. Its developed markets exposure is 99%.

Schwab Fundamental International Small Company Index ETF (FNDC). FNDC tracks a RAFI index and selects, ranks, and weights by adjusted sales, retained operating cash flow, dividends, and buybacks. It has 1,482 holdings, $1.9 billion in assets, a 1.97% distribution yield, and an ultra-low expense ratio of 0.39%. Morningstar reports this ETF has a breakdown of 12% large cap, 54% mid cap, and 34% small cap. Its developed markets exposure is 98%.

PowerShares FTSE RAFI Developed Markets ex-U.S. Small-Mid Portfolio (PDN).

PDN tracks a fundamentally weighted RAFI index like FNDC (book value, cash flow, sales, and dividends). It has 1,511 holdings, $227 million in assets, a 2.54% distribution yield, and an expense ratio of 0.49%. Morningstar reports this ETF has a breakdown of 10% large cap, 55% mid cap, and 35% small cap. Its developed markets exposure is 98%.

Note: <u>It's also possible to break up your exposure to foreign small caps by combining developed and emerging markets</u>. For instance, these combinations do the job:

- SPDR S&P International Small Cap ETF (GWX) and SPDR S&P Emerging Markets Small Cap ETF (EWX)
- iShares MSCI EAFE Small-Cap ETF (SCZ) and iShares MSCI Emerging Markets Small-Cap ETF (EEMS)
- WisdomTree International SmallCap Dividend Fund (DLS) and WisdomTree Emerging Markets SmallCap Dividend Fund (DGS)

There's also a good case for active management in international small caps. Especially, as Gosselin Consulting Group reports, foreign small-cap companies account for more than 70% of the global small-cap universe by security count. Meaning, there's a much broader opportunity set to pick from.

<u>"Actively-Managed" Foreign Small-Cap Mutual Funds</u>

In a low-profile interview this month, Simon Hallett (Co-CIO of Harding Loevner) was asked what's one investment for a long-term diversified portfolio?

<u>His answer was international small caps</u>. More explicitly, he opined:

The last thing I did in my own 401(k) plan was to buy more international small cap. I put most of my 401(k) into international small cap.

I think it's an asset class that's been neglected. It's an asset class that's going to be increasingly neglected by sell-side research analysts, as regulatory change in Europe—and regulatory pressures on investment banks in the U.S.—means that there are very significant cutbacks in the research capabilities of the brokerage industry.

Particularly, it's going to mean there will be opportunities for skilled managers in the small-cap space. At a time, when small companies probably benefit more than large ones from what's happening with increased penetration of ecommerce throughout the world. I think technological changes that we've seen over the last 20 years are providing opportunities for smaller companies that they've never had before.

As an asset class, it's one that will be increasingly neglected.

We thought Hallett's candid answer was important to point out...

Harding Loevner is a global money manager that has concentrated on high-quality growth companies for the last 30 years. The firm has $65 billion in assets.

If there's a maven with an all-encompassing lens for global equities, you'd be hard-pressed to come up with someone better than Hallett. He joined Harding Loevner in 1991 as a portfolio manager and has served in the CIO role since 2012.

For an advisor who is willing to consider active management, there are three things you need to be able to do:

1) Identify managers who consistently outperform
2) Stomach higher costs
3) Be able to stick with a manager through periods of short-term underperformance to capture long-term outperformance

My analyst ran a Morningstar search on the foreign small/mid fund universe. In addition, he followed up with friends at Artisan Partners and Grandeur Peak Funds to find out which competitors they have typically gone up against in fund searches. (Both firms have outstanding international small-cap funds that are closed to most new investors.)

We've narrowed down the territory to some solid candidates that are open to new investors:

- **Harding Loevner International Small Companies** (click here for share class availability)
- **Oakmark International Small Cap** (click here for share class availability)
- **Vanguard International Explorer** (click here for share class availability)
- **Royce International Premier** (click here for share class availability)
- **Fidelity International Small Cap** (click here for share class availability)

If you're an advisor who is part of the inner circle at Dimensional Fund Advisors (DFA), you're probably aware of this special asset class.

DFA offers several fund options: DFA International Small Company ($14 billion in assets), DFA Emerging Markets Small Cap ($7 billion in assets), DFA Continental Small Company ($760 million in assets), DFA Japanese Small Company ($715 million in assets), DFA Asia Pacific Small Company ($375 million in assets), DFA International Small Cap Growth ($200 million in assets), DFA United Kingdom Small Company ($45 million in assets), and DFA Global Small Company ($25 million in assets).

Our research shows there are a couple ways that advisors are going about making allocations to this sweet spot in international investing.

Funding Sources

Obviously, if you're sitting on a fairly large cash position (more as "dry powder" and not earmarked for something else), that's a legitimate place to source an allocation.

But, that's not a practical option for most advisors.

Instead, we see most advisors going down these paths...

Broadly speaking, foreign stocks have cheaper valuations, better growth rates, and higher dividend yields than their U.S. counterparts. So, if you're underweight international equities, you could pull money from a U.S. small-cap allocation.

Along the same lines, you could also pull money from U.S. large caps to fund an allocation to international small caps. From a strict valuation perspective, this may be even more attractive, as domestic large caps are more expensive then domestic small caps. The S&P 500 Index has a P/E ratio of 21.5 and P/B ratio of 3.1, while the Russell 2000 Index has a P/E ratio of 20.1 and P/B ratio of 2.2. This course especially jibes if you feel you're currently overweight U.S. large caps.

Another route would be to fund an international small-cap opportunity from your existing international bucket. This would probably make the most sense if you have a significant allocation to international stocks already. Remember, the majority of broad-based international index funds have very little exposure to small caps.

In summary, we think it pays to think small—both at home and abroad—when it comes to investing.

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: Hold through June 2017 rebalance or buy/hold long term.***	**Issue 1:** **8/17/17** **8/24/17**	**KWEB:** **7.35%**	**SPY:** **11.21%**
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.* ***What to do now: Buy.***	**Issue 2:** **9/7/17**	**RSP:** **9.50%**	**SPY:** **9.50%**
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:** **2.35%** **ROBO:** **5.34%** **AMBA:** **2.01%** **QCOM:** **23.20% (closed)**	**SPY:** **7.86%** **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:** **-9.73%** **ALB:** **-27.69%**	**SPY:** **7.86%**
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:** **5.43%** **REGL:** **2.47%** **SMDV:** **-2.79%**	**AGG:** **-2.11%** **MDY:** **4.98%** **IWM:** **3.86%**
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:** **0.52%** **MNA:** **-0.32%**	**AGG:** **-2.31%**

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.): 4.23%	50% SPY/50% AGG: 1.26%
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: 5.37%	SPY: 4.37%
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: 5.87%	ACWI: 1.67%
"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.): -1.40%	50% SPY/50% AGG: -1.13%
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: -4.01% EMLC: 0.45% EBND: -0.48% AGEYX: 1.34%	AGG: -1.85%
"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: -4.14% BLCN: -5.99%	50% SPY: -4.29%
"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: -0.35% TOTL: -0.21% FTSL: 0.61%	AGG: -0.22%

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: 0.22%
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: -7.27%	SPY: -0.23%
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: 2.68%	SPY: -1.34%