SEVENS REPORT *alpha*

November 20, 2018

In Today's Issue

- The fundamental argument behind technical analysis.
- How applying technical analysis to your advisory business can help your clients stay focused on their individual investment goals.
- Dow Theory: The oldest technical market system, and it still works.
- Current technical backdrop: The long-term path of least resistance remains higher for stocks, but more volatility is likely in the months ahead.

How Technical Analysis Fits into Today's Approach to Markets

In today's financial industry, professionals (advisors, traders, portfolio managers, analysts, etc.) can generally be divided into one of three camps: fundamental, technical, or the newest, quantitative.

Historically, there has been an industry bias towards the fundamental approach to markets especially regarding long time horizon investments, and without a doubt, it is very important to have a solid understanding of the fundamentals when making any investment.

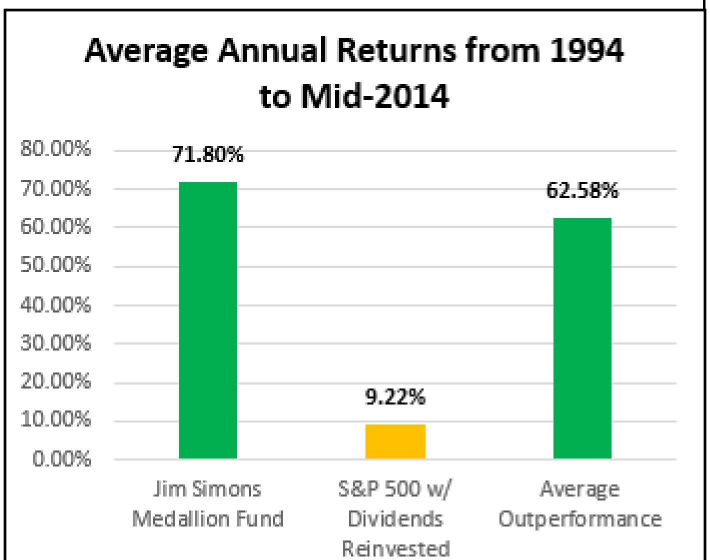
Warren Buffet is the quintessential example of a long-term, fundamental "value" investor, and he has clearly become one of the most successful investors of all time.

The quantitative corner of the industry is the fastest growing, but it is still in its infancy relative to other forms of market analysis. And due to various barriers to entry such as high-powered computer software, expensive data feeds, and high cost programmers, it is still not widely accessible.

And even for those who do break into the "quant game," it is extremely competitive. A trading or investment system that worked in the second quarter of a given year may be obsolete by December of the same year.

Jim Simons, founder of Renaissance Technologies, is the most well-known "quant" in the industry with his **flagship Medallion Fund returning an annual average of 72% from 1994 to 2014.** On that note, in most cases, quantitative trading is simply a supercharged version of technical analysis using computer and software advancements to outperform (some high-frequency, others not) the broader market.

So, based on those outsized return numbers by Renaissance, there is obviously some merit to applying technical analysis to decision making in today's financial world. And despite some misconceptions, technical analysis is as old as markets themselves, and in many applications (including the up and



coming quant industry) it has produced very strong results.

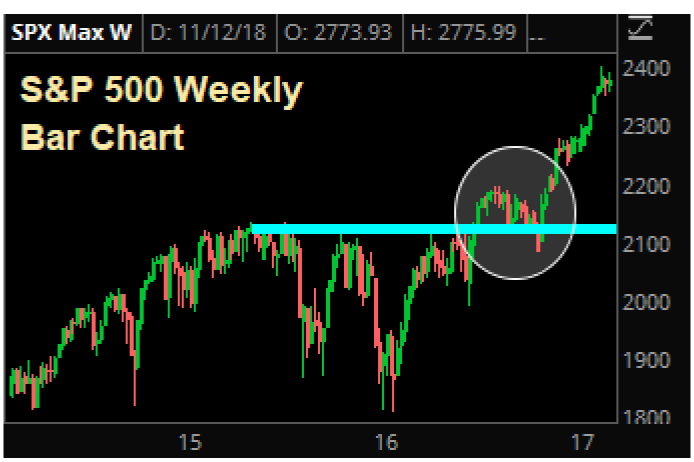
By definition, technical analysis is market decision making based on statistics such as price action and volume. There are countless critics of such trading tactics who say the technical approach simply doesn't work and it's a "loser's game." But these critics clearly have not looked at the results, read studies, or analyzed the historical data for themselves, because there is a lot of supporting evidence that confirms certain technical approaches can handily outperform broader markets -- and fundamental investors -- in the long run (the outperformance by the Medallion Fund is a prime example).

What This Means for An Advisor: Getting "Quant" Exposure Isn't Just for Institutional Investors.

While the "Medallion Fund" is limited to owners and employees of Renaissance, investors can now get access to a quantitative investment technology that is based on the same concepts via a handful of funds.

The most popular of which is the **AI Powered Equity ETF (AIEQ)**, a relatively new ETF issued by ETF Managers Group back in October 2017. The fund uses IBM's *"Watson"* technology to perform a range of market analysis operations and then allocates capital within the fund's holdings, accordingly.

Admittedly, the performance so far is not nearly as



stellar as Mr. Simon's track record. AIEQ is up just 2.04% YTD (as of 11/12/2018 while the S&P is up 3.65% over the same time frame). Nevertheless, in the trailing 12-months the ETF has marginally outperformed the S&P by 0.77%, and with *Watson* being a continuous machine-learning technology, the outlook for future outperformance is good.

Understanding The Psychology Behind Technical Analysis

What a lot of financial professionals don't realize is that there are fundamental reasons to study price action, most importantly because of investor psychology. Most will admit that various prices in any given market have more significance than others, which to a degree is self-confirming of the technical argument.

A good example is the fundamental reasoning behind "support" and "resistance" areas. For a quick recap, "support" is a level or "zone" where a price is expected to stop declining while "resistance" is where a price is expected to stop rising.

In an upward trending market, once a new high is established, there is almost always a retracement to the previous high, which then acts as "support," a.k.a. "an area of demand" for the given security (as you can see in the S&P 500 chart). From a fundamental and market psychology standpoint, you have two main reasons that prices at least "pause" at the previous high.

First, you have those traders or investors who were "wrong" on the move to new highs and who are more than happy to get out of the market where they entered (and end up as close to breakeven on the position as possible), so you see buying interest where a number of "wrong positions" are unwound.

Second, there are always disciplined traders and investors who "missed out" on the initial market move but patiently waited until the market came back to the breakout level to add long exposure.

<u>What This Means for An Advisor: Explaining Support and Resistance Levels Can Prevent Panicked Selling or Chasing.</u>

This situation does not play out with every move to new highs in every market or security, but more often than not, it does.

From a practical perspective, this underscores the importance of knowing where certain technical support and resistance levels are in any given market by looking at recent price history.

This concept can be useful for advisors in adding to existing positions or opening new ones on a pullback rather than letting an emotionally-charged client "chase" a market higher.

A prime example would be if you had a client who was anxious to get into one of the big tech or FAANG names, but has a low tolerance for risk or "drawdowns" even in longer-term positions.

As counterintuitive as that sounds, everyone in this

business knows that most clients have this mentality to some degree. They expect to be allocated to the best-performing sectors, industries and asset classes, with the least amount of risk, at the lowest expense.

Therefore, by using technical methods such as the one discussed above (previous highs should be treated as support) advisors can at least improve the risk-reward scenario in trade execution. A prime example would be buying the NFLX pullback seen in the chart here.

How Technical Analysis Fits into Today's Advisory Business

The business of the financial markets has completely transformed from the "stock jockey" days back in the 80s and 90s when churning accounts was incentivized by major banks and brokerages via high commissions. Today's professionals focus on a disciplined and long-term approach where financial advisors are commonly paid a percentage of assets under management rather than on a per-trade basis.

So, while technical support and resistance was once used to execute fast-money trades to collect a quick commission, today it's most commonly used to help explain long-term trends, identify market conditions and reassure clients through volatile times such as we've seen recently.

We all know the phone doesn't ring very often when the markets are just steadily grinding to new highs like we saw for most of 2017. However, when

volatility rears its ugly head like we have seen in Q1 and Q4 this year, it seems to ring off the hook with uneasy regularity.

Volatile times are opportunities to demonstrate knowledge and comforting confidence with the use of technical analysis.

One of the best ways to reassure clients during volatility spikes is to remind them of their personal time frame for investing (generally very long term) and help them take the sensational headlines from the financial news networks with a grain of salt.

One method we implement in our offices, and that I have coached to advisors in the past, is to zoom out on the charts. Right now, that would mean getting away from the confusing and choppy daily time

frame charts like the one on the previous page.

The goal being to keep clients focused on the longer-term trends in the market on either a weekly or, preferably, a monthly time frame with a bar chart like the one below.

And you don't need any fancy or expensive charting software to get access to these methods. A slew of free services such as Yahoo Finance and Stockcharts.com, as well as inexpensive services such as YCHARTS, offer more than adequate, online charting systems with variable time-frame approaches.

After zooming out and reviewing the long-term market trends with nervous clients, they are likely to feel much better about spurts of volatility like we have seen so far in 2018.

This portrayal also keeps them focused on the longer-term goals of the portfolio strategy you have devised, as well as potential warning signals that would trigger a change in their accounts. The net result being a positive and constructive conversation that develops deeper understanding of the price action and market psychology.

What This Means for An Advisor: Despite the Volatility, the Long-Term Technical Outlook for the Market Remains Solidly Positive.

The current technical backdrop of the broad stock market based on reading the major moving averages, namely the S&P 500, is still decidedly bullish in the current climate. That is clearly visible looking at the monthly chart above that puts the "huge" pullbacks that the financial news outlets go crazy over in perspective.

It's wise to advise clients that sharp bouts of volatility like we have experienced this year is more the norm than the exception.

In hindsight, 2017 was one of the lowest-volatility years on record and creates a recency bias towards risk aversion rather than embracing the chaos as an opportunity.

Outperforming, Hedging, and Impressing Clients (or Prospects) with Technical Analysis

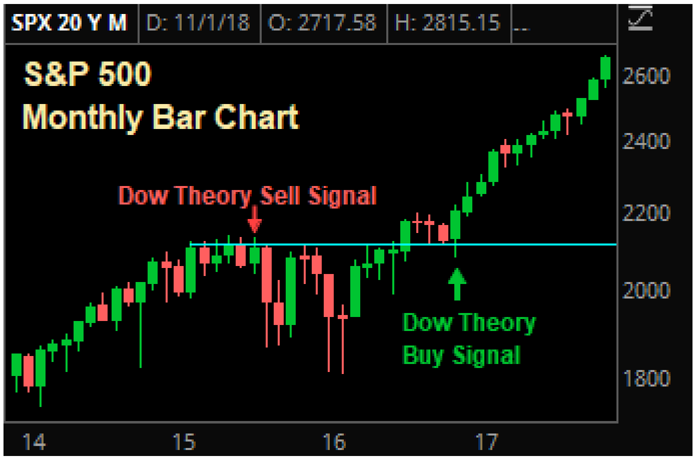
"I Look Like a Genius to My Clients!" is what one of our subscribers said over the phone last year after getting aggressively long stocks based on our post-election Dow Theory call.

He said that his clients were impressed by the "all in" call over the course of 2017 despite the uncertain political backdrop at the time, and they enjoyed strong gains last year with limited drawdowns.

In fact, those who bought the broad market via the

S&P on that long call never even felt the market go more than 10 points (to be clear, points, not percent) against their early November 2016 entry point.

This brings us to the topic of the time-tested investment process known as Dow Theory, dating back to the namesake of the first major indexes, Charles



Dow. Dow is still highly regarded as one of the best "market technicians" of all time.

In addition to founding the first stock market averages, Dow studied security prices both in hindsight and in real-time to establish a "theory" that is still very applicable and actionable in today's markets. Not surprisingly, this practice came to be known as *Dow Theory*.

Dow's view of the markets was very unique, especially at his time when the stock market was still relatively new and highly speculative. One of his core beliefs was in market efficiency; basically, that all available news was priced into markets in real time.

Anyone can argue that someone with inside information on a specific company can benefit by positioning accordingly. However, Dow was referring to the broader market averages and the way that investors discount information as it morphs into stock index charts, and legible to even the novice market technician.

That postulate allowed Dow to study the stock averages in a different manner than most speculators, i.e. with confidence in the information derived from the price action itself.

The Basics of Dow Theory

The basics of the theory are as follows: When "higher highs" and "higher lows" in the Dow Jones Industrial Average confirm "higher highs" and "higher lows" in the Dow Jones Transportation Average (or vice versa), market internals are indicating bull market conditions.

Conversely, the opposite is true: "lower highs" and "lower lows" in one index confirming those in the other suggest bear market conditions.

Historical Performance

On that note, Dow Theory has been one of the best technical indicators for getting the longer-term trend of the stock market "right" for **over a century**. And there is clear statistical support for that claim when you compare the buy-and-hold method to acting on Dow Theory signals.

Case in point, in the 113 years between 1897 and 2010, a buy-and-hold investment of $100 would have grown to $25,952.72. Conversely, the "long only" Dow Theory strategy (so only being long when Dow Theory signals are bullish) would have resulted in an impressive balance of $492,597.38.

Furthermore, acting on both long and short signals offered by Dow Theory would have led to staggering outperformance with a 2010 balance of $2,696,535.01.

To be clear, not every signal ended up being profitable over the course of that time frame, but clearly, the long-term practice of Dow theory has outperformed the broad market.

Using Dow Theory Today

Dow Theory isn't known for calling tops and bottoms in the market, but rather providing the direction of the dominant underlying trend so that investors can capitalize on upswings and avoid downdrafts more effectively.

Most recently, Dow Theory helped its followers avoid all of the volatility between the late-summer 2015 and early 2016 before offering a decisive long signal after the 2016 elections.

Admittedly, Dow Theory investors missed out on 1.45% in the S&P while on the sidelines, but I'm sure most wealth management clients would have been pretty thrilled to miss out on less-than 2% in roughly 15 months in exchange for avoiding the pain of a more than 15% drawdown during that time frame.

Furthermore, since the bullish signal, the S&P is up roughly 38% with dividends reinvested (even after the October volatility spike) while many investors were left behind due to political uncertainties and missed a good portion of the 2017 straight-line rally.

How An Advisor Can Incorporate Dow Theory, and What Is It Saying Now

We understand that it is extremely uncommon for today's advisors to short-sell anything (and in most cases it's not permitted even for clients with higher risk tolerances). However, there are numerous ways that advisors can use Dow Theory, just based on a weekly "reading" basis, to add value to their business.

For example, if an advisor had nervous clients in the summer of 2015, the bearish signal in late July could have served as a catalyst to get defensive, buy puts, or otherwise hedge their accounts. I am sure those clients would have been pretty happy about such a decision and the timing.

Currently, Dow Theory remains bullish as it has been since the 2016 election. However, some material cracks have emerged as a result of the 2018 volatility.

In early Q2'18, we narrowly avoided a bearish signal in Dow Theory as the Transports closed just 10 points away from making a "lower low" that would have elected a bear signal from the Industrials.

Currently, the Transports have already made a "lower low" (the index actually closed at a new 2018 low in October) and now rebounded about 10%. And while the Industrials didn't approach the lows from H1'18, the index just established a new low on the weekly chart in October thanks to this recent rebound that is now one of the two technical "lines in the sand."

There are multiple ways to read Dow Theory, ranging from intraday tick charts for fast-money trading to monthly charts for long-term investing. And while each time frame is effective in different situations, we have found that the time frame offering the best read on the markets for longer-term investors is on the weekly chart.

Bottom line: we are two "lower lows," one in the Industrials and one in the Transports, away from getting a bearish Dow Theory signal. When those signals "print" it will mean the odds of a more significant wave of volatility than the two we have seen so far in 2018.

Conclusion

The applications of technical analysis are virtually endless, and we are confident that implementing even a rudimentary examination of the major market indices can both improve entry/exit timing and frame market behavior in language your clients can understand.

Furthermore, we are seeing an expanded use of technical analysis within many of the most exciting new ETFs as a means of selecting positions and triggering actions in the underlying portfolio.

Whether you are a believer in the efficacy of technical analysis (or your agnostic), it's clear that the identification of basic trends and practical analysis can provide significant alpha to your clients' wealth over the long-term.

And, having a good working knowledge of technical analysis, along with the willingness to demonstrate that knowledge, nearly always impresses clients and prospects.

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:** **9.11%**	**SPY:** **11.28%**
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:** **-8.14%** **ROBO:** **-6.49%** **AMBA:** **-30.40%** **QCOM:** **23.20% (closed)**	**SPY:** **16.09%** **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:** **-14.40%** **ALB:** **-25.40%**	**SPY:** **9.65%**
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:** **3.86%** **REGL:** **8.19%** **SMDV:** **5.13%**	**AGG:** **-1.73%** **MDY:** **2.71%** **IWM:** **0.49%**
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:** **1.30%** **MNA:** **3.31%**	**AGG:** **-1.93%**

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:** **1.33%**	**SPY:** **6.18%**
Global Value **GVAL (Cambria Global Value ETF)**	*A fundamentally-focused deep value strategy that uses a cyclically-adjusted valuation composite to evaluate 45 global countries for investment. GVAL captures the cheapest countries and the cheapest stocks in those specific countries, too.* ***What to do now: Buy.***	**Issue 9:** **12/12/17**	**GVAL:** **-7.13%**	**ACWX:** **-8.45%**
"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:** **-7.32%** **EMLC:** **-10.10%** **EBND:** **-8.67%** **AGEYX:** **-4.08%**	**AGG:** **-1.47%**
"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:** **-17.00%** **BLCN:** **-13.50%**	**SPY:** **-2.69%**
"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:** **0.17%** **TOTL:** **0.91%** **FTSL:** **1.67%**	**AGG:** **0.17%**

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: 1.50%	BIL: 1.24%
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: -25.10%	ACWX: -10.70%
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: -7.02%	SPY: 0.37%
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: -14.40% DLS: -13.40%	EFA: -9.76%
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: -2.53%	SPY: -0.01%
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: 3.15%	SPY: 0.76%
"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: -23.20%	EEM: -6.49%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Micro Caps IWC (I-Shares Micro-Cap ETF)	*Small caps outperformed until this most recent pullback, 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 are perennial takeover candidates).*	7/10/18	IWC: -15.10%	IWM: -11.50%
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 online 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.*	7/24/18	IBUY: -18.40% FINX: -15.50% IPAY: -9.26%	SPY: -4.21%
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.*	8/6/18	FLOT: 0.51% USFR: 0.60% SRLN: 0.21% EFR: -3.97%	AGG: -0.58%
Content Is King PBS (Invesco Dynamic Media ETF) IEME (Ishares Evolved U.S. Media & Entertainment ETF) XLC (Communications services SPDR) DIS (Disney)	*How generational changes in the cable TV industry are presenting massive long-term growth potential (think NFLX's 4000% return since 2012).* *Industry Primer: How the cable industry is changing from a service-based business, to a content-based business.*	8/20/18	PBS: -5.78% IEME: -1.99% XLC: -10.70% DIS: 2.68%	SPY: -5.52%
Momentum & Value PSCH (PowerShares S&P SmallCap Health Care Portfolio) SBIO (ALPS Medical Breakthroughs ETF) FXG (First Trust Consumer Staples AlphaDex ETF)	*In our first of a recurring series, each quarter we'll profile some of the best ETFs from a momentum and value standpoint.* *Most investors and prospects can be grouped into those two investing styles, and we want to provide consistent, value-add idea generation for each type of investor, so you're always armed with compelling ideas and stories for clients and prospects, regardless of their investment style.*	9/4/18	PSCH: -15.70% SBIO: -16.10% FXG: -0.39%	SPY: -6.82%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Commodities **PDBC (Invesco Optimum Yield Diversified Commodity Strategy No K-1)** **GNR (SPDR S&P Global Natural Resources ETF)** **RLY (SPDR SSGA Multi-Asset Real Return ETF)**	***Commodities have typically outperformed during late expansion and early recession phases of the economic cycle. Many economic indicators imply we are entering (or are already in) the late expansion phase of the economic cycle. As such, commodities have outperformed so far this year, and we expect that to continue.***	9/18/18	PDBC: -7.18% GNR: -7.30% RLY: -5.64%	DBC: -6.98%
Short Duration Bond ETFs **MEAR (IShares Short Maturity Municipal Bond ETF)** **LDUR (PIMCO Enhanced Low Duration Active ETF)** **MINT (PIMCO Enhanced Short Maturity Active ETF)**	***The downtrend in bonds accelerated in September and October of 2018, and it was a reminder that advisors face challenges in the fixed income markets over the coming years.*** ***One of the best ways to protect investors in a bond bear market is by shortening duration of bond holdings, so we presented three short duration bond ETFs that have yields that are close to the 10 year Treasury, but that have much shorter average maturities.***	10/16/18	MEAR: -0.02% LDUR: 0.18% MINT: 0.15%	BIL: 0.20%
Bear Market Strategies **USMV (I-Shares Edge MSCI Minimum Volatility USA ETF)** **DYLS (Wisdom Tree Dynamic Long/Short US Equity ETF)** **PTLC (Pacer Trendpilot US Large Cap ETF)**	***The October 2018 equity market decline sparked fears of an end to the multi-year bull market. So, we wanted to provide some suggestions on practical "bear market" strategies for advisors that wouldn't involve market timing or deviating from keeping clients in the markets over the longer term.***	10/30/18	USMV: 0.87% DYLS: -0.68% PTLC: 0.10%	SH: 1.18%
Special Dividends List of 19 stocks	*Screened 17,070 stocks to arrive at 19 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).***	11/6/18		