SEVENS REPORT *alpha*

December 4, 2018

In Today's Issue

- The Q4 Edition of our Momentum & Value Series.
- Momentum Pick: Non Correlated Strategy ETFs. We've again been reminded that correlations trend to 1 in market sell offs. ETFs that offer truly non-correlated strategies can lower portfolio volatility and outperform.
- DIVY & MNA: Revisiting two previous Alpha recommendations that have returned 2.6% and 3.3% since their recommendations
- WTMF: A managed futures ETF with low correlation to the S&P 500 and a good return history.
- Value Pick: MLPs. We don't see a catastrophic bear market looming in oil, and we think the yields on MLPs are compelling at these levels.
- MLPA: A better MLP ETF with comparable yield to AMLP and a half the expense ratio.
- DCP & SHLX: Two specific MLPs we think have strong cash coverage ratios and that are insulted from oil price volatility.

MLPs and Non-Correlated Investments: Fresh Ideas for A Volatile Market

What's working and what's cheap?

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

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

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

Momentum investors and value investors.

If you're like most advisors I've spoken with over the years, you know both types, and those two types make up the vast majority of your client list.

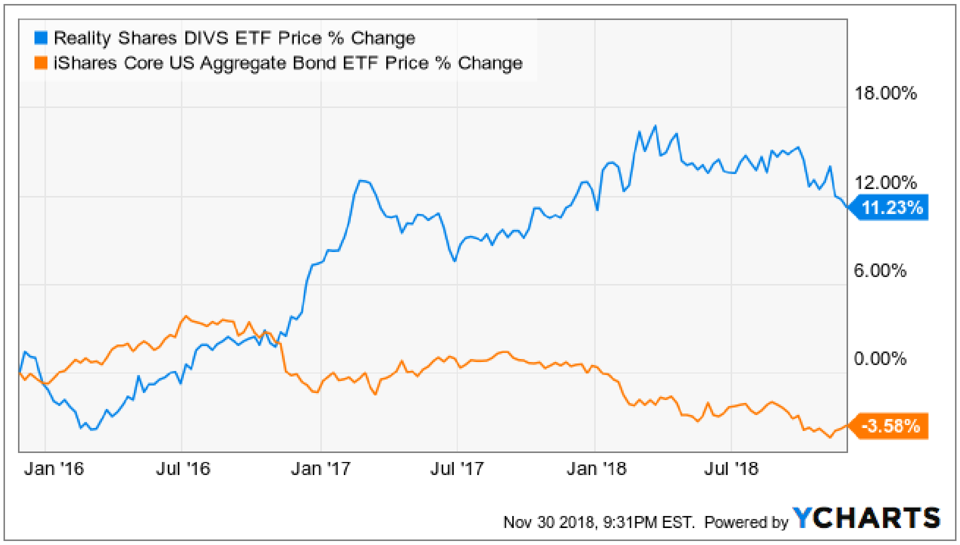
That's why, three months ago, I started a recurring series in Alpha—A Momentum and Value Issue.

Our inaugural Momentum & Value issue focused on two of the best performing ETFs YTD (at that point). Both were in the small-cap healthcare space: PSCH (Invesco S&P 500 Small Cap Healthcare ETF) and SBIO (ALPS Medical Breakthroughs ETF). As you can guess, given the weakness in the market, both have dropped in the last two months, although longer term I think both remain compelling.

But, our "Value" recommendation, FXG (First Trust Consumer Staples AlphaDex ETF) has traded well and outperformed, rising 0.15% vs a –3.48% decline in the S&P 500.

For this edition of our "Momentum and Value" series, we're reacting to the volatility that's erupted in stocks and are focused on strategies that can help protect portfolios and outperform:

- **Non-Correlated Strategy ETFs are the momentum pick as they've outperformed given recent volatility, and**
- **MLPs are the value pick as they've been unfairly punished given this plunge in oil.**



We think both ideas offer potential to outperform and a compelling story for your clients and prospects, regardless of whether they are looking for what's working (non-correlated strategy ETFs) or what's cheap (MLPs).

Momentum Pick: Non-Correlated Investment Strategy ETFs

The volatility in the market since October has been a stern reminder that correlations between asset classes move towards one as markets get volatile. And, I think that's a prescient warnings for the years ahead, as it's almost a certainty we're going to see a more volatile market going forward.

So, with the goal in mind of identifying strategies that are less correlated to the S&P 500 or AGG and can truly insulate portfolios from volatility, I was reminded of a lesson I learned the hard way when I was on the buy side. When allocating capital, it's important to remember that your best idea may be one you've already had.

That's why I consistently review previous Alpha ideas, and it's why you'll recognize the first non-correlated ETF recommendation: The **Reality Shares DIVS ETF (DIVY)**. If you recall back from the profile we did over a year ago, this fund is designed to track the dividend changes in the S&P 500 Index rather than the underlying stocks themselves. It's truly a new way to approach alternative investing by focusing on dividend growth as the true driver of long-term returns.

Reality Shares DIVS ETF (DIVY)	
Inception Date:	12/18/2014
Assets:	$71.7M
Avg Daily Volume:	16.7k
Expense Ratio:	0.85%
# of Holdings:	19
YTD Return:	0.92%
3-Yr Return:	13.52%
Mstar Rating:	5 Star

And, that's proven out as DIVY has returned 2.63% since our initial recommendation on October 4th, 2017, handily outperforming bond alternatives.

To put it in the simplest terms, as dividend payout rates of S&P 500 companies increase, DIVY appreciates in value.

If dividend payout rates contract, it declines in value. Now, it may seem like that type of metric would be difficult to track or even quite unpredictable; however, it's a fact that S&P 500 dividends have increased in 42 of the last 45 years. The only contraction years being the obvious

2000, 2001 and 2009 time periods.

DIVY achieves the tracking of this metric using swaps and futures contracts within its underlying portfolio. As you can see on the three-year chart on the previous page, its overall volatility has been quite low in contrast to the drawdown that stocks and interest-rate sensitive bonds have experienced so far this year.

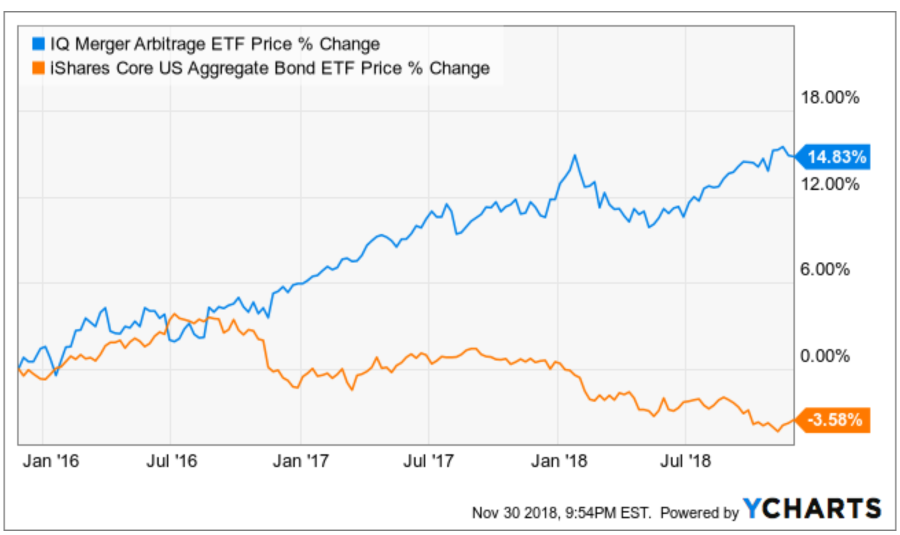
The S&P 500 year-over-year dividend growth has had an average growth rate of 6.4% over the last 44 years. (S&P 500 dividend growth declined in only three of the last 44 years. In contrast, the S&P 500 had a negative total return in nine of the last 44 years).

With its alternative approach, DIVY won't run with the market in booms, but it won't decline with the market in busts, either. DIVY also has a low correlation to other traditional asset classes, and it has a standard deviation that's much closer to bonds than it is to stocks.

While DIVY doesn't produce income, some financial advisors are using it as a fixed income substitute while others are using it as an alternative allocation.

In fact, since we recommended DIVY in October 2017, the fund has appreciated in value +3.41% compared with -1.76% in the Barclays Aggregate Bond Index.

Regarding the phenomenon with DIVY and swap maturities, dividend swaps have historically been discounted relative to the year-end dividend values (with the S&P 500, for instance). As the swap contracts approach year-end and maturity, the value of the swaps tends to converge towards the expected ultimate dividend value.



In 2016, DIVY's Q4 return (4.25%) accounted for 52% of its full-year 2016 return (8.23%). Potentially, this effect presents a buying opportunity for investors right now.

Eric Ervin, President of Reality Shares, summed up his firm's flagship ETF like this:

"For the same reasons that endowments like Harvard and Yale have de minimis allocations to traditional fixed income and equity, people need to consider other ways to capture returns in this environment. Isolating the dividend risk premium through a product like DIVY makes a lot of sense right now for long-term investors concerned about the potential damage that either rising rates or elevated market valuations could inflict on their portfolios."

DIVY's current assets stand at just over $70 million and it now has been in existence for just shy of four years. The fund charges a net expense ratio of 0.85% and its cumulative net return over the life of the fund is +18.84% through 10/31/18.

This type of fund may be appropriate to use for investors who are looking to diversify away from an overabundance of cash or bonds. Its non-correlated nature can help diversify even the most global portfolio asset allocation with a strong case for long-term dividend growth.

You'll also recognize the second fund we're profiling in this section: the **IQ Merger Arbitrage ETF (MNA)**.

The fund tracks the performance of the IQ Merger Arbitrage Index, an index that employs a systematic investment process designed to identify opportunities in companies whose equity securities trade in developed markets and which are involved in announced mergers, acquisitions and other buyout-related transactions.

IQ Merger Arbitrage (MNA)	
Inception Date:	11/17/2009
Assets:	$758M
Avg Daily Volume:	119k
Expense Ratio:	0.78%
# of Holdings:	45
YTD Return:	2.51%
3-Yr Return:	15.06%
Mstar Rating:	5 Star

I've said since we initially recommended MNA (and the mutual fund GABCX, the Gabelli ABC Fund) that this was one of my favorite Alpha ideas. **Since our recommendation, MNA has gained 3.28%**

The fund seeks to capitalize on the spread between the current market price of the target company's stock and the price received by the holder of the stock upon consummation of the buyout-related transaction.

An allocation to MNA can improve the risk/return profile of a traditional portfolio.

The performance is generally not highly correlated to other asset classes over time and has a lower beta sensitivity to the broader market.

MNA's index has exhibited a low correlation to both stocks and bonds over time. It has a 0.40 correlation to the S&P 500 Index and a correlation of -0.08 to the Bloomberg Barclays US Aggregate Bond Index.

For those financial advisors that do allocate to merger arbitrage, it is used as an effective strategy in various ways. Some use it as an equity allocation, some put it in their fixed income bucket and some substitute it for cash. Others slot it as a liquid alternative.

Since we put MNA on your radar in October 2017, the fund has appreciated in value +3.28% compared with -1.96% in the Barclays Aggregate Bond Index.

Lastly, a new non-correlated fund we are introducing in this issue is the **WisdomTree Managed Futures Strategy (WTMF)**.

This ETF seeks to provide absolute positive returns regardless of rising or falling markets by using a mix of uncorrelated asset classes.

It is managed using a quantitative, rules-based strategy and intends to invest in a combination of diversified futures contracts for commodities, currencies and interest rates.

WisdomTree Managed Futures Strategy (WTMF)	
Inception Date:	01/05/2011
Assets:	$221M
Avg Daily Volume:	32k
Expense Ratio:	0.65%
# of Holdings:	3
YTD Return:	1.70%
3-Yr Return:	-4.31%
Mstar Rating:	3 Star

Managed futures have been around for quite some time in the realm of institutional portfolios, hedge funds, and other hard-to-reach vehicles. They have always been quite difficult for many advisors and their clients to access without high-net-worth tests, lock up periods, and other obstructions.

WTMF democratizes this process by providing an open-ended fund with transparent holdings, reasonable costs, and a tax-efficient structure. The fund currently has over $200 million in total assets and charges a net expense ratio of 0.65%.

It's ability to own both long and short positions in commodities, currencies, and interest rates make for a dynamic return profile that is truly disassociated from traditional stocks and bonds. The goal of which is to provide greater exposure within your portfolio to these asset classes with the framework of a systemic investment process.

ETF	One Month Daily Correlation to SPY	Beta (5 Year)
DIVY	-0.26	0.16
MNA	0.16	0.12
WTMF	-0.24	-0.03

WTMF performs a trend evaluation of each potential asset class to determine whether it should be long or short a particular market. It then executes and evaluates these positions on an ongoing basis to determine if changes are warranted.

WTMF has been on the upswing this year in response to its positioning.

Currently the portfolio is short Treasury bonds, long natural gas, and short agricultural grains. It is also positioned to benefit from a rising U.S. dollar through the use of foreign currency contracts.

The net result is a relatively low volatility portfolio of mixed assets with the potential to side-step a hiccup or even a bear market in stocks. The downside, if there is one, is that these strategies can often be more difficult for clients to understand as they require a more sophisticated knowledge of the global markets and trend following.

Value Pick: MLPs

One area in particular that has seen its fair share of woes in recent weeks is the energy market. Plunging oil prices have weighed not only on the global commodity markets, but those tumbling prices also have far-ranging implications for energy stocks, high-yield bonds, and other associated investment classes.

This type of contraction in the oil space is nothing new, as 2014 and 2015 dealt a fair share of volatility across this unpredictable sector.

It was this very contraction that led to a bear market in "Big Oil" stocks, stifled inflationary concerns, and created a wall of worry (ultimately, equities did climb that wall).

But, not everything in the energy patch is falling. One aspect of this recent move in the energy patch we have been vociferous about pointing out is the divergence in natural gas prices.

Rather than follow the script of its crude oil brethren, the natural gas market has been surging to new cycle highs of late. This segment of the energy market continues to demonstrate formidable strength that should give pause to those who have written off this theme altogether.

While investing directly in the commodity futures themselves can be tricky, we have instead developed a tangential thesis through the application of publicly traded Master-Limited Partnerships (MLPs).

These unique vehicles offer exposure to the energy sector through a high-yield, equity-like security. Most MLPs operate a toll-road style infrastructure of pipelines, storage facilities, and transportation for the oil and gas industry.

Their business models and tax structures are such that they can pass through a great deal of their profits to shareholders in the form of dividends. This makes them coveted for both their non-correlated returns vs. stocks or bonds, as well as their robust income streams.

It should come as no surprise that MLPs have come under fire as the assault on the energy sector continues its unrelenting wrath. Nevertheless, it's our belief that the volatility in this space has created an opportunity for buyers to pick up incredible yields at very attractive prices.

In fact, many of the best companies in this class have strong cash positions from which to weather the storm and continue rewarding unitholders for years to come.

Global X MLP ETF (MLPA)	
Inception Date:	04/18/2012
Assets:	$830.3M
Dividend Yield	**8.74%**
Avg Daily Volume:	828.7k
Expense Ratio:	0.46%
# of Holdings:	20
YTD Return:	2.96%
3-Yr Return:	3.67%
Mstar Rating:	2 Star

The following is a list of what we think are some of the best MLP opportunities for advisors to consider in this market.

The MLP Landscape

One of the easiest ways to own a broad swath of the MLP landscape is through the use of an exchange-traded fund (ETF). The largest fund in this space is one you have probably heard about before, and it's the Alerian MLP ETF (AMLP), which has over $8.6 billion in total assets.

AMLP tracks the 25 largest MLPs by market cap and has a current 30-day SEC yield of 8.12% with income paid quarterly to shareholders. Top holdings include: Enterprise Products Partners LP (EPD), Magellan Midstream Partners LP (MMP) and Energy Transfer Partners LP (ETP).

While AMLP is certainly a popular way to own MLPs, it may not be the smartest.

One of its prominent downsides is its exorbitant expense ratio of 0.85%. That's on the high side in both relative and absolute terms for an index-based ETF with little distinctive edge. As clients become ever-more fee conscious, choosing a comparable fund with lower costs is a no-brainer in virtually every circumstance.

Enter the **Global X MLP ETF (MLPA)**.

This ETF is based on the Solactive MLP Infrastructure Index, which targets some of the largest and most-liquid midstream MLPs. The fund has over $800 million in assets and charges an expense ratio of just 0.46%, nearly half that of AMLP for a very similar market-cap weighted portfolio structure.

MLPA also carries many of the same advantages as its larger peers, e.g. quarterly dividends, no K-1 reporting (only 1099), and a current yield of 8.74%.

It's also worth mentioning that the fund carries a beta to the S&P 500 of just 0.50. That means this sector is truly a low-correlated solution with attractive income characteristics at a low cost.

Individual MLPs

For those that want to target specific MLPs in this space, there are two that we have identified within the MLPA portfolio with distinctive characteristics.

The first is **DCP Midstream, LP (DCP)** which engages in gathering, compressing, treating, processing, transporting, storing, and selling natural gas in the United States. DCP has nearly a $5 billion market capitalization with a yield just under 9%.

DCP has been able to maintain a steady quarterly dividend over the past year and its Price/Distributable Cash Flow ratio (P/DCF) stands at a striking 5.89, according to mlpdata.com. P/DCF is a useful valuation measure used to compare MLPs within the same category. Think of it like a P/E ratio for traditional stocks.

Despite the steep correction in the second half of 2018, DCP has demonstrated one of the stronger price patterns within the MLP sector and is actually in positive territory over the past year.

Symbol	Market Cap	Yield
MLPA	800M (AUM)	8.74%
DCP	5.05B	8.85%
SHLX	4.40B	7.26%

It's reasonable to expect that continued strength within the natural gas sub-category will help bolster the appeal of this MLP and create a strong value proposition overall.

Another MLP standout to consider is **Shell Midstream Partners LP (SHLX)**, which has been steadily increasing its dividend over the last four quarters.

SHLX carries an annualized distribution yield of just under 8% and has been one of the few companies that is actively increasing its payouts despite the compression in the energy space. The company has a $4 billion market capitalization and operates midstream crude oil and refined products pipelines as a means of generating revenue. Given its focus in energy logistics, that means it is less sensitive to oil prices. Its current distribution ratio stands at a healthy 1.26x distributable cash flow.

It's certainly more of an aggressive value play as the stock has been on a downward trend over the last two years. Nevertheless, the combination of a healthy balance sheet and high yield payout make for a potential rebound opportunity for investors that are comfortable diving into discounted assets.

Conclusion

Investing in alternative and non-correlated assets during periods of uncertainty in stocks can enhance your value proposition to the client and drive stronger relative returns versus your benchmark.

These types of strategies may be appropriate for anywhere between 5-15% of your portfolio as a way to deliver advanced alpha when you need it most.

So, when things get volatile and when tradition fails, you'll be ready with ideas and strategies that can lead to happier clients, outstanding referrals and ultimately—more AUM.

Meanwhile, we simply don't see the oil markets as a repeat of the '15/'16 carnage that brought oil to $30/barrel. So, MLPs that are established and trade at reasonable valuations and have strong cash coverage ratios should be able to weather the bearish storm in oil, and keep their very high dividend payout ratios intact.

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: 12.73%%	SPY: 15.48%
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: -2.42% ROBO: -1.20% AMBA: -7.81% QCOM: 23.20% (closed)	SPY: 13.75% 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: -12.30% ALB: -26.40%	SPY: 13.75%
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: 2.63% REGL: 9.86% SMDV: 5.65%	AGG: -1.62% MDY: 5.93% IWM: 3.93%
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: 1.78% MNA: 3.28%	AGG: -1.82%

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**		
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:** **3.70%**	**SPY:** **10.01%**
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:** **-6.11%**	**ACWX:** **-6.28%**
"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:** **-7.04%** **EMLC:** **-9.96%** **EBND:** **-8.15%** **AGEYX:** **-4.42%**	**AGG:** **-1.37%**
"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:** **-15.20%** **BLCN:** **-10.00%**	**SPY:** **-0.89%**
"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:** **0.14%** **TOTL:** **0.97%** **FTSL:** **1.09%**	**AGG:** **0.28%**

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:** **1.60%**	**BIL:** **1.14%**
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:** **-23.90%**	**ACWX:** **-5.87%**
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:** **-5.15%**	**SPY:** **3.99%**
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:** **-12.40%** **DLS:** **-11.90%**	**EFA:** **-7.98%**
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:** **6.55%**	**SPY:** **3.64%**
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:** **6.00%**	**SPY:** **4.44%**
"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:** **-17.50%**	**EEM:** **-2.62%**

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: -12.60%	IWM: -8.48%
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: -11.70% FINX: -9.44% IPAY: -3.67%	SPY: -0.67%
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: -0.19% USFR: 0.70% SRLN: -0.42% EFR: -4.60%	AGG: -0.47%
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: -2.33% IEME: -2.87% XLC: -7.41% DIS: 2.56%	SPY: -2.09%
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: -10.10% SBIO: -11.10% FXG: 0.15%	SPY: -3.48%

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: -10.50% GNR: -7.74% RLY: -6.33%	DBC: -9.80%
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: -0.08% LDUR: -0.42% MINT: -0.12%	BIL: 0.30%
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: 4.34% DYLS: 2.52% PTLC: 0.14%	SH: -3.68%
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		