SEVENS REPORT *alpha*

Our favorite preferred stock ETF is positive since the correction started, has massively outperformed the S&P 500 and barely lagged the AGG. Pretty impressive.

January 29, 2019

In Today's Issue

- Preferred Stock ETFs have massively outperformed the S&P 500 since the start of the correction and barely lagged bonds. With yields of 5% and higher we think preferred stock ETFs present a unique long term opportunity in this market.
- PGF: A concentrated preferred ETF of 100 names that yields more than 5% and has handily outperformed the more widely held PFF over the longer term.
- VRP: A variable rate preferred that's better suited for a rising rate environment. VRP yields over 5% and has nearly doubled the performance of the more widely held PFF over the past three years.
- PFXF: An ex-financials preferred with zero financials exposure and a 6% yield. This preferred ETF provides income and diversification for client portfolios.

A Penchant for Preferred Stocks

After the worst fourth quarter for stocks in years, many advisors and investors now are pondering where to place capital to potentially avoid a secondary plunge and/or pounce on fresh ideas for investment appreciation.

Our overriding thesis throughout the last few months has been to focus on value and quality factors rather than chasing growth themes with heightened volatility prospects. This has culminated in a variety of innovative strategies with appealing potential in choppy markets.

In this issue, we give you the results of our latest research and findings on a sector that's seen renewed interest—preferred stocks.

The idea came from the recent earnings results—specifically the banks. Most preferred ETFs have large allocations to banks/financials, and as I read through recent bank earnings I couldn't help but think their balance sheets remain very, very healthy.

Sure, the stocks will trade on guidance and small beats or misses vs. expectations, but that doesn't matter as much to preferred investors because it's about the yields, and the three ETFs we list in today's Alpha all have yields between 5% and 6%.

More broadly, despite the turmoil in markets in October-December, corporate America's results remain solid and most balance sheets are very strong. Sure, markets may be reacting to shifts in expected 2019 EPS estimates, but companies are financially strong and able to service debt and dividend payments.

Bottom line, Corporate America remains much

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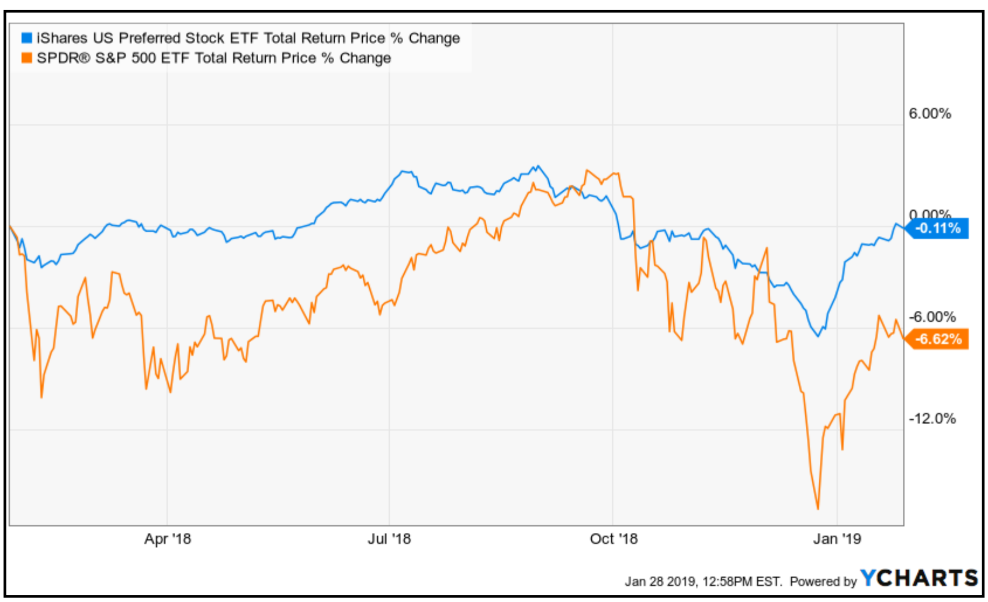
more healthy than markets would have us believe, and I think that's created an opportunity to buy select preferred stock ETFs that are yielding over 5%, have solid balance sheets, and offer upside potential if the market continues to rally.

So, what are the best opportunities out there to capitalize on a beaten-down segment of the market that is ripe for a rebound and has already undergone a sharp re-pricing event in recent months? Fortunately, there are several top-notch ideas we have identified to take advantage of preferred securities.

PFF: The Most Widely Held Preferred (But Not the Best In Our Opinion)

The go-to fund for every investor in the preferred stock landscape has always been the iShares U.S. Preferred Stock ETF (PFF).

This exchange-traded fund (ETF) dominates the field with nearly $14 billion in assets and the most liquid daily trading volume of any competitors. To put that in perspective, the next fund down the list by asset size is a full $9 billion smaller, and it's the Invesco Preferred ETF (PGX).



PFF holds 300 preferred securities of banks, health care stocks, insurance companies, utilities and REITs. Its sector exposure is approximately 85% financials and 15% sprinkled among the various other groups. The fund owns exposure in all the aforementioned banks that reported strong earnings as part of its top 10 holdings, and it charges an expense ratio of 0.46% on an annual basis.

For those that have owned PFF or are considering its attributes, we do want to point out that the fund company (BlackRock) recently announced that they would be switching to a new underlying index over the remainder of 2019.

The fund will ultimately be re-named the iShares Preferred and Income Securities ETF and will undergo a slow monthly transition to a new strategy dubbed the ICE Exchange-Listed Preferred & Hybrid Securities Index. The result will be a slightly different makeup of underlying holdings that may be inclusive of new opportunities in convertible or hybrid securities.

The current 30-day SEC yield of PFF is a healthy 5.78%, which rivals many high yield debt funds. Dividends are paid monthly to shareholders as well, which is an attractive feature for income-hungry portfolios. Individual preferred stocks often only pay dividends on a quarterly or semi-annual basis.

It's also worth noting that PFF has a beta to the S&P 500 of just 0.16. Meaning its price action is just a fraction of the volatility that you would expect from traditional common stocks.

That didn't necessarily ring true in the fourth quarter of 2018 where the fund plunged approximately 10% from its prior peak. That drop was about half

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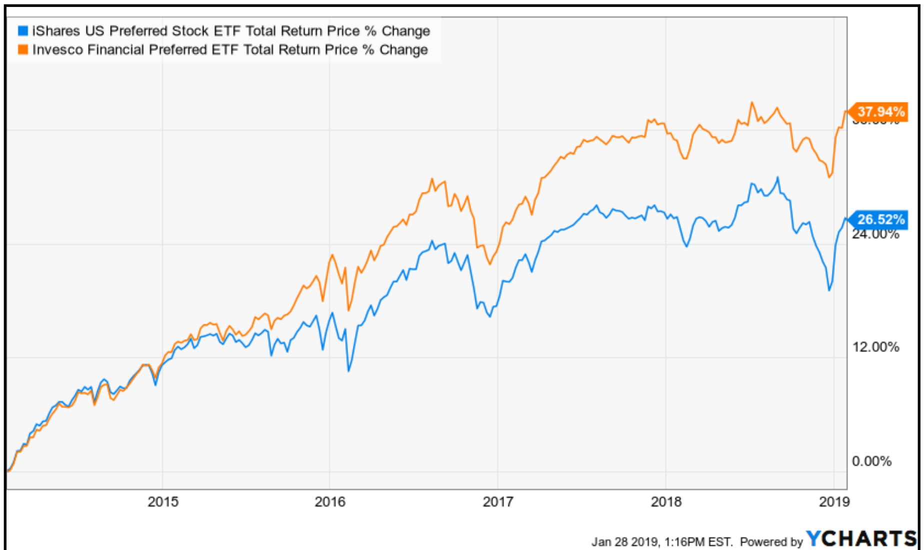
that of the S&P 500 Index but surprised many who were unaccustomed to such a large drawdown. PFF has since recovered about half of that drop and is right in the middle of its 52-week trading range.

While PFF is still the most dominant player in the preferred stock world, it may not ultimately be the best pure investment opportunity in this sector. Our research has uncovered two funds that significantly outperform PFF with attractive attributes in their respective indexes.



Our favorite preferred ETF, PGF, has handily outperformed the more widely held PFF on a longer time frame.

Invesco Financial Preferred ETF (PGF)

The first is the Invesco **Financial Preferred ETF (PGF)**, which tracks the Wells Fargo Hybrid and Preferred Securities Financial Index.

This is a market capitalization weighted index designed to track the performance of preferred securities traded in the US market by financial institutions. The fund includes exposure to both fixed and floating rate dividends of financial companies such as BB&T Corp, JP Morgan Chase, Wells Fargo and PNC Financial Services.

Invesco Financial Preferred ETF (PGF)	
Inception Date:	12/01/2006
Assets:	$1.4B
Avg Daily Volume:	427K
Expense Ratio:	0.63%
# of Holdings:	90
YTD Return:	3.83%
3-Yr Return:	14.64%
Mstar Rating:	3 star

PGF carries a 30-day SEC yield of 5.36% and an effective duration of 4.62 years generated by 90 securities in its underlying portfolio. While it's far more concentrated than PFF, I view the distribution of capital solely towards the financial sector as a fundamental strength.

The price action seems to agree with me as well. PGF has outperformed PFF on virtually every time frame I put it up against with more than a 9% lead over the last five years.

It should also be noted that every correction in the preferred stock space has been shallower in the strictly financial index versus the broader basket.

That moderated volatility helps produce stronger gains over longer time frames and allows investors greater flexibility to keep their exposure intact.

PGF has been around for well over a decade and its relative outperformance has helped gather assets north of $1.4 billion.

It's slightly more expensive with a management fee of 0.63%, which has fortunately been worth the price of admission for the far better performance.

If you like the prospects for the financial sector in the near-term, this type of

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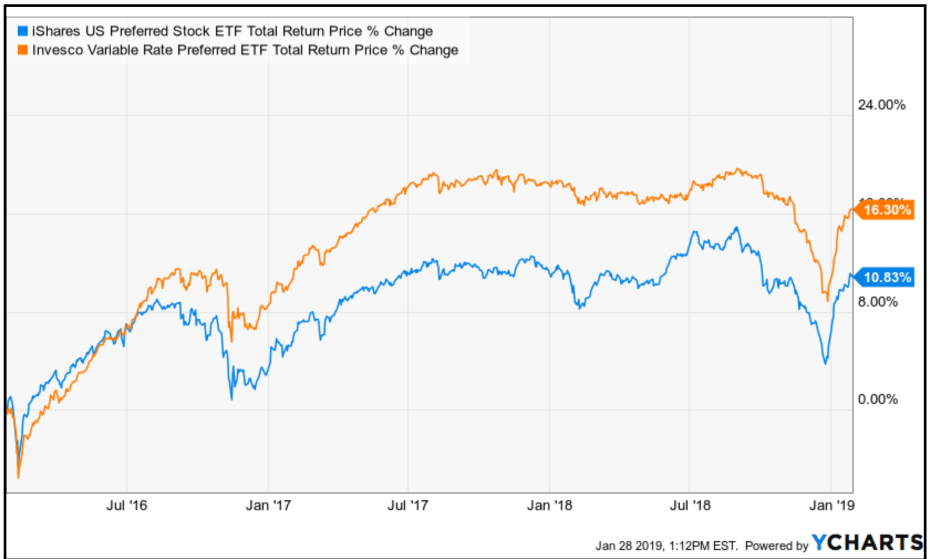
fund should be your destination for equity-income focused clients that are more risk-adverse. A tactical allocation to preferred stocks can help boost total portfolio yield and provides exposure to a non-correlated asset class with better return prospects than traditional bonds.



The modest rise in rates over the past few years has helped the Invesco Variable Rate Preferred ETF (VRP) to significantly outperform PFF.

Invesco Variable Rate Preferred ETF (VRP)

Another fund that should be given strong consideration is the **Invesco Variable Rate Preferred ETF (VRP)**. This is the only fund in the preferred space with an emphasis on variable rate coupon securities to moderate the impact of rising rates.

Invesco Variable Rate Preferred ETF (VRP)	
Inception Date:	05/01/2014
Assets:	$1.51B
Avg Daily Volume:	460K
Expense Ratio:	0.50%
# of Holdings:	203
YTD Return:	5.26%
3-Yr Return:	16.43%
Mstar Rating:	4 star

VRP owns more than 200 underlying preferred stocks with 80% of its exposure to the financial sector and the remaining 20% distributed among energy, industrial and utility stocks.

Invesco lists the effective duration of VRP at just 3.26 years despite carrying a very similar 30-day SEC yield of 5.54%.

Income is paid monthly to shareholders just like every other preferred stock fund.

The lower effective duration is achieved by allocations to hybrid instruments with floating-rate components such as senior loans. This allows regular adjustments (coupon reset dates) based on the prevailing interest rate environment, which consummately lowers the sensitivity to Treasury yield fluctuations.

VRP has been in existence for just over four years and has shown far better performance than PFF over that time frame. A three-year comparison chart shows the substantial gap between the two funds.

Those investors who are worried about interest rate risk but still want exposure to high-yield securities should strongly consider a fund such as VRP for their portfolios.

It's alpha-seeking index factors allow for traditional diversified exposure to the preferred sector while moderating the bond-like qualities. The fund has over $1.5 billion in total assets and charges an expense ratio of 0.50% annually.

VanEck Vectors Preferred Securities ex-Financials ETF (PFXF)

There is also an option for portfolios that may already have an overabundance of financial expo-

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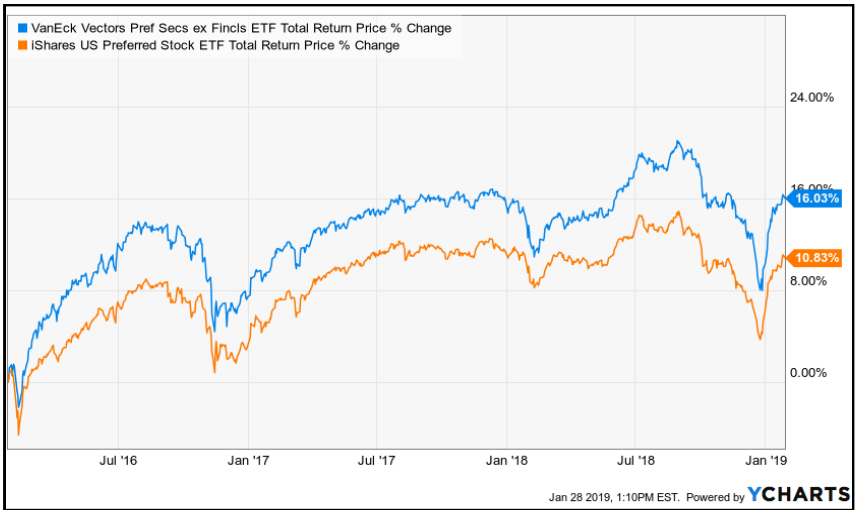
sure, but that still want to access the preferred stock market. Enter the **VanEck Vectors Preferred Securities ex-Financials ETF (PFXF)**.



Interestingly over the past three years the non-financial preferred ETF (PFXF) has handily outperformed the largest preferred ETF, PFF.

PFXF tracks an index of 100 holdings with zero financial company exposure.

Top sectors include utility stocks, REITs, telecommunications companies and health care stocks with the index rebalanced on a monthly basis.

PFXF benefits from having one of the lowest expense ratios of the group at just 0.41%. The fund carries a 30-day SEC yield of 6.02% with income paid monthly. It's been in existence since 2002 and has over $500 million in total assets, which is likely the result of its non-traditional makeup.

VanEck Vectors Preferred Securities ex Financials ETF (PFXF)	
Inception Date:	07/16/2012
Assets:	$511.9M
Avg Daily Volume:	124K
Expense Ratio:	0.41%
# of Holdings:	101
YTD Return:	5.19%
3-Yr Return:	16.03%
Mstar Rating:	3 star

The fund has managed to post meaningful outperformance versus the industry benchmark PFF over a three-year lookback and continues to be one of the strongest leaders this year.

A fund such as PFXF may be most appropriate for those that already have a high degree of financial stock or investment-grade corporate bond exposure but that also want to diversify outside of that narrative.

It's also notable that this ETF carries a slightly higher yield and lower expense ratio, two very appealing facets. Ultimately, it's another very useful and highly capable tool in the preferred stock space that deserves strong consideration.

Conclusion

It's likely that your older, more conservative clients already have preferred stock exposure in their portfolios one way or another.

The opportunities that are mentioned above can be used to potentially replace or supplement existing allocations with fresh opportunities that are destined to work well in this environment.

Additionally, these investments can be used in lieu of traditional bond exposure for those that want to be more on the aggressive side with their income-generating assets.

Best,

Tom

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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:** **8.56%**	**SPY:** **10.06%**
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:** **-4.45%** **ROBO:** **-6.47%** **AMBA:** **-17.8%** **QCOM:** **23.20%** **(closed)**	**SPY:** **8.41%** **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:** **-23.6%** **ALB:** **-41.9%**	**SPY:** **8.41%**
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:** **2.41%** **REGL:** **6.35%** **SMDV:** **1.69%**	**AGG:** **0.53%** **MDY:** **1.82%** **IWM:** **-0.65%**
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:** **1.73%** **MNA:** **4.22%**	**AGG:** **0.32%**

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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: 0.60%	SPY: 4.90%
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: -4.68%	ACWX: -7.19%
"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: -2.51% EMLC: -6.39% EBND: -5.59% AGEYX: -1.08%	AGG: 0.79%
"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: -17.80% BLCN: -12.90%	SPY: -2.83%
"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: 2.73% TOTL: 2.00% FTSL: 0.61%	AGG: 2.47%

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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: 2.09%	BIL: 1.48%
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: -24.0%	ACWX: -9.39%
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: -8.71%	SPY: -0.75%
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: -13.20% DLS: -13.90%	EFA: -9.58%
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: -2.26%	SPY: -1.12%
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: 1.12%	SPY: -0.36%
"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: -19.50%	EEM: -1.37%

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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: -17.30%	IWM: -12.50%
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: -11.30% FINX: -7.76% IPAY: -3.51%	SPY: -5.24%
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: 0.73% USFR: 0.91% SRLN: -0.58% EFR: -5.20%	AGG: 1.70%
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: -1.79% IEME: -4.39% XLC: -8.96% DIS: -0.29%	SPY: -6.58%
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: -20.50% SBIO: -17.10% FXG: -6.17%	SPY: -7.92%

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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: -11.00% GNR: -9.76% RLY: -6.89%	DBC: -10.40%
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: 0.49% LDUR: 0.31% MINT: 0.38%	BIL: 0.42%
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: 0.02%% DYLS: -9.14% PTLC: 0.44%	SH: 0.55%
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		
Momentum & Value 4th Quarter Edition **WTMF (Wisdom Tree Managed Futures ETF)** **MLPA (Global X MLP ETF)** **DCP (DCP Midstream LP)** **SHLX (Shell Midstream Partners LP)**	*In our Q4 installment of our Momentum and Value series we focused on strategies for the volatile and difficult market.* *Our momentum strategies were focused on non-correlated ETFs to provide diversification.* *Our value strategy focused on the MLP space, which had compelling yields in an environment where the oil price should stabilize.*	12/4/18	WTMF: -0.45% MLPA: 0.70% DCP: -4.66% SHLX: 5.94%	SPY: -1.70% AMLP: -1.36%

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Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
<u>Growth into Value Rotation</u> RPV (Invesco S&P 500 Pure Value ETF) DVP (Deep Value ETF)	*Recognizing the switch in outperformance from value to growth in 2014 was one of the easiest ways to help clients outperform.* *Now, there are signs markets might be switching back, to an era where value outperforms growth. The ETFs included in this report serve as a "one stop shop" to add quality value exposure to client portfolios.*	12/18/18	RPV: 8.08% DVP: 4.17%	VTV: 4.05%
<u>Contrarian Ideas to Start 2019</u> IEMG/EEMV (Emerging Market ETFs) ITB/VNQ (Homebuilders/Real Estate ETFs) DFE (WisdomTree Europe SmallCap Dividend Fund)	*The start of a new year means new money needs to be put to work, so we wanted to provide some unique and interesting contrarian ideas that can outperform in 2019.*	1/2/19	IEMG/ EEMV: 6.16/4.52% ITB/VNQ: 7.47/11.38% DFE: 8.13%	SPY: 5.57%
<u>Identifying High Quality Stocks</u> COWZ (Pacer U.S. Cash Cows 100 ETF)	*Free Cash Flow Yield (FCFY) and Return On Equity (ROE) are two factors that produce long term outperformance.* *We complied a list of nearly two dozen large cap stocks that have a FCFY over 8%, along with another list of the top 10% companies with highest Return on Equity. We think the stocks on these lists present opportunities to buy quality names on market dips.* *We also identified an ETF that screens based on FCFY, and it provides outperformance with lower drawdowns.*	1/15/19	COWZ: 3.08%	SPY: 1.46%

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