SEVENS REPORT alpha

Alpha Webinar #38 – Updated Market Outlook

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Goals for Today's Webinar

- Market crossroad: A repeat of 2015/2016 or the end of the expansion?
- Similarities and differences between now and 2015/2016
- Key Indicators to Watch
- Sector outperformance 2016-2018
- Alpha strategies that can outperform over the short and long term given the current market set up.

Similarities

- Extreme equity volatility
- Worries about Chinese and global growth
- Stagnant Chinese money supply growth
- Fed policy confusion

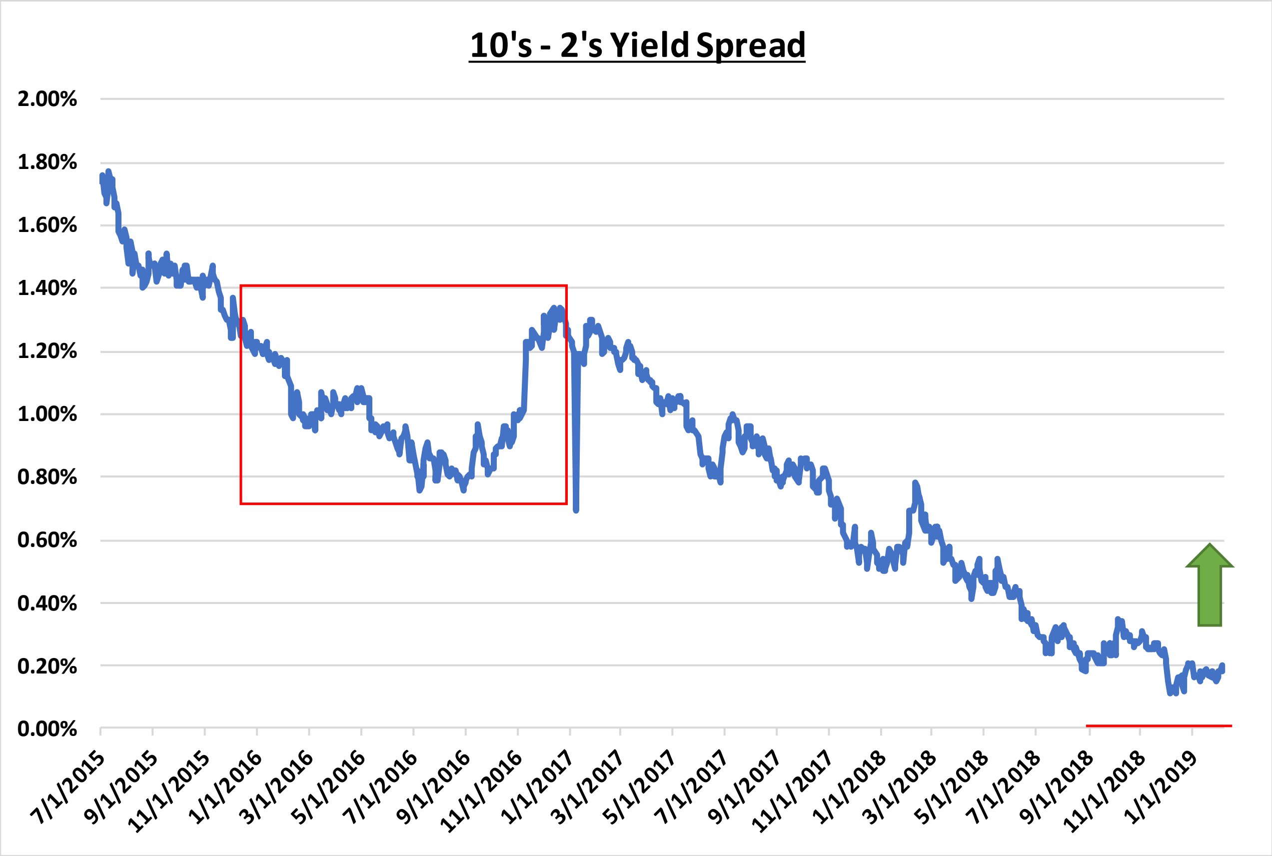
Differences

- Fed Funds 200 basis points higher
- 10’s-2’s essentially flat
- Quantitative Tightening Ongoing

Indicator 1 – Chinese Money Supply

Indicator 2 – Dollar Index

Indicator 3: 10's-2's Treasury Yield Spread



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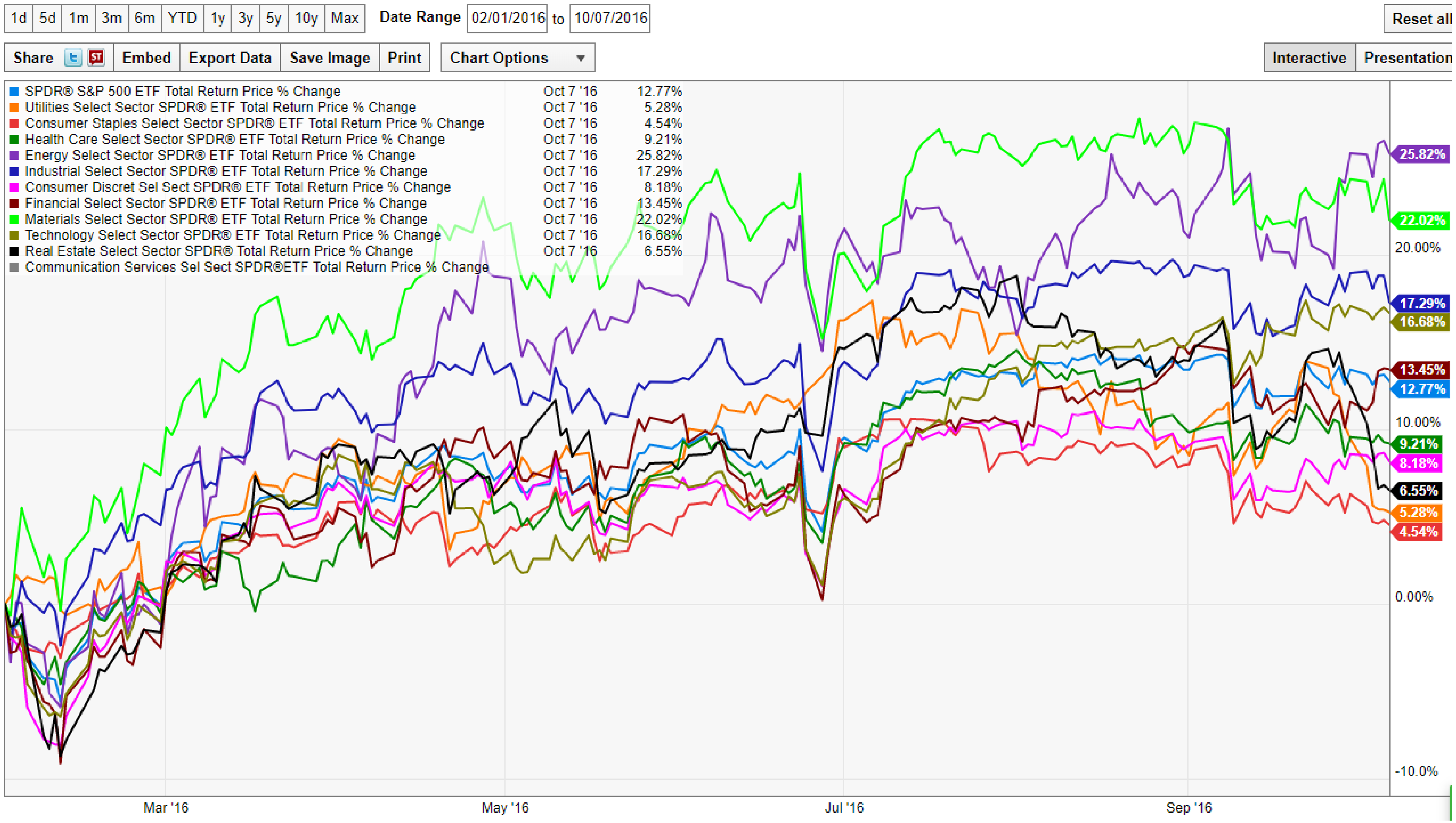
Pre-Election Sector Performance 2016



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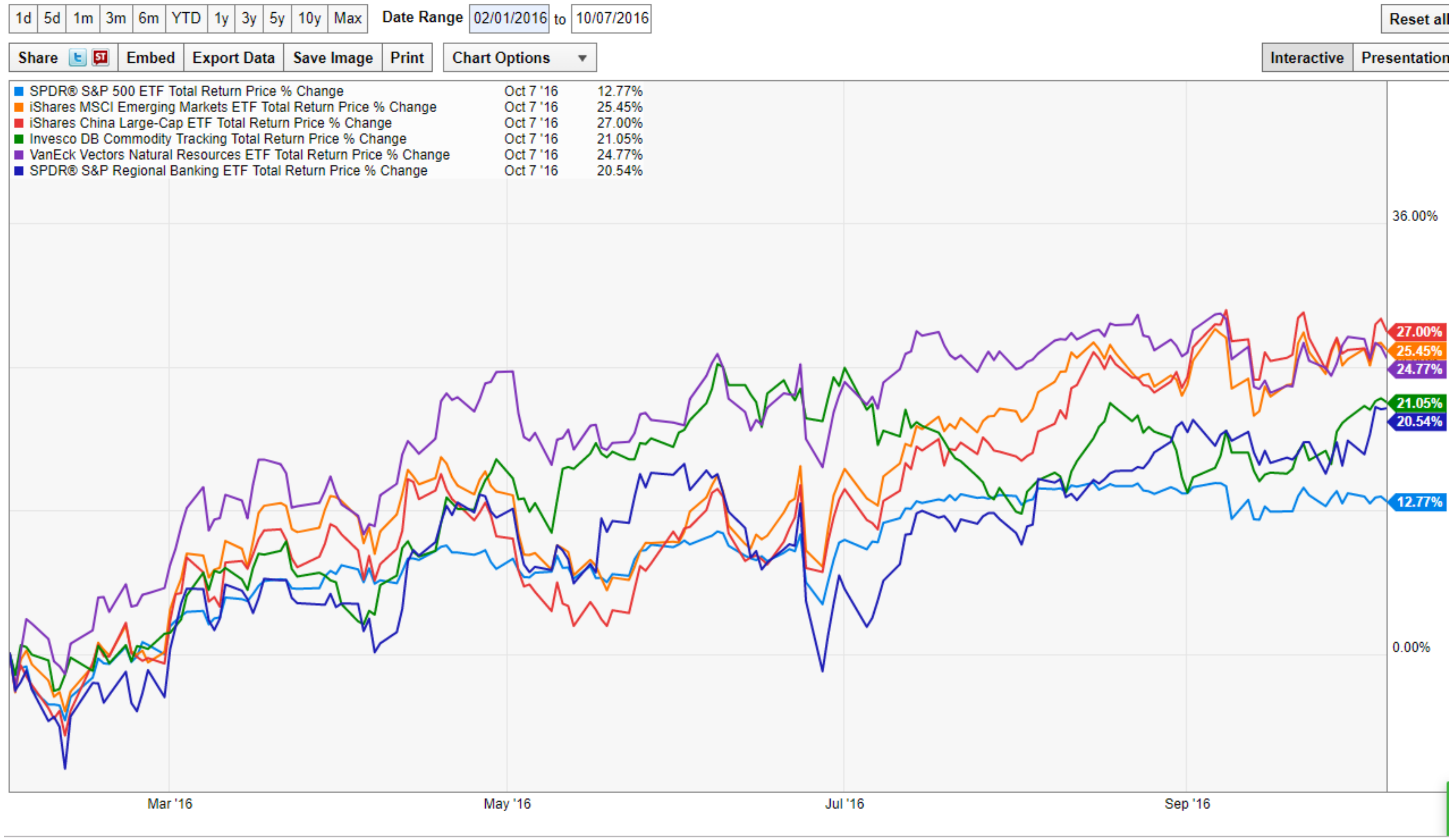

Five Alpha Strategies For Either Environment

Repeat of 2015/2016 Growth Scare

- Contrarian Ideas Issue (1/2/19)
  - IEMG/EEMV, ITB/VNQ, DFE
- High FCFY (1/15/19)
  - COWZ
- EM Exposure
  - EM & FM Bonds (1/9/18)
    - EMB/EMLC/EBND/AGEYX
  - Global Value (12/12/17)
    - GVAL
  - China (3/20/18)
    - KBA
- Commodities (9/18/18)
  - PDBC/GNR/RLY
- Disruptive Innovation (5/15/18)
  - ARKK

Beginning of the End of The Expansion

- Momentum & Value (9/4/18)
  - FXG
- Short Duration Bond ETFs (10/16/18)
  - MEAR/LDUR/MINT
- Bear Market Strategy (10/30/18)
  - USMV/PTLC
- Merger Arbitrage (10/17/17)
  - MNA/GABCX
- EM Bonds (1/9/18)
  - EMB/AGEYX