SEVENS REPORT *alpha*

March 26, 2019

In Today's Issue

- **Impact Investing To Grow Your Business:** *Sevens Report Alpha* was created to help you grow your business through outperformance, and by strengthening client relationships. That latter reason is why last year, we profiled the surging demand for Environmental, Social and Governance focused ETFs.
- In this issue we've updated our research to focus on a few core ESG areas that have seen AUM explode over the past two years. These stylistic ETFs can help strengthen the client/advisor bond via directing some investment to issues important to your client.
- ESGV: An ETF that provides broad market exposure similar to VTI, but that does so in a ESG-styled manner.
- Clean Energy Investing: QCLN (First Trust NASDAQ Clean Edge Green Energy Index Fund)
- Investing in Equality: SHE (SPDR SSGA Gender Diversity Index ETF) & JUST (Goldman Sachs JUST U.S. Large Cap Equity ETF).
- Investing Via Religion: CATH (Global X S&P 500 Catholic Values ETF) & ITEQ (BlueStar Israel Technology ETF).
- Impact Investing ETF Table: We researched the universe of ESG and impact ETFs and produced a table of that comprises the investible universe of ESG ETFs.

Impact Investing for Every Client Type

As Q1 draws to a close, we did some quarter-end research to see what segments of the momentum market were outperforming, and what segments were disappointing.

Our initial findings were somewhat surprising, and they led us down a path to today's issue on a very timely topic—impact investing.

In our last issue, "Marijuana and Cannabis: The Rational Approach to Investment Opportunities," we noted that this specialized segment of the market via the **ETFMG Alternative Harvest ETF (MJ)** was the top-performing exchange-traded fund (ETF) year to date.

Yet also among the top performers of the year were alternative energy ETFs, something that we didn't see coming as the year began.

This discovery reminded me of an issue we did nearly a year ago featuring the burgeoning landscape of socially responsible investing. This was intended as a primer on the numerous types of funds in this category. It also was designed to orient readers to the growing trend of client-driven investment directives.

Since then, many politically charged issues have come to forefront of the American psyche. The growing acceptance of medical marijuana use (the rise of MJ) and the so-called "Green New Deal" (the rise of alternative energy stocks), the "me-too" movement, the LGBTQ rights movement and many other social issues are in the news more than they've ever been. And in this highly political and often-polarizing era, many clients are looking for ways to invest in the passions underlying these various issues.

I know that in the past, an advisor's job used to primarily involve pointing out to clients and prospects the particular investments that were "best in class" and/or "lowest cost." Now, however, many clients are expressing the desire to probe a little deeper.

You've probably noticed that clients and prospects still want the best in class and lowest cost, and they want to know how a stock or fund will impact their portfolio. **Yet they also want to know how that stock or fund will impact the globe, and how that stock or fund aligns with their ethical, religious or social values.**

If you haven't had these conversations yet, according to the advisors I speak with regularly, get ready to have them. These topics of discussion are likely right around the corner as more investors seek to surround themselves with products that make them feel like they are making an impact.

To prepare for the inevitable discussions and investment trends involved in impact investing, and to help interested clients gain exposure to the some of the various market segments stated above, savvy advisors are employing a variety of sector-investing strategies. They are also designing entire portfolios around a theme known as "ESG," or Environmental, Social and Governance investing themes.

In fact, an annual survey by the Global Impact Investing Network (GINN) noted that its 226 respondents managed $228 billion in impact investing assets as of last year.

That's a 50% jump in AUM since 2017.

Impact investments, as defined by GIIN, are "investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return."

There is real money and real purpose behind the concept of impact investing, and we want you to be as prepared as possible to implement it on behalf of your clients.

Thanks to the ongoing evolution of the ETF industry, there are numerous tools available to help address specific needs as they arise.

In the following pages, we will break down the best funds by "client type" to pinpoint the strategies that apply to various impact investing scenarios.

Impact Investing: Clean Energy

Client Profile: We all know that client who is fully committed to the environment. They attempt to drastically minimize their carbon footprint, are concerned about global warming, and embrace new technologies for a more sustainable ecosphere. If you know someone who just traded in their Prius for a Tesla and some solar panels, that's your target.

Vanguard ESG U.S. Stock ETF (ESGV)	
Inception Date:	9/18/2018
Assets:	$277.7M
Avg Daily Volume:	69K
Expense Ratio:	0.12%
# of Holdings:	1,588
YTD Return:	12.82%
3-Yr Return:	N/A
Mstar Rating:	N/A

Strategy: These investors are going to be committed to being part of the evolution of clean energy technology. They also are likely to abhor traditional energy or industrial conglomerates. You may find that they are hesitant to embrace even simple market benchmarks such as the SPDR S&P 500 ETF (SPY) because of its exposure to these legacy sectors.

A great core holding in this type of situation is a relatively new offering from Vanguard known as the **Vanguard ESG U.S. Stock ETF (ESGV)**.

This fund essentially takes the entire U.S. stock market universe of small, mid and large-cap companies and screens them for ESG criteria. This methodology specifically excludes stocks of companies in the following industries: adult entertainment, alcohol and tobacco, weapons, fossil fuels, gambling, and nuclear power.

It also excludes stocks of companies that do not meet standards of U.N. global compact principles and companies that do not meet diversity criteria.

The result is a highly diversified portfolio of more than 1,500 U.S. stocks with a total expense ratio of just 0.12%. It's essentially designed to take the place of the Vanguard Total Stock Market Fund for those who want to be more socially conscious.

ESGV has only been around for a little more than six months, but it has essentially paced the returns of VTI over that same time frame and managed to accumulate more than $260 million in assets.

You really can't go wrong this this ETF as a building block for any client that espouses the need for greater ethical and socially responsible investing choices.

Now, you aren't going to blow anyone's socks off with ESGV if they are really into high-tech companies on the clean energy spectrum. That duty belongs to the **First Trust NASDAQ Clean Edge Green Energy Index Fund (QCLN)**.

This ETF is an index-based strategy that seeks out stocks engaged in emerging clean-energy technologies including solar photovoltaics, biofuels and advanced batteries.

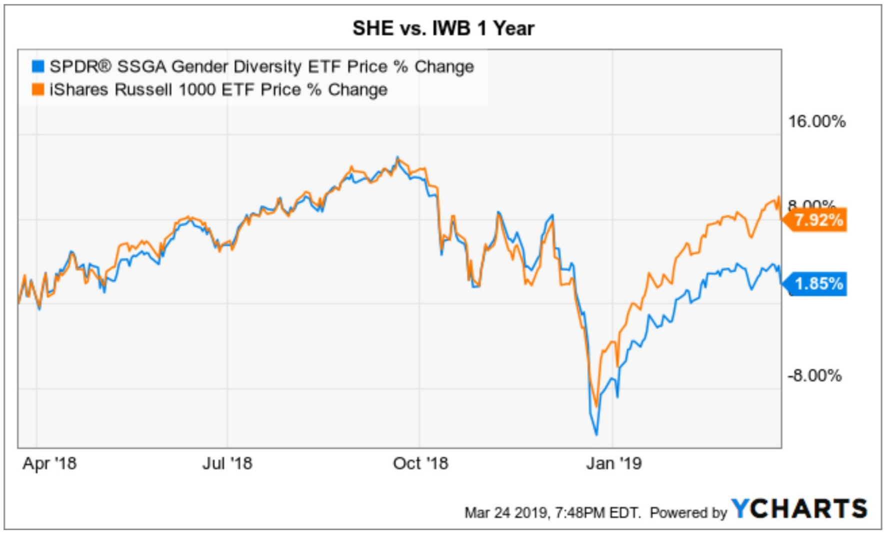
QCLN owns just 39 stocks but counts well-known companies such as Tesla Inc (TSLA) and First Solar Inc (FSLR) in its top holdings. What's unique about QCLN is that it includes a wide range of hardware, software and manufacturing technology stocks within its basket. This makes for a diverse group of sector strategies that are on the leading edge of the green energy field.

It's worth noting that the median market cap of QCLN is around $2 billion, which means most of these stocks straddle the line between small and mid-cap companies. There is plenty of room for growth in this ETF as these companies expand their global footprint in the coming years.

First Trust NASDAQ Clean Edge Green Energy Index Fund (QCLN)	
Inception Date:	2/8/2007
Assets:	$96M
Avg Daily Volume:	14.3K
Expense Ratio:	0.60%
# of Holdings:	41
YTD Return:	14.20%
3-Yr Return:	11.08%
Mstar Rating:	N/A

Moreover, the one-year price chart of QCLN shows how much momentum has been generated since the late-2018 selloff. The fund has been on the rise of late mostly due to its solar exposure as many of these stocks are leading the market higher.

This ETF would be appropriate as a tactical position within a broad-based portfolio for those clients who are comfortable with a little more volatility. The main reason to own QCLN, however, is to access the attractive portfolio of growth-oriented stocks in the clean energy arena. The fund charges a reasonable expense ratio of 0.60% and has nearly $100 million in total assets.



Impact Investing: Equality

Client Profile: The #metoo movement has sparked an aggressive look at how companies are governed, and the perception of gender and sexual orientation in the workplace. Clients with more liberal views or a strong gender identity are likely going to be drawn toward stocks that are more inclusive of gender issues. Fortunately, we have just the right funds for clients that want to emphasize this trait in their portfolio.

Strategy: Starting with the building block of ESGV also is a great call in this situation. You are able to build on the strengths of the low-cost Vanguard offering as the primary tool for market correlation and general beta.

The next step is adding an alpha-focused ETF with the right impact drivers to spark your clients' social consciousness. That can be accomplished with the **SPDR SSGA Gender Diversity Index ETF (SHE)**, which recently celebrated its third birthday.

SPDR SSGA Gender Diversity Index ETF (SHE)	
Inception Date:	3/7/2016
Assets:	$251.2M
Avg Daily Volume:	10.2K
Expense Ratio:	0.20%
# of Holdings:	169
YTD Return:	12.15%
3-Yr Return:	11.20%
Mstar Rating:	N/A

SHE is built on an index with the stated goal of tracking the performance of U.S. large-capitalization companies that are leaders within their respective industry sectors in advancing women through gender diversity on their boards of directors and in senior leadership positions.

It essentially starts with the Russell 1000 Index and ranks stocks according to three different gender diversity ratios. The stocks with the highest scores are then included in the overall basket that makes up the ETF.

Currently, there are 169 large-cap stocks with similar sector weightings to the broad market. Top holdings include stocks such as Johnson & Johnson (JNJ), Home Depot (HD), and Mastercard Inc (MA). The fund charges an extremely low expense ratio of 0.20% and has over $250 million in total assets under management.

On the performance side, SHE has trailed the Russell 1000 Index over the past year by about 6%. Nevertheless, it's reasonable to assume this fund will experience periods of outperformance and underperformance over varying cycles based on its more concentrated portfolio.

The benefit is that you can use this fund as either a core holding or potentially a tactical position to overweight a portion of your stock portfolio towards gender-inclusive companies. It has the best of both worlds and should continue to be a tool in your arsenal for this client type.

Another excellent fund to consider in this class is the **Goldman Sachs JUST U.S. Large Cap Equity ETF (JUST)**. As its ticker symbol implies, JUST is focused on filtering stocks for those companies that demonstrate impartial or "just" business behavior.

The index is compiled by a company known as JUST Capital, which does so by analyzing thousands of data points for stocks in the Russell 1000 Index. It then ranks and pares down the portfolio to around 400 stocks showing the highest degree of concern for worker treatment, customer concerns and environmental impact.

According to the JUST Capital research, compared with Russell 1000 companies excluded from the Index, 2017-18 JULCD constituents on average:

- Are twice as likely to pay nearly every worker a living wage
- Create U.S. jobs at a 20% greater rate
- Employ twice as many workers in the U.S.
- Produce 45% lower greenhouse gas emissions per dollar of revenue
- Paid 71% less in fines for consumer sales-terms violations
- Give 2.3x more to charity
- Paid 94% less in Equal Employment Opportunity Commission fines
- Have a 7% higher Return on Equity (ROE)

Goldman Sachs JUST U.S. Large Cap Equity ETF (JUST)	
Inception Date:	6/7/2018
Assets:	$111.7M
Avg Daily Volume:	61.8K
Expense Ratio:	0.20%
# of Holdings:	436
YTD Return:	11.99%
3-Yr Return:	N/A
Mstar Rating:	N/A

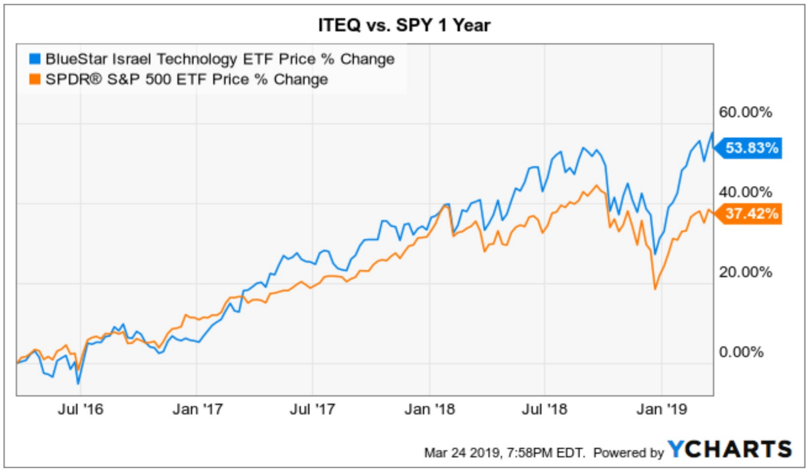
Over its short lifespan, JUST has managed to pace the returns of the Russell 1000 Index and will likely have a high degree of correlation with this benchmark. However, its greatest strength is the thematic "feel-good" screens for employee, customer and environmental impact.

It should also be mentioned that JUST charges a minimal 0.20% expense ratio and has over $200 million in total assets. Goldman Sachs has proven itself to be a strong contender in the smart-beta ETF marketplace and they have a very solid product here in JUST.

Impact Investing: Religion

Client Profile: Most advisors like to steer clear of politics or religion in their relationships with clients, as the topic can often generate unintended conflict if you aren't on the same page. Nevertheless, there can be a religious dynamic that is brought to the table in certain relationships. Those clients who want to invest in a manner befit for their church would be smart to consider some of the following funds.

Strategy: The **Global X S&P 500 Catholic Values ETF (CATH)** debuted to snickers and eye rolls nearly three years ago as many market watchers felt the ETF smart-beta pendulum had swung too far. This fund has since proven itself as a high-quality and easy way to access the beta of large-cap stocks, while excluding certain ethically prohibitive industries.



CATH starts with the S&P 500 Index and pares back exposure to stocks that are ruled inconsistent with Catholic values. That includes any stocks engaged in weapons manufacturing, military sales, child labor in the supply chain, adult entertainment, and stem cell research. The result is a remaining basket of 460 stocks that track the U.S. large-cap market extremely well.

Over the last two years and nine months, CATH has almost identically matched the 42% returns of the S&P 500 Index while providing the ethical compass that many investors desire. The fund has over $240 million in assets and charges an expense ratio of just 0.29%. That makes it suitably low cost and liquid enough to be used as a core holding if desired.

Even though the name and positioning of the fund is geared toward Catholic fundamentals, it's likely that the way the index is constructed will appeal to members of other faiths as well. It's a great way to still participate in the market while adhering to moral principles that are important to a large swath of the public.

Although there is no ETF specifically targeted to the Jewish community, one easy workaround is to utilize funds that hold Israeli stocks.

The **BlueStar Israel Technology ETF (ITEQ)** is the strongest of the country-specific offerings. The index fund screens for stocks domiciled in Israel, within the technology sector, that meet minimum liquidity and market-cap constraints.

The result is a basket of 57 holdings with an expense ratio of 0.75% and $57 million in assets under management. The underlying industries that makeup ITEQ include information technology, biotechnology, clean energy and more.

BlueStar Israel Technology ETF (ITEQ)	
Inception Date:	11/3/2015
Assets:	$56.85M
Avg Daily Volume:	13.2K
Expense Ratio:	0.75%
# of Holdings:	57
YTD Return:	16.60%
3-Yr Return:	16.14%
Mstar Rating:	2 Star

ITEQ has been a star performer of the past year, up nearly 54% vs. the S&P 500's near-38% gain. The fund also just recently broke out to new highs and appears set to capitalize on the strong momentum of overseas stocks.

There are other funds that are attempting to make inroads in the religion-based ETF concept. However, most have higher fees, smaller AUM, and weaker performance than CATH. Rather than mentioning others in the field, I would rather stay with the best-of-breed solution to fit this client type.

Impact Investing: Service/Military

Client Profile: Many clients and advisors have military service in their backgrounds and want to support companies that bolster the military or veterans. These clients often have strong patriotic tendencies and will respond to investments that align with homeland security, veteran's assistance or national pride.

Strategy: I want to start out by saying this entire theme is relatively new and has yet to garner significant attention within the ETF world. Most funds have minimal assets under management, and have yet to prove themselves as long-term contenders.

The most prominent of this class is the **Pacer Military Times Best Employers ETF (VETS)**. The objective of this fund is to provide exposure to U.S. companies that support training and professional development of military veterans, service members and their families.

The index starts by surveying companies supportive of the military; then layers a quality screen for financial stability, and then equal-weights the intended participants. The result is a basket of 35 stocks with a high degree of military awareness. Top holdings include stocks such as First Data Corp (FDC), Boeing (BA), Booz Allen Hamilton (BAH) and Hilton Worldwide (HLT).

Pacer Military Times Best Employers ETF (VETS)	
Inception Date:	4/9/2018
Assets:	$2.7M
Avg Daily Volume:	356
Expense Ratio:	0.60%
# of Holdings:	36
YTD Return:	15.41%
3-Yr Return:	N/A
Mstar Rating:	N/A

VETS launched nearly a year ago and has yet to develop noticeable trading volume to date. It may take some time for this type of fund to circulate through the community and generate a significant following to secure its long-term future. Nevertheless, it's a fund that should be on your radar in the event you encounter a client inquiring about this investing style.

Furthermore, its worth mentioning that the financial services company USAA has developed and marketed their own suite of six branded ETFs as part of their investment products. USAA is well-known for being marketed towards military service members and may resonate with clients who have other bank or insurance products through them. The USAA ETFs include both traditional equity and bond indexes with value and momentum screens underlying their makeup.

These funds don't specifically target military-focused stocks but they do relate back to the holding company they are associated with and may engender a sense of trust with their clients. A full list of these USAA ETFs can be found here.

Conclusion

There is no doubt that impact investing is a growing component of customization within the advisor community. Many of the tools outlined above can be used to build out your service offerings or shape conversations with clients who have been asking for more details behind the "why" of their portfolio makeup.

Remember that investors who seek out impactful tools like these are probably less concerned with the financial bottom line and more with the alignment of their core values. They would likely give up two percentage points a year in correlation to the market if they felt like they owned stocks that were living up to their passions.

If you have clients or prospects looking to make an impact with their money, the impact investing options in this issue are a great place to begin your discussion.

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: 13.72%	SPY: 17.01%
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: -1.45% ROBO: -0.40% AMBA: -7.59% QCOM: 23.20% (closed)	SPY: 15.25% 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: -24.46% ALB: -38.29%	SPY: 15.25%
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: 2.87% REGL: 7.82% SMDV: 4.23%	AGG: 3.10% MDY: 4.55% IWM: 2.36%
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: 2.33% MNA: 3.15%	AGG: 2.89%

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:** **1.27%**	**SPY:** **11.52%**
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:** **—4.42%**	**ACWX:** **-3.90%**
"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:** **0.85%** **EMLC:** **-5.24%** **EBND:** **-4.49%** **AGEYX:** **1.19%**	**AGG:** **3.37%**
"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:** **-13.19%** **BLCN:** **-6.69%**	**SPY:** **3.24%**
"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:** **5.30%** **TOTL:** **4.84%** **FTSL:** **2.37%**	**AGG:** **5.09%**

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:** **3.09%**	**BIL:** **2.01%**
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:** **-11.13%**	**ACWX:** **-6.19%**
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:** **-15.38%**	**SPY:** **5.42%**
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:** **-11.15%** **DLS:** **-11.61%**	**EFA:** **-5.91%**
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:** **7.71%**	**SPY:** **5.05%**
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:** **5.19%**	**SPY:** **5.87%**
"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).*	**Issue 23:** **6/26/18**	**EMQQ:** **-12.69%**	**EEM:** **0.09%**

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: -14.87%	IWM: -9.87%
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: -6.58% FINX: -2.71% IPAY: 2.84%	SPY: 0.68%
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: 1.41% USFR: 1.23% SRLN: 0.74% EFR: -3.05%	AGG: 4.30%
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: 1.04% IEME: -0.29% XLC: -2.93% DIS: -2.86%	SPY: -1.29%
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: -20.76% SBIO: -6.85% FXG: —3.58%	SPY: -2.17%

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: -6.92% GNR: -5.60% RLY: -3.02%	DBC: -6.59%
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: 1.17% LDUR: 1.62% MINT: 0.85%	BIL: 0.95%
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: 7.33% DYLS: -8.01% PTLC: 1.15%	SH: -4.83%
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: 0.80% MLPA: 5.10% DCP: -3.19% SHLX: 1.48%	SPY: 4.49% AMLP: 6.22%

Sevens Report Alpha Fund & Stock Ideas

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Growth into Value Rotation 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: 8.06% DVP: 3.82%	VTV: 8.11%
Contrarian Ideas to Start 2019 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: 8.42%/5.65% ITB/VNQ: 15.91/18.30% DFE: 9.86%	SPY: 12.19%
Identifying High Quality Stocks 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: 3.23%	SPY: 7.81%
Preferred Stock ETFs PGF (Invesco Financial Preferred ETF) VRP (Invesco Variable Rate Preferred ETF) PFXF (VanEck Vectors Preferred Securities ex Financials ETF)	*Preferred stocks have massively outperformed the S&P 500 during the October—December correction and barely lagged bonds. With yields of 5% and higher we think preferred stock ETFs present a unique long term opportunity to generate income and reduce volatility in portfolios, while keeping upside exposure.*	1/29/19	PGF: 2.15% VRP: 2.86% PFXF: 3.91%	PFF: 2.39%
Utilities For Income VPU (Vanguard Utilities ETF) NRG (NRG Energy) CNP (CenterPoint Energy)	*We continued our focus on safety and income as we show why "boring" utilities can offer substantial outperformance in a volatile market.* *Utilities outperformed during the Oct-Dec correction, and owning utilities hasn't meant giving up long term performance as XLU has the same five year total return as the S&P 500.* *If you think the markets will stay volatile, utilities are a good place for capital to weather the storm and keep upside exposure.*	2/12/19	VPU: 5.77% NRG: 1.72% CNP: 0.80%	XLU: 5.73%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Cybersecurity: Threats & Opportunities HACK (ETFMG Primce Cyber Security ETF) CIBR (First Trust NASDAQ Cybersecurity ETF) FTNT (Fortinet) CYBR (CyberArk)	*Cyber security and privacy on-line are two clearly defined growth areas of tech, as tech adoption progresses towards consumer demanding security and convenience.*	2/26/2019	HACK: -0.60% CIBR: -0.93% FTNT: -2.31% CYBR: 5.75%	QQQ: 2.97%
Cannabis Industry Investment. MJ (ETFMG Alternative Harvest ETF) ACB (Aurora Cannabis) CGC (Canopy Growth Corporation) APHA (Aphria)	*Through March of 2019, the cannabis sector was the best performing sector in the market, as that performance reflected the growing adoption of medical cannabis, as well as the unrivaled growth potential.* *Investors and clients are asking about this industry, so we wanted to present a "Cannabis Primer" along with three different investment strategies to get responsible exposure to this market segment.*	3/12/19	MJ: 0.96% ACB: 16.96% CGC: -4.83% APHA: 1.15%	SPY: 1.01%