SEVENS REPORT *alpha*

June 4, 2019

In Today's Issue

- **Aging of America Investment Primer.** There is a coming massive demographic shift in the U.S. as within the next 20 years one in every five Americans will reach retirement age, and that aging of Americans will have profound impacts on different market sectors.
- In today's issue, we profile the sectors outside of healthcare that will benefit from this historic demographic shift and that can provide long-term alpha for advisors and investors.
- **Top Sector Pick: Healthcare/Residential Aged Care/ Senior Living REITS.** Welltower (WELL) and Omega Healthcare Investors (OHI) are two senior living focused REITs sport have big dividends (over 4%), have outperformed VNQ and are insulated from a recession and trade war.
- **Second Pick: Death Care.** A morbid topic for sure, but one that will benefit from the demographic shift coming. Service Corp International (SCI) is the only "pure play" in this space (and as such well positioned).
- **Tertiary Sectors: Travel/Leisure.** (Royal Caribbean Cruises (RCL) & Carnival Cruises (CCL)) and **Automation/On Demand Economy** (Uber (UBER), All-Scripts (MDRX)).

Investable Ideas for the Ageing of America

But time makes you bolder
Children get older
I'm getting older too
Well, I'm getting older too

—Stevie Nicks, "Landslide"

When you're constantly doing market research such as we do for the *Sevens Report* and *Sevens Report Alpha*, you come across a lot of fantastic investable ideas. And while some ideas are more targeted to current, shorter-term market conditions, others are more suited to the long-term trends.

While doing the research for our recent issue, "The Alpha Opportunity in Health Care," one of the tenets of the bullish long-term thesis on healthcare is the indisputable demographic shift that will occur in the U.S. and globally over the coming years—the explosion in the number of elderly people.

In fact, if there is one long-term socioeconomic theme that everyone agrees will create all sorts of demographic-related opportunities for investors, it's that the American population is ageing at an unprecedented and historic rate.

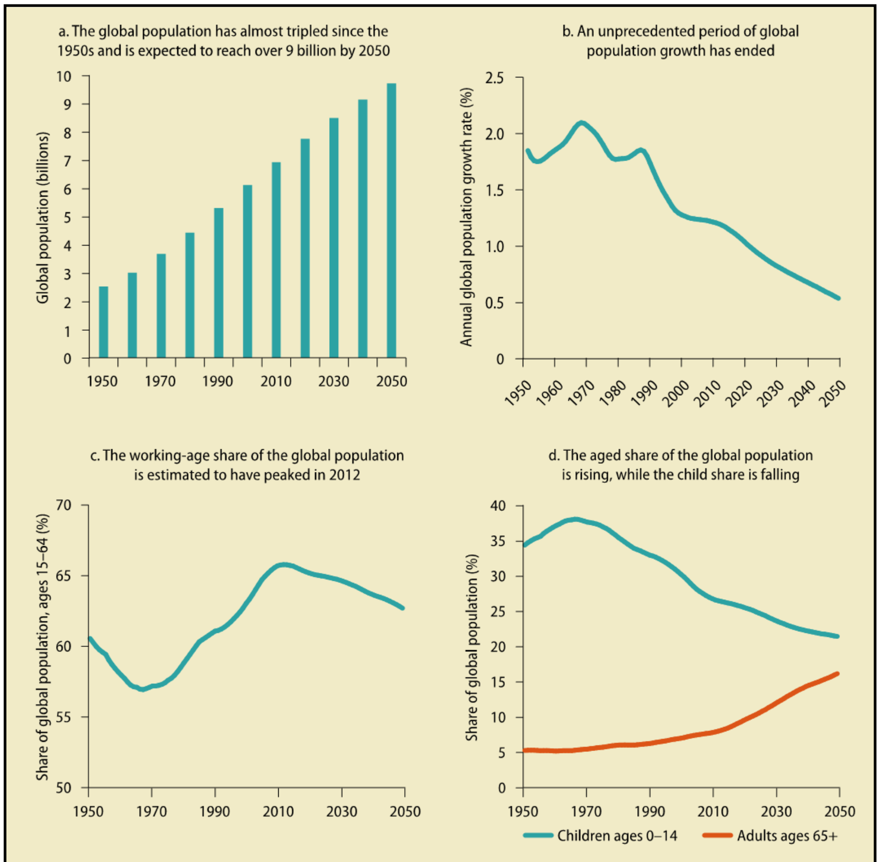
Thanks to a host of reasons (medical, environmental, social, technological, etc.), people are simply living longer than ever before. This ageing population also has accumulated more wealth than any other demographic in recorded human history.

Consider that in 1995, average global life expectancy was 65 years. By 2013, average global life expectancy had risen to 71 years. And according to demographic researchers, average global life expectancy is expected to reach a new high-water mark of 73 by the year 2025.

At the same time, we are seeing birth rates of many nations plummeting, which means the average age of the global population is only going to get older.

Recent demographic data suggests that the world's population over the age of 65 is expected to grow 18x faster than the world's population under 15 years old.

Here in the U.S., according to the U.S. Census Bureau, by 2030 all members of the "Baby Boom" generation will be older than age 65 in the United States. This simple passing of time will expand the size of the older population so that one in every five residents will reach retirement age.



(Source: Worldbank.org – 2015 Global Monitoring Report)

So, while we see advertisements for a lot of webinars and papers aimed at helping advisors generate alpha by getting inside the head of Millennials or Generation Z, the real longer-term alpha opportunities for advisors and their clients are going to be driven by the much larger spending habits of Boomers and Generation X, i.e. those who were born between the year 1946 and the year 1979.

The charts here from a 2016 World Bank report tell an interesting tale of an overall decline in population growth accompanied by some specific aging trends, including a peak in the working-age share of the population at the beginning of this decade.

The data here shows that a confluence of trends that add up to an unambiguous ageing of the population, one that is going to have a profound influence on the global and U.S. economies.

The reason why should be quite intuitive, because we all know that as we age, our lifestyles change, and that means we generally prefer and require different things than we did when we were in our 20s, 30s and 40s.

And as the Baby Boom and Generation X populations shifts into the golden years, this meta-group is going to require a whole host of new products, new technologies, new living accommodations, new on-demand health services—even new recreation and travel options.

Along with the requirement for new "stuff" of all sorts, Baby Boomers and Generation Xers are going to be looking for ways to deploy their accumulated savings and investment income that will enhance their lives.

Turning Demographics into Alpha

As researchers whose mission it is to help you assess the ideas that can help you and your clients generate alpha, it's our job to identify and define the biggest trend and patterns likely to unfold over the next several decades.

And once those trends are identified, it's also up to us to provide ways you and your clients can capitalize on the investable opportunities in the various areas most likely to provide the biggest and best opportunities.

In this issue, we provided a primer on the different aspects of this aging theme, and specifically we've looked beyond just the healthcare sector to find other industries that will enjoy a similar tailwind.

This includes a big-picture look at areas of opportunity in the health care REITs, senior living, death care, travel, and technology/automation segments of the economy.

Included in the pages that follow, is some of the best individual companies and ETFs that can give your clients exposure to the sectors highly likely to deliver long-term upside due to this massive demographic shift.

The Investment Landscape

The most obvious and direct ways to profit from the global aging trend are large, multi-national health care plays. Companies such as **Johnson & Johnson (JNJ)**, **Pfizer Inc (PFE)**, and **Merck (MRK)** are going to provide the essential tools for doctors to battle diseases or distribute essential medical resources.

Healthcare spending in the U.S. is expected to grow from $3.6 trillion in 2018 to $6.0 trillion by 2027, according to the Centers for Medicare and Medicaid Services. That tailwind will naturally benefit some of the largest stocks in this sector and allow their revenue streams to organically trend higher.

We went in-depth with some of the top plays in the health care space just two issues ago in this publication. That May 7th issue should serve as the primary guide for health care exposure and provide your clients with a roadmap to success in the numerous sub-industries. Both value and growth opportunities exist that will likely align with the various risk tolerance and/or existing portfolio exposure.

Here's a quick, short-hand list of these opportunities covered in that issue:

iShares U.S. Medical Devices ETF (IHI) – Growth, Medical Devices

ARK Genomic Revolution Multi-Sector ETF (ARKG) – Growth, Biotech

ALPS Medical Breakthrough ETF (SBIO) – Growth, Biotech

iShares U.S. Healthcare Providers ETF (IHF) – Value, Healthcare Facilities/Insurance

Again, for a full analysis of the health care alpha opportunities, see the May 7th edition of *Sevens Report Alpha*.

But, in this issue, we wanted to focus more on the other sectors that stand to benefit from this aging of America, and below we profile four different industries that will see long-term tailwinds given the aging of the U.S. (and global) population.

Top Pick: Healthcare REITs/Residential Aged Care/Senior Living

Seeking opportunities outside the health care sector is where we identify with the need of seniors to secure assisted living or long-term care facilities.

Publicly traded real estate investment trusts (REITs) that are specifically geared towards these services and demographic are an excellent opportunity for future growth.

The differences between assisted care, residential living, and medical-related REITs are often blurred or indistinguishable among varying operators. For that reason, we are opting to group these businesses in one category and focus on the best-of-breed solutions.

These businesses also tend to be more recession proof than other real estate sectors, because the decision to move into a senior living accommodation is needs-based rather than income-based. This removes the cyclical economic element from the equation.

As you have probably already guessed, there is an exchange-traded fund for this play called **The Long-Term Care ETF (OLD)**.

It's distributed by an obscure arm of the asset manager Janus Henderson and has amassed only $16 million in total assets over its three-year tenure. It would be imprudent to invest in a thinly traded fund like this with the real risk of having it shut down for lack of demand. *We strongly recommend you avoid it.*

Nevertheless, what we can borrow from OLD is the list of its top holdings, which are primarily large- and mid-cap REITs traded in the U.S. that serve as senior living or health care facility operators.

Two stocks in particular fit this model and have demonstrated a high degree of strength in their chart patterns.

Year	Distribution ($)
2015	$3.30
2016	$3.44
2017	$3.48
2018	$3.48

WELL's distributions have steadily risen.

Welltower Inc (WELL) is one of the most well-known names (no pun intended) in the health care REIT space, in large part because of its $33 billion market cap and global footprint. The company owns and operates senior-focused housing facilities, assisted care services, retirement communities and other independent support facilities. Its primary focus is on the well-being and long-term care of the over-65 demographic in the U.S., Canada and United Kingdom.

Like most real estate investment trusts, WELL sports an attractive dividend yield of 4.67% with income paid quarterly to shareholders. The company also has been slowly and conservatively increasing its dividend over the last five years as fundamentals support the distribution of capital.

Furthermore, the appreciation of the stock has steadily outpaced its sector benchmark on multiple time frames.

WELL has appreciated 17.73% over the last three years versus 3.76% for the Vanguard **REIT ETF (VNQ)**.

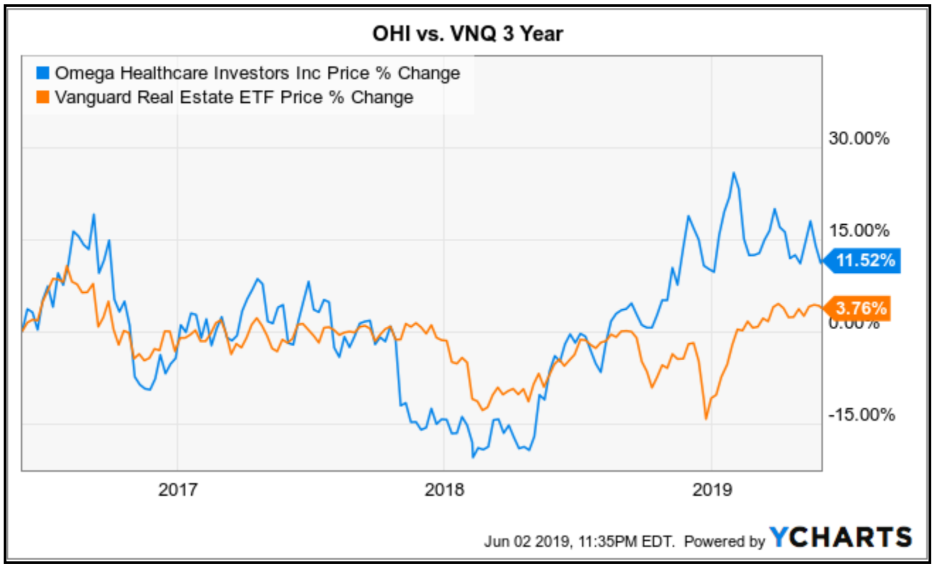
It is also sporting a small edge over VNQ on a year-to-date basis, with momentum sharply on the upswing.

The combination of falling interest rates and uncertainty over more cyclical sectors impacted by the ongoing global trade kerfuffle is likely spurring interest in a steady business model such as WELL.

The stock has demonstrated steady sales growth over the last five years that is likely to only accelerate with the massive expansion of senior care that is expected over the next 10 years.

It's projected that the aging of the Baby Boom generation could fuel a 75% increase in the number of Americans, ages 65 and older requiring nursing home care, to about 2.3 million in 2030 from 1.3 million in 2010.

Demand for elder care also will be fueled by a steep rise in the number of Americans living with Alzheimer's disease, which could nearly triple by 2050 to 14 million from 5 million in 2013.



Another top performer in the senior real estate care market is **Omega Health Care Investors (OHI)**.

This company provides loans and other financing sources for numerous medical facilities, with an emphasis on skilled nursing care. The stock sports a market capitalization of $7.80 billion and a forward dividend yield of 7.26%.

Year	Distribution ($)
2015	$2.18
2016	$2.36
2017	$2.54
2018	$2.64

OHI's distributions have steadily risen.

Like WELL, OHI has been steadily increasing its dividend over the last four years and continues to offer one of the most attractive yields in the industry. This type of position would be highly desirable for income-focused investors that love high cash payout stocks.

Its recent performance has been quite strong as well. OHI meaningfully diverged from the sector benchmark VNQ starting in early 2018. The three-year track record for this stock is 11.52% versus 3.76% for the sector ETF.

OHI peaked near the early part of 2019 as it announced a cash and stock acquisition of smaller competitor MedEquities Realty Trust. The consolidation of these two businesses is likely to add scale to the growing OHI over the next several years.

For your clients, it's easy to explain the attractive features of these stocks and integrate them into portfolios for an immediate impact. Both offer exposure to cash flow rich companies in a sector with high expectations for future upside over intermediate and longer time horizons.

Additionally, both sport a beta to the broad market of 0.50, which is appealing for those that tend to be averse to price volatility.

Either stock can replace an underperforming real estate position or supplement a sector-based ETF to bolster your exposure to the senior care real estate marketplace.

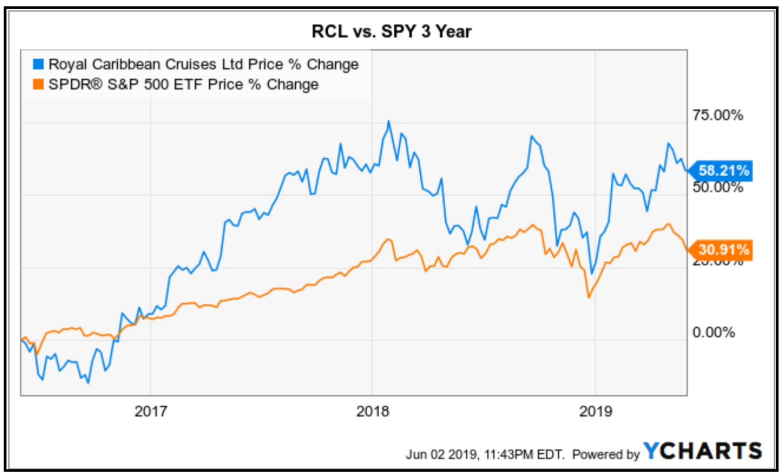
Second Choice: Death Care

Death care is another area of the market related to the elderly that is often overlooked. This morbid market focuses on the funeral and crematory businesses, including funeral homes and vehicles, directing services, memorialization, and cemetery management. Honestly, it's not the cheeriest subject, but the bottom line is that this is one industry that will undoubtedly benefit from the aging of America.

To that point, the U.S. death care market is estimated to reach revenues of $68 billion by 2023, a 4% compound annual growth rate from 2017-2023.

The lone publicly traded stock in this segment according to our research is **Service Corp International (SCI)**, which is nearly an $8 billion market cap company headquartered in Texas. They do over $3 billion in revenue annually in this niche segment and demonstrate a healthy and growing cash flow model. In the past, Hillenbrand (HI) was also considered a player in the death care space, as they are the largest casket manufacturer in the U.S. But, over the past several years Hillenbrand has diversified its business and become more of a industrial conglomerate, so if you buy HI, it's not a "pure play" on the death space.

Turning back to SCI, The chart of this stock has largely remained in a long-term uptrend over the last three years and continues to demonstrate a healthy technical pattern.



It's also worth pointing out that SCI has gained 58.55% over the last three years versus 30.91% for the SPDR S&P 500 ETF (SPY).

It's a reasonable assumption that the market for these services will only accelerate with the population trending towards higher median age groups.

Tertiary Plays: Travel/Cruises & Automation/On-Demand Economy

Travel/Cruises

From here, the remaining sectors we discuss will have additional tailwinds from the aging of the population, although that driver, itself, won't determine the course of these stock prices. Nonetheless, the aging population will potentially become an unappreciated tailwind on these sectors and as such we wanted to discuss them so you can consider that along with other factors for investments in these sectors.

Another important aspect of senior discretionary spending, both in the United States and in developed foreign markets, will be luxury travel. Particularly the type of vacations that are plug-and-play such as all-inclusive resorts or cruises to multiple destinations.

To give you a sense of scope along with the strong growth here, check out some key statistics from the cruise ship industry information group Cruise Market Watch.

According the group, worldwide, the ocean cruise industry has an annual passenger compound annual growth rate of 6.63% from 1990 through the (mostly) already-booked 2020. And, there is room for even more growth when you consider that only 53% of the target North American market (or 24% of the whole U.S. population) have ever taken an ocean cruise.

Moreover, the industry is prepping to meet future demand. From 2018 to 2020, 37 more new cruise ships will come online, adding 99,895 to worldwide passenger capacity. Cruise Market Watch estimates that these ships from 2018 to 2020 alone, will cumulatively add $11.7 billion in annual revenue to the ocean cruise industry by 2020.

Two of the top stocks in the cruise market are **Royal Caribbean Cruises (RCL)** and **Carnival Cruises (CCL)**.

Both companies have demonstrated thriving fundamentals over the last five years and both continue to see top-line growth exceed estimates.

More recently, RCL has been the better performer and continues to outpace the broader market on a three-year lookback.

Although a glance at the chart shows the ride to this point has certainly been hindered with volatility along the way.

CCL may be the more attractive pick for value enthusiasts as its current P/E ratio stands at a comely 11.77.

This stock trades at a market cap of $37.4 billion despite a rough 12-months that has seen its share price fall 17%. Nevertheless, it may be just the type of stock that is a relative steal within the industry given its larger size and strong fundamentals.

Two other vacation and luxury travel stocks worth noting are **Marriott International (MAR)** and **Hyatt Hotels (H)**.

Both stocks saw their respective share prices tumble during the tumultuous 2018, and both have yet to eclipse those prior highs. There is likely some lingering anxiety about the commitment of consumers to discretionary spending so late in this economic cycle. These stocks may also feel the squeeze of global trade rumblings as their hospitality portfolios fluctuate.

Technology/Automation

Other industries likely to be impacted by the uptick in senior citizens are what I like to refer to as the "on-demand economy." Need a ride to your doctor's appointment? **Uber Technologies (UBER)** or **Lyft Inc (LYFT)** will have a driver and car to your door in 10 mins. Craving food from your favorite local restaurant but don't want to leave the house? That's only a tap of the smartphone away.

Think about how **Amazon (AMZN)** or **Walmart (WMT)** can have just about any widget in the world delivered to your doorstep in 48 hours or less.

That includes supplies to support ongoing health concerns or deliveries that require a reoccurring subscription model. This type of on-demand access to goods and services will only expand over the next 10-20 years.

Seniors don't need to own their own cars anymore because everything will come to them or transport them where they need to go.

Let's not forget about the advancements in robotics and automation as well. Companies that provide products such as automated vacuums (Roomba) and cloud-based assistants (Amazon Alexa and Google Assistant) are just the tip of the iceberg. There will likely be a whole new generation of technology geared to assist the elderly with everyday needs.

Lastly, there is the continued push for modernization of the health care system through adoption of "e-prescriptions," on-demand virtual doctor's visits, and other medical practices that can be automated.

Companies such as **Allscripts Inc (MDRX)**, **Cerner Corp (CERN)** and **Teledoc Health (TDOC)** are a few of the more established names in the health care tech space that are implementing these next-generation platforms.

Conclusion

While broad demographic changes may seem to occur at what seems like a glacial pace, remember that the real-world implications of these shifting trends have already been taking place.

Moreover, they will continue to occur at an increasing pace over the next several years, and over the next several decades. Still, investors have to be patient and committed to the broad idea with the understanding that overnight success is not realistic.

You may already have direct and/or indirect exposure to these ideas, and this research may serve to simply reinforce your existing portfolio bias. Yet we hope this research also sparks a few ideas for picking up some new holdings designed to help carve out a successful thematic niche on the ageing of America.

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:** **12.14%**	**SPY:** **15.04%**
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:** **-1.75%** **ROBO:** **-5.84%** **AMBA:** **-16.80%** **QCOM:** **23.20%** **(closed)**	**SPY:** **13.28%** **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:** **-32.89%** **ALB:** **-50.78%**	**SPY:** **13.28%**
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:** **2.59%** **REGL:** **8.77%** **SMDV:** **4.29%**	**AGG:** **5.14%** **MDY:** **2.64%** **IWM:** **-0.36%**
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:** **2.54%** **MNA:** **3.31%**	**AGG:** **4.93%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Special Dividends **List of 24 stocks**	*Screened 17,070 stocks to arrive at 24 stocks that have consistently paid large special dividends. Investors can't see the true yields on these stocks because they're missing from financial websites. Our elite list has yields ranging from 50% to 600% higher than the S&P 500's yield.* ***What to do now: Buy (multiple ways to implement in issue).***	**Issue 6:** **10/31/17**	**Basket of stocks (avg.):** **7.37%**	**50% SPY/50% AGG:** **3.77%**
Insider Sentiment **KNOW (Direxion All Cap Insider Sentiment Shares ETF)**	*Numerous academic studies prove following corporate insider buying is a strategy that can outperform. KNOW—and its underlying index—have been consistent outperformers.* ***What to do now: Buy.***	**Issue 7:** **11/14/17**	**KNOW:** **0.46%**	**SPY:** **9.76%**
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:** **-6.04%**	**ACWX:** **-5.43%**
"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:** **1.10%** **EMLC:** **-6.94%** **EBND:** **-5.45%** **AGEYX:** **1.51%**	**AGG:** **5.42%**
"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:** **-14.84%** **BLCN:** **-8.94%**	**SPY:** **1.63%**
"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:** **7.14%** **TOTL:** **6.39%** **FTSL:** **3.52%**	**AGG:** **7.17%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Cash Alpha **FPNIX (FPA New Income)**	*FPNIX has generated positive returns for 33 straight years. No other non-government bond fund can boast of an equivalent track record. We also featured "MaxMyInterest," which produces 140 to 150 basis points of alpha versus traditional cash vehicles (MMAs, MMFs, and CDs). Max also increases FDIC insurance and can give advisors visibility to held-away cash.* ***What to do now: Buy (Max is also an excellent cash management solution).***	**Issue 15:** **3/6/18**	**FPNIX:** **4.22%**	**BIL:** **2.27%**
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:** **-15.95%**	**ACWX:** **-7.68%**
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:** **-12.69%**	**SPY:** **3.80%**
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:** **-13.11%** **DLS:** **-13.59%**	**EFA:** **--6.72%**
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:** **-5.96%**	**SPY:** **3.45%**
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:** **4.81%**	**SPY:** **4.23%**
"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:** **-18.99%**	**EEM:** **-3.27%**

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: -14.43%	IWM: -8.69%
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: -13.39% FINX: -0.28%% IPAY: 5.82%	SPY: -0.83%%
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: 1.97% USFR: 1.77% SRLN: 1.62% EFR: -1.92%	AGG: 6.37%
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: 0.97% IEME: 1.11% XLC: -5.64% DIS: 18.79%	SPY: -2.24%
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: -25.41% SBIO: -11.67% FXG: -4.49%	SPY: -3.63%

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: -12.22% GNR: -12.99% RLY: -5.77%	DBC: -11.85%
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: 1.62% LDUR: 2.23% MINT: 1.32%	BIL: 1.21%
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: 9.92% DYLS: -14.79% PTLC: -0.50%	SH: -2.75%
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: -1.92% MLPA: 5.14% DCP: -7.48% SHLX: 13.57%	SPY: 2.87% AMLP: 5.42%

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: 6.19% DVP: -5.83%	VTV: 9.94%
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: 4.74%/3.43% ITB/VNQ: 22.11%/20.20% DFE: 7.83%	SPY: 10.51%
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: -3.40%	SPY: 6.23%
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: 3.99% VRP: 4.93% PFXF: 5.26%	PFF: 3.45%
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: 6.21% NRG: -19.13% CNP: -5.32%	XLU: 6.23%

Sevens Report Alpha Fund & Stock Ideas

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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: -6.78% CIBR: -5.69% FTNT: -19.97% CYBR: 12.91%	QQQ: -1.54%
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: -17.40% ACB: -10.18% CGC: -17.15% APHA: -34.10%	SPY: -1.00%
Socially Responsible Investing ESGV (Vanguard ESG US Stock ETF)	*Studies and AUM trends have shown that while clients still care about the bottom line (returns) there is growing popularity among investors to not only generate a solid return, but also for their investments to reflect their core beliefs and values.* *So, 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 not only outperform, but also help strengthen the client/advisor bond, via directing some investments to issues important to your client.*	3/26/19	ESGV: -1.50%	SPY: -2.01%
Hedged Equity ETFs DMRL (DeltaShares S&P 500 Managed Risk ETF) CCOR (Cambria Core Equity ETF) JHEQX (JP Morgan Hedged Equity Fund Class)	*Stocks have started 2019 with a bang, rising sharply in Q1. But, major macro risks remain present and there is undeniable proof the economy is late cycle.* *Hedged equity ETFs can help advisors and investors maintain long exposure while also providing protection from another 2018 style correction.*	4/9/19	DMRL: -4.07% CCOR: 1.10% JHEQX: -2.77%	SPY: -4.16%

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ARK Invest Family of ETFs **ARKW (ARK Next Generation Internet ETF)** **ARKG (ARK Genomic Revolution ETF)** **XITK (SPDR Fact Set Innovative Tech ETF)**	*We are re-introducing the ARK Family of ETFs. Alpha recommendation ARKK is up 26% YTD and it's outperformed the S&P 500 since our recommendation.* *ARK ETFs offer "one-stop shopping" exposure to the disruptive technologies of tomorrow—technologies that can not only produce outsized long-term returns, but that also are compelling stories for clients and prospects.*	4/23/19	ARKW: -14.71% ARKG: -12.40% XITK: -10.13%	QQQ: -10.29%
The Alpha Opportunity in Healthcare **IHI (iShares Medical Device ETF)** **XBI/SBIO/ARKG (The Quality Bio-tech ETFs)** **IHF (iShares U.S. Healthcare Providers ETF)**	*The healthcare sector has badly lagged the S&P 500 thanks to political concerns (Medicare for all). But, future political risks aside, fundamentals for the healthcare industry are compelling.* *We covered this broadly in the Sevens Report two weeks ago, but in today's Alpha issue we wanted to do a "deep dive" into the space and provide a broader healthcare sector primer, as opportunities to invest in healthcare at the relative value to the market don't come along very often.*	5/7/19	IHI: -1.52% XBI: -5.30% IHF: -1.08%	XLV: -1.60%
Minimum Volatility ETFs **USMV (iShares Total Return MSCI USA Minimum Volatility ETF)** **SPLV (S&P 500 Low Volatility Index ETF)** **EEMV (iShares MSCI Minimum Volatility Emerging Markets ETF)** **EFAV (iShares Edge MSCI Minimum Volatility EAFE ETF)**	*Minimum volatility ETFs have proven effective alternatives for core market holdings over both the short and long term, and will help ensure investors don't give back YTD gains in the event of a correction while still maintaining upside exposure.*	5/21/19	USMV: -1.03% SPLV: -0.33% EEMV: 1.96% EFAV: -0.18%	SPY: -3.88%