SEVENS REPORT *alpha*

July 2, 2019

In Today's Issue

- **How to Responsibly Allocate To Gold.** Gold prices just hit a six-year high thanks to a combination of 1) Expected lower interest rates, 2) Rising geopolitical tensions and 3) A weaker U.S. dollar.
- If those trends continue, gold (up 20% YTD) will continue to outperform the S&P 500, and undoubtedly you will field questions from clients about owning gold.
- Beyond servicing clients, from an alpha standpoint, gold trends incredibly well, and if we are at the start of a multi-year uptrend, the returns can be substantial (gold returned more than 800% from 2001-2011 and outperformed stocks during the last two rate cutting cycles).
- In today's issue we cover three ways for advisors to responsibly allocate to gold:
- **Physical Gold ETFs:** GLD is the largest, but it's not necessarily the best. SGOL provides the same exposure, better transparency and charges a lower fee.
- **Gold Mining ETFs:** The largest ETFs in the space aren't always the best way to go, but that's not the case with GDX—which is the largest and best gold mining stock ETF.
- **Individual Miners:** The key to investing in gold mining stocks is finding good, well run companies that just happen to be in the gold mining business. Kirkland Lake (KL, up 60% YTD) and Franco Nevada (FNV, up 20% YTD) passed our stringent financial screen and have both outperformed GDX.

The Responsible Way to Allocate to Gold

In our last *Sevens Report Alpha* issue, we dove into the hard data of what performs best when the Federal Reserve engages in an interest rate cutting cycle.

One of the sectors that was revealed as a top performer from that analysis is gold and precious metals stocks.

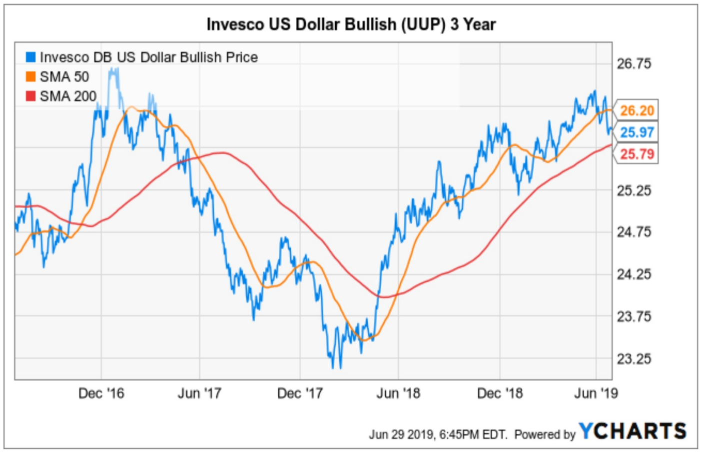
Gold prices spiked more than 40% in the six months after the first rate cut in 2007, and the yellow metal also demonstrated a steady uptrend throughout the 2001-2002 rate-cut cycle. This relative outperformance was likely driven by fears of excessive government stimulus devaluing the U.S. dollar as well as the flight from riskier asset classes.

It's no secret that both of the last rate-cut cycles led to lower Treasury yields, volatile stock prices, and political upheaval—all of which contributed to the allure of investing in gold as an alternative hedge and/or intrinsic value play.

Fast forward to today's market and we've seen another run in the gold market as Fed rate-cut chatter heats up. Spot gold prices recently hit a six-year

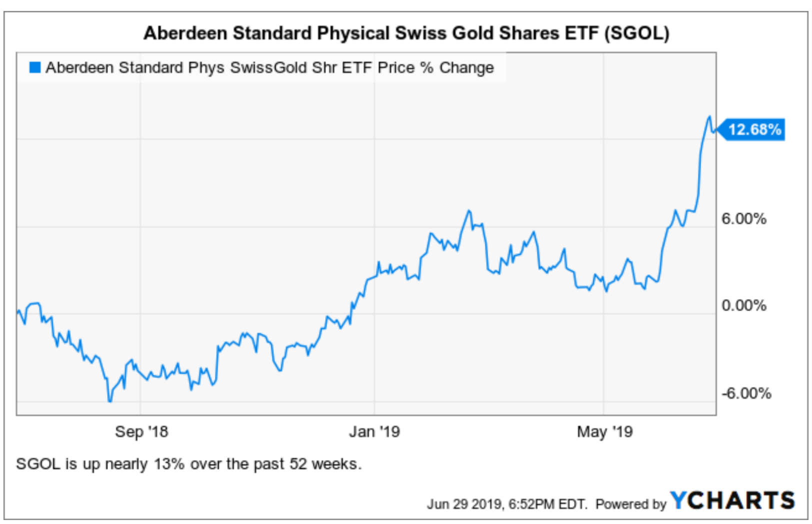
high by eclipsing the $1,400/oz mark that was last seen back in September 2013.

The chart here of the **SPDR Gold Shares ETF (GLD)**, the exchange-traded fund (ETF) which tracks the price of gold bullion on a daily basis, is finally breaking out of this half-decade long consolidation chan-



nel. Gold prices are now trending well above their short- and long-term moving averages. This recent period of strength in gold also has coincided with weakness in the U.S. Dollar Index. The **PowerShares DB US Dollar Bullish ETF (UUP)**, the ETF proxy for the Dollar Index, has retreated from its recent high and may soon be set to test its 200-day moving average.

It's likely that continued weakness in the dollar will be supportive of gold prices and should be another key metric on your radar if you allocate to the precious metals sector.



SGOL is up nearly 13% over the past 52 weeks.

Now, there is no doubt you have been asked about owning gold by your clients throughout your career in the financial markets. Some clients have embedded bias or past experience from which to voice their opinions about the yellow metal.

Others are simply price tourists that watch it rise and fall in unpredictable waves. Then there are the inflation hardliners who believe it's an infallible store of value. On the flipside, there are the modernist disbelievers that scorn it as an anachronism.

Based solely on the recent price action alone, you are likely going to have conversations about gold in the near future. That means you need to be prepared with the right answers to meet individual client needs. You may also view it as an important diversifying tactic for those who are overweight in other areas such as stocks, bonds and cash.

Our focus in this issue is on the responsible way to allocate your client portfolios to gold without getting wrapped up in the hype or spin often associated with this asset class.

There are essentially four different ways you can access the gold asset class from an investment standpoint: 1) Physical gold ETFs, 2) Gold mining stock ETFs, 3) Individual gold mining stocks, and 4) Owning the physical metal (bullion, coins, etc.).

Let's first look at what is perhaps the easiest, most direct and most cost-efficient way to own gold, physical gold ETFs.

Physical Gold ETFs

Physical gold ETFs such as the **SPDR Gold Trust (GLD)** or the **iShares Gold Trust (IAU)** both have long histories of accurately tracking the gold markets, with billions of assets under management and deep pools of liquidity for trading purposes.

Between the two options, IAU might be a slightly more attractive choice based on its narrower 0.25% expense ratio compared to 0.40% for GLD.

You should also be aware there are a few newcomers on this scene that are worthy of a second look.

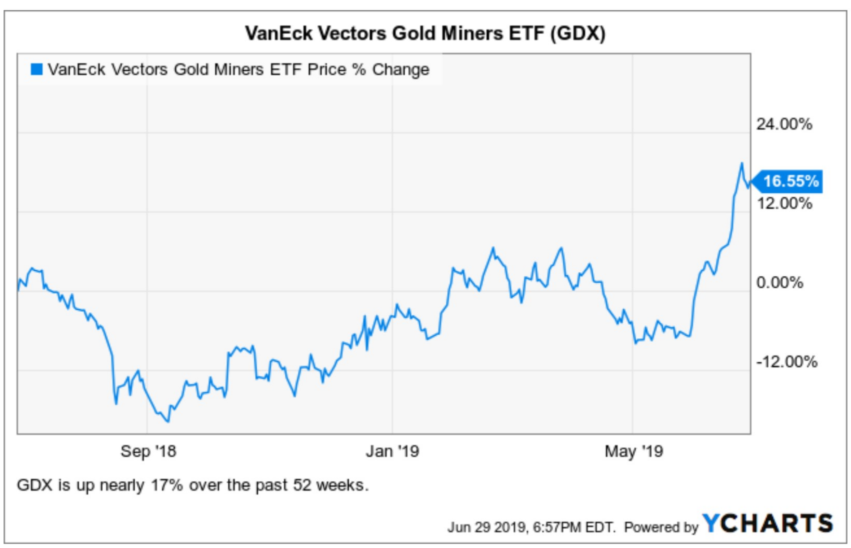
Aberdeen Standard Physical Swiss Gold Shares ETF (SGOL)	
Inception Date:	9/9/2009
Assets:	$937M
Avg Daily Volume:	43K
Expense Ratio:	0.17%
# of Holdings:	N/A
YTD Return:	9.96%
3-Yr Return:	6.27%
Mstar Rating:	N/A

The **Aberdeen Standard Physical Swiss Gold Shares ETF (SGOL)** has nearly $900 million allocated to physical gold bars stored in a vault in Zurich, Switzerland. The vault is audited twice per year and its holdings are posted daily to the fund sponsors website.

The legal structure of this ETF is a grantor trust, so you don't have to worry about any K-1 or other tax headaches. Furthermore, it charges a miserly 0.17% expense ratio that is the lowest of any fund in this category.

Another ETF that is quickly gaining steam in the gold world is the **SPDR Gold MiniShares Trust (GLDM)**.

This fund is designed similarly to GLD in that it tracks the price of physical gold bullion on a daily basis. However, its share price is 1/100th the price of spot gold, which may make it more attractive for accounts that need to allocate to smaller share prices. It also charges a miniscule 0.18% expense ratio, which significantly undercuts GLDs cost.



GLDM has accumulated nearly $800 million in total assets over its short history, including more than $300 million just this year. That compares with a year-to-date outflow of $945 million from GLD that suggests gold investors are moving their assets to more cost-effective options.

We are seeing this progressive trend of fund flows chasing lower expenses throughout the ETF marketplace at virtually all levels. Of course, selecting a gold ETF is only half the battle. The remaining decisions come down to position size, trade location, and integration with the existing asset allocation in your client portfolios.

Our recommendation is to use these ETFs sparingly as more of a tactical allocation than a larger and ever-present core holding. An initial position size in the 5% range with a maximum goal of 10% of the total portfolio would likely make sense in a typical diversified portfolio.

The gold allocation will give you exposure to an asset class that is non-correlated to stocks or bonds to help smooth out total volatility and improve long-term results. Furthermore, it can (and likely should) be paired with precious metals mining stocks to broaden your exposure to this theme.

Gold Miner ETFs

On that note, the opportunities in the gold mining ETF sector warrant greater scrutiny as well. The largest and most well-known fund in this class is the **VanEck Vectors Gold Miners ETF (GDX)** with over $10 billion in assets.

VanEck Vectors Gold Miners ETF (GDX)	
Inception Date:	5/16/2006
Assets:	$10.49B
Avg Daily Volume:	30.6M
Expense Ratio:	0.53%
# of Holdings:	46
YTD Return:	20.69%
3-Yr Return:	-3.91%
Mstar Rating:	3 Star

The fund owns 46 large-cap and mid-cap stocks around the globe that must derive at least 50% of their revenue from gold mining or production to be included in the index. Top holdings include names such as Newmont Goldcorp (NEM), Barrick Gold Corp (GOLD), and Newcrest Mining Ltd.

Its geographical makeup is quite diverse as well. The United States only makes up 18% of the country allocation within GDX, with Canada leading the way at 50% of the total stock exposure. Australia, South Africa, and Peru round out the remaining countries in the top five.

What's interesting about many ETF sectors is that we often find the largest fund isn't necessarily the best option to consider based on cost, index construction, and other factors. That skepticism is unfounded with GDX, as this ETF continues to be one of the best overall options in the gold mining sector.

GDX is currently nearing its two-year highs last set back in September 2017 and has built up considerable momentum in the month of June. It has gained more than 21% since the start of 2019 and has just recently surpassed the S&P 500 total return on a year-to-date total return basis.

What's intriguing about this sector is how much upside potential is still left in the tank compared to the broad market. GDX peaked at a high price of $66 back in 2011 and trades near $26 at today's prices. This relative dichotomy suggests that gold mining stocks could spur a massive rally on the back of supportive gold trends and a weaker U.S. dollar.

The only other fund worth considering in this arena is the **iShares MSCI Global Gold Miners ETF (RING)**, which has $210 million in total assets and an expense ratio of 0.39%. While the management fees of RING shave 13 basis points off the 0.52% cost to own GDX, there has been minimal difference in their total return over both short and long time frames.

Owning RING is a viable option if you prefer BlackRock funds or are seeking the cheapest ETF in the category. However, its leisurely daily trading volume and shallower liquidity may quickly offset those advantages for most advisors.

Pairing a fund such as GDX or RING with a physical metal fund such as IAU or SGOL is one of our preferred methods for portfolio implementation. It provides a balanced mix of commodity and stock exposure to generate sustainable alpha on the back of this precious metals trend.

We also recommend that you stay far away from the siren's call of junior gold mining stocks and ETFs. Put simply, the risks of volatile price swings from smaller and more financially unstable stocks isn't worth the potential for greater capital appreciation.

Large-cap and mid-cap gold mining stocks offer enough volatility in their own right to satisfy even the most aggressive growth investors. You simply do not want to subject your portfolio to any outsized risks of catastrophe by chasing these unproven and illiquid stocks.

KL is up an incredible 600% over the past three years.

Individual Gold Mining Stocks

Many investors want to eschew the basket approach to gold mining stocks in favor of owning only the best-of-breed stocks in that particular group. We are aware of that preference, and so we made sure we had that preference covered here.

In order to identify the best stocks in the mining sector, we employed a screen that scored each gold mining stock for current price momentum, historical profitability, and expected growth measurements.

These metrics ensure that the companies at the top are consistently well-run businesses that also happened to be located in the gold mining or gold financing industry. Many gold stocks held up in one or two screening criteria but failed to make the ultimate cut for all three metrics.

The way we see it, it's important to first own great companies with strong fundaments and strong technical attributes. Once you do that, you can apply that philosophy to any sector you want—including gold and precious metals mining stocks.

Kirkland Lake Gold Ltd. (KL)	
Inception Date:	N/A
Market Cap:	$8.75B
Div Yield:	0.28%
Expense Ratio:	N/A
# of Holdings:	N/A
YTD Return:	60.67%
3-Yr Return:	589.00%
Mstar Rating:	3 Star

One of the most attractive individual companies in the gold mining sector right now is **Kirkland Lake Gold Ltd (KL)**.

This company operates five significant mines in both Canada and Australia with a 2019 production target of 950,000 to 1,000,000 ounces. What makes this stock so attractive is that it's a financially sound business that continues to demonstrate quality fundamentals year after year.

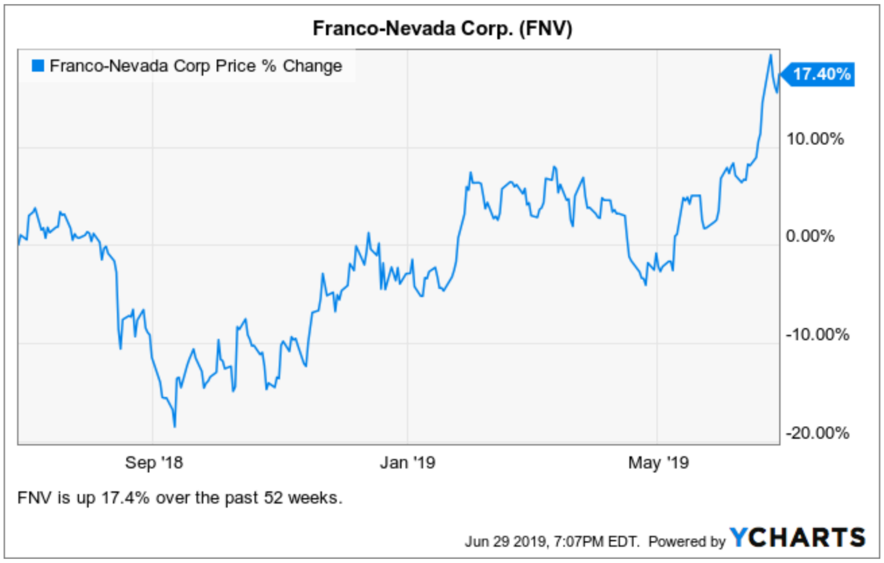
KL has grown revenues for each of the last four straight years and simultaneously seen net income margins expand in-kind. EPS growth estimates for the current fiscal year have KL targeted to increase 68.99% according to YCharts.com, and it's currently sporting one of the top momentum scores in this sector.

With a market capitalization of $8.6 billion, Kirkland is in the sweet spot of moving from mid-cap to large-cap status with continued strength from its operational bottom line.

It's not difficult to look at the three-year chart and deduce what a strong performer Kirkland has been, both in relative and absolute terms. The stock is up more than 59% just this year compared to 19.54% in GDX. On a three-year horizon KL has jumped nearly 600% and shows no signs of slowing down.

Another top stock in this industry is **Franco-Nevada Corporation (FNV)**.

What makes this company slightly different than Kirkland is rather than directly operating the mines themselves, FNV is involved as a "gold streamer." Basically, FNV provides upfront cash to a mining company for the right to buy gold at reduced prices in the future or take a percentage of sales from the corresponding mine they are financing.



From a financial perspective, FNV has continued to demonstrate solid revenue metrics and positive net income over the last four years. Their diversified royalty business model is forecasted to see EPS growth of 75.19% for the current fiscal year and recent price momentum indicates investors are taking notice.

The three-year chart here demonstrates a solid upward price channel in place that is on the cusp of breaking out above its prior 2017 highs. FNV has posted returns of nearly 14% over that three-year mark. It's also up nearly 20% in 2019.

Both KL and FNV are top 10 holdings within GDX, and each represents two of the most financially sound gold-focused stocks in the sector.

FNV is more diversified than many mining companies due in large part to a portion of its revenue being derived from natural resources outside the gold sector. These include commodities such as oil and gas, and platinum-type metals. The company has natural resource royalty agreements in the United States, Canada, Latin America, Australia, and Africa. It's headquartered in Toronto, Canada and currently has a market cap of $15 billion.

Franco-Nevada Corp. (FNV)	
Inception Date:	N/A
Market Cap:	$15.6B
Div Yield:	1.18%
Expense Ratio:	N/A
# of Holdings:	N/A
YTD Return:	19.79%
3-Yr Return:	13.89%
Mstar Rating:	1 Star

Physical Ownership of Precious Metals

In this service, we are big fans of ETFs to gain exposure to specific market sectors such as gold and gold mining stocks. We also like the idea of owning the best-of-breed individual stocks in the segment. Yet for some clients, owning gold doesn't mean owning ETFs or stocks.

For some, owning gold means actually being able to hold the physical metal in your hands, and to put that metal in your very own home safe. In other words, some clients want to be able to touch, feel and smell it!

Now, admittedly, we are not experts on owning physical gold. But we do know someone who is an expert, and he is Rich Checkan of **Asset Strategies International (ASI)**.

Rich is a graduate of the elite United States Military Academy at West Point, and he served some eight years as an officer in the U.S. Army following graduation. Rich later started ASI, and since then he's become one of the country's foremost experts on how to own physical gold.

According to Rich, "Money always goes where it's treated best." By that he means that it's logical to see gold prices surge when the Fed begins a rate-cut cycle. And as Rich told us, physical gold is a superb wealth-preservation tool. "Think of physical gold as financial insurance. It will perform this role well in 2019, as it has for over 5,000 years," he said.

If you have a client interested in buying physical gold (coins, bullion, etc.) then we strongly recommend you give Rich a call at Asset Strategies International (ASI). He can be contacted at (800) 831-0007 or via email at moreinfo@assetstrategies.com. Finally, to be clear, we have no business relationship with Rich—this is merely a referral from someone who has a good reputation in the industry.

Conclusion

I started following and trading gold when I left the floor of the NYSE and went to work as a trader for a small global macro fund back in 2005, and one of the best lessons I learned there was this: Gold trends in a big way, both up, and down. And, if you can catch an uptrend in gold, it can lead to some serious alpha. The recent strength in the gold market is potentially just the beginning of the next wave of price action if the Fed ultimately does begin a rate-cut cycle this year.

Further compression in interest rates in the United States is likely going to put downside pressure on the U.S. dollar and simultaneously enhance the appeal of the yellow metal and the investments tethered to its shine.

Having a tactical allocation to this sector is likely to make a significant impact on your relative returns should the current narrative play out as the market anticipates, and we think the solutions provided in today's issue offer a great blue print for how advisors can confidently address and client inquiries about gold, as well as position clients in best of breed ETFs and stocks.

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:** **20.77%**	**SPY:** **24.35%**
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:** **9.06%** **ROBO:** **5.87%** **AMBA:** **-1.88%** **QCOM:** **23.20% (closed)**	**SPY:** **22.48%** **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:** **-26.26%** **ALB:** **-46.50%**	**SPY:** **22.48%**
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:** **4.17%** **REGL:** **14.68%** **SMDV:** **7.62%**	**AGG:** **6.35%** **MDY:** **10.16%** **IWM:** **6.33%**
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:** **3.44%** **MNA:** **2.37%**	**AGG:** **6.13%**

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:** **6.50%**	**SPY:** **18.54%**
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:** **1.57%**	**ACWX:** **0.29%**
"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:** **5.70%** **EMLC:** **-1.20%** **EBND:** **-0.75%** **AGEYX:** **3.94%**	**AGG:** **6.63%**
"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:** **-7.89%** **BLCN:** **-1.48%**	**SPY:** **9.76%**
"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:** **8.66%** **TOTL:** **7.63%** **FTSL:** **4.06%**	**AGG:** **8.06%**

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: 4.54%	BIL: 2.64%
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: -8.43%	ACWX: -2.09%
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: -7.63%	SPY: 12.06%
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: -8.14% DLS: -9.61%	EFA: --1.34%
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: 12.38%	SPY: 11.69%
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: 12.55%	SPY: 14.15%
"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: -11.05%	EEM: 2.76%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Micro Caps IWC (I-Shares Micro-Cap ETF)	*Small caps outperformed until this most recent pullback, but while allocations to that sector of the market are rising, micro-caps, a sub-set of small caps, remain generally overlooked.* *Micro caps remain an overlooked, under-researched, and under-allocated part of the small cap universe that can offer diversification and outperformance (micro caps are perennial takeover candidates).*	7/10/18	IWC: -12.98%	IWM: -6.37%
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: -4.68% FINX: 7.64% IPAY: 16.10%	SPY: 7.05%
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: 2.41% USFR: 1.84% SRLN: 2.99% EFR: -1.80%	AGG: 7.59%
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: 5.78% IEME: 6.31% XLC: 2.95% DIS: 27.33%	SPY: 5.53%
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: -18.64% SBIO: -1.84% FXG: -1.95%	SPY: 4.04%

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: -8.54% GNR: -2.90% RLY: -1.19%	DBC: -8.17%
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: 2.10% LDUR: 2.85% MINT: 1.61%	BIL: 1.57%
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: 15.24% DYLS: -13.22% PTLC: 7.55%	SH: -9.84%
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: -2.31% MLPA: 7.94% DCP: -8.77% SHLX: 11.48%	SPY: 11.04% AMLP: 7.43%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
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: 14.68% DVP: 3.47%	VTV: 14.34%
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: 11.18%/7.13% ITB/VNQ: 26.81%/22.17% DFE: 19.21%	SPY: 19.21%
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: 6.41%	SPY: 14.55%
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: 4.88% VRP: 6.83% PFXF: 7.85%	PFF: 5.39%
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: 8.63% NRG: -16.30% CNP: -3.77%	XLU: 9.12%

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:** **0.68%** **CIBR:** **2.46%** **FTNT:** **-10.60%** **CYBR:** **19.39%**	**QQQ:** **9.22%**
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:** **-11.77%** **ACB:** **-2.64%** **CGC:** **-14.29%** **APHA:** **-27.53%**	**SPY:** **6.62%**
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:** **6.21%**	**SPY:** **5.54%**
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:** **3.01%** **CCOR:** **1.08%** **JHEQX:** **2.86%**	**SPY:** **3.24%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
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: -3.40% ARKG: 3.68% XITK: -1.36%	QQQ: -0.46%
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: 8.66% XBI: 3.13% IHF: 3.37%	XLV: 4.74%
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: 3.85% SPLV: 3.09% EEMV: 5.61% EFAV: 3.33%	SPY: 3.59%
Ageing of America Primer **WELL (Welltower Inc)** **OHI (Omega Healthcare Investors)** **SCI (Service Corp International)**	*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.*	6/4/19	WELL: 2.69% OHI: 3.54% SCI: 4.33%	SPY: 5.91%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Rate Cut Playbook We wanted to provide both an asset class and stock market sector "playbook" so advisors will know what outperformed, and what underperformed during the last two rate cut cycles. The important part of our research is that we let the numbers, not our assumptions, do the talking and the results were surprising!	***Inside the issue you'll find:*** • *Return tables that show the performance of the major S&P 500 sectors over the last two rate cut cycles. (Returns 12 months following the first cut, and Returns from the first cut to the last cut).* • *Return tables for the major bond market segments over the last two rate cut cycles.* • *We identify the sectors and bond segments that lagged in both cutting cycles (again, the results were surprising) and the sectors that outright outperformed and that relatively outperformed.* • *Finally, we also identified the sectors and segments that were the biggest "losers" during the last two rate cut cycles.*	6/18/19		