SEVENS REPORT *alpha*

July 30, 2019

In Today's Issue

- The Sharing Economy: What is it, what's the growth potential, and how can we responsibly invest in it?
- The "sharing economy" is best represented by companies such as Uber and Lyft, but there's a lot more to it than that. The are several publicly traded sharing economy stocks in the market, and many of them have handily outperformed the S&P 500 and that sport growth potential that's simply unrivaled in the U.S. economy (2000% growth from 2015-2024 according to PwC). If you aren't already fielding questions on this from clients, you likely will be soon.
- We created our own "Watch List" of sharing economy companies and described 1) What they do and 2) How they make money, so you have a clear view of the entire sharing economy universe.
- We identify the top performing sharing economy stocks, and it's not what you'd expect (it's up 400% over the past three years).
- MILN: The Global X Funds/Millennials Thematic ETF. This indirect play on the sharing economy has handily outperformed the S&P 500 over the past three years, rising 66%.
- GIGE, the SoFi Gig Economy ETF: A new, direct play on the sharing economy. This fund just listed in May so it's still in its infancy, but it's the only "pure play" out there on the evolving sharing economy (and all that potential growth).

Profiting From the Sharing Economy

In March 2015, Tom Goodwin wrote an article for TechCrunch titled: "The Battle Is For The Customer Interface."
His opening paragraph was a profound statement on the new economy. It critically identified a shared element in several of the most successful global companies.

"Uber, the world's largest taxi company, owns no vehicles. Facebook, the world's most popular media owner, creates no content. Alibaba, the most valuable retailer, has no inventory. And Airbnb, the world's largest accommodation provider, owns no real estate. Something interesting is happening."

This dynamic shift in distribution of goods and services has been in play for well over a decade. Many of the world's most identifiable brands don't actually produce anything other than an interface between a creator and a consumer. They have leveraged the ability of others to create content, produce goods, or rent their services for a nominal interchange fee. Often billed as a reoccurring subscription or "pay for what you want" model.

Think about how companies such as Netflix and Spotify charge a monthly subscription for you to rent media (songs, TV shows and movies) for a short period of time. You don't have to own the media outright anymore. You can pick and choose what you want to watch or listen to whenever you want it.

Companies such as Uber, Lyft, and Airbnb have gone a different route with a similar goal of sharing resources for mutual profit. They monetize slack in peoples' assets (cars, time, and real estate) by renting these resources for short periods of time. The consumer gets a cheaper option than a taxi or a hotel. The owner makes money on an asset that would otherwise be stagnant. And finally, the company takes a percentage of the transaction for connecting the two parties together.

This type of marketplace has been dubbed the "Sharing Economy."

It's an apt descriptor of how a large percentage of retail consumers have shifted their purchasing power to renting rather than owning entertainment, transportation and hospitality. The sharing economy is projected to grow from $15 billion in 2014 to $335 billion in 2025, according to research [conducted by PwC.]

This economic revolution also is laterally related to the "Gig Economy," whereby workers utilize idle time and resources to add additional income to their household. Think driving for Lyft on the weekends or creating art pieces that are sold on Etsy in your spare time.

According to Intuit, the percentage of Americans in the gig economy was 34% in 2016. That is expected to grow to 43% by 2020. Consulting firm McKinsey says that there are currently around [68 million freelancers or self-employed] in the U.S., with around 4 million Americans providing work through gig marketplaces such as Lyft or Airbnb.

From an advisor perspective, there are some real investment opportunities in these companies, which is why many are trading as such lofty valuations. One key reason for that is the leading-edge technology that connects these disparate points together.

Symbol	Name	Market Cap	PE Ratio	Revenue (Annual)	Reve (Qrtr YoY Growth)	1 Yr % Return	Industry
ETSY	Etsy	$ 7,914	88.99	$ 604	40%	52%	Specialty Retail
FB	Facebook	$ 566,216	29.47	$ 55,838	26%	-5%	Internet Content & Information
GRUB	GrubHub	$ 6,870	129.91	$ 1,007	39%	-33%	Internet Content & Information
IAC	IAC Interactive	$ 20,034	35.24	$ 4,263	11%	56%	Internet Content & Information
LC	Lending Club	$ 1,316	n/a	$ 695	15%	-30%	Credit Services
LYFT	Lyft	$ 19,602	n/a	$ 2,157	n/a	n/a	Software - Application
MTCH	Match Group	$ 21,371	44.72	$ 1,730	14%	95%	Internet Content & Information
NFLX	NetFlix	$ 137,768	123.57	$ 15,794	26%	-13%	Media - Diversified
PYPL	PayPal	$ 139,382	64.12	$ 15,451	12%	36%	Credit Services
SPOT	Spotify	$ 26,036	n/a	$ 6,210	23%	-21%	Internet Content & Information
TSLA	Tesla	$ 46,005	n/a	$ 21,461	33%	-19%	Auto Manufacturers
UBER	Uber	$ 73,214	n/a	$ 11,270	n/a	n/a	Software - Application

Source: Ycharts.com

Companies in the shared economy space have become masters of understanding their customers preferences by harvesting troves of personal data. Everything from geolocation to purchase history is used to serve consumers with media or resources in the most cost-effective manner.

So, the question now is: How do we best harvest the investment opportunity in this shared economy?

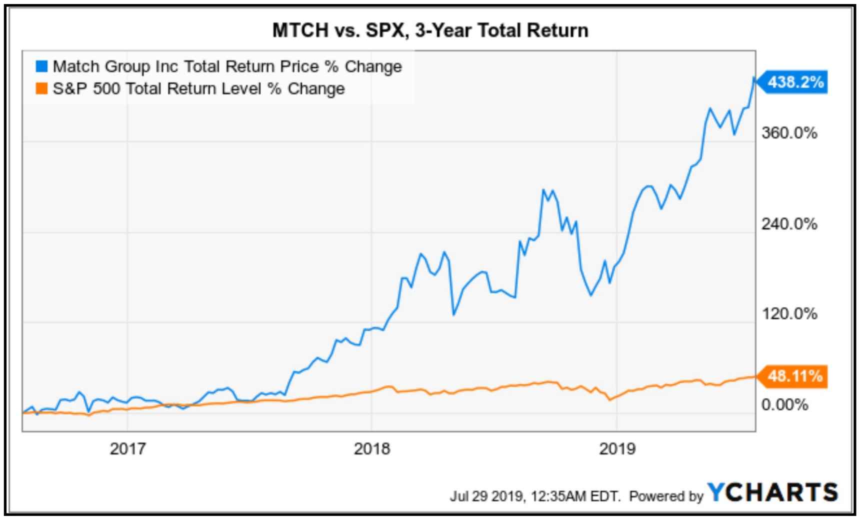
The Landscape

Investing in the sharing economy is a cornucopia of opportunities spread among various industries. Yet what complicates this investment landscape is the mix between private companies that are difficult to access and public stocks with shaky financial history. For example, Uber and Lyft just recently made their respective public debuts, while Airbnb and Postmates are still private entities with intentions to access these open markets in the future.

Many of these companies have also spent billions of dollars on customer acquisition and advertising to the detriment of their near-term financial results. The goal being to turn a profit through dominant market share and the leveraging of consumer data to generate healthy margins in the future.

Facebook and Netflix may be the best examples of this strategy that have executed their models to a successful outcome. It remains to be seen if the thus-far unprofitable Uber and Lyft can do the same.

The list below indicates our top watch list of companies from within the sharing economy that should be on your radar, as you will undoubtedly be asked about these companies by your clients and prospects.



This group will naturally change over time as more businesses are welcomed to the public markets, as well as through M&A activity within specific sectors.

The most impressive option on this list from a performance standpoint is **Match Group (MTCH)**, which has nearly doubled in price over the last year.

MTCH operates a diverse portfolio of dating apps and websites that include: Tinder, Match.com, OK Cupid, Hinge, Pairs, and Plenty of Fish. The company has generated big gains in both revenue and profit over the last four years behind steadily increasing advertising and subscription income.

Moreover, if you're like me, you know there is no shortage of friends, colleagues and acquaintances that have recently found themselves single again after multi-decade marriages. And where are those new singles turning to find like-minded dating partners? You guessed it, on sites operated by Match Group.

The power of Match has translated into a tremendous earnings per share growth in recent years, with an average annual EPS growth rate of 39% over the past three years. In its most-recent quarter, MTCH grew its EPS by a remarkable 62% year over year.

Now, the growth story of MTCH has been stellar, but its share price has been a bit of a rollercoaster since its public debut. Yet despite the volatility, the stock has trounced the S&P 500 Index on a three-year look-back, and the shares recently hit new all-time and 52-week high.

It's notable that MTCH trades at a $20 billion market cap, which is one of the lower valuations on our core list. Indeed, many of the stocks in the sharing economy theme have taken the tact of using private capital valuations for longer and entering the public markets at far higher implied valuations than past cycles. This speaks to the abundance of hedge funds and private equity companies that have been patient to wait for the fruits of their early investments to pay off.

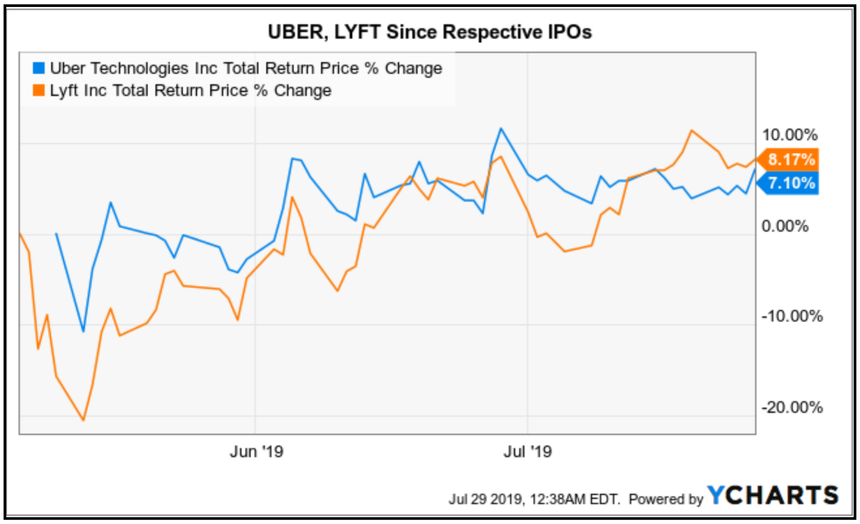
Two prime examples of that methodology are the transportation behemoths **Uber (UBER)** and **Lyft (LYFT)** that have garnered so much publicity of late.

Both stocks debuted in 2019 to great expectations of future growth, and both are going to be heavily watched to try and improve on their business models. These companies have been at the forefront of revolutionizing the aging taxi industry and are lauded for their contribution to the gig economy for part-time workers.

Their next steps are likely to include the development of software and/or hardware that pilots autonomous vehicles, aviation, and shipping platforms. There are also opportunities for these stocks to revolutionize retail delivery, food delivery, and other niche transportation revenue.

Uber and Lyft have operated at heavy financial losses for years now and the subdued nature of their IPO's clearly led to investors discounting the near-term price of their stock valuations.

The chart below denotes both companies initially falling in their short trading history.



Lyft fell as much as 32% from its initial public offering price of $72, but has recently been on the rebound. Getting back above that psychologically significant IPO level will be a major milestone to boost investor confidence.

Similarly, Uber will need to demonstrate successive quarters of strengthening financial conditions in order to convince investors the growth story is more substance than mirage.

But, there's a lot more to the sharing economy than just Uber. In fact, there are multiple companies with direct exposure to the growth of the sharing economy that you may be unfamiliar with. So, to help provide a broad overview of the space, we've included some short profiles of some of the lessor known companies in the sharing economy, and included: 1) What they do and 2) How they make money. That way, if a client of prospect (especially a younger client or prospect) asks a question about one of these companies, you're familiar with it. Additionally, each company listed represents a potential current or investable opportunity in the segment.

Etsy Inc. (ETSY)

Etsy is one of the premiere online marketplaces for handmade goods and services. Its business model allows independent sellers to market, sell, and collect payment for items such as shoes, clothing, creative designs, and accessories. The company has seen successive top-line revenue growth for five straight years and achieved nearly $4 billion of total merchandise sales on its platform in 2018. It's one of the smaller companies on our list with a market cap under $10 billion.

Facebook (FB)

Facebook is the 800lb gorilla of the advertising and media world with its monthly average user base of over 2 billion people. Its secret has long been the sharing of pictures, videos, and messages with familiar networks to create a treasure trove of data for advertising purchasers. It's also branching out into online marketplaces, digital currencies, and is one of the most visited websites in the world. Facebook recorded $55 billion in total revenue last year and continues to be an impressive growth story.

GrubHub Inc. (GRUB)

GrubHub operates an online food ordering platform that includes mobile delivery to connect diners with takeout restaurants. They earn money by taking a commission on every food order as well as provide restaurants with an advertising platform. The company surpassed $5 billion in gross food sales from local takeout restaurants in 2018 and serves more than 19 million active diners. The company has expanded its revenue in each of the last five successive years.

IAC Interactive (IAC)

IAC is the majority owner of Match Group, but also operates a number of other key sharing economy websites such as Home Advisor, Angie's List, Investopedia, Vimeo and others. Its diverse business model connects people seeking knowledge, home services, or simply looking for the right partner. 2018 marked one of the strongest years in company history with $4.2 billion of total revenue.

LendingClub (LC)

LendingClub is an online peer-to-peer marketplace that connects investors with borrowers seeking credit. The company offers the ability for investors to extend personal loans, business loans, educational loans, and other credit solutions. LendingClub makes money by charging origination fees for connecting borrowers with investors that is a percentage of the total loan. Furthermore, investors pay a service fee for each payment received by the borrower. The company notched more than $1.2 billion in revenue in 2018.

PayPal (PYPL)

PayPal has seen explosion in the growth of peer-to-peer payment solutions such as its popular Venmo money transfer service. It is also heavily involved in merchant solutions for e-commerce and other payment services. PayPal helps connect buyers and sellers by charging a percentage fee for each transaction. They are one of the most successful and fastest growing payment providers in the world with millions of transactions each month. In 2018, the company posted $15 billion in total revenue and continues to expand its margins.

Spotify (SPOT)

Spotify is a music sharing and streaming distribution service with two main sources of revenue: a free tier supported by advertising and a premium subscription tier that is ad free. Spotify pays royalties to musicians and boasts more than 100 million paid subscribers worldwide. They bridge the gap between consumers who want to listen to the latest music without paying a per-song fee to own each track. The company notched over $6 billion in total revenue in 2018 as it inches ever closer to sustainable profitability.

Tesla, Inc. (TSLA)

While Tesla may not seem like an obvious candidate for the sharing economy, it is on track to make a huge splash in the transportation arena. The company's goal is to ultimately offer full autonomous vehicle support that allows its cars to move freely on their own. This can open up the potential for ride-hailing services when the car is not in use by its owner or even on-demand delivery services. Tesla can even license its technology to other players in this arena such as Uber and Lyft, as they are already deep into the development of this next stage. The company is notoriously unprofitable, but it has continued to defy expectations largely due to the force of nature that is its brash, brilliant and ambitious CEO Elon Musk.

ETF Opportunities

There are two excellent opportunities within the ETF marketplace to access the sharing economy theme. The first being an established candidate with a durable trading history, and the second being a new contender with an interesting twist.

The **Global X Millennials Thematic ETF (MILN)** debuted in 2016 to massive eye rolls throughout the investment community as a gimmicky fund name with little substance in its makeup.

According to the fund company, MILN seeks to invest in companies that have a high likelihood of benefiting from the rising spending power and unique preferences of the U.S. millennial generation (birth years ranging from 1980-2000). These companies come from a broad range of categories, including social media and entertainment, food and dining, clothing and apparel, health and fitness, travel and mobility, education and employment, housing and home goods, and financial services.

MILLENNIAL SPENDING HABITS DIFFER FROM OTHER GENERATIONS

Source: Charles Schwab, Creditcards.com, MarketWatch

I spend money on…	Millennials	Gen X	Boomers
Taxis and Ubers	53%	29%	15%
Coffee that costs more than $4 each	60%	40%	29%
The latest electronic gadget	76%	66%	49%
Clothes that I don't necessarily need	69%	53%	45%
Eating at one of the hot restaurants in town	79%	66%	56%
Going to see live music, sports or another event	73%	65%	55%
Gym memberships	36%	18%	18%
Paying with digital wallets at least once a week	49%	42%	36%

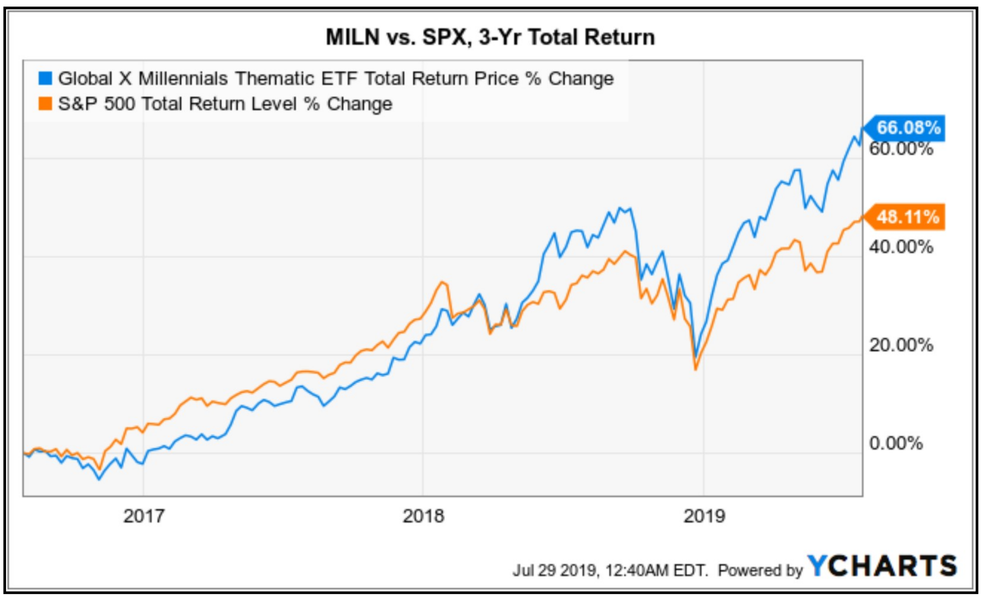
Source: globalxetfs.com

Interestingly, this target investment criteria hits nearly every key industry in the sharing economy. That's the primary reason why almost every stock on our core watch list is represented in the MILN portfolio to varying degrees.

Check out the research here into the spending habits of millennials and you get an instant feeling as to why they are so important to the growth of the sharing economy.

MILN also contains a host of other highly desirable companies in more traditional economic pursuits that creates a well-rounded approach to its makeup. Think Starbucks, Disney, Costco, and Home Depot. The end result is a blended mix of 73 holdings with a similar beta to the S&P 500 Index.

MILN just celebrated its three-year anniversary and has been able to distinctly trounce the market benchmark over its tenure. The chart below denotes a total return of 66.08% for MILN versus 48.11% for SPX.



Much of that gain can be attributed to its unique makeup of technology-related companies that have benefitted from shifting consumer trends.

MILN currently sports a total asset base of $69 million and charges a net expense ratio of 0.50%. It's continued to see positive inflows this year and is building a steady base of trading volume on its strong growth as well. While not a pure play on the sharing economy theme, it represents a solid opportunity for alpha that can replace an existing sector or broad-based growth ETF in your client portfolios.

The second ETF option in this category is one that I would consider more of a "pure play" strategy. The SoFi **Gig Economy ETF (GIGE)** was just released in May of this year.

The fund tracks a global portfolio of stocks comprised of freelancers and shared resources such as transportation and real estate.

Global X Millennials Thematic ETF (MILN)	
Inception Date:	5/4/2016
Assets:	$69.3M
Avg Daily Volume:	80K
Expense Ratio:	0.50%
# of Holdings:	73
YTD Return:	33.01%
3-Yr Return:	66.08%
Mstar Rating:	4 Star

Its top holdings include companies such as Square Inc (SQ), Uber, Upwork (UPWK), and Lyft. There are currently 55 individual stocks in the GIGE portfolio, which are subject to change over time.

In an interesting departure from the traditional ETF formula, GIGE is an actively managed strategy that leaves wide leeway for the managers to select and size holdings at will. The advantage is that they are able to quickly add new IPO's such as Uber and Lyft virtually right when they make their public debuts.

It also gives the portfolio manager the capability to cut bait on underperforming holdings, and it relies more on expertise of fundamental research to enhance security selection criteria.

The downside to any active fund is that they are prone to deviations from typical benchmarks and tend to be more expensive than passively managed alternatives.

GIGE charges a reasonable expense ratio of 0.59%, which is right in line with similar industry-focused ETFs of this nature. Clearly the fund company understands the impact of burdensome fees and is sensitive to how this impacts ETF shareholders.

It's also a positive sign that the top 10 holdings of GIGE are nearly equally weighted, which means the managers are taking a reasonable approach in their portfolio construction techniques. A diversified portfolio is far more likely to track with the industry than trying to ruthlessly overweight individual stocks based on market cap or "conviction" signals.

It's also notable that the United States makes up only 60% of the country exposure within the fund. The remaining 40% is allocated to developed and emerging foreign market exposure that is likely to offer enhanced growth opportunities overseas.

Top 10 Holdings *as of 6/30/19*

Company	Ticker	%
Square	SQ	3.24%
Uber	UBER	3.22%
PayPal	PYPL	3.21%
Lyft	LYFT	3.08%
Upwork	UPWK	3.02%
eBay	EBAY	2.99%
Jumia	JMIA	2.95%
Twitter	TWTR	2.95%
Baidu	BIDU	2.94%
Facebook	FB	2.89%

Unfortunately, there is little price history for this fund and its assets under management are dismally small at this stage.

It may be the type of investment that is worth watching to see if it gains momentum and increasing trading volume throughout the remainder of 2019.

GIGE certainly has the potential to be the type of success that the **ARK Innovation ETF (ARKK)** has achieved over its tenure. However, it will need to put up some impressive statistics to gain notoriety among a crowded field of ETF marketing powerhouses.

Conclusion

It bears repeating that the most important asset and growth driver behind the sharing economy theme is the interface with the consumer.

Many of these companies have thrived by breaking down traditional economic barriers and markets to provide unique services in low-cost subscription or ad-driven revenue models.

It's also likely that this model will continue to develop more traction as consumers move towards greater convenience, enhanced technological capability, and price sensitivity.

Providing your clients with the opportunity and know how to share in the profits and growth should strengthen your value proposition for years to come.

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:** **22.03%**	**SPY:** **26.24%**
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:** **11.50%** **ROBO:** **1.45%** **AMBA:** **8.55%** **QCOM:** **23.20% (closed)**	**SPY:** **24.31%** **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:** **-27.13%** **ALB:** **-44.40%**	**SPY:** **24.31%**
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:** **4.21%** **REGL:** **16.13%** **SMDV:** **8.67%**	**AGG:** **5.97%** **MDY:** **11.51%** **IWM:** **5.78%**
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:** **3.54%** **MNA:** **3.28%**	**AGG:** **5.75%**

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:** **7.47%**	**SPY:** **20.30%**
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:** **1.00%**	**ACWX:** **-0.44%**
"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:** **6.33%** **EMLC:** **-0.77%** **EBND:** **0.08%** **AGEYX:** **5.95%**	**AGG:** **6.24%**
"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:** **-4.67%** **BLCN:** **1.17%**	**SPY:** **11.38%**
"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:** **8.95%** **TOTL:** **7.28%** **FTSL:** **4.82%**	**AGG:** **8.01%**

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: 4.64%	BIL: 2.82%
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: -10.27%	ACWX: -2.81%
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: -6.27%	SPY: 13.72%
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: -9.22% DLS: -11.17%	EFA: --3.04%
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: 15.21%	SPY: 13.34%
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: 14.20%	SPY: 15.74%
"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: -10.59%	EEM: 0.46%

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: -14.51%	IWM: -6.86%
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: -1.25% FINX: 12.90% IPAY: 23.06%	SPY: 8.60%
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: 2.66% USFR: 2.03% SRLN: 3.75% EFR: -1.31%	AGG: 7.20%
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: 9.40% IEME: 9.14% XLC: 6.70% DIS: 32.18%	SPY: 7.06%
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: -19.56% SBIO: -5.43% FXG: -0.88%	SPY: 5.53%

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: -5.25% GNR: -5.09% RLY: -2.01%	DBC: -9.10%
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: 2.31% LDUR: 3.15% MINT: 1.97%	BIL: 1.75%
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: 18.39% DYLS: -12.77% PTLC: 9.69%	SH: -10.96%
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: 8.55% DCP: -9.62% SHLX: 16.69%	SPY: 12.70% AMLP: 7.21%

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: 15.22% DVP: 6.57%	VTV: 15.83%
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: 9.21%/6.09% ITB/VNQ: 27.24%/23.40% DFE: 10.35%	SPY: 21.04%
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: 8.42%	SPY: 16.32%
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: 7.09% VRP: 8.46% PFXF: 10.26%	PFF: 7.37%
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: 9.63% NRG: -18.62% CNP: -4.96%	XLU: 9.63%

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: 3.53% CIBR: 8.48% FTNT: -5.05% CYBR: 31.18%	QQQ: 11.62%
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: -22.25% ACB: -23.24% CGC: -44.94% APHA: -29.68%	SPY: 8.35%
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: 8.97%	SPY: 7.26%
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: 4.74% CCOR: 0.82% JHEQX: 4.02%	SPY: 4.95%

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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: -0.89% ARKG: 4.52% XITK: 2.31%	QQQ: 1.73%
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: 11.35% XBI: 0.81% IHF: 8.54%	XLV: 4.08%
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: 6.59% SPLV: 4.62% EEMV: 4.59% EFAV: 3.23%	SPY: 5.21%
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: 4.56% OHI: 2.28% SCI: 5.79%	SPY: 7.46%

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		
How to Responsibly Allocate to Gold GLD (SPDR Gold Trust) SGOL (Aberdeen Standard Physical Gold ETF) GDX (VanEck Vectors Gold Miners ETF) KL (Kirkland Lake) FNV (Franco Nevada Corp)	*Gold was one of the top performers in our "Rate Cut Playbook" and it recently just hit a six year high.* *So, in this issue, we wanted to focus on how advisors can responsibly allocate to gold, because again If this trend continues, gold 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).*	7/2/19	GLD: 1.12% SGOL: 1.06% GDX: 9.39% KL: 7.42% FNV: 6.31%	
Momentum Factor Investing USMV (IShares Edge USA Momentum Factor ETF) SPMO (Invesco S&P 500 Momentum ETF) FDMO (Fidelity Momentum Factor ETF)	*Factor investing has proven to be an effective strategy for medium and long term investors. One of the strategic factors that consistently rises to the upper half of the performance matrix is "momentum" as a driver of outsized returns.* *Momentum factor ETFs have provided positive excess returns in seven of the last 11 years.*	7/16/19	USMV: 0.36% SPMO: -0.48% FDMO: -0.27%	SPY: 0.16%