SEVENS REPORT *alpha*

October 8, 2019

In Today's Issue

- **Climate Change: An opportunity for stronger client relationships.**
- At the U.N. General Assembly in September the topic of climate change dominated, and regardless of what side of the issue clients favor, the passion on this topic is an opportunity to strengthen client relationships and connect with prospects.
- Advisors today need to know funds and ETFs that can help clients invest for a greener future, as doing so will align client investments with their interests and build more trust between the advisor and client.
- **TAN: Invesco Solar ETF.** A "pure play" solar ETF that also has significant tech sector exposure. TAN has risen more than 40% YTD.
- **FAN: First Trust Global Wind Energy ETF.** This wind power-focused ETF has a lot of large industrial stock exposure and can be thought of a "greener" compliment to industrial sector ETFs.
- **ICLN: iShares Global Clean Energy ETF.** One of the lowest-fee, best-performing diversified green energy ETFs in the market today.
- **PBW: Invesco WilderHill Clean Energy ETF.** An incredibly diversified green energy ETF where the largest position is no more than 4% of the portfolio.

How to Invest in Green Energy

We all know that connecting with clients on a personal level is the key to building long-term relationships that weather the test of time.

This is particularly true for a theme such as environmental preservation and climate change, issues that were on prominent display in the mainstream media throughout September.

The new poster child for this movement is Greta Thunberg, a 16-year-old Swedish environmentalist that captured the world's attention with her passionate speech at the United Nations Climate Change Conference.

Her impassioned plea for significant action to curb climate change struck a chord with many people, and regardless of personal opinions on climate change, the bottom line is that that this issue will continue to become further and further entrenched in our general society and the capital markets.

Case in point, Jeff Bezos of Amazon.com recently unveiled his plans for a cleaner and sustainable approach to business practices over the next five years. That's no small feat for the world's largest online retailer, which also controls monstrous physical infrastructure to support its operations. There is no doubt that other prominent CEOs and global corporations will also follow suit to do their part on behalf of employees and shareholders.

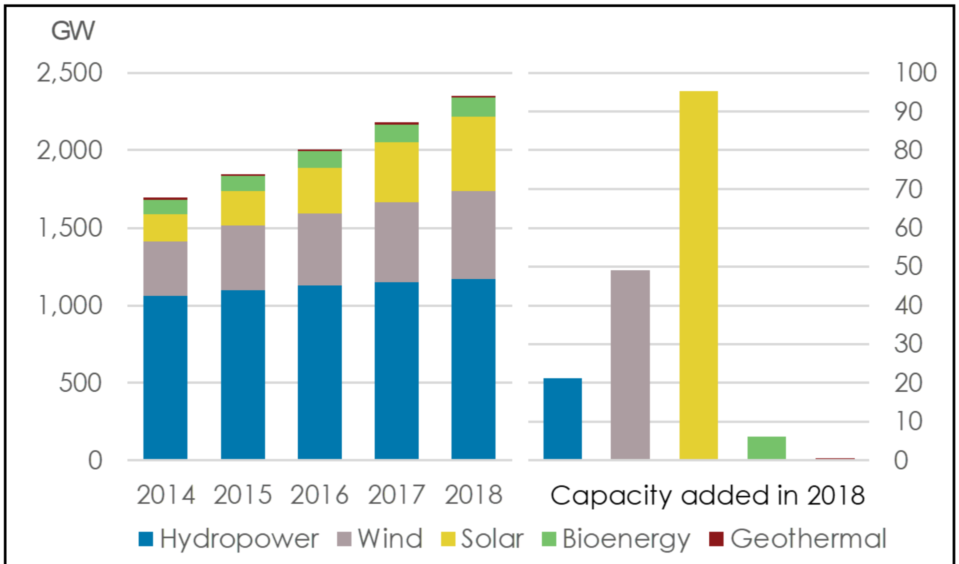
The scientific community is in near-unanimous agreement that global conditions are changing, while society in general remains at odds over the causes. We could inundate you with statistics about sea-level changes, atmospheric carbon dioxide readings, shrinking ice sheets, and extreme weather events. None of which will meaningfully assist you in making directional changes to your client portfolios.

More broadly, the issue of climate change represents an opportunity to bond further with clients regardless of where they fall on the issue—

because it is an issue defined by a lot of passion on both sides.

Put more directly, from an advisor standpoint, it's important to know how your clients think on this issue.

If some portion of your clientele are disposed to invest for a cleaner/greener future, you need to know how best to help them achieve alpha via proper allocations to the space.



Source: IRENA – Renewable Capacity Highlights – March 2019

If clients know that you have tools to help them responsibly invest for a greener future, they are going to be more likely to trust your decisions in other areas.

Picking up on clues such as the type of car they drive, the vacations they take, or any environmentally friendly home renovations they've made will give you an idea if this is a meaningful pillar of their beliefs. That creates a natural segue to introducing sustainable energy investing and how it can fit in their portfolio.

Ultimately, knowing your clients' values and being able to help them invest successfully in sectors that reflect those values will help both you and your clients enjoy a successful relationship.

And of course, profits and social responsibility don't have to be mutually exclusive. In fact, we have already introduced the ability for you to access environmental, social and corporate governance indexes (ESG) just six months ago.

At that time, the **Vanguard ESG US Stock ETF (ESGV)** and **First Trust NASDAQ Clean Edge Green Energy Index Fund (QCLN)** were two of our top ideas for clean energy investing. Since then, both have demonstrated healthy chart patterns. **Additionally, ESGV has outperformed the S&P 500 since our recommendation, rising 6.08% compared to 4.64% for the SPY.**

What's more encouraging is that the market for renewable energy sources continues to expand at an exponential rate.

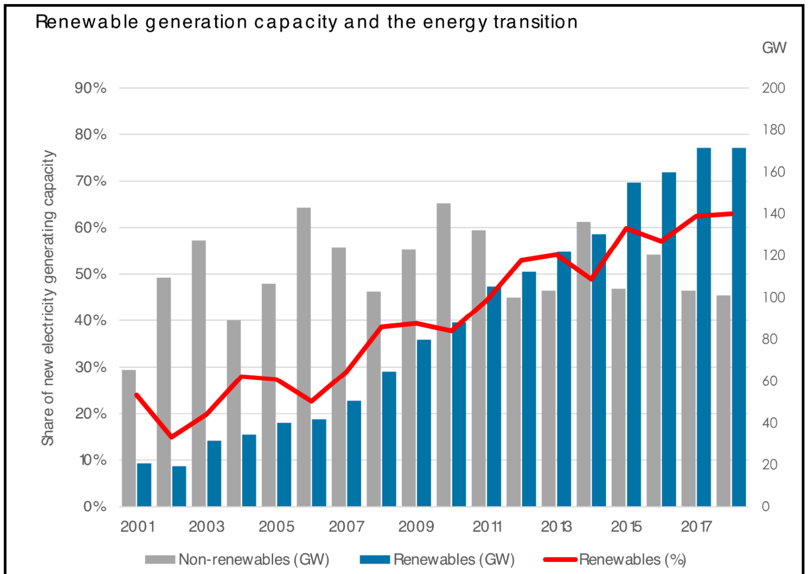
This growth is being driven by societal and corporate responsibility, in conjunction with the compression in costs for solar, wind, and waterpower infrastructure.

The International Renewable Energy Agency (IRENA) recently divulged its global statistics on renewal energy trends that show a marked increase in capacity utilization over the last five years.

The IRENA statistics indicate that solar demonstrated the largest percentage increase among the variant options with total renewable capacity expansion at +7.9% on a global scale in 2018.

This translated to 171 gigawatts in renewable energy capacity added last year. What's interesting is that 61% of that expansion occurred in Asia, which is seen as a big opportunity for cleaner energy sources to replace traditional non-renewable power generation.

What's also encouraging is how the globe is slowly transitioning its share of new electricity generating capacity. According to the IRENA research, "The share of renewables in the growth of electricity generation capacity has increased from about 25% in 2001, passing 50% in 2012 to reach 63% in 2018. The share of renewables in total generation capacity has also increased from 22% to 33% over the same period."

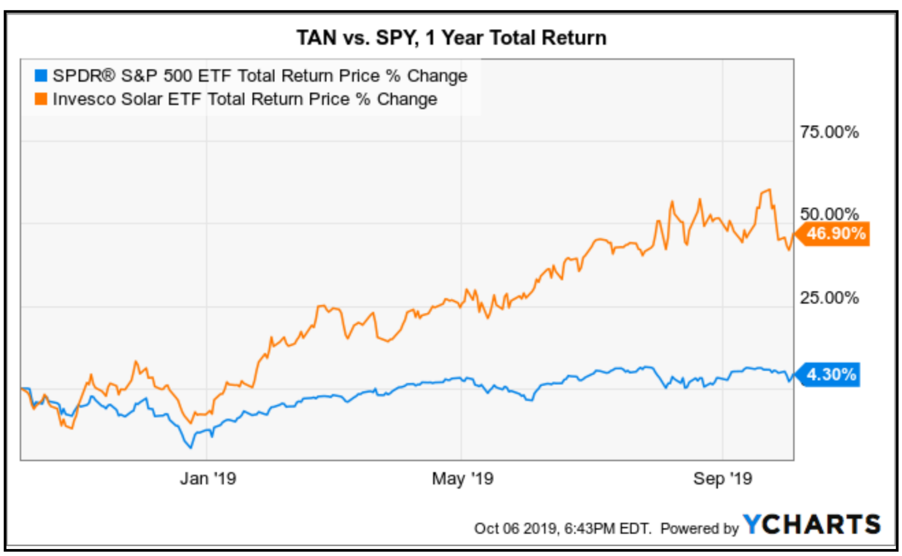


Source: IRENA – Renewable Capacity Highlights – March 2019

What's clear from this data is that the trend of clean energy demand is firmly in place, but still has a long way to go in order to meet global needs. As such, this represents an excellent opportunity for your clients to invest with a socially and environmentally friendly mindset along with the tailwind of sustainable alpha.

Green Energy: Solar

The largest and most heavily traded fund in the solar energy space is the **Invesco Solar ETF (TAN)**.



This ETF has over $450 million dedicated to a concentrated group of 22 global companies engaged in the manufacturing, installation, and maintenance of solar infrastructure. This includes well-known names such as First Solar Inc (FSLR), Sunrun Inc (RUN), and SolarEdge Technologies Inc (SEDG).

What makes TAN unique for an ETF is that it isn't highly diversified in its overall makeup, but its index is spread globally to include most of the top players in the industry. The top 10 stocks account for approximately 60% of the total portfolio allocation based on their larger market capitalization.

Furthermore, the country allocation is interesting in that the United States is a minority player with just 46% of the underlying stock exposure. China makes up 26% of the fund with Germany, Spain, Norway and Canada rounding out the top six.

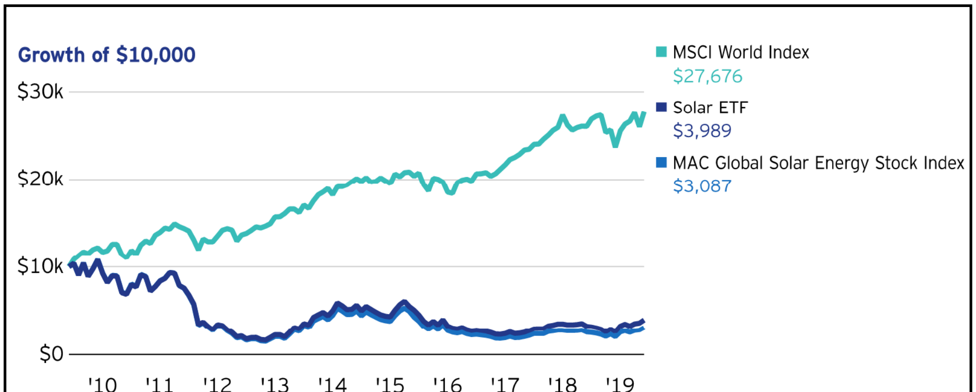
The performance story for TAN is one that is steadily gaining attention. This ETF has appreciated nearly 47% over the last year versus just 4.30% for the SPDR S&P 500 ETF (SPY). The combination of a strong outlook in the solar energy sector alongside the momentum of the 2019 global stock rally has been a tailwind for this fund.

TAN has been able to achieve this feat with the restrictive backdrop of a strong U.S. dollar over that time frame. Our global reflation thesis hinges strongly on the reversal of the dollar versus rival foreign currencies, which would likely help boost the 55% international exposure in this ETF to fresh highs.

Invesco Solar ETF (TAN)	
Inception Date:	4/15/2008
Assets:	$438.4M
Avg Daily Volume:	186K
Expense Ratio:	0.70%
# of Holdings:	22
YTD Return:	59.57%
3-Yr Return:	52.77%
Mstar Rating:	N/A

Another dynamic that is worth noting in the solar energy group is how these stocks have performed on a wider time frame. This industry has been severely discounted in large part due to the inability to generate profits compared to the likes of the broader energy or technology sectors. It's expected that the next generation of manufacturing efficiencies, solar technology, and global demand will enhance the appeal of these stocks versus legacy energy conglomerates.

First Solar in particular is one of the top two largest holdings in TAN and continues to demonstrate strong fundamental and technical results.



Data beginning 10 years prior to the ending date of June 30, 2019. Fund performance shown at NAV.

Source: Invesco TAN fact sheet – June 2019

"First Solar is our favorite name in the solar space and a top idea overall," Baird analyst Ben Kallo wrote in a recent note to clients. "We like First Solar due to its strong pipeline, continued cost and efficiency improvements, and strong balance sheet which will fund the ramp of Series 6 and provide growth optionality moving forward," he wrote.

Series 6 is a new line of solar panels with improved performance and reputed higher reliability than older First Solar modules. (source)

Invesco lists the management fee of administering TAN at 0.50% with additional fees of 0.20% that are likely tied to the outsized foreign exposure that is difficult to access.

The all-in expense ratio of this fund is a healthy 0.70%. While high for the ETF industry, it still represents a feasible option for accessing the solar sector without having to pick individual stocks and continually rebalance single holdings.

A fund such as TAN can be used to satiate the needs of clients that want to access the renewable energy industry through one of its fastest growing tranches.

In our opinion, it straddles the line between an energy and technology play which makes for a unique and unconventional portfolio dynamic. TAN is likely going to be uncorrelated to the broader market, which may be a highly desirable opportunity to generate additional alpha moving forward.

Green Energy: Wind Power

Solar power companies typically get all the headlines because they represent both commercial and residential applications. What is often lost on the renewable energy spectrum are companies engaged in the wind power industry and the investment opportunities therein.

The **First Trust Global Wind Energy ETF (FAN)** is an index-driven fund that should be on the radar of every green energy warrior.

FAN has $75 million in assets dedicated to a group of 44 global companies engaged in the proliferation of goods and services that generate renewable wind power.

FAN has generally tracked the ups and downs of XLI, but it's outperformed over the past year.

The underlying stocks are chosen according to a formula that allocates two-thirds to stocks exclusively engaged in the wind power industry (pure plays) and one-third to stocks that are multi-industry counterparts. The underlying holdings are market capitalization weighted and must meet minimum investment requirements to be selected.

The end result is a globally diverse portfolio that is constructed unlike any other ETF currently trading today. Think large industrial stocks such as Siemens, General Electric, Mitsubishi Heavy Industries, and more.

First Trust Global Wind Energy ETF (FAN)	
Inception Date:	6/16/2008
Assets:	$76.6M
Avg Daily Volume:	25.2K
Expense Ratio:	0.60%
# of Holdings:	45
YTD Return:	16.93%
3-Yr Return:	11.14%
Mstar Rating:	N/A

The country exposure is just 18% United States with Denmark, Canada, Spain and Germany rounding out the top five. What is obvious is that the majority of the exposure in FAN is designated to highly developed manufacturing companies and regions.

FAN also has been on a strong momentum-driven run over the last twelve months and continues to signal opportunities for higher prices. This is another ETF that would benefit significantly from a reversal in the U.S. dollar to boost the outsized exposure to foreign stocks.

A fund such as FAN would be appropriate as a compliment or replacement for an industrial sector ETF such as the **Industrial Select Sector SPDR Fund (XLI)** if your clients want a more globally focused opportunity with significant green energy applications. The fund charges an expense ratio of 0.60%, which is in line with many industry-specific ETFs of this nature.

Green Energy: Diversified

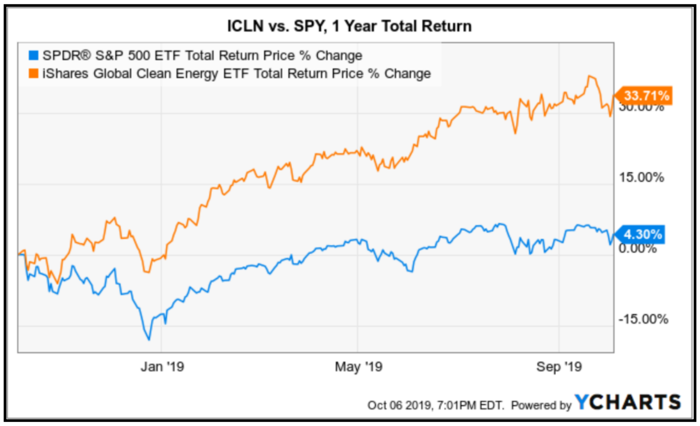
Sometimes trying to decide between a single industry such as solar or wind can be a hit-or-miss proposition, and you just want to own the whole green energy "idea" in a diversified wrapper.

Our previous recommendation of QCLN back in March still holds up as an excellent vehicle to own stocks that are focused on emerging energy technologies across a variety of applications.

This is going to include conventional areas such as solar and wind in addition to battery storage, biofuels, and other unique processes.

Additionally, there are two other ETFs we are going to introduce in this issue that will serve as either robust benchmarks or direct investment ideas for your client portfolios. The first is a BlackRock index fund with one of the lowest expense ratios in the group at just 0.46%.

The **iShares Global Clean Energy ETF (ICLN)** is a $350 million portfolio of 30 large-cap renewable energy stocks that include wind, solar, and utility industries.



The fund's three largest holdings are SolarEdge Technologies (SEDG), Ormat Technologies (ORA), and Meridian Energy (MEL).

Like TAN, ICLN has benefitted from a large exposure to solar stocks and has seen its share price shine over the last year. The fund has gained nearly 34% and is still in a well-defined uptrend despite the recent pullback.

This ETF is attractive because of its low cost, deep liquidity, and the enduring reputation of its issuer as one of the biggest names in the business.

If you love constructing your portfolio of inexpensive iShares and Vanguard ETFs, this clean energy opportunity would fit right in the mix and be an attractive theme for clients to get behind in this environment.

iShares Global Clean Energy ETF (ICLN)	
Inception Date:	6/24/2008
Assets:	$365.5M
Avg Daily Volume:	360K
Expense Ratio:	0.46%
# of Holdings:	30
YTD Return:	34.79%
3-Yr Return:	29.10%
Mstar Rating:	N/A

Lastly, **the Invesco WilderHill Clean Energy ETF (PBW)** is one of the oldest and most well-established funds in the clean energy space having debuted back in 2005.

PBW has $200 million dedicated to a mixed portfolio of 37 renewable and green energy companies that span multiple sectors. Everything from technology to industrials, utilities, and materials stocks are represented in the PBW portfolio.

Furthermore, no single stock makes up more than 4% of the underlying basket. This gives it a more even distribution of capital that promotes smaller stocks and reduces the impact of larger corporations.

The top 10 holdings represent approximately one-third of the total portfolio, with the majority of the exposure skewed towards small market capitalizations.

The differing makeup of this ETF promotes varying performance attributes as well. PBW is up 21.94% on a one-year basis compared to 33.71% for ICLN. Nevertheless, a three-year comparison shows that the tables have turned to the tune of 54.10% for PBW and 29.10% for ICLN.

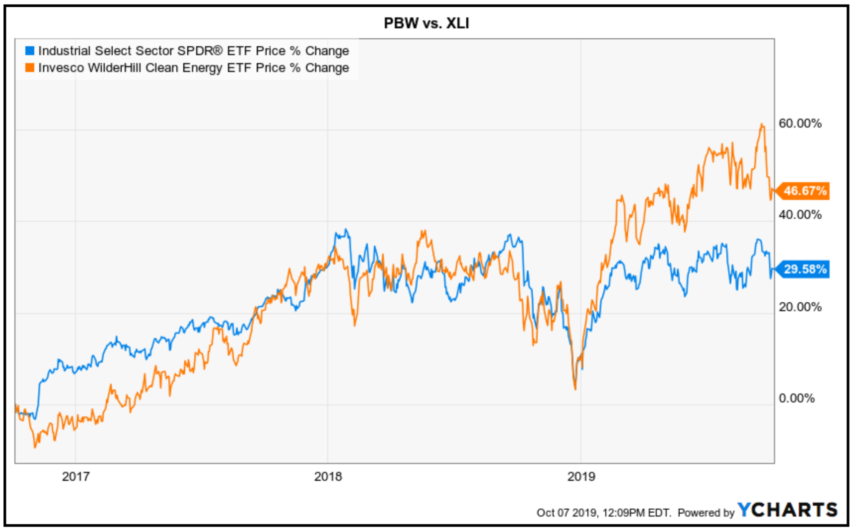
It's structurally feasible that a portfolio that requires significant exposure to the clean energy theme could utilize both ICLN and PBW in tandem as there is little overlap between the two.

This would enhance diversification across industries, market cap segments, and global regional exposure.

Conclusion

The clean energy revolution is one that has long legs in terms of its viability, and demand is only going to increase as the cost of goods and services fall.

This makes for a compelling fundamental case to invest in this sector along with satisfying your more climate-changed-concerned clients.



PBW acts a lot more like a growth-oriented industrial fund because multinational industrials are some of the green energy leaders.

It's likely that you will be having more conversations in the future about replacing legacy energy, industrial, or technology sector exposure with next-generation themes.

iShares Global Clean Energy ETF (PBW)	
Inception Date:	3/3/2005
Assets:	$177.1M
Avg Daily Volume:	39K
Expense Ratio:	0.70%
# of Holdings:	38
YTD Return:	35.61%
3-Yr Return:	54.10%
Mstar Rating:	N/A

The funds in this issue are exactly where you want to be headed as those discussions take place.

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: 18.20%	SPY: 23.19%
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: 10.53% ROBO: -1.81% AMBA: 7.73% QCOM: 23.20% (closed)	SPY: 21.35% SPY: 19.93% (through QCOM close date)
Electric Car Battery Plays LIT (Global X Lithium & Battery Tech ETF) ALB (Albemarle)	*The trend towards the widespread adoption of electric cars is accelerating, with U.S. auto companies planning massive roll outs and several countries putting end dates on the internal combustion engine.* *From an investment angle, the key here is better technology, specifically lithium. LIT is a lithium ETF. ALB is one of the leading lithium plays in the market.* ***What to do now: Long-term investors can buy now. But, as we said in the issue, LIT and ALB ran up big following China's electric car decision. Both have sold off since. The growth opportunity is years, if not decades, ahead.***	Issue 3: 9/21/17	LIT: -32.87% ALB: -50.23%	SPY: 21.35%
Dividend Growth DIVY (Reality Shares DIVS ETF) REGL (ProShares S&P MidCap 400 Dividend Aristocrats ETF) SMDV (ProShares Russell 2000 Dividend Growers ETF)	*Historically, dividends are responsible for half of the market's total return. They are an essential component of long-term outperformance. While most investors choose high-yielding dividend stocks, our research shows dividend growth stocks can generate better long-term returns.* *DIVY is the only ETF that isolates pure dividend growth. This ETF is a fixed income alternative that should provide steady single-digit returns with low volatility and true diversification. REGL and SMDV are ETFs that provide exposure to the "Dividend Aristocrats" of tomorrow.* ***What to do now: Buy.***	Issue 4: 10/4/17	DIVY: 2.41% REGL: 11.95% SMDV: 6.68%	AGG: 9.33% MDY: 7.35% IWM: 0.88%
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: 3.73%	AGG: 9.11%

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:** **2.43%**	**SPY:** **17.38%**
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:** **-3.38%**	**ACWX:** **-6.08%**
"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:** **6.70%** **EMLC:** **-.64%** **EBND:** **-1.14.%** **AGEYX:** **4.95%**	**AGG:** **9.62%**
"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:** **-10.78%** **BLCN:** **-3.08%**	**SPY:** **8.67%**
"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:** **11.22%** **TOTL:** **9.39%** **FTSL:** **5.22%**	**AGG:** **11.44%**

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: 5.73%	BIL: 3.21%
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: -14.23%	ACWX: -5.68%
Anti-Trade War **QABA (First Trust Nasdaq ABA Community Bank Index Fund)**	*QABA is a play to protect against trade war ramifications (97% of its sales are U.S.-sourced). Additionally, it should also be a beneficiary of U.S. tax reform, in that, smaller U.S. companies should capture most of the 35% to 21% corporate tax cut. We also featured three more ETFs (AMCA, AIRR, KRE) and two exclusive stock screens—run through Cap IQ—for advisors to share with clients who have trade war concerns.* ***What to do now: Buy.***	Issue 18: 4/17/18	QABA: -9.42%	SPY: 10.97%
Foreign Small Caps **VSS (Vanguard FTSE All-World ex-US Small -Cap ETF)** **DLS (WisdomTree International Small-Cap Dividend Fund)**	*Most advisors don't allocate to international small caps. But, we think they should reconsider. This hidden asset class holds several advantages over its U.S. equivalents: cheaper valuations, less volatility, lower correlations, higher dividend yields, and past outperformance. We highlight multiple individual ETFs, ETF combinations, and actively-managed mutual funds that do the trick.* ***What to do now: Buy.***	Issue 19: 5/1/18	VSS: -11.72% DLS: -12.99%	EFA: -4.25%
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: -1.44%	SPY: 10.60%
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: 11.45%	SPY: 11.28%
"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: -15.07%	EEM: -3.85%

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: -19.24%	IWM: -11.08%
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: -10.08% FINX: 3.79% IPAY: 14.04%	SPY: 6.00%
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: 3.27% USFR: 2.32% SRLN: 3.89% EFR: -1.59%	AGG: 10.61%
Content Is King PBS (Invesco Dynamic Media ETF) IEME (Ishares Evolved U.S. Media & Entertainment ETF) XLC (Communications services SPDR) DIS (Disney)	*How generational changes in the cable TV industry are presenting massive long-term growth potential (think NFLX's 4000% return since 2012).* *Industry Primer: How the cable industry is changing from a service-based business, to a content-based business.*	8/20/18	PBS: 1.85% IEME: 1.82% XLC: 2.75% DIS: 17.93%	SPY: 4.49%
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: -21.96% SBIO: —15.07% FXG: 1.60%	SPY: 2.99%

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: -13.17% GNR: -11.42% RLY: -3.27%	DBC: -12.49%
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: 2.86% LDUR: 3.99% MINT: 2.08%	BIL: 2.14%
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: 18.93% DYLS: -15.71% PTLC: 6.99%	SH: —8.65%
Special Dividends List of 19 stocks	*Screened 17,070 stocks to arrive at 19 stocks that have consistently paid large special dividends. Investors can't see the true yields on these stocks because they're missing from financial websites. Our elite list has yields ranging from 50% to 600% higher than the S&P 500's yield.* *What to do now: Buy (multiple ways to implement in issue).*	11/6/18		
Momentum & Value 4th Quarter Edition WTMF (Wisdom Tree Managed Futures ETF) MLPA (Global X MLP ETF) DCP (DCP Midstream LP) SHLX (Shell Midstream Partners LP)	*In our Q4 installment of our Momentum and Value series we focused on strategies for the volatile and difficult market.* *Our momentum strategies were focused on non-correlated ETFs to provide diversification.* *Our value strategy focused on the MLP space, which had compelling yields in an environment where the oil price should stabilize.*	12/4/18	WTMF: -0.89% MLPA: 2.50% DCP: -21.57% SHLX: 15.60%	SPY: 9.95% AMLP: -0.42%

Sevens Report Alpha Fund & Stock Ideas

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Growth into Value Rotation RPV (Invesco S&P 500 Pure Value ETF) DVP (Deep Value ETF)	*Recognizing the switch in outperformance from value to growth in 2014 was one of the easiest ways to help clients outperform.* *Now, there are signs markets might be switching back, to an era where value outperforms growth. The ETFs included in this report serve as a "one stop shop" to add quality value exposure to client portfolios.*	12/18/18	RPV: 10.85% DVP: -3.22%	VTV: 12.90%
Contrarian Ideas to Start 2019 IEMG/EEMV (Emerging Market ETFs) ITB/VNQ (Homebuilders/Real Estate ETFs) DFE (WisdomTree Europe SmallCap Dividend Fund)	*The start of a new year means new money needs to be put to work, so we wanted to provide some unique and interesting contrarian ideas that can outperform in 2019.*	1/2/19	IEMG/EEMV: 4.23%/2.87% ITB/VNQ: 43.15%/30.99% DFE: 6.36%	SPY: 18.09%
Identifying High Quality Stocks COWZ (Pacer U.S. Cash Cows 100 ETF)	*Free Cash Flow Yield (FCFY) and Return On Equity (ROE) are two factors that produce long term outperformance.* *We complied a list of nearly two dozen large cap stocks that have a FCFY over 8%, along with another list of the top 10% companies with highest Return on Equity. We think the stocks on these lists present opportunities to buy quality names on market dips.* *We also identified an ETF that screens based on FCFY, and it provides outperformance with lower drawdowns.*	1/15/19	COWZ: 3.34%	SPY: 13.48%
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: 8.28% VRP: 9.95% PFXF: 11.84%	PFF: 8.19%
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: 17.77% NRG: -8.08% CNP: -3.74%	XLU: 18.40%

Sevens Report Alpha Fund & Stock Ideas

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Cybersecurity: Threats & Opportunities HACK (ETFMG Primce Cyber Security ETF) CIBR (First Trust NASDAQ Cybersecurity ETF) FTNT (Fortinet) CYBR (CyberArk)	*Cyber security and privacy on-line are two clearly defined growth areas of tech, as tech adoption progresses towards consumer demanding security and convenience.*	2/26/2019	HACK: -5.04% CIBR: 0.54% FTNT: -10.54% CYBR: -1.06%	QQQ: 8.39%
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: -43.07% ACB: -48.37% CGC: -45.05% APHA: -53.06%	SPY: 5.71%
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: 6.08%	SPY: 4.64%
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: 1.46% CCOR: 1.52% JHEQX: 2.89%	SPY: 2.38%

Sevens Report Alpha Fund & Stock Ideas

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ARK Invest Family of ETFs ARKW (ARK Next Generation Internet ETF) ARKG (ARK Genomic Revolution ETF) XITK (SPDR Fact Set Innovative Tech ETF)	*We are re-introducing the ARK Family of ETFs. Alpha recommendation ARKK is up 26% YTD and it's outperformed the S&P 500 since our recommendation.* *ARK ETFs offer "one-stop shopping" exposure to the disruptive technologies of tomorrow—technologies that can not only produce outsized long-term returns, but that also are compelling stories for clients and prospects.*	4/23/19	ARKW: -10.19% ARKG: -12.18% XITK: -6.01%	QQQ: -1.25%
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: 9.16% XBI: -9.60% IHF: -2.30%	XLV: 1.41%
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: 7.08% SPLV: 7.69% EEMV: 1.41% EFAV: 3.82%	SPY: 2.70%
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: 15.48% OHI: 21.18% SCI: 3.24%	SPY: 4.90%

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:** **6.23%** **SGOL:** **5.58%** **GDX:** **9.55%** **KL:** **7.88%** **FNV:** **10.16%**	
Momentum Factor Investing **MTUM (IShares Edge MSCI 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**	**MTUM** **-2.76%** **SPMO:** **-3.11%** **FDMO:** **-3.11%**	**SPY:** **-4.16%**

Sevens Report Alpha Fund & Stock Ideas

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Profit from the Sharing Economy **MILN (The Global X Funds/Millennials Thematic ETF)** **GIGE (The SoFi Gig Economy ETF)**	*Inspiration for the issue came from this comment, which I believe is a profound statement on the next evolution of the economy.* *"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." Tim Goodwin The Batter Is For The Consumer Interface.* *Each of those companies are part of the new "sharing economy."* *In addition to profiling two ETFs, we also created our own "Watch List" of sharing economy companies that describes 1) What they do and 2) How they make money, so you have a clear view of the entire "Sharing Economy" universe.*	**7/30/19**	**MILN:** **-4.93%** **GIGE:** **-9.09%**	**SPY:** **-3.08%**
The Case for REITS **VNQ (Vanguard Real Estate ETF)** **VNQI (Vanguard Global ex-U.S. Real Estate ETF)** **REZ (iShares Residential Real Estate ETF)** **REM (Ishares Mortgage Real Estate ETF)**	*Over the past month, only one sector SPDR had a positive return,* ***and it was Real Estate (XLRE) as it rose 1.75%.*** *And, that underscores what has been a great year for the sector, as XLRE has gained more than 22% YTD and only trails tech (XLK) on a YTD performance basis.* *This strong performance shouldn't come as a surprise.* *The current environment is very positive for REITs, given we're likely looking at 1) More Fed rate cuts and 2) A potentially slowing economy.* *More directly, with greater than 3% yields, positive correlation to rising inflation, and a very solid historical track record through growth slowdowns (with one glaring exception), REITs remain an attractive destination for capital in the current environment.*	**8/16/19**	**VNQ:** **2.25%** **VNQI:** **3.01%** **REZ:** **3.10%** **REM:** **0.17%**	**SPY:** **0.90%**
Seizing Opportunity in the Defense Industry **ITA (IShares U.S. Aerospace & Defense ETF)** **PPA (Invesco Aerospace & Defense ETF)** **UFO (The Procure Space ETF)**	*The defense sector has been one of the best performing market sectors for over a decade. Consider* ***Over the past 10 years the defense stock sector has posted an 18.57% annualized return and a 446% cumulative return*** *That compares to a 12.96% annualized return for the S&P 500 and a cumulative return of 238%.* *That's significant outperformance that should impress any client.* *But, right now, we think there's even more opportunity in this sector due to the presence of a potentially major growth catalyst—the space industry.*	**8/27/19**	**ITA:** **1.90%** **PPA:** **0.47%** **UFO:** **4.44%**	**SPY:** **1.60%**

Sevens Report Alpha Fund & Stock Ideas

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Japanization Playbook **PTCIX (PIMCO Long Term Credit Bond Fund)** **VYM (Vanguard High Dividend Yield ETF)** **PDI (PIMCO Dynamic Income Fund)**	Given the slowing of the global economy, we are now at a fork in the road, where global economic stimulus will either work, like it did in 2016 and spur a big rally, or it will not, like what happened in Japan in the 1990s. We spent an entire *Alpha* issue detailing a what will outperform and underperform in that scenario, so that if it happens, we know what to do.	**9/10/19**	**PTCIX:** **2.31%** **VYM:** **-1.27%** **PDI:** **2.37%**	**SPY:** **-1.81%**
Reflation Playbook **Reflation Strategy 1: A better tech ETF.** **Reflation Strategy 2: Momentum Factor.** **Reflation Strategy 3: The Consumer.** **Reflation Strategy 4: Emerging Markets.** **Reflation Strategy 5: Floating Rate Funds.**	This issue is the final piece of our four-part series on the longer-term outcome for this market: **Japanization or Reflation?** Reflation issue goes **deeper into the sectors and assets that will** outperform if we get another successfully engineered economic reflation – driven in part by a weaker dollar – like we did in 2016-2018.	**9/24/19**	**Various ETFs listed in the Issue**	