SEVENS REPORT *alpha*

December 3, 2019

In Today's Issue

- **Closed-End Funds: A Creative and Underutilized Way to Generate Yield and Outperform.**
- The stock market is strong, but yields remain near historic lows, so advisors and investors need to generate compelling yield without taking on too much risk—Closed-End Funds can help achieve that goal.
- **What they are/why they're different:** We explain what closed-end funds (CEFs) are and reveal what makes them a compelling complement/alternative to ETFs in client portfolios.
- Our six favorite CEFs across three segments: **Equity CEFs, Bond CEFs, and Alternative CEFs.**
- **ETG & HTD:** Two equity CEFs that sports yields of 7% and 6% and have returned 37% and 41%, respectively.
- **PDI and NZF:** Two bond CEFs that have yields of 8% each, and YTD returns of 23% and 26%, respectively.
- **FFC & RQI:** Two alternative CEFs that have exposure to preferred stocks (FFC) and real estate (RQI). Yields for both are over 6% and YTD returns are 38% and 51%, respectively.
- **Create a Shopping List.** Almost everything in the market is expensive right now, but because CEFs can drift from their NAVs during market pullbacks, we think these six names are absolutely something to buy on a broader market dip.
- **How to Handle Objections:** We address the most common client objections about CEFs (including the high fees).

Achieving Alpha with Closed-End Funds

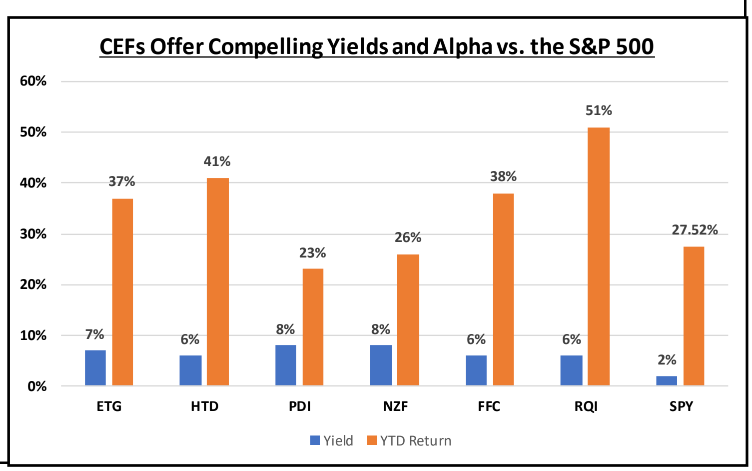
The stock market has been incredibly strong in 2019, but as nice as those gains have been, they don't provide a stable, long-term solution for a problem plaguing many of today's advisors: How to generate a healthy yield without taking on too much risk.

More to the point, as yields stay persistently low, income-oriented portfolios have had a difficult time achieving historical yield and performance objectives. And, it's likely that everyone from retirees to pension fund managers are starting to get nervous about how to generate the a 4-5% yield on their investments when Treasury rates are hovering near multi-decade lows.

The obvious strategic outcome here is to sacrifice yield for safety and accept a lower stream of income in favor of higher-quality investment products such as Treasuries, mortgage-backed securities (MBS), or investment-grade corporate bonds. The other alternative is to seek out fresh methods of bolstering total portfolio yield by deploying cash or swapping meager earners for income enhancement.

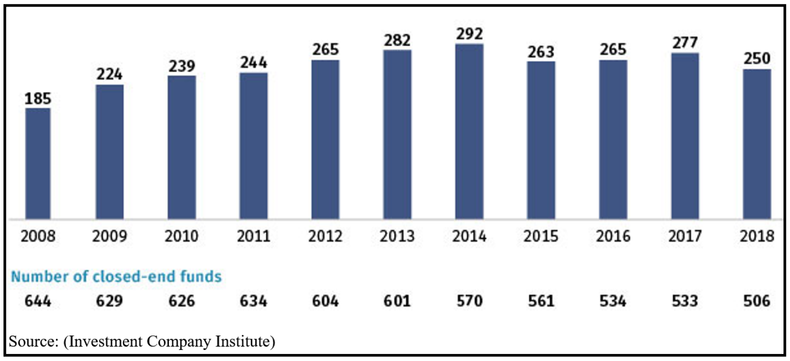
One of the more structured and favorable ways that advisors can accomplish this latter task is through the use of closed-end funds (or CEFs).

We have danced around these products in the past as being on the periphery of traditional open-ended mutual funds or ETFs. By comparison, there are thousands of ETFs in the market with over $4 trillion in assets under management. The CEF world is



closer to $260 billion in assets with just over 500 funds currently trading today.

According to direct and indirect data sources, the primary users of CEFs are institutional portfolios and advisors like you.



Source: (Investment Company Institute)

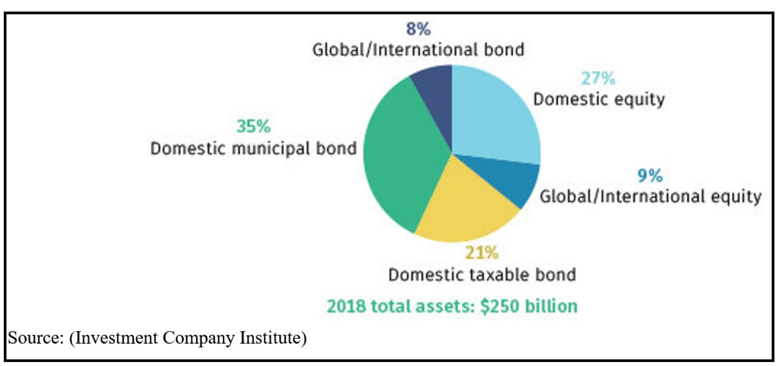
Retail investors use them less frequently because they are not as transparent and carry higher fees than their ETF counterparts. Nevertheless, CEFs offer many distinct and attractive attributes in their structure that ETFs simply can't match.

The following are the primary bullet points of how CEFs differ from ETFs:

- CEFs are created through an initial public offering with a fixed number of shares and pool of assets that does not fluctuate regularly.

- Because of the fixed pool of assets, the market price can trade at a premium or discount to the net asset value of the fund.

- The fund manager of a CEF also relishes in the fixed pool of shares by not having to sell distressed holdings or put new investor cash to work at inopportune times.



Source: (Investment Company Institute)

- Most CEFs use leverage to enhance their portfolio exposure and thus generate a healthy income stream for their investors.

- Almost all CEFs are actively managed vehicles as opposed to a passive index ETF. This allows for greater flexibility by the fund management team to hone in on the research, security selection, and strategic positioning to achieve successful results.

- Often, fund managers employ leverage, derivatives and other sophisticated investment strategies alongside a traditional equity or bond portfolio to enhance yield, lower risk or capitalize on specific themes.

In terms of capital distribution, the CEF marketplace is primarily oriented towards fixed income with 64% of the total invested assets. The remaining 36% is directed to domestic and international equity exposure with an emphasis on high yield strategies. CEFs are known to generate yields in the 6-10% range with most paying income on a monthly basis.

Perhaps you've used closed-end funds in the past and are comfortable with their traits. If you haven't yet, this asset class may seem like an investment vehicle that will take some convincing to supplant your current portfolio choices.

This issue will dive deep into the benefits of closed-end funds, our favorite vehicles in this space, and how to implement them as part of your total income portfolio strategy.

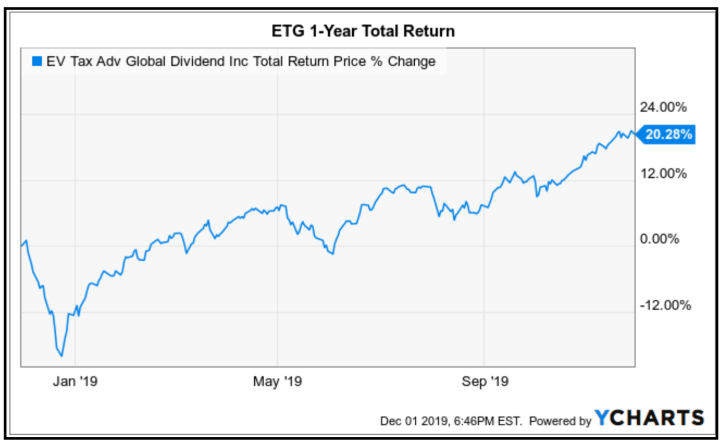
We'll also arm you with ways to handle the most common objections you and/or your clients may have about investing with CEFs.

CEF Tools and Research Sources

Utilizing our research is a great starting point in the world of CEFs, but it's just the tip of the iceberg when it comes to understanding these funds. Several great websites that offer free data, charts,

Symbol	Name	YTD Return	Yield	5 Year Return	AUM	MStar Rating
ETG	**Eaton Vance Tax-Advantaged Global Div. Income**	**37.12%**	**7.08%**	**8.11%**	**$1.73B**	**3 Star**
HTD	**John Hancock Tax-Advantaged Div.**	**39.73%**	**6.13%**	**12.48%**	**$924M**	**4 Star**
PDI	**PIMCO Dynamic Income Fund**	**23.55%**	**8.00%**	**14.15%**	**$1.54B**	**5 Star**
NZF	**Nuveen Municipal Credit Income**	**25.26%**	**7.69%**	**9.42%**	**$2.36B**	**5 Star**
FFC	**Flaherty & Crumrine Preferred and Income Securities**	**37.00%**	**6.22%**	**8.94%**	**$905.3M**	**5 Star**
RQI	**Cohen & Steers Quality Income**	**48.00%**	**6.60%**	**12.88%**	**$1.62B**	**5 Star**

screeners, and even portfolio-building tools are the following:



[CEF Connect](): Created by the research team at Nuveen, CEF Connect offers a one-stop-shop for screening, sorting, charting and access to these vehicles without any cost whatsoever. It is analogous to the excellent tools that ETF.com offers. You can plug in any ticker and get an instant snapshot of a specific fund or start from scratch by narrowing down asset classes, leverage ratios, or investment strategies to name just a few qualities.

One pictorial that is invaluable on this website is the daily charting of market price and net asset value. It shows an instant snapshot of whether the fund is currently trading at a premium or a discount relative to its historical norms.

CEF Connect also is a great resource if you can't initially distinguish a three-digit ticker symbol between an ETF or CEF. Just put the ticker into the search tool in the upper right corner and you will know right away if it's truly a CEF that you are looking at.

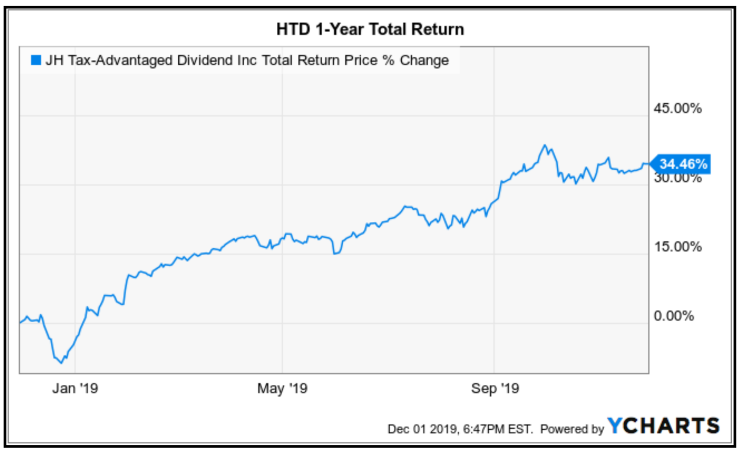
[Morningstar](): Morningstar does a great job of applying their traditional fund scores and data tools to the CEF world. The free version of the website shows dividend history, portfolio construction, premium/discount analysis, expenses, and more. Many of you are likely already using a form of research from the Morningstar stable and can integrate your CEF needs with their tools. Some clients also feel more comfortable when they can look up a fund on the Morningstar website and see that it's rated a 4 Star or 5 Star holding.

The Landscape: Equity CEFs

Those who may be searching for an active equity strategy or one that offers a higher yield may be interested in tax-advantaged closed-end funds (CEFs). These more aggressive funds offer the ability to own a diversified basket of stocks with the ability to employ leverage and more creative portfolio construction methods.

One of the best funds in this class is the **Eaton Vance Tax-Advantaged Global Dividend Income (ETG)**, which is part of a suite of three Eaton Vance equity-income CEFs that focus on tax-advantaged investment strategies.

This fund is designed to offer true global exposure, with approximately 130 underlying holdings and only 40% of the portfolio dedicated to U.S. stocks. The remaining allocations are split among foreign stocks, corporate bonds, and preferred stocks.



The fund has $1.73 billion in market float and sports a current yield of 7.08%. Dividends are paid monthly to shareholders, which is an attractive feature for income-seeking investors. The fund is currently trading at a 2.87% discount to its net asset value, which is near 52-week highs.

It also employs an effective leverage of 25% per the last company disclosure. Eaton Vance claims to target stocks that pay qualified dividend income and takes the opportunity to harvest capital losses when appropriate. They are also sensitive to managing the sales of highly appreciated positions within the portfolio to try and maximize the use of long-term capital gains when applicable. The goal is a high level of total return (income and capital appreciation) on an after-tax basis.

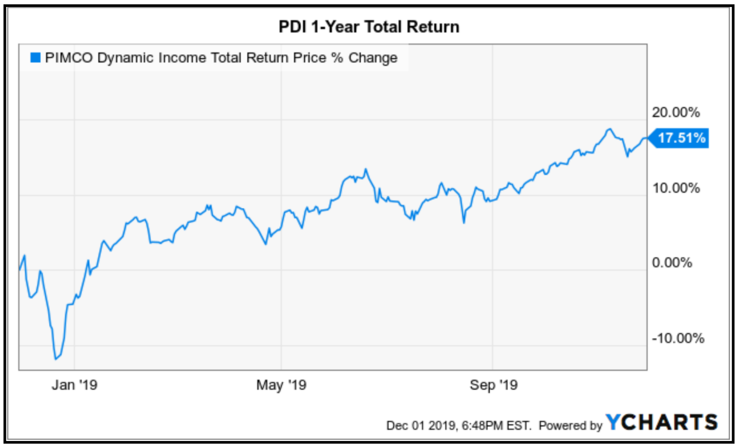
The average annual returns of ETG are impressive in their own right. The fund sports three, five, and 10-year total return figures of 11.50%, 7.23%, and 10.86%, respectively. Year-to-date, ETG has gained 37.66% with dividends included and is easily outpacing the major domestic stock market benchmarks.

The relative strength of this CEF hitting all-time highs alongside its above-average discount make for a high-risk entry point at this moment in time. Investors are most successful with CEFs when they purchase them during squeezes in liquidity and high market volatility like we saw at the end of last year. Those opportunities lend themselves well to capitalizing on sizeable dislocations that lead to sharp snapback rallies. Nevertheless, this fund should be a constant on your watch list as an equity income play for yield-hungry clients.

Another fantastic closed-end fund in this genre is the **John Hancock Tax-Advantaged Dividend Income Fund (HTD).** HTD invests 80% of its assets in dividend-paying securities with a strong emphasis on the high yield utility sector. The portfolio includes a diverse array of common stocks, preferred stocks, and interest rate swaps when appropriate. I like that the portfolio managers recognize the need to control interest rate risk within HTD considering the sensitivity of the core holdings. The willingness to manage this dynamic is a key reason this fund performs as a truly differentiated active strategy.

The fund currently pays a distribution rate of 6.13% and income is paid monthly to shareholders. It's also currently trading at a 3% premium to its net asset value, which is on the high side of its 52-week average. That frothy premium is likely a warning sign that the price of HTD has been driven a little faster than historical norms and may be higher risk for new money at this juncture.

The 39.73% total return on a year-to-date basis underscores just how far this fund has come over the last eleven months. Its long-term results are also impressive with three, five and 10-year annualized returns of 14.44%, 15.20%, and 17.19%, respectively. This unique equity portfolio should be one to watch for those who are interested in a high yield equity income CEF with a strong track record and active management philosophy.

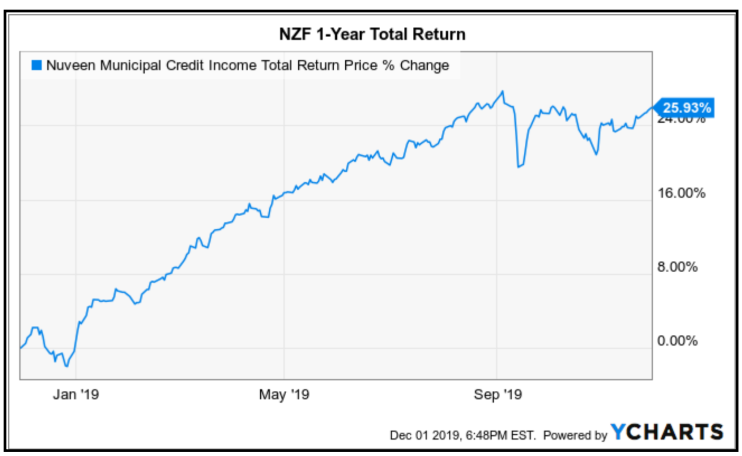


Integrating a fund such as ETG or HTD into your portfolio would make sense as a complimentary holding to traditional dividend-oriented stock exposure.

An allocation of 5-10% in each, depending on your risk tolerance and current portfolio needs, would pair well with the beta of a dividend ETF. These funds also are going to significantly enhance total portfolio yield and further diversify your overall stock allocation.

The Landscape: Bond CEFs

The distribution of capital among closed-end funds skews heavily in favor of fixed-income offerings and there is really one that stands out as a 5-Star candidate above the crowd.



The **PIMCO Dynamic Income Fund (PDI)** is a multi-sector bond CEF that has been a top contender in its category for a number of years. PDI is a $2.6 billion pool of assets that is based on a similar underlying portfolio as the popular open-ended PIMCO Income Fund (PIMIX). Both strategies are managed by PIMCO's award-winning CIO Dan Ivascyn.

The fund sports a variety of underlying exposure in mortgage-backed securities, emerging market bonds, corporate bonds, and other global fixed-income. It uses a meaningful amount of leverage capped at 40% to help generate its healthy 8% annual yield, with income paid monthly to shareholders. That leverage and the manager's portfolio selections have helped to generate average annual market price returns of 17.17% since the fund debuted back in 2012. It has also gained more than 20% in total return year-to-date and continues to demonstrate formidable strength in its price trend.

Of course, that means PDI is currently trading near the high end of its historical premium range, which makes it a difficult spot to enter for new investors. It would be far more advantageous to see the PDI market price fall in line with its net asset value or even to a slight discount before allocating to this type of fund.

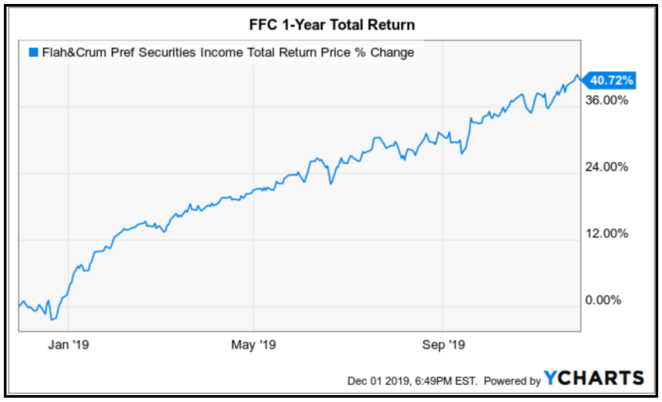
Keep in mind that many CEFs can trade at persistent premiums or discounts to their net asset value through the majority of the year. That's why any spikes in price should be used to your advantage to reduce or add exposure in kind. CEFs often experience volatility in tandem with the stock market and thus a period of sharp declines in equities would likely coincide with a buying opportunity for PDI.

For those who are more interested in tax-efficient bond allocations, the **Nuveen Municipal Credit Income Fund (NZF)** is a highly touted option.

This 5-star Morningstar rated fund is comprised of over 800 issues of national municipal debt. It carries a current yield of 4.94% that is exempt from Federal income taxes and uses a 37% leverage ratio of extend its income potential. That yield may sound on the low side compared to most closed-end funds but given the caveat of a joint tax filer with a 35.80% federal tax rate, this translates to a taxable equivalent yield (TEY) of 7.69% (source).

The underlying NZF portfolio carries a diversified mix of investment-grade and below-investment-grade holdings as a barbell approach to balancing yield and performance. So far this year, the fund has gained 25.26% in total return and is on pace for one of its strongest single-year performances of the decade.

It's worth pointing out that three, five, and 10-year annualized total returns of NZF are quite healthy at 6.97%, 9.55%, and 7.93%, respectively. Those are impressive statistics given the nature of the underlying portfolio that far outstrips a typical national municipal bond benchmark.



From a fundamental perspective, NZF is currently trading at a 3% discount to its net asset value, which is fairly close to the 52-week average of a 5% discount. This demonstrates a current trading value that is more closely aligned with historical norms and less frothy than many other highly appreciated peers in the category.

Utilizing a fund such as PDI or NZF can be naturally delineated based on taxable versus tax-deferred account structures. NZF is going to be a far more preferable option for taxable accounts because of its federally tax-free income qualifications. Either fund can be used to supplant current tactical bond exposure in the 5-10% allocation range, or as a way to deploy cash and start instantly generating a healthy income stream.

The Landscape: Alternative CEFs

Another category of CEF investing is earmarked for all the non-traditional investment sectors that don't quite fall in line with stocks or bonds. This can include preferred stocks, REITs, MLPs, and other hybrid portfolios.

Preferred stocks transition well in the closed-end fund world because of the ability to blend leverage with security selection, sizing, and risk management. The **Flaherty & Crumrine Preferred and Income Securities Fund (FFC)** is a best-of-breed vehicle for this task that has more than 15 years of trading history. The fund is currently $1.3 billion in size when matched with a 33% leverage ratio. It carries a 6.22% distribution rate with income paid monthly to shareholders.

The majority of the underlying exposure in FFC is allocated to the banking and insurance sector as is the case with most preferred stock portfolios. They also carry the unique advantage of being able to tailor their risk with credit quality selection and use of derivatives. The FFC portfolio is primarily tailored to the United States with 73% of its exposure and the remaining 27% allocated to developed foreign nations.

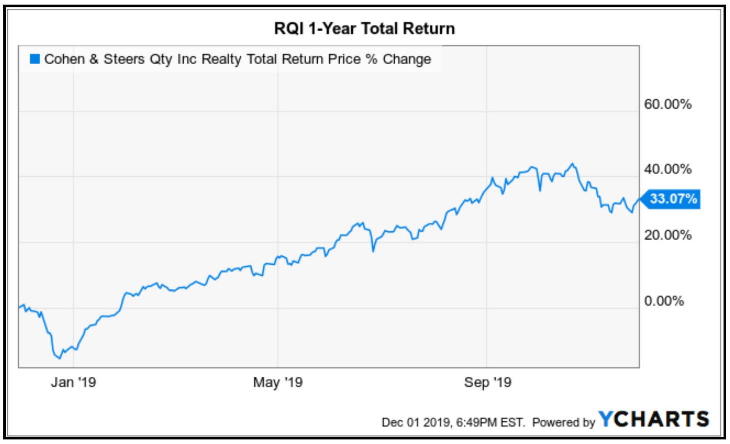
As is the case with many market sectors this year, FFC is enjoying a stellar run with a total return of 37% since the start of 2019. That far outstrips comparable common equity and preferred stock benchmarks over the same time frame.

The fund continues to demonstrate dominant price momentum that has pushed its current valuation to a 6% premium to net asset value. That is the current 52-week high, which makes for a difficult place to add new money.

Utilizing patience for momentum to consolidate or a correction to materialize would be the best method of entering this fund or replacing an existing preferred stock holding in your client portfolios.

Another excellent alternative-type investment to pair with FFC is the **Cohen & Steers Quality Income Realty Fund (RQI)**. This fund takes a conservative and diversified approach to its underlying portfolio by allocating to a combination of common and preferred shares of U.S. real estate stocks. This includes well-known names such as Crown Castle, American Tower, and Essex Property Trust among its stable of 128 holdings.

RQI is a $2.1 billion fund that only uses approximately 22% leverage to establish its healthy 6.60% distribution rate. As with the other CEFs in our report, this fund pays income monthly, which is rare in the world of REITs.



Despite a recent and sizeable correction, RQI has posted an impressive 48% total return gain so far this year and continues to hover above its long-term trend lines. It's also trading at a modest 1.5% discount to its net asset value after spiking into premium territory near the peak in October.

This CEF has bested a conventional benchmark such as the Vanguard Real Estate ETF (VNQ) over one-, three-, and five-year time frames because of its active portfolio, exposure to preferred stocks, and implementation of leverage.

RQI could easily replace a conventional real estate ETF in the context of a diversified portfolio to enhance total yield, smooth out distributions, and bolster diversification. The caveat is that this fund is likely to be more volatile as a consequence of the leverage factor, and the fact that market prices float in relation to the underlying NAV.

Every CEF investor must realize that large net sellers or buyers of these funds can significantly swing market prices to extremes like a pendulum. Those extremes typically result in the best buying or selling opportunities and are easily monitored with regular attention to the NAV trend.

Fortunately, these swings don't affect the underlying portfolio management choices or the income that investors receive.

Dealing with CEF Common Objections

Many clients may be hesitant to invest in closed-end funds versus traditional ETFs or open-ended mutual funds. Some common objections, along with how to overcome each, include the following:

1) Higher Fees. CEFs carry higher fees than their conventional counterparts, but it's important to understand how these costs are broken down. The management fee typically ranges between 0.50-1.00% with an additional 1.00-1.50% tacked on for the cost of carrying leverage.

The all-in expense of 1.50-2.50% may seem expensive at face value; however, when compared with the full scope of active management, leverage extension in the portfolio, and often superior total return, it is well worth the price of admission.

2) Leverage. Leverage is often a scary word as it conjures up thoughts of detrimental financial obligations and inability to repay borrowed money. However, CEFs only use a responsible amount of borrowed capital that is capped by prospectus limits, regulatory oversight, and stringently monitored by independent board members. The leverage can be sized to the manager's real-time capital needs and also is issued using longer-dated terms that preclude untimely margin calls.

3) Floating Market Price versus NAV. The difference between market price and net asset value is a critical factor in understanding how CEFs work. Investors buy the market price, but they own the net asset value of the fund.

There are often times when large net sellers can disproportionately skew the market price to the downside even when the NAV has barely budged. Conversely, this can work to a shareholder's benefit when large-scale buyers push share prices to extremes that are far greater than fundamental values suggest. Investors must understand this psychological caveat in the makeup of CEFs versus ETFs. It's similar to the exuberance or aversion of individual stocks that become investor darlings or dumpster fires. The difference is that CEFs generally revert back to historical norms and most are highly diversified vehicles.

Conclusion

Closed-end funds represent an excellent way for more aggressive income seekers to supplant traditional ETF or direct stock/bond exposure in their portfolios. They also are perfect for those investors who understand the value of active management, particularly in the bond market, where alpha generation has been readily proven.

The six funds mentioned in this report can be added as stand-alone tactical holdings or as the start of a fully diversified CEF-focused portfolio. I always caution investors against the danger of purchasing funds based on one-dimensional factors such as yield or tax efficiency. Every fund should be evaluated for the merits of its portfolio strategy, distribution plan, costs, and comingling with other holdings in your client accounts.

Furthermore, it's extremely important to consider how a closed-end fund is trading relative to its net asset value and prior historical trends. If a fund is at an abnormal premium or very tight discount, it may be better to wait for a correction rather than jump headfirst into the frothy waters.

Bottom line, CEFs offer compelling yield and high quality underlying exposure to generate compelling yield, and they present tactical opportunities to generate alpha, especially during "air pockets" in the markets. Integrating CEFs into diversified portfolios, and keeping a shopping list of quality CEFs (like those in this report) handy for pullbacks can help advisors achieve their ultimate goal of outperforming for their clients.

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:** **25.39%**	**SPY:** **30.59%**
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:** **23.08%** **ROBO:** **5.35%** **AMBA:** **12.92%** **QCOM:** **23.20% (closed)**	**SPY:** **28.58%** **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:** **-28.26%** **ALB:** **-50.75%**	**SPY:** **28.58%**
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:** **6.41%** **REGL:** **16.33%** **SMDV:** **10.43%**	**AGG:** **8.83%** **MDY:** **13.35%** **IWM:** **8.77%**
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:** **4.84%** **MNA:** **6.52%**	**AGG:** **8.61%**

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: 5.90%	SPY: 24.33%
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: -1.31%	ACWX: 1.60%
"Backdoor" Hedge Fund Investing List of 10 stocks	*It's almost impossible for investors to access the world's best hedge fund managers. Either their funds are closed, the minimums are too steep (in the millions), or the fees are outrageously high ('2 & 20'). We found 10 little-known ways to access ace managers who have produced Buffett-like returns.* ***What to do now: Buy (multiple ways to implement in issue).***	Issue 10: 12/27/17	Basket of stocks (avg.): -5.09%	50% SPY/50% AGG: 1.30%
EM & FM Bonds EMB (iShares JPM USD Emerging Markets Bond ETF) EMLC (VanEck JPM EM Local Currency Bond ETF) EBND (SPDR Bloomberg Barclays Emerging Markets Local Bond ETF) AGEYX (American Beacon Global Evolution Frontier Markets Income Fund)	*Most investors have no allocation to fixed income outside the U.S., but we think it's worth serious consideration. Emerging and frontier debt funds have yields 2X, 3X, and 4X the yields of traditional fixed income investments... low correlations to major asset classes... and healthier fundamentals (lower debt-to-GDP ratios, faster-growing economies, and better demographics) from a country perspective.* *EMB (emerging market debt hard currency), EMLC/EBND (emerging market debt local currency), and AGEYX (actively-managed frontier market debt) are all attractive options.* ***What to do now: Buy.***	Issue 11: 1/9/18	EMB: 5.18% EMLC: -3.72% EBND: -1.28% AGEYX: 5.99%	AGG: 9.11%
"Blockchain" Investing BLOK (Amplify Transformational Data Sharing ETF) BLCN (Reality Shares Nasdaq NexGen Economy ETF)	*Blockchain, the technology behind cryptos, has the potential to change many industries. Having the right exposure to companies using or pioneering the use of blockchain, offers substantial long-term growth opportunities. Not only did we break the story on the first two blockchain ETFs (BLOK and BLCN) ahead of every financial media outlet, we also provided a sneak peek at their top holdings and a blockchain primer.* ***What to do now: Buy (multiple ways to implement in issue).***	Issue 12: 1/16/18	BLOK: -7.07% BLCN: 4.00%	SPY: 15.09%
"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: 10.76% TOTL: 8.42% FTSL: 6.35%	AGG: 10.93%

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:** **5.86%**	**BIL:** **3.32%**
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:** **-12.85%**	**ACWX:** **-0.81%**
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:** **-3.10%**	**SPY:** **17.50%**
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:** **-6.40%** **DLS:** **-5.62%**	**EFA:** **0.91%**
Disruptive Innovation **ARKK (ARK Innovation ETF)**	*Investing in the "cornerstone themes of disruptive innovation" has resulted in huge profits over time (think Amazon, Apple, and Netflix). ARK sees current investment opportunities in innovation platforms, such as automation, energy storage, DNA sequencing, next generation internet, blockchain technology, etc. ARK's top innovation-based themes are all represented in ARKK. In 2017, ARKK was the #1 performing ETF (excluding leveraged and inverse ETFs) with a return of 87%!* ***What to do now: Buy.***	**Issue 20:** **5/15/18**	**ARKK:** **14.82%**	**SPY:** **17.06%**
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:** **21.17%**	**SPY:** **17.97%**
"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).* ***What to do now: Buy.***	**Issue 23:** **6/26/18**	**EMQQ:** **-8.73%**	**EEM:** **-0.18%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Micro Caps IWC (I-Shares Micro-Cap ETF)	*Small caps outperformed until this most recent pullback, but while allocations to that sector of the market are rising, micro-caps, a sub-set of small caps, remain generally overlooked.* *Micro caps remain an overlooked, under-researched, and under-allocated part of the small cap universe that can offer diversification and outperformance (micro caps are perennial takeover candidates).*	7/10/18	IWC: -12.55%	IWM: -4.32%
The Future of Consumer Spending IBUY (Amplify Online Retail ETF) FINX (Global X FinTech ETF) IPAY (ETFMG Prime Mobile Payments ETF)	*The way U.S. consumers purchase goods is changing—rapidly. And, getting "pure play" exposure to the rise to online retailers and to the growth of mobile payments could be similar to investing in credit cards back in the mid-80's. There are few other established corners of the market that offer this type of growth potential.*	7/24/18	IBUY: -6.28% FINX: 5.38% IPAY: 18.81%	SPY: 12.19%
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: 3.78% USFR: 2.63% SRLN: 5.04% EFR: 0.23%	AGG: 10.39%
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: 2.85% IEME: 5.38% XLC: 8.26% DIS: 33.75%	SPY: 10.68%
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: -12.48% SBIO: 5.50% FXG: 5.40%	SPY: 9.10%

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: -11.66% GNR: -6.04% RLY: -2.01%	DBC: -10.68%
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: 2.41% LDUR: 3.94% MINT: 3.24%	BIL: 2.25%
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: 19.90% DYLS: -15.21% PTLC: 13.65%	SH: -13.48%
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: -3.69% MLPA: -7.63% DCP: -30.93% SHLX: 10.19%	SPY: 16.47% AMLP: -13.98%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Growth into Value Rotation **RPV (Invesco S&P 500 Pure Value ETF)** **DVP (Deep Value ETF)**	*Recognizing the switch in outperformance from value to growth in 2014 was one of the easiest ways to help clients outperform.* *Now, there are signs markets might be switching back, to an era where value outperforms growth. The ETFs included in this report serve as a "one stop shop" to add quality value exposure to client portfolios.*	12/18/18	RPV: 17.79% DVP: 8.08%	VTV: 19.57%
Contrarian Ideas to Start 2019 **IEMG/EEMV (Emerging Market ETFs)** **ITB/VNQ (Homebuilders/Real Estate ETFs)** **DFE (WisdomTree Europe SmallCap Dividend Fund)**	*The start of a new year means new money needs to be put to work, so we wanted to provide some unique and interesting contrarian ideas that can outperform in 2019.*	1/2/19	IEMG/EEMV: 8.23%/2.70% ITB/VNQ: 47.49%/28.83% DFE: 16.47%	SPY: 24.84%
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: 12.96%	SPY: 19.96%
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: 7.54% VRP: 12.09% PFXF: 10.99%	PFF: 7.69%
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: 14.43% NRG: -5.82% CNP: -17.63%	XLU: 15.19%

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: 3.68% CIBR: 5.31% FTNT: 17.52% CYBR: 10.76%	QQQ: 16.02%
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: -53.57% ACB: -69.72% CGC: -61.85% APHA: -52.55%	SPY: 11.91%
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: 13.19%	SPY: 10.78%
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: 7.14% CCOR: 2.79% JHEQX: 6.64%	SPY: 8.39%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
ARK Invest Family of ETFs **ARKW (ARK Next Generation Internet ETF)** **ARKG (ARK Genomic Revolution ETF)** **XITK (SPDR Fact Set Innovative Tech ETF)**	***We are re-introducing the ARK Family of ETFs. Alpha recommendation ARKK is up 26% YTD and it's outperformed the S&P 500 since our recommendation.*** ***ARK ETFs offer "one-stop shopping" exposure to the disruptive technologies of tomorrow—technologies that can not only produce outsized long-term returns, but that also are compelling stories for clients and prospects.***	4/23/19	ARKW: -0.42% ARKG: 1.21% XITK: 2.35%	QQQ: 5.71%
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: 15.04% XBI: 9.16% IHF: 15.98%	XLV: 11.66%
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: 7.84% SPLV: 6.85% EEMV: 1.25% EFAV: 6.43%	SPY: 8.58%
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: 7.08% OHI: 21.18% SCI: -0.59%	SPY: 10.90%

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:** **4.33%** **SGOL:** **4.39%** **GDX:** **8.96%** **KL:** **-1.30%** **FNV:** **17.76%**	
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** **-0.16%** **SPMO:** **-1.70%** **FDMO:** **-2.06%**	**SPY:** **2.84%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
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:** **-3.12%** **GIGE:** **-8.73%**	**SPY:** **2.50%**
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:** **0.65%** **VNQI:** **7.99%** **REZ:** **-1.94%** **REM:** **4.86%**	**SPY:** **6.71%**
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:** **4.29%** **PPA:** **2.71%** **UFO:** **0.64%**	**SPY:** **7.48%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
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: 2.03%** **VYM: 2.55%** **PDI: 4.88%**	**SPY: 3.91%**
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**	
Investing in Green Energy **TAN (Invesco Solar ETF)** **FAN (First Trust Global Wind Energy ETF)** **ICLN (IShares Global Clean Energy ETF)** **PBW (Invesco Wilderhill Clean Energy ETF)**	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.** In this *Alpha* issue, we cover some of the best ETFs for direct alternative energy exposure, and the results may surprise you as some of the best alternative energy ETFs share a lot of characteristics with tech ETFs and multinational industrial ETFs.	**10/8/19**	**TAN: -4.75%** **FAN: 7.42%** **ICLN: 0.37%** **PBW: 7.28%**	**SPY: 6.80%**
Investing in the Water Industry **PHO (Invesco Water Resources ETF)** **FIW (First Trust Water ETF)** **TBLU (Tortoise Global Water ESG Fund)**	We are continuing the theme from the last issue of 1) Making money (generating alpha) and 2) Doing good (appealing to clients focused on the environment), and we're doing it by taking a deep dive into the water industry. The water industry remains a quasi-niche, but it shouldn't, as water industry investment can: Generate alpha as major water industry ETFs have outperformed the S&P 500 over the past several years and It can strengthen client relationships as water investment is closely tied to ESG investing, and water demand is a concept that clients can easily relate to.	**10/22/19**	**PHO: 0.65%** **FIW: 0.73%** **TBLU: 1.59%**	**SPY: 3.06%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Outperforming in A Declining Dollar Environment **VGT (Vanguard Information Technology ETF)** **IHI (IShares U.S. Medical Devices ETF)** **EMLC (VanEck Vectors J.P. Morgan EM Local Currency Bond ETF)** **PDBC (Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF)**	If there's going to be a global reflation, then it will likely come with a weaker U.S. Dollar. From early 2017 through early 2018 the dollar declined from over 100 to below 90 (so more than 10%) and that had a significant impact on stocks: The 2017 decline in the dollar resulted in **a 31% gain for the S&P 500** from December 2016 through January 2018. But, the dollar decline also created opportunities for specific sectors and assets classes to handily outperform the S&P 500, and we want to identify those opportunities in three strategies: • Targeted sector exposure via a focus on U.S. Exporters • International ETF Exposure • Commodities Allocations.	**11/5/19**	**Various ETFs Listed in the Issue**	