SEVENS REPORT *alpha*

January 14, 2020

In Today's Issue

- **Identifying Attractive International ETFs in 2020**
- **The U.S. markets have vastly outperformed international markets over the past decade, and as a result of that performance discrepancy, some clients are disproportionately overweight the U.S.**
- **Proper diversification is one of the keys to limiting portfolio volatility and achieving long-term outperformance, and with several potential positive catalysts for international equities in 2020 (declining dollar, rebound in global growth) now is the time to look to add international exposure for the longer term.**
- **We've identified three strategies for international allocations, and selected specific ETFs for those strategies that have outperformed the broad international averages.**
- **Strategy 1: Focus on Quality: iShares Edge MSCI International Quality Factor ETF (IQLT).** This ETF focus on quality metrics such as ROE, earnings growth and leverage. It has outperformed EFA 39.6% vs. 28.13% over the past three years.
- **Strategy 2: International Dividends: Vanguard International Dividend Appreciation ETF (VIGI).** This international ETF focuses on dividend growth and has gained 41.68% vs. 28.13% for EFA over the past three years.
- **Strategy 3: Smart Beta: Goldman Sachs ActiveBeta International Equity ETF (GSIE).** This "ActiveBeta" ETF screens on value, momentum, volatility, and quality. It's retuned 30.77% vs. 28.13% for EFA over the past three years.

International Equity Investing

The outperformance of U.S. stocks versus world equity markets has been a well-documented phenomenon of this decade-long bull market. Companies domiciled in the U.S. have been blessed with the right mix of fiscal stimulus, political tightrope walking, employment growth, and economic expansion to outdistance their foreign counterparts.

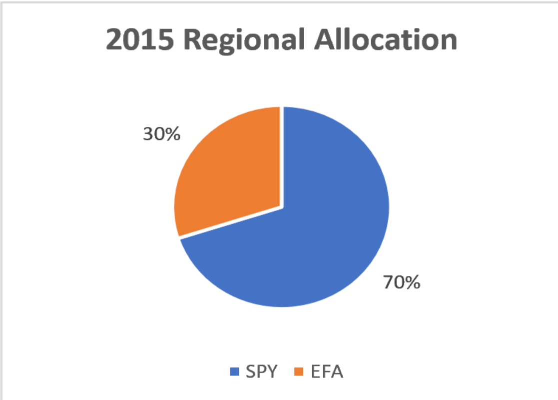
Investors that have stuck with a majority of their exposure in the major domestic indexes or individual equity standouts have been justly rewarded for their commitment. Underweighting international holdings has been a savvy way to outperform global benchmarks such as the MSCI All Country World Index, which has increased some 52% over the last five years compared to an increase of more than 73% for the S&P 500 Index.

A deeper dive into the international arena shows just how far these major indexes have underperformed. In just the last five years, the following total return was noted in each of these popular benchmarks:

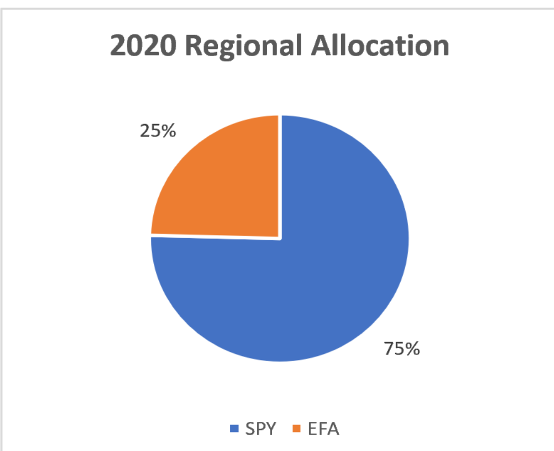
- MSCI All Country World Index 51.75%
- MSCI EAFE Index 31.71%
- MSCI EAFE Small Cap Index 52.04%
- MSCI Emerging Market Index 27.89%
- MSCI Europe Index 32.23%
- Vanguard Asia/Pacific 39.56%
- MSCI BRIC Index 44.86%
- Latin America 40 Index 23.13%

What this long-term skew between the U.S. and foreign stock performance has done is to potentially change the allocation percentages of regional exposure in your client portfolios. In fact, you may not have even noticed that it's happening, but the cumulative effect of U.S. equities rising in value far more than international equities is that your clients may have far more assets with U.S. exposure.

For example, a model portfolio that started with 70% exposure to the S&P 500 Index and 30% exposure to the MSCI EAFE Index five years ago has now morphed into a 75% U.S. and 25% foreign allocation. Those allocation percentages could be even more tilted if your core U.S. equity exposure has been primarily technology or growth-focused.



These results are based on the total return of each benchmark without any rebalancing along the way. What must be accounted for and evaluated is how this dynamic can shape your portfolio risk characteristics moving forward.

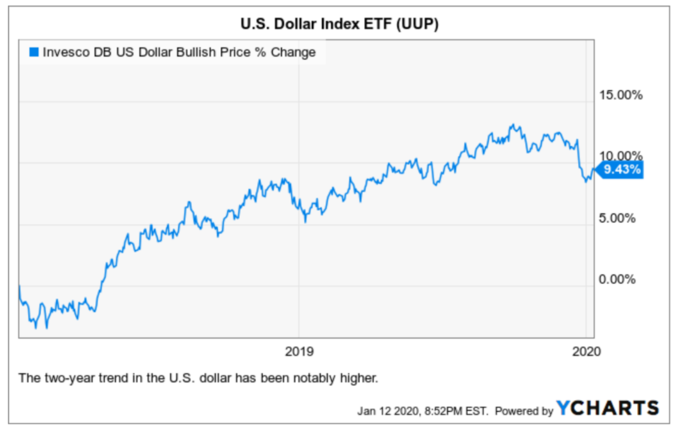


U.S. stocks are currently sitting at far richer fundamental valuations than their international counterparts with price/earnings ratios more than 40% higher. The market is pricing in a great deal of confidence that U.S. companies can sustainably grow their earnings to match the performance of stock prices.

Though we know that many investors, and likely many of your clients, want to stay allocated to the more-familiar domestic equity segments (Americans in general feel more comfortable with their money in companies here at home), doing so may not continue allowing you to achieve alpha if/when the performance tables are turned.

Being over-allocated to the U.S. markets also creates the risk of underperformance if we see a change in the direction of the U.S. dollar.

The U.S. Dollar Index has been in a two-year uptrend that has stifled the gains of international positions. Yet a rollover and subsequent downtrend in the dollar would be net positive for foreign stocks and would create a natural alpha tailwind.



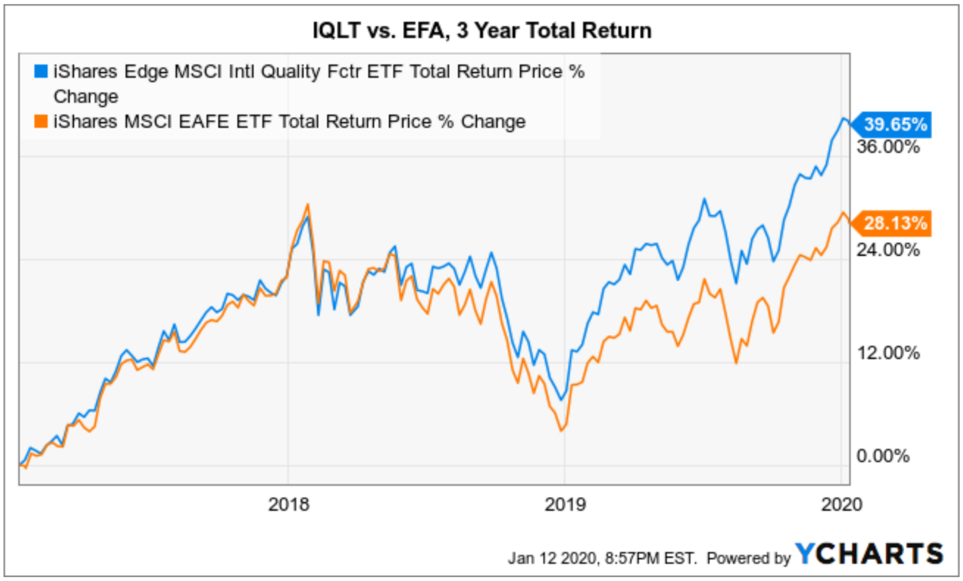
Lastly, the strategic importance of global diversification within a well-constructed portfolio is an impetus for change in the new decade. Research has shown that systematically rebalancing towards areas offering fundamental value will reduce volatility and ultimately offer better long-term results.

Bottom line, over the last several years, the U.S. market has been the place to be, and we all know that momentum is great while it lasts. But, diversification still matters, and regardless of past returns, you don't want to be overly committed to a single region or outcome, because ultimately the tide will turn and foreign markets will outperform the U.S., like they did several times from 1993 through 2009.

Taking proactive steps to correct these imbalances will serve your clients well in the years to come. To help address the problem of potentially being too overweight the U.S., we have curated a list of what we think are the best international ETFs to help you select and allocate to international equities as the new year begins.

International Equity Idea: Quality Developed Stocks

One common-objection from clients to placing money overseas is that investors don't know what they are buying. They don't associate the top stocks in an international basket with household names such as Apple, Disney, or Coca-Cola here in the United States.



They also may be concerned about the differentiated accounting practices and corporate laws of other countries impacting the trend of their share prices. Furthermore, it is much more difficult to get information about international companies compared to the transparency of domestic holdings.

An excellent way to overcome these fears is to use a "quality" factor screen in your international stock allocation. What we mean by this is **selecting companies with positive fundamentals such as high return on equity, stable year-over-year earnings growth and low financial leverage.** These are going to be the cream of the crop when it comes to financial stability, and they're likely to be less volatile in the event of a changing economic landscape.

iShares Edge MSCI Intl Quality Factor ETF (IQLT)	
Inception Date:	1/13/2015
Assets:	$1.2B
Avg Daily Volume:	209K
Expense Ratio:	0.30%
# of Holdings:	299
YTD Return:	0.09%
3-Yr Return:	39.65%
Mstar Rating:	5 Star

One of the best ways to access this group of stocks is through the **iShares Edge MSCI Intl Quality Factor ETF (IQLT)**. This BlackRock product debuted five years ago and has created an impressive track record backed by its 300 underlying holdings, all of which are domiciled outside the United States.

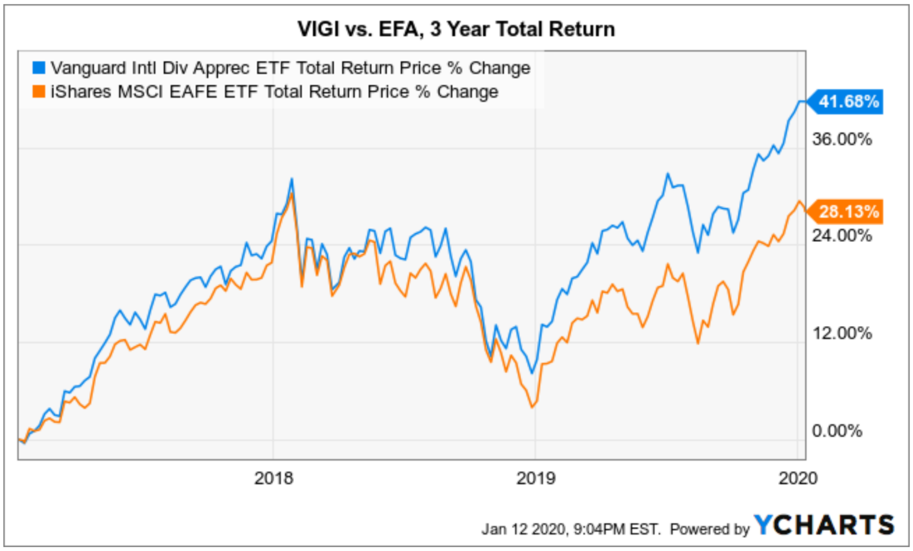
Top country weightings include the following developed nations: United Kingdom (19.60%), Japan (13%), Switzerland (12%), France (9%), and Canada (7%). The top individual holdings are dominated by large-cap stocks in sectors such as healthcare, consumer staples, financials, and technology. Think Roche Holdings, Allianz Group, Nestle SA, and Rio Tinto.

The fund has $1.15 billion in assets under management and charges a reasonable expense ratio of 0.30%. That cost may be slightly higher than plain-vanilla international indexes from Schwab or Vanguard, but it is well within tolerance for a smart-beta fund with a performance record that bests its peers.

On a three-year lookback, IQLT has gained 39.65% compared to the 28.13% rise in the iShares MSCI EAFE ETF (EFA). Additionally, this fund has clearly broken out well above its prior 2018 highs, whereas EFA is barely back to that breakeven point. This indicates a clear signal of momentum building in these companies as they start to break away from the pack.

A fund such as IQLT can take a prominent place as a core international holding because of its larger size, trading volume, low cost, and diversification qualities. That may result in the fund ranging anywhere between 25-50% of your total foreign equity allocation.

The attractive characteristics of IQLT demonstrate that it can immediately supplant legacy holdings such as EFA or other traditional developed country funds. It's best used when paired with an emerging market allocation to create a broader profile of stocks outside the U.S. with high-quality fundamentals. That two-pronged approach means you won't miss out if a particular sector of the globe takes off like a rocket in 2020.



We have written in great detail about the comparative valuation and long-term appeal of emerging market stocks versus developed markets. Those points still hold up in today's market and further underscore the appeal of widening your exposure to overseas stocks.

International Equity Idea: Dividend Stocks

Investing in dividend stocks of international companies is an appealing proposition as well. You get the combination of foreign equity exposure and an above-average income steam to complement your existing portfolio strategy. There are two approaches to allocating to this segment of the market that should be considered: dividend-growth stocks and high-dividend stocks.

Vanguard International Dividend Appreciation ETF (VIGI)	
Inception Date:	2/25/2016
Assets:	$1.6B
Avg Daily Volume:	110K
Expense Ratio:	0.25%
# of Holdings:	409
YTD Return:	0.85%
3-Yr Return:	41.68%
Mstar Rating:	3 Stars

Dividend-growth ETFs have become increasingly popular among equity income investors. These ETFs seek to identify and allocate to companies that have a history of *consistently* increasing their annual dividend payments over time. They also screen for viability of current operating cash flow and the capability to escalate dividends in the future.

This return-of-profits strategy typically selects for companies with sound capital structures that are focused on returning value to shareholders. By investing in these stocks, you are also able to raise your probability that future dividend increases will keep pace with inflation.

One of the best opportunities for accessing this characteristic is through the **Vanguard International Dividend Appreciation ETF (VIGI)**. This fund tracks the NASDAQ International Dividend Achievers Select Index, which is a basket of 400 developed and emerging market domiciled companies. The top country weightings of VIGI include France (13%), Switzerland (13%), India (11%), Japan (11%), and the United Kingdom (8%).

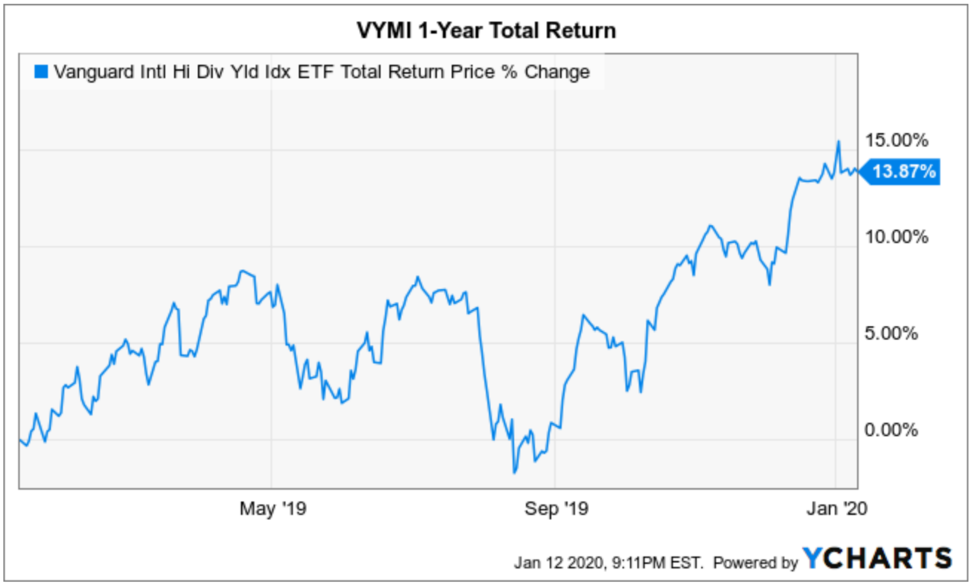
The market-cap weighted nature of the VIGI portfolio ensures that the largest and most heavily traded stocks make up the lion's share of the allocation at 30%. These include companies such as Nestle SA, Samsung Electronics, Tencent Holdings, and Novartis AG. The median market cap of the underlying stocks in this index is a healthy $63.7 billion. VIGI also has a deep pool of assets with $1.4 billion under management and charges a low expense ratio of 0.25%.

This ETF paid out $1.32 per share in dividends in 2019, which was 15% higher than in 2018. This translates to a yield of 1.83% at the current market price. That yield may seem low at first glance; however, it must be benchmarked against the 28% rise in capital appreciation over the last twelve months that discounts the dividend stream.

Like its high-quality peer, VIGI also has a history of comparative outperformance versus the international benchmark. It has gained 41.68% over the last three years compared to 28.13% in EFA. That strength has been governed by its security selection and weighting methodology that prioritizes financially secure companies. Most of these companies are highly growth-minded and lean towards countries with stable economies.

The other side of the dividend sector prioritizes stocks with the highest yield payouts. These are the value companies that emphasize the largest return of capital possible to shareholders in order to attract equity ownership. In the United States, these would equate to the financial, communication, and consumer staples sectors with stable cash flow and mature business models.

To meet this objective, we opted to return to the same fund family with the **Vanguard International High Dividend Yield ETF (VYMI)**. This exchange-traded fund tracks the FTSE All-World ex US High Dividend Yield Index, which is a highly diversified basket of 994 stocks with above-average dividend payouts.



Like VIGI, this high-yield ETF uses an 80/20 model when dividing its portfolio between developed and emerging market nation exposure. The top country allocations include the United Kingdom (17%), Japan (10.50%), Germany (7.7%), Australia (7.50%), and Canada (7.0%). This translates to well-known stocks such as Royal Dutch Shell, Toyota Motor Corp, and Taiwan Semiconductor.

Vanguard International High Dividend Yield ETF (VYMI)	
Inception Date:	2/25/2016
Assets:	$1.4B
Avg Daily Volume:	116K
Expense Ratio:	0.32%
# of Holdings:	995
YTD Return:	0.06%
3-Yr Return:	22.87%
Mstar Rating:	4 Stars

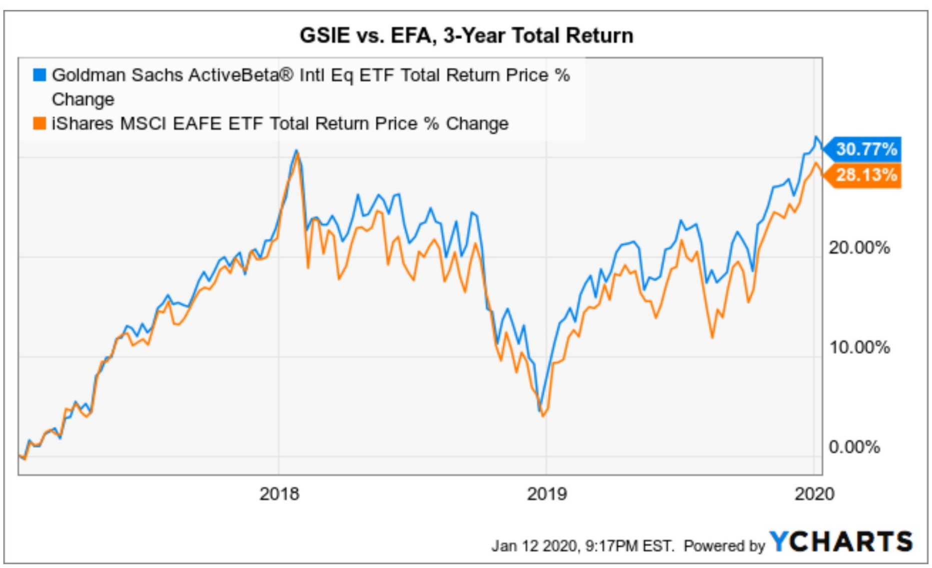
What makes VYMI so attractive for income investors is its excellent dividend history. The fund paid out $2.68 in income for 2019 that translates to a yield of 4.20%. That translates into a total return of 13.87% along with the capital appreciation this ETF experienced over the last twelve months.

VYMI has admittedly fallen short of the top performers in the international arena over both one- and three-year time frames. This is primarily due to the tilt towards value companies rather than the growth-oriented names that have carried the global markets to new heights. Nevertheless, this fund offers compelling factors for income-oriented portfolios that are seeking an international component and prioritize an above-average dividend stream.

One portfolio strategy that is often implemented to great success is to pair VIGI and VYMI together in a "growth and income" model. This allows for your clients to capture the attractive qualities of both high yield and dividend appreciation simultaneously, and it ensures you are allocated to a wide swath of the foreign equity landscape.

The combination of these ETFs can represent a core international stock allocation that is easy to explain and simple to track moving forward.

One item of note for those who have not invested in foreign dividend stocks is that their quarterly payouts are often lumpier than the smooth consistency of U.S. stocks. This means that certain quarters have larger dividend payments than others, and thus a full year of dividend data is the best way to evaluate their yields.



The ups and downs of these dividend payouts are due to varying fiscal calendars and higher frequency of special payouts that are common in foreign markets. This dividend calendar expectation should be set in advance with any clients that are due to receive an allocation to these ETFs.

International Equity Idea: Multi Factor Alpha

Strengthening your international allocation mix should not come with any compromises, which is why smart-beta ETFs have become so popular. They combine the best traits of well-established indexes alongside proven fundamental screens for outperforming investment factors. These alpha-generating characteristics mean that you can still hold true to similar country and style boxes while giving your clients the opportunity for meaningful returns above the benchmark.

One asset manager that has proven adept at this practice through the implementation of ETFs is Goldman Sachs. Their "ActiveBeta" series of funds takes the approach of improving conventional indexes using quantitative screening criteria.

The **Goldman Sachs ActiveBeta International Equity ETF (GSIE)** is one such example that has established itself at the top of its peer group over its four-year tenure. This ETF has $1.6 billion in assets under management and charges an expense ratio of just 0.25%.

The impetus behind the ActiveBeta methodology is to take stocks within a given market or region and to score them according to factors such as value, momentum, volatility, and quality. Those scores determine the ranking and weighting of the holdings within the overall portfolio. The end result is to overweight holdings that are demonstrating the highest consistent fundamental and technical performance.

GSIE is comprised of 800 stocks from primarily developed nations such as Japan, the United Kingdom, France, Canada, and Switzerland. The sector weights emphasize financials (19%), consumer staples (14%), and industrials (13%) as the current top groups. It's also important to emphasize that no single holding in the portfolio comprises more than 2% of the capital and only three stocks hold more than 1% of the total basket. This makes for a highly diversified and well-balanced mix of publicly traded companies outside the United States.

The results to-date have borne out the efficacy of this stock-selection methodology. **GSIE has gained 30.77% versus 28.13% for EFA over the last three years.** Furthermore, it has demonstrated a less volatile path of performance that will appeal to more conservative clients who want their money principally in developed markets.

Another fund with a very similar approach that should also be on your radar is the **SPDR MSCI EAFE Strategic Factors ETF (QEFA)**. This fund starts with the MSCI EAFE Index and applies a screen for low volatility, quality, and value factors. The result is a mix of 652 stocks with top sectors that include financials (17.4%), industrials (14.8%), and healthcare (13.71%).

QEFA has nearly $400 million under management and charges an expense ratio of 0.30%. This fund has also demonstrated a similar penchant for alpha with a three-year total return of 32.20%.

The opportunity for using these funds should be as that of direct replacements in core developed international holdings. They are both highly diversified, liquid, and low cost—all positive factors when thinking about the fund as a long-term holding.

The choice between one or the other may simply come down to fund company preference or commission-free advantage on your brokerage platform.

Goldman Sachs ActiveBeta International Equity ETF (GSIE)	
Inception Date:	11/6/2015
Assets:	$1.8B
Avg Daily Volume:	233K
Expense Ratio:	0.25%
# of Holdings:	816
YTD Return:	-0.20%
3-Yr Return:	30.77%
Mstar Rating:	4 Stars

Either choice will provide an excellent allocation to high-quality and lower-volatility stocks with a similar global footprint as the high-profile international benchmarks.

Conclusion

Shifting a greater portion of your total portfolio towards international holdings should become an imminent priority with the widening gap in U.S. fundamentals. Many of these stocks and indexes are going to exhibit similar relative risk characteristics as domestic companies with potentially greater long-term upside potential.

Having these conversations with clients near the start of the year also offers an excellent opportunity for education, as you discuss rebalancing to areas showing better relative value and ultimately reward.

Finally, an idea from you involving the aforementioned international ETF offerings will likely distinguish you from other advisors in the eyes of both your current clients and your prospects—and distinguishing yourself in this industry is key to long-term success, and more AUM.

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:** **30.94%**	**SPY:** **39.31%**
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:** **30.67%** **ROBO:** **13.74%** **AMBA:** **39.12%** **QCOM:** **23.20%** **(closed)**	**SPY:** **37.20%** **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:** **-17.90%** **ALB:** **-41.01%**	**SPY:** **37.20%**
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:** **5.11%** **REGL:** **19.34%** **SMDV:** **13.56%**	**AGG:** **9.42%** **MDY:** **17.62%** **IWM:** **13.79%**
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:** **5.56%** **MNA:** **8.08%**	**AGG:** **9.20%**

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: 8.77%	SPY: 32.76%
Global Value GVAL (Cambria Global Value ETF)	*A fundamentally-focused deep value strategy that uses a cyclically-adjusted valuation composite to evaluate 45 global countries for investment. GVAL captures the cheapest countries and the cheapest stocks in those specific countries, too.* ***What to do now: Buy.***	Issue 9: 12/12/17	GVAL: 5.30%	ACWX: 7.64%
"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: 9.25% EMLC: -0.05% EBND: 2.15% AGEYX: 10.39%	AGG: 9.70%
"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: -0.16% BLCN: 12.63%	SPY: 22.91%
"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: 11.44% TOTL: 9.68% FTSL: 8.29%	AGG: 11.53%

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:** **5.99%**	**BIL:** **3.75%**
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:** **0.25%**	**ACWX:** **5.08%**
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:** **-0.74%**	**SPY:** **25.50%**
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:** **-0.59%** **DLS:** **-0.83%**	**EFA:** **5.47%**
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:** **30.92%**	**SPY:** **25.08%**
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:** **26.05%**	**SPY:** **26.77%**
"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:** **6.15%**	**EEM:** **11.34%**

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: -7.65%	IWM: 0.19%
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: 3.00% FINX: 14.14% IPAY: 26.28%	SPY: 19.91%
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: 4.12% USFR: 2.89% SRLN: 7.17% EFR: 7.32%	AGG: 10.70%
Content Is King PBS (Invesco Dynamic Media ETF) IEME (Ishares Evolved U.S. Media & Entertainment ETF) XLC (Communications services SPDR) DIS (Disney)	*How generational changes in the cable TV industry are presenting massive long-term growth potential (think NFLX's 4000% return since 2012).* *Industry Primer: How the cable industry is changing from a service-based business, to a content-based business.*	8/20/18	PBS: 9.83% IEME: 15.13% XLC: 16.04% DIS: 30.89%	SPY: 18.21%
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: -9.57% SBIO: 7.93% FXG: 7.17%	SPY: 16.52%

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:** **-7.60%** **GNR:** **-1.44%** **RLY:** **1.60%**	**DBC:** **-6.52%**
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:** **3.59%** **LDUR:** **4.51%** **MINT:** **2.55%**	**BIL:** **2.67%**
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:** **24.75%** **DYLS:** **-11.68%** **PTLC:** **20.16%**	**SH:** **-18.81%**
Special Dividends **List of 19 stocks**	***Screened 17,070 stocks to arrive at 19 stocks that have consistently paid large special dividends. Investors can't see the true yields on these stocks because they're missing from financial websites. Our elite list has yields ranging from 50% to 600% higher than the S&P 500's yield.*** ***What to do now: Buy (multiple ways to implement in issue).***	**11/6/18**		
Momentum & Value 4th Quarter Edition **WTMF (Wisdom Tree Managed Futures ETF)** **MLPA (Global X MLP ETF)** **DCP (DCP Midstream LP)** **SHLX (Shell Midstream Partners LP)**	***In our Q4 installment of our Momentum and Value series we focused on strategies for the volatile and difficult market.*** ***Our momentum strategies were focused on non-correlated ETFs to provide diversification.*** ***Our value strategy focused on the MLP space, which had compelling yields in an environment where the oil price should stabilize.***	**12/4/18**	**WTMF:** **-2.89%** **MLPA:** **4.21%** **DCP:** **-19.77%** **SHLX:** **23.43%**	**SPY:** **24.41%** **AMLP:** **-2.75%**

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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: 22.28% DVP: 9.27%	VTV: 24.60%
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: 20.43%/9.69% ITB/VNQ: 51.31%/32.90% DFE: 25.98%	SPY: 33.59%
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: 14.08%	SPY: 28.37%
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: 10.95% VRP: 14.05% PFXF: 14.41%	PFF: 11.88%
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: 18.65% NRG: -12.74% CNP: -11.25%	XLU: 20.01%

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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: 10.29% CIBR: 13.79% FTNT: 34.51% CYBR: 32.02%	QQQ: 28.33%
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: -51.17% ACB: -79.02% CGC: -51.41% APHA: -47.13%	SPY: 19.58%
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: 19.85%	SPY: 18.36%
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: 13.32% CCOR: 3.84% JHEQX: 15.81%	SPY: 15.81%

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
ARK Invest Family of ETFs **ARKW (ARK Next Generation Internet ETF)** **ARKG (ARK Genomic Revolution ETF)** **XITK (SPDR Fact Set Innovative Tech ETF)**	*We are re-introducing the ARK Family of ETFs. Alpha recommendation ARKK is up 26% YTD and it's outperformed the S&P 500 since our recommendation.* *ARK ETFs offer "one-stop shopping" exposure to the disruptive technologies of tomorrow—technologies that can not only produce outsized long-term returns, but that also are compelling stories for clients and prospects.*	4/23/19	ARKW: 15.50% ARKG: 6.83% XITK: 13.22%	QQQ: 16.91%
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: 20.69% XBI: 9.62% IHF: 21.79%	XLV: 17.47%
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: 12.32% SPLV: 10.44% EEMV: 8.13% EFAV: 8.97%	SPY: 16.14%
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: 7.18% OHI: 25.40% SCI: 7.98%	SPY: 18.61%

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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: 8.94% SGOL: 9.24% GDX: 8.53% KL: 0.42% FNV: 19.07%	
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 5.47% SPMO: 2.61% FDMO: 3.48%	SPY: 9.42%

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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" uni-*	**7/30/19**	**MILN:** **2.93%** **GIGE:** **-0.35%**	**SPY:** **9.05%**
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:** **2.63%** **VNQI:** **3.15%** **REZ:** **-2.08%** **REM:** **8.38%**	**SPY:** **13.53%**
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:** **6.75%** **PPA:** **8.77%** **UFO:** **12.93%**	**SPY:** **14.31%**

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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:** **4.02%** **VYM:** **7.28%** **PDI:** **7.06%**	**SPY:** **11.05%**
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:** **13.48%** **FAN:** **13.18%** **ICLN:** **12.74%** **PBW:** **29.77%**	**SPY:** **14.21%**
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:** **6.40%** **FIW:** **6.83%** **TBLU:** **7.80%**	**SPY:** **10.21%**

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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**	
Closed End Funds **ETG (EV Tax Adv. Global Dividend Inc)** **HTD (JH Tax-Advantaged Dividend Inc)** **PDI (PIMCO Dynamic Income)** **NZF (Nuveen Municipal Credit Income)** **FFC (Flaherty & Crumrine Preferred & Income Sec.)** **RQI (Cohen & Steers Quality Income)**	Closed End Funds (CEFs) are under-utilized compared to ETFs (we explain why in the issue) but CEFs have advantages over ETFs both on a yield and tactical basis – and we think that CEFs can be an effective tool, when integrated into a broader portfolio strategy, that can boost yield and create opportunities to generate alpha.	**12/3/19**	**ETG:** **6.89%** **HTD:** **0.27%** **PDI:** **1.52%** **NZF:** **0.51%** **FFC:** **2.71%** **RQI:** **-2.44%**	**SPY:** **6.46%**
Cash Management **FPNIX (FPA New Income Fund)** **MINT (PIMCO Enhanced Maturity Active ETF)** **BBBIX (BBH Limited Duration I)**	In this issue, we identify three funds that provide market-beating returns on cash with very low duration and good liquidity, and we rank them depending on preference: More aggressive (and higher yield), Conservative, and "In Between."	**12/17/19**	**BBBIX:** **0.33%**	**BIL:** **0.24%**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Contrarian Ideas 2020 **MJ (ETFMG Alternative Harvest ETF)** **XOP (SPDR S&P Oil & Gas Exploration and Production ETF)** **LQDH (iShares Interest Rate Hedged Corporate Bond ETF)**	**Contrarian Idea: Cannabis Sector.** Cannabis stocks got crushed in 2019, but underlying demand for medical cannabis, along with public acceptance of the idea, continued to grow. **Contrarian Idea: Energy.** The energy sector lagged in 2019, but if there is a rebound in growth, combined with a protracted dollar decline, energy could handily outperform in 2020. **Contrarian Idea: Rising Rates.** Bonds surged in 2019 and the broad consensus is for perma-low rates. But the Fed is now targeting higher inflation, and if growth rebounds, rates could easily move higher.	**12/31/19**	**MJ:** **0.47%** **XOP:** **-2.95%** **LQDH:** **-0.61%**	**SPY:** **1.86%**