SEVENS REPORT *alpha*

March 24, 2020

In Today's Issue

- Looking for Long-Term Opportunities Amidst This Market Chaos.
- History has clearly taught us that selectively adding exposure when markets drop 30% produces long-term outperformance. So while we don't know when the bottom will be in, we do want to help provide some broad idea generation for those clients who are looking to put money to work.
- We selected three sectors: Tech, Financials and Energy, and we provided three ETF options in each sector depending on whether you are looking for broad-based exposure (and diversification) or want a more targeted strategy (higher risk/higher return).
- Tech: **XLK (Technology Select SPDR)** for broad exposure, **SMH (VanEck Vectors Semiconductor ETF)** for a rebound in global economic activity in 2H'20, and **IGV (iShares Expanded Tech-Software Sector ETF)** for all direct digital tech exposure (cloud computing, etc.).
- Financials: **XLF (Financial Select Sector SPDR)** for broad exposure, **IPAY (ETFMG Prime Mobile Payments ETF)** for a sustainable growth "touchless" electronic payments, and **KBE (SPDR S&P Bank ETF)** for deep value in banks (which will be supported by the Fed).
- Energy: **XLE (Energy Select SPDR)** for broad exposure, **MLPA** (**Global X MLP ETF)** for yield (currently 18% state yield but that won't hold obviously, but even if it's cut 50%, it's still a lot).

Sectors for A Potential V-Shaped Recovery

The official declaration of a bear market and the subsequent "worst day since the 1987 crash" headlines have fueled profound angst throughout the investment world. What started out as a mild hiccup in the global stock market has rapidly swirled into a full-blown economic tsunami that no one could have predicted.

What's most concerning is how deeply the impact of the coronavirus has cut into the social fabric of our daily lives. Many of the world's top companies are grappling with shutting down operations, making employees work from home, and tapping lines of credit to bolster cash balances. The hospitality and leisure industries (hotels, restaurants, cruise lines, travel, etc.) are experiencing catastrophic impacts to their businesses that is likely to permanently shutter smaller operators.

While the major indices are currently registering drops around the 30% range, investors are discounting many individual stocks to a much greater extreme. Just in the past month, stalwart industrial stocks are down huge, with Dow Inc. down 43%, Exxon Mobil down 45%, and Boeing, down an incredible 71%. The decline in these bellwethers shows just how drastic and just how violently swift the selloff has been.

Unfortunately, this deflationary wave isn't limited solely to stocks. Domestic interest rates have cratered to historically low levels with the 30-Year Treasury Bond dipping below 1% for the first time ever in March, although the yield on the long bond has climbed back to 1.55% as of March 20. The Fed is so spooked they took emergency action to slash interest rates to zero and resolved to purchase "as needed" amounts of Treasuries and mortgage-backed securities. The Fed also announced it would start buying municipals bonds, and corporate bonds.

I don't know about you, but I don't see the advantage of owning 30-year paper yielding just slightly more than 150 basis points. You might as well run for the safety of cash rather than succumb to the interest rate volatility at the tail end of the yield curve.

Don't forget one of the pile-on factors that has contributed to this panic is the collapse in oil prices as the world finds itself awash in supply. The lack of consensus from oil-producing nations has led to the price of crude oil cratering some 50% since the start of 2020. This commodity rout has deeply impacted industries that rely on the import, export, exploration, and production in the energy space. It's also created a sense of unrest throughout the junk bond market as energy stocks are often a harbinger of change in other sectors of the economy.

It's almost a certainty that these events have caused a great deal of anxiety for you personally and for your clients. Many have likely inquired about the efficacy of moving to cash during this uncertain period or bulking up on hard assets such as precious metals.

Fighting that psychology can be difficult when fear sets in, especially when the media keeps beating the "it's only going to get worse" drum throughout every aspect of our daily lives. Fortunately, we have spilled a great deal of digital ink over the last six months on where to direct those clients that are adamant about moving to sheltered pastures. Look no further than our Japanification, Hedged Equity, Gold, and Low Volatility issues of *Sevens Report Alpha* where we gave responsible advice on said topics.

At the opposite end of that spectrum are those of you who are able to convince clients that this is the buying opportunity you have been waiting for. If you took the tact of coming into the year with a conservative asset allocation, or if you were able to exit your stock positions at attractive levels, you are in a perfect position to build out your market buy list.

Those that have managed money through the teeth of past collapses (see 2000-2002 or 2008-2009) likely have the lingering regret that they weren't aggressive enough in buying stocks at decade-low prices. It's possible that we are experiencing a very similar psychological environment and that the stock market has already discounted the majority of the economic damage to date. If so, this represents an opportunity to deploy capital into the jaws of volatility with the expectation that markets will be higher in the next six-to-12 months.

This issue is dedicated to several sectors that we feel show unique attributes for recovering from the current market crisis. Read on to learn how you can supplement your existing holdings with these best-of-breed funds.

Rebound Idea #1 – Technology Stocks

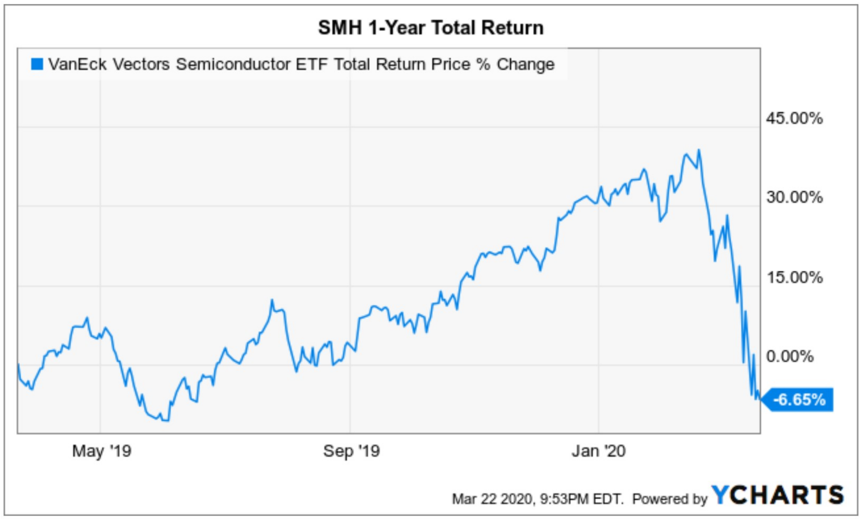
Technology stocks are some of the most cash-rich companies in the world and have been perennial outperformers throughout the past decade plus. These stocks are interconnected on a global scale but benefit from the ability to shift their workforce, supply chains, and infrastructure as needed to protect operations. Many also take advantage of revenue streams that are insulated from any direct manufacturing impacts of the coronavirus.

Think cloud services, software sales, media content distribution and other forms of digital business activity. Apple reported its services revenue at $12.72 billion in just the last fiscal quarter alone (source). Start scaling those numbers and you realize just how valuable these lines of business are for stability today, and future growth tomorrow.

Owning a handful of individual stocks such as Apple, Microsoft, and Google, is one way to play this trend. However, for a more complete diversification profile, you are likely going to turn to an exchange-traded fund (ETF) for allocation of capital.

Our research revealed that the strongest performer over the last 12 months in the diversified tech space was none other than the **Technology Select Sector SPDR (XLK)**. This $21 billion behemoth owns 71 large-cap tech companies from the broader S&P 500 Index spread across hardware, software, IT services, semiconductors, communications, and instruments.

What is unique about XLK is that its underlying index considers many payment processing companies such as Visa, Mastercard, and PayPal in the technology ecosphere. These three stocks are all in the top 10 holdings and account for nearly 12% of the total underlying portfolio value. They are also part of the reason why this fund has performed near the top of its peer group with a 12-month total return of -2.44% versus -17.96% for the S&P 500 Index.



Another unique fact about XLK is that it has morphed over the years and no longer includes social media brands such as Alphabet, Facebook, or Twitter. It also has zero exposure to technology-based consumer discretionary companies such as Amazon. That hasn't stopped it from being one of the most sought-after and heavily traded funds in the ETF community with an excellent track record to boot. Total expenses to own XLK are a paltry 0.13% per year.

A second option to consider for a rapid recovery technology play is direct exposure to the chipmakers that comprise the semiconductor industry. These are the hardware stocks that develop, manufacture and power the brains behind all of our technological devices.

The **VanEck Vectors Semiconductor ETF (SMH)** is our preferred way to play this opportunity. SMH owns 25 of the largest global chipmakers including Taiwan Semiconductor, Intel, Nvidia, and Advanced Micro Devices. The concentrated portfolio is market-cap weighted, so the top holdings represent a sizeable chunk of the overall asset allocation. Furthermore, 75% of the exposure is U.S. based companies with the remaining 25% dedicated to foreign stocks.

Alpha is what we look for when evaluating these funds and SMH has delivered in that respect as well. It's neck and neck with XLK on a one-year lookback and has actually outperformed the technology benchmark over a five-year span. Looking back over that longer time frame there are extreme spikes to the upside in SMH that represent alpha-generating potential under the auspices of a sharp momentum reversal. This ETF really has the potential to get moving if a V-shaped recovery takes hold and the market begins to price in a reduction in fear.

What makes SMH such an enticing proposition at this stage is that it has fallen nearly 30% from high to low since peaking in mid-February. Getting the chance to purchase this type of ETF well off its highs means all the more upside potential that can be unleashed on the recovery side.

SMH charges a reasonable expense ratio of 0.35% and has some $1.6 billion in assets under management, making for a very liquid and easily tradeable position in your portfolios.

Lastly, an-out-the-box pick for technology exposure is one we touched on briefly last year. The **iShares Expanded Tech Software ETF (IGV)** owns more than 100 software companies that are primarily engaged in providing database solutions and innovative online services to a global customer base.

This may be one of the more defensive sectors of the technology spectrum because the stocks in this ETF don't rely on industrial production of tangible products such as phones, computers, or tablets. They don't have to worry as much about supply chain disruptions, global delivery logistics, or human integration of their end products.

Companies such as Adobe, Salesforce, Oracle, and Intuit are primarily cloud-based service providers with healthy balance sheets and lower risk business models in this environment. The majority of their employees can work from just about anywhere. If the coronavirus-led fear were to last for an extended period of time, these stocks would be well positioned to weather the storm and emerge with a lesser degree of damage.

VanEck Vectors Semiconductor ETF (SMH)	
Inception Date:	12/20/2011
Assets:	$1.6B
Avg Daily Volume:	5.1M
Expense Ratio:	0.35%
# of Holdings:	26
YTD Return:	-28.53%
3-Yr Return:	35.96%
Mstar Rating:	4 Star

This ETF traded as low as 30% from its 52-week high and it remains to be seen if the worst of the damage has already been priced in. Nevertheless, it's worth considering how well these stocks are positioned to profit using their proprietary software and subscription-based revenue models in today's market.

Rebound Idea #2 – Financial Stocks

Financial stocks have shouldered a heavy burden in the wake of this coronavirus outbreak. The combination of plunging interest rates, potential losses from business loan and insurance portfolios, as well as remembrances to the worst sector of the last recession are weighing heavily on share prices.

The one advantage we have this time is that the economy is in a much healthier place and this current drawdown isn't being driven specifically by financed assets with soaring default rates. Additionally, the U.S. government and Federal Reserve are moving quick to stem the tide of fear that has gripped Wall Street. It's likely that if panic recedes and a big enough fiscal stimulus is invoked, this sector could find itself on the rebound quite quickly in the second half of the year.

The **Financial Select Sector SPDR (XLF)** is where most investors will look as a barometer for this sector. However, this fund has fallen some 43% off its February high! This exchange-traded fund has over $13 billion dedicated to a mix of 66 large-cap companies that include top holdings such as Berkshire Hathaway, JP Morgan Chase, American Express, and Chubb Limited.

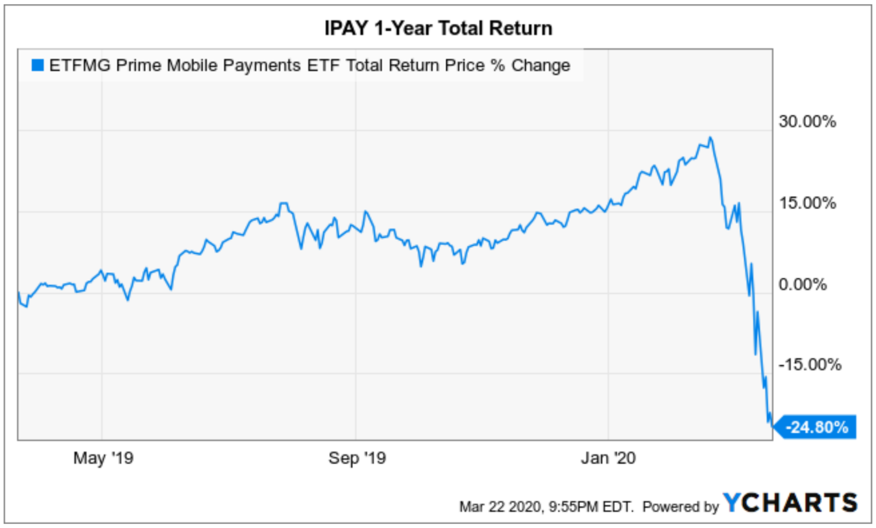
On a one-year basis, XLF is trailing the S&P 500 by a total return of -28.87% versus -17.96% for the broad market index. This relative underperformance is similarly depicted when comparing three- and five-year returns as well. It's for that reason that we don't love XLF as an alpha-generating solution in your client portfolios.

A much stronger candidate for outperformance is a fund we have recommended before, and it's the **ETFMG Prime Mobile Payments ETF (IPAY)**. This unique financial sector fund is one that is latching on to the online and mobile payment revolution with exciting results. It owns 39 primarily large-cap stocks such as PayPal, Visa, Mastercard, Square Inc, Global Payments Inc and American Express.

These stocks are at the forefront of the e-commerce revolution, which has continued to expand at a breakneck pace. Furthermore, it's likely that consumers will ramp up their online spending trends to even greater heights in the midst of social distancing and other isolation recommendations by the government. These stocks are aptly poised to take advantage of this dynamic and to capitalize on digital revenue streams that are already in place.

IPAY will celebrate its fifth anniversary this year and has over $416 million in assets under management. This niche ETF charges an expense ratio of 0.75%, which is a little on the high side for an industry fund in today's market, but it's worth the price of admission if it performs as it has over the last several years.

The fund posted a total return in 2019 of 41.84%, and just recently fell more than 40% over the past month. It's also the best performer in the financial sector ETF landscape over the last 12 months. That sets up an extremely attractive buying opportunity in a corner of the market with the capability to exceed expectations on the upside.



What I like most about IPAY is that it is geared towards the next-generation of growth in the financial sector rather than being beholden to traditional value-oriented banks or insurance companies. It straddles the line between financials and technology like no other diversified investment vehicle. This ETF has the platform and current economic tailwind to exceed expectations as the recovery phase takes hold.

Lastly, my out-of-the-box pick in the financial sector is for the deep value (read: dumpster diver) enthusiasts who like to seek out the most battered areas of the market. One such opportunity is in the large domestic bank industry via the **SPDR S&P Bank ETF (KBE)**.

This exchange-traded fund has nearly $1 billion dedicated to a group of 90 stocks that include well-known names such as Bank of America, JP Morgan Chase, Wells Fargo, First Republic, and more. It is uniquely structured as a modified equal weight index that allocates a similar distribution of capital among all holdings.

ETFMG Prime Mobile Payments ETF (IPAY)	
Inception Date:	7/15/2015
Assets:	$416.3M
Avg Daily Volume:	263K
Expense Ratio:	0.75%
# of Holdings:	39
YTD Return:	-35.85%
3-Yr Return:	17.75%
Mstar Rating:	N/A

This creates a level playing field for smaller companies to contribute a greater percentage of the total return.

This corner of the financial services industry has been hammered by the aforementioned crater in interest rates and expectations of business loan defaults. KBE has fallen some 42% from high to low in 2020 and has demonstrated similar dislocations to the market in past liquidity squeezes.

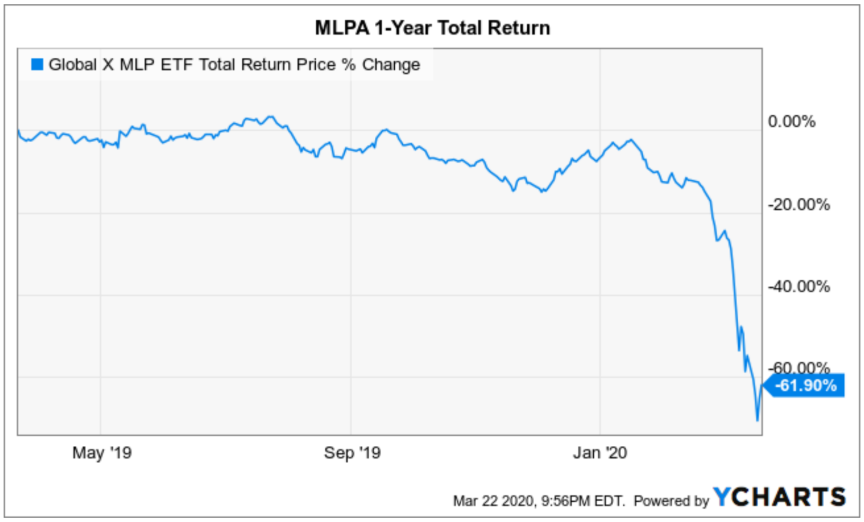
What's interesting about this fund is that the price/earnings ratio of the combined holdings is currently trading in the single digits at 7.06. Furthermore, KBE is sporting a dividend yield of 3.76%, an attractive income stream for value investors in this type of environment. Those characteristics make long-term fundamentalists drool over the possible long-term shareholder yield.

If the Fed keeps the spout on the financial system flowing with ample lending and reserves for these banks, it's likely that they survive the coronavirus scare and rebound thereafter. KBE is a diversified and cost-effective way to play this industry for those that can muster the courage to pounce on a sharp drop.

Rebound Idea #3 – Energy Stocks

Speaking of deep value opportunities, no sector has been destroyed by the pernicious selling and peripheral commodity collapse like energy stocks. The **Energy Select Sector SPDR (XLE)** is one of the largest and best-performing funds in this group. That's saying something as it has lost more than 64% of its value over the last 12 months and now is sporting a dividend yield of 17.4% at today's prices!

XLE contains exposure to mega-cap integrated oil and gas stocks such as Exxon Mobil, Chevron, Kinder Morgan, ConocoPhillips and Valero. There are only 27 holdings in this fund, but it represents a sizeable chunk of industrial output in a key segment of the economy.



The rebound opportunity in XLE is all about the stabilization of crude oil and natural gas prices. These commodities have experienced sharp drops that have discounted anything remotely connected to the energy space. If oil prices stay in the $30-$35 range, it's probable these companies begin to cut their dividends to preserve capital and shore up their balance sheets.

Nevertheless, a rebound of inflationary forces at the commodity level would create a tremendous tailwind for energy stocks that have been brutalized by the selloff. What's attractive here is the bear market math creates opportunities for tremendous capital appreciation.

A 50% gain in XLE gets back to the $38/share mark. Consequently, a 100% gain moves you to the consolidation range near $52 from current prices in the mid $25s. The highwater mark in this fund is $72.50 just a few short years ago.

Income investors are going to be salivating over the similar prospects in master limited partnership (MLP) units. These pipeline and transmission operators for the energy industry traditionally offer some of the best yields among any investable asset class in the high single digits. Under these stressful circumstances these yields have ballooned to double digits with the very real potential for capital appreciation as well.

Our favorite fund in this space is the **Global X MLP ETF (MLPA)** due to its similar makeup as the industry benchmark AMLP, yet at a much lower expense ratio of just 0.45%. MLPA has $445 million dedicated to a core group of 20 top MLP operators such as Enterprise Products, Magellan Midstream, and Energy Transfer LP.

Global X MLP ETF (MLPA)	
Inception Date:	4/18/2012
Assets:	$455M
Avg Daily Volume:	3.3M
Expense Ratio:	0.45%
# of Holdings:	20
YTD Return:	-59.03%
3-Yr Return:	64.68%
Mstar Rating:	3 Stars

This fund has fallen more than 60% from its highs as the collapse of energy prices heavily discounts these businesses. One look at the chart might make all but the most aggressive investors wish to avoid this space. However, those with high-risk tolerances that believe a rebound is imminent are likely to be interested in this type of beaten-down sector.

When you extrapolate the last four quarterly dividends from MLPA, the current yield at today's share price is an eyepopping 19%. We haven't seen those types of relative distribution yields since the last recession. The obvious caveat is that there is a much higher level of investment risk with these vehicles trading at 1800 basis points above Treasuries. That risk should be mitigated through responsible (smaller) allocation sizes should you decide to buy this sector.

Conclusion and Implementation

Looking for opportunities in the eye of a storm can be difficult when it appears like you are being bombarded on all sides. Nevertheless, this is when you can add the most value to your relationship with your clients by offering them solutions for long-term money with the greatest potential for future rewards.

The funds outlined above are not going to be labeled as core holdings under any reasonably diversified portfolio. They should be used as tactical allocations to tilt your stock allocation towards those sectors with high rebound potential. That's where the alpha in your portfolio is going to be generated during the recovery phase.

We would recommend that you size holdings in line with client risk tolerances and consider making multi-step changes to average into new cost basis at the most attractive levels possible. You may not perfectly time the bottom, but you can effectively improve your overall risk/reward profile by making incremental adjustments over the next several months.

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: -5.01%	SPY: -19.16%
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: -14.24% ROBO: -23.23% AMBA: -8.88% QCOM: 23.20% (closed)	SPY: -6.54% 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: -48.33% ALB: -60.17%	SPY: -6.54%
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: -40.62% REGL: -22.00% SMDV: -25.38%	AGG: 9.60% MDY: -30.34% IWM: -31.19%
Merger Arbitrage **GABCX (Gabelli ABC Fund)** **MNA (IQ Merger Arbitrage ETF)**	*Merger arbitrage is a time-tested hedge fund strategy. It seeks to profit from the timely completion of mergers, takeovers and corporate re-orgs. The strategy has produced solid absolute returns with low correlations to stocks and bonds.* *GABCX and MNA are the two best-performing—and cheapest—options to invest in this space.* ***What to do now: Buy.***	Issue 5: 10/17/17	GABCX: -3.63% MNA: -5.49%	AGG: 9.38%

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:** **-32.84%**	**SPY:** **-9.33%**
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:** **-38.74%**	**ACWX:** **-28.33%**
"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:** **-12.30%** **EMLC:** **-19.59%** **EBND:** **-14.28%** **AGEYX:** **-5.29%**	**AGG:** **9.86%**
"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:** **-31.20%** **BLCN:** **-18.63%**	**SPY:** **-15.93%**
"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:** **7.97%** **TOTL:** **7.04%** **FTSL:** **-15.51%**	**AGG:** **11.69%**

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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:** **-38.74%**	**ACWX:** **-28.33%**
"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:** **-12.30%** **EMLC:** **-19.59%** **EBND:** **-14.28%** **AGEYX:** **-5.29%**	**AGG:** **9.86%**
"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:** **-31.20%** **BLCN:** **-18.63%**	**SPY:** **-15.93%**
"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:** **7.97%** **TOTL:** **7.04%** **FTSL:** **-15.51%**	**AGG:** **11.69%**

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: -44.61%	IWM: -39.10%
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: -28.46% FINX: -26.51% IPAY: -23.08%	SPY: -17.91%
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: -5.37% USFR: 3.11% SRLN: -15.65% EFR: -35.57%	AGG: 10.84%
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: -32.63% IEME: -29.30% XLC: -16.41% DIS: -22.76%	SPY: -18.93%
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: -38.06% SBIO: -23.35% FXG: -21.48%	SPY: -20.09%

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: -34.11% GNR: -43.90% RLY: -31.28%	DBC: -34.24%
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: -0.28% LDUR: -1.73% MINT: 0.14%	BIL: 2.95%
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: -12.28% DYLS: -38.41% PTLC: -4.87%	SH: 11.78%
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: -3.54% MLPA: -60.82% DCP: -84.86% SHLX: -44.79%	SPY: -14.91% AMLP: -61.64%

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: -38.60% DVP: -42.59%	VTV: -19.97%
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: -20.46%/-21.28% ITB/VNQ: -20.69%/-18.8% DFE: -30.53%	SPY: -8.43%
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: -29.38%	SPY: -12.01%
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: -19.04% VRP: -19.25% PFXF: -22.61%	PFF: -22.84%
Utilities For Income VPU (Vanguard Utilities ETF) NRG (NRG Energy) CNP (CenterPoint Energy)	*We continued our focus on safety and income as we show why "boring" utilities can offer substantial outperformance in a volatile market.* *Utilities outperformed during the Oct-Dec correction, and owning utilities hasn't meant giving up long term performance as XLU has the same five year total return as the S&P 500.* *If you think the markets will stay volatile, utilities are a good place for capital to weather the storm and keep upside exposure.*	2/12/19	VPU: -17.55% NRG: -47.63% CNP: -58.56%	XLU: -17.28%

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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: -20.25% CIBR: -17.72% FTNT: 1.87% CYBR: -29.33%	QQQ: -1.78%
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: -72.55% ACB: -91.33% CGC: -74.02% APHA: -73.83%	SPY: -18.48%
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: -17.24%	SPY: -19.40%
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: -2.30% CCOR: -3.58% JHEQX: -7.44%	SPY: -21.13%

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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:** **-13.99%** **ARKG:** **-16.20%** **XITK:** **-15.88%**	**QQQ:** **-10.23%**
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:** **-15.79%** **XBI:** **-19.74%** **IHF:** **-16.69%**	**XLV:** **-14.28%**
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:** **-21.36%** **SPLV:** **25.71%** **EEMV:** **-22.70%** **EFAV:** **-20.24%**	**SPY:** **-20.85%**
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:** **-44.59%** **OHI:** **-34.47%** **SCI:** **-15.75%**	**SPY:** **-19.33%**

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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:** **9.29%** **SGOL:** **9.53%** **GDX:** **-10.57%** **KL:** **-34.49%** **FNV:** **21.39%**	
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** **-26.00%** **SPMO:** **-26.18%** **FDMO:** **-27.12%**	**SPY:** **-25.52%**

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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" universe.*	**7/30/19**	**MILN:** **-32.20%** **GIGE:** **-30.06%**	**SPY:** **-26.40%**
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:** **-38.23%** **VNQI:** **-36.03%** **REZ:** **-42.06%** **REM:** **-58.02%**	**SPY:** **-23.39%**
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:** **-45.75%** **PPA:** **-37.81%** **UFO:** **-39.62%**	**SPY:** **-22.86%**

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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:** **-11.47%** **VYM:** **-30.07%** **PDI:** **-41.07%**	**SPY:** **-24.67%**
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:** **-24.02%** **FAN:** **-18.66%** **ICLN:** **-23.67%** **PBW:** **-18.68%**	**SPY:** **-22.52%**
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:** **-27.41%** **FIW:** **-29.30%** **TBLU:** **-26.22%**	**SPY:** **-25.18%**

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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:** **-45.56%** **HTD:** **-53.28%** **PDI:** **-44.11%** **NZF:** **-26.97%** **FFC:** **-41.37%** **RQI:** **-55.58%**	**SPY:** **-27.73%**
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:** **-4.04%**	**BIL:** **0.52%**

Sevens Report Alpha Fund & Stock Ideas

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:** **-43.92%** **XOP:** **-67.89%** **LQDH:** **-20.80%**	**SPY:** **-30.90%**
International Exposure **IQLT - iShares Edge MSCI International Quality Factor ETF.** **VIGI - Vanguard International Dividend Appreciation ETF** **GSIE - Goldman Sachs ActiveBeta International Equity ETF**	We all know that **proper diversification is essential to both risk management and long-term outperformance,** and while the outlook for the U.S. markets remains strong, proper diversification must be maintained for investors with long-term time horizons. So, we've done a deep dive into the very overpopulated world of international ETFs and selected the few ETFs that we believe offer a superior combination of 1) Exposure to quality international companies, 2) Focus on developed economies (so this isn't about emerging markets) and 3) Are trading at an attractive valuation.	**1/14/2020**	**IQLT:** **-31.80%** **VIGI:** **-30.15%** **GSIE:** **-33.94%**	**ACWX:** **-33.78%**
Opportunities in Small Caps **IJR: iShares Core S&P Small-Cap ETF** **VBK: Vanguard Small-Cap Growth ETF** **XSLV: Invesco S&P SmallCap Low Volatility ETF**	The stock market has become extremely "top-heavy" with a few mega-cap tech stocks like AAPL, AMZN, MSFT, GOOGL largely driving market performance and being the difference maker in annual performance. While that's been a good thing for the last several years for many investors, the reality is that now they are also not as diversified as they should be on a market-cap basis. Proper diversification across multiple criteria (including market cap) is essential to long term outperformance and portfolio optimization, so it's always something we need to be focused on. But, to get a bit more tactical, after years of underperformance, there's a credible macro set up where small-caps can outperform in 2020.	**1/28/2020**	**IJR:** **-0.59%** **VBK:** **1.05%** **XSLV:** **0.30%**	**IWM:** **1.10%**
Finding Actionable Opportunities in the Biotech Sector **IBB (iShares Biotechnology ETF)** **SBIO (ALPS Medical Breakthroughs ETF)** **XBI (SPDR S&P Biotech ETF)**	What outperforms during a global health emergency like the Wuhan virus? Historically, the biotech sector does, **which rose 40% compared to 25% for the SPY following SARS in the early 2000s.** But, investing in biotech is tough for an advisor. So, our goal for this Alpha issue was clear: **Find the best biotech ETFs that today's advisors can actually allocate to.**	**2/11/2020**	**IBB:** **-9.29%** **SBIO:** **-15.80%** **XBI:** **-13.54%**	**SPY:** **-15.46%**

Sevens Report Alpha Fund & Stock Ideas

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Hedged Equity ETFs **DMRL: DeltaShares S&P 500 Managed Risk ETF.** **CCOR: Cambria Core Equity ETF.** **JHEQX: JPMorgan Hedged Equity Fund Class I.**	We want to highlight hedged ETF strategies that can help advisors protect gains if we are at the start of a 2018 style correction, or worse, our first bear market in over a decade, while at the same time maintaining long exposure if/when the correction ends. Hedged ETFs outperformed the S&P 500 in 2018, and if this current correction turns into a lengthy pullback, hedged ETFs will help preserve client gains.	**3/10/2020**	**DMRL:** **-5.85%** **CCOR:** **-8.33%** **JHEQX:** **-11.87%**	**SPY:** **-18.06%**