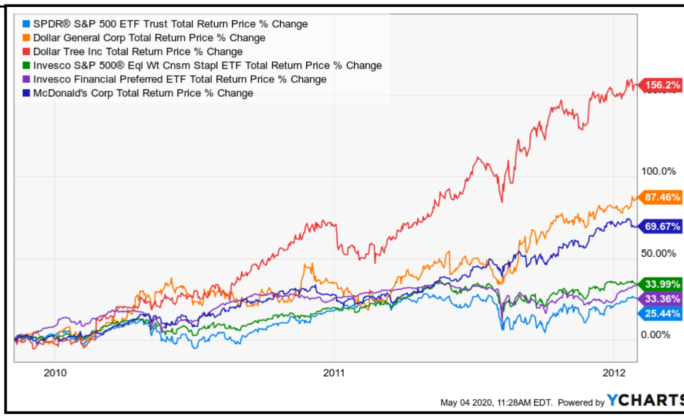
SEVENS REPORT *alpha*



All the ideas in today's Report outperformed the S&P 500 handily during the last economic recovery from March 2009 through January 2012.

May 5, 2020

In Today's Issue

- **Strategies for a "U-Shaped" Recovery**
- Markets are pricing in a pretty high chance of a "V-shaped" economic recovery, but we think it's prudent to have a playbook for a less optimistic, "U-shaped" economic recovery that has the U.S. economy mired in slow growth for some time.
- To determine what could outperform, we examined the March 2009-January 2012 time frame, the last time the economy was recovering from a major shock and stuck in a prolonged period of slow growth.
- **Preferred Stocks: PGF (Invesco Financial Preferred ETF).** Bank stocks have essentially had the Fed endorse their dividends, so given that and the implicit back-stop, we think financial preferred stocks yielding more than 5% are attractive to generate income.
- **Dollar Stores and Fast Food: DG (Dollar General), DLTR (Dollar Tree), MCD (McDonald's).** These low-cost retailers handily outperformed the S&P 500 during the last recovery, as their low price points were attractive in a slow-growth economy with elevated unemployment and low wage growth.
- **Consumer Staples: RHS (Invesco S&P 500 Equal Weight Consumer Staples ETF).** The consumer staples sector handily outperformed the S&P 500 from '09-'12, but XLP (the largest consumer staples ETF) has almost 50% of AUM in PG, WMT, POP, and KO. We think an equal-weight ETF of the same 33 names provides more diversity during a recovery.

Investing for A Cautious Recovery

At the beginning of the year, the economy enjoyed full employment, healthy corporate profits, and soaring consumer confidence.

Then in a matter of weeks, the COVID-19 global pandemic put a stop to all of that. Now we are staring at Great Depression-style unemployment, a near-complete unknown on the earnings front, and plunging consumer confidence at its lowest level in more than a decade.

This topsy-turvy economic milieu has sparked the newest debate raging on Wall Street, and that is just what type of recovery the market will make in response to the COVID-19 crisis.

The actions of the federal government to support key industries and affected workers have led to a sharp rebound in stock prices that are trending in support of a so-called "V-shaped" recovery. The bulls are staking their hopes on continued economic stimulus and a receding of virus fears to further fuel this unprecedented rally.

Nevertheless, many believe we are still far from a long-term resolution with the likelihood of trickle-down economic factors weighing on stocks for a prolonged period. This latter scenario, which presents in a drawn-out recovery over months and years, would form more of a "U-shaped" price pattern in stocks.

Billionaire investor Howard Marks, the co-founder of Oaktree Capital Management, recently said on CNBC that "we're only down 15% from the all-time high of Feb. 19," but "it seems to me the world is more than 15% screwed up." (source)

He went on to remember that "It took seven years to get back to the 2000 highs in 2007. It took 5½ years to get back to the 2007 highs in late 2012. So, is it really appropriate that, given all the bad news in the world today, we should get back to the highs in only three months? That seems inappropriately positive."

Marks' words echo the thoughts of many investors and advisors who have experienced the false bear market rallies of recessions past. They are often the harbinger of further volatility that leads to a re-shifting of momentum and sentiment.

There is no way to know just how deep this correction will go, how long it will last, or if the worst is already behind us. Yet what we can do is prepare responsibly for several scenarios using smart methods of selecting and allocating securities.

The Greed/Buy and Fear/Sell chart here is a great (source) image that advisors can pass along to clients regarding how the psychology of the market tends to play out. That psychology is no-doubt in operation right now—it's just COVID-19 amplified.

In our last two *Sevens Report Alpha* issues, we focused on high-growth areas of the market that are likely to do well under the auspices of a V-shaped recovery. In this issue, we want to complement those efforts with proven sectors and stocks that are likely to thrive if the economic recovery is more restrained, i.e. U-shaped. The following research achieves that goal by identifying areas that have proven resilient under previous recessions and are likely to continue to thrive in this current environment.

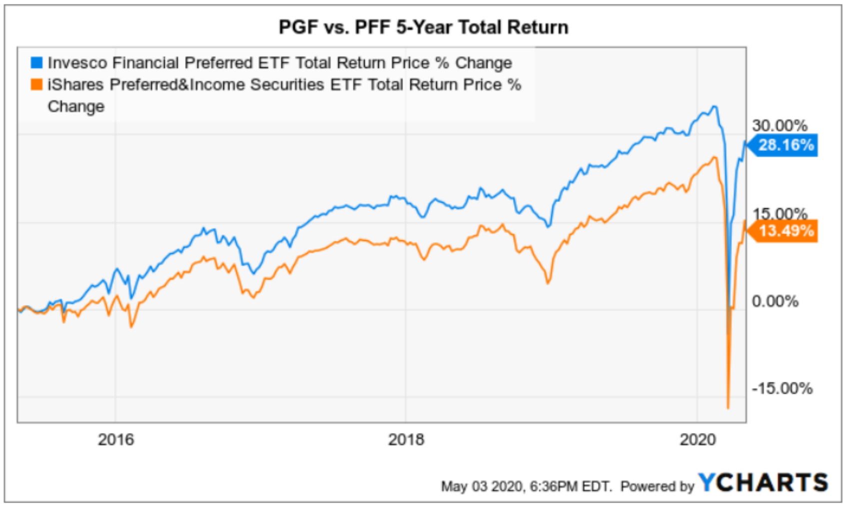
Investment Idea 1: Preferred Stocks

The thesis behind owning preferred stocks over a subdued and elongated recovery phase is threefold:

1) The Federal Reserve and Congressional leaders have essentially given the markets a blank check in terms of backstopping financial institutions and providing intermediate-term liquidity.
2) Collecting a 5-7% income stream provides a level of consistency for investors amid the chaos that can even be reinvested or taken as cash.
3) Preferred stocks are typically lower volatility than common equity equivalents with most indexes measuring a beta to the market of less than 0.50.

The combination of these factors is why it makes sense for income-hungry, risk-averse clients to consider allocating to preferred stocks and shifting more capital in that direction. The iShares Preferred and Income Securities ETF (PFF) is typically the first place that one would look for this type of allocation as it is the largest fund in this class. PFF is a fine portfolio of nearly 500 preferred securities spread among a variety of sectors including financials, utilities, REITs, telecom, and insurance companies.

There is nothing wrong with holding or adding to PFF if you have an existing allocation and attractive cost basis established. However, in this environment, we are truly favoring the financial sector as one of the more attractive areas for stable growth and income.



For that purpose, we are turning towards a fund we have recommended in the past, the **Invesco Financial Preferred ETF (PGF)**.

This ETF tracks the Wells Fargo Hybrid and Preferred Securities Financial Index, which is a market-capitalization-weighted basket designed to track the performance of preferred securities traded in the U.S. market by financial institutions. It includes exposure to both fixed and floating rate dividends of financial companies such as JPMorgan Chase, Wells Fargo, Citigroup, and PNC Financial Services in its $1.4 billion portfolio.

Invesco Financial Preferred ETF (PGF)	
Inception Date:	12/1/2006
Assets:	$1.5B
Avg Daily Volume:	873K
Expense Ratio:	0.62%
# of Holdings:	99
YTD Return:	-3.19%
3-Yr Return:	11.26%
Mstar Rating:	5 Star

The fund carries a 30-day SEC yield of 5.17% and an effective duration of 4.02 years generated by 98 securities in its underlying holdings. While it's far more concentrated than PFF, I view the distribution of capital solely towards the financial sector as a fundamental strength.

The price action seems to agree with me as well. PGF has outperformed PFF on virtually every time frame I put it up against with nearly a 15% lead over the last five years.

It also was a star performer from March 2009-January 2012, the last major recovery period from recessionary lows. PGF jumped an astounding 171% over this time frame, albeit primarily because it was so beaten down from the ugly price action in the financial sector, and this is admittedly a far different environment than the financial crisis of the previous decade.

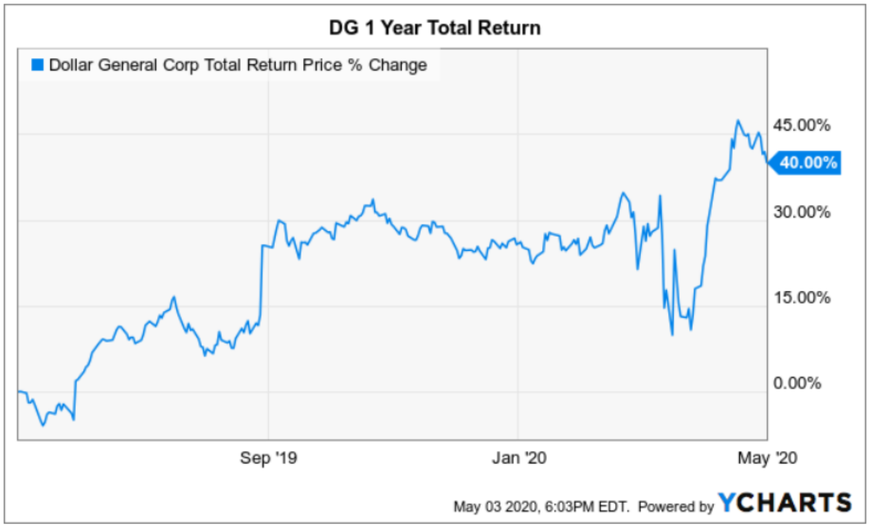
It should also be noted that every correction in the preferred stock space has been shallower in the strictly financial index versus the broader basket as well. That moderated volatility helps produce stronger gains over longer time frames and allows investors greater flexibility to keep their exposure intact.

If you like the prospects for the financial sector in the intermediate term, this fund should be your destination for equity-income-focused clients that are more risk-averse. A tactical allocation to preferred stocks can help boost total portfolio yield and provides exposure to a non-correlated asset class with better return prospects than traditional bonds and many common equity sectors.

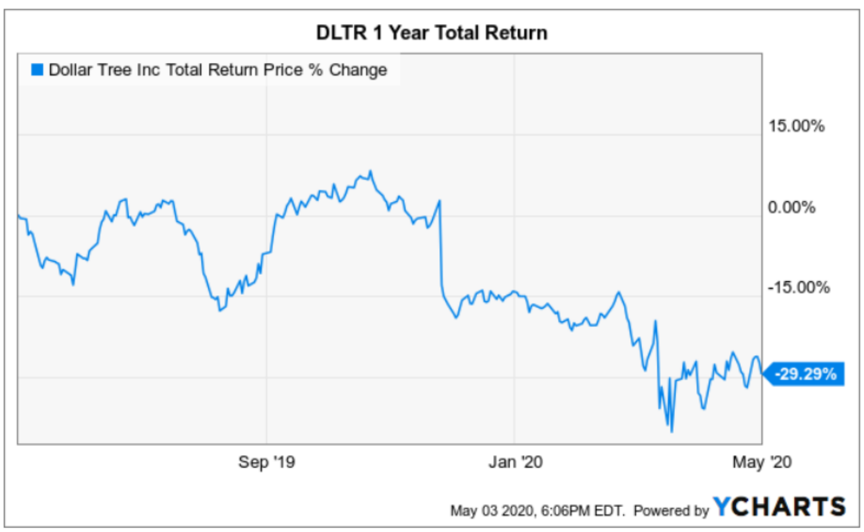
Investment Idea 2: Consumer Discretionary

Most investors that evaluate the consumer discretionary space correlate it with big-ticket purchases such as transportation, hospitality, jewelry, and luxury brands. There is no doubt those industries are going to struggle through a prolonged period of consumer risk aversion, lower household income, and cash hoarding. They are likely going to be some of the last companies to rebound from a more pronounced pullback in consumer spending.

However, what many may be surprised to discover is that several value retail, and successful food service brands also are considered "consumer discretionary" by market research standards. **We are talking about the dollar stores and fast-food restaurants that are perfectly positioned to take business away from higher-end competitors over the next several years.**



Contemplate how most traditional malls and full-service restaurants are closed or operating well under capacity for the foreseeable future due to health concerns of virus transmission. Many may not be able to recover from this type of event as retailers fail to pay rents, governors impose long-term social distancing guidelines, and consumers just plain disappear.



Companies such as Dollar Tree Inc (DLTR), Dollar General Corp (DG), McDonald's (MCD), and Yum Brands (YUM) are apt to see a steady floor of demand from high-frequency customers that want the most value for their money in these uncertain times. Furthermore, the two restaurant brands are set up for quick service, a drive-through business that can't be easily replicated by brick-and-mortar competition overnight. Lastly, all four stocks have track records of significant alpha during the last recession that make for an attractive contemporary opportunity.

<u>Dollar Stores</u>

Dollar General Corp (DG) is the largest of the dollar store brands with a $44 billion market capitalization that has been well-earned by steady fiscal performance. The company has grown sales and net income in each of the last five years as it operates more than 15,000 stores nationwide. Its core brand of retail includes consumer staples such as Clorox, Energizer, Procter & Gamble, Hanes, Coca-Cola, Mars, Unilever, Nestle, Kimberly-Clark, Kellogg's, General Mills, and PepsiCo. The perfect pandemic catalogue for cost-conscious consumers looking to stay fed and healthy with household staples.

Last year DG did $27 billion in revenue and is currently trading at a price/earnings ratio of 26 as it sees continued momentum in its stock price over the last twelve months.

The current momentum of DG is no fluke either. **The stock initially began trading near the initial stages of the last recession back in late-2009 and managed to eclipse the performance of the S&P 500 Index by the time the benchmark has retaken its prior high in 2012.**

In more recent times, DG has managed to post a five-year track record of 149% versus 49% in the

S&P. This type of long-term and near-term alpha make for an attractive business model for investors to embrace during this type of volatile environment.

Another major competitor to DG is **Dollar Tree Inc. (DLTR)**, a $17 billion market cap stock that operates Dollar Tree and Family Dollar stores nationwide as well as in Canada. Its core merchandise sales include competitively priced household goods in local community stores with an emphasis on providing value for consumers.

DLTR did $23 billion in sales last year and has similarly seen gross revenue increase in each of the last five-year periods. Its healthy balance sheet shows an abundance of cash on hand to meet current obligations and positive net income to support future growth. **This company was also a star of the last recession, posting a gain of 221% from March 2009 to January 2012 compared to 81% in the S&P 500 Index.**

The more recent stock price history of DLTR has been hampered to the downside that may be providing an attractive entry spot for new investor capital that believes in this slow recovery theme. It's currently trading at an attractive price/earnings ratio of 21 and continues to demonstrate solid fundamentals.

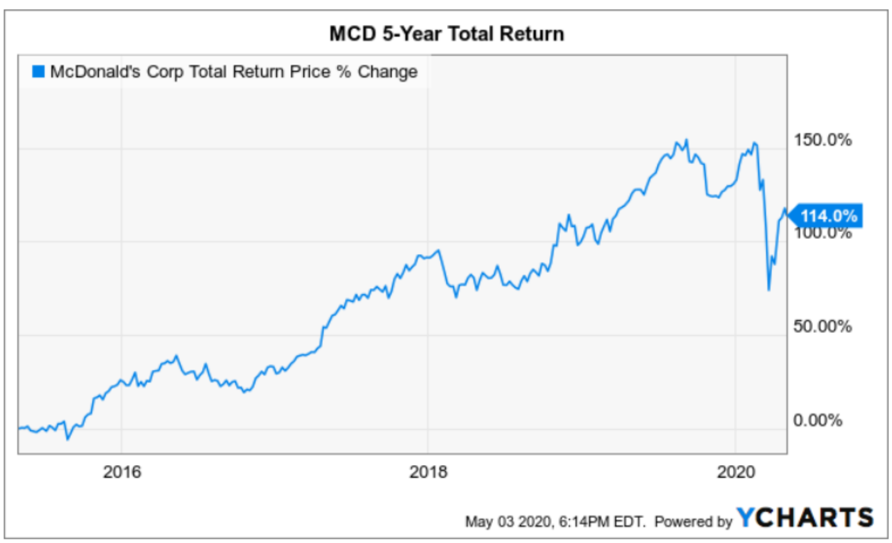
There is a strong likelihood that the pandemic will allow consumers who had previously never shopped at dollar store brands to discover unique qualities in these stores. Particularly as other neighborhood retailers shutter their doors. This will increase customer traffic, gross margins, and shareholder value for these stocks.

__Fast Food__

The traditional high-end and middle-ground restaurant industry has been decimated by the closure of state economies this year. Many might never recover as they face the inability to offer alcohol sales, fancy food, and face difficult rent/labor cost models. While some are initially struggling to pivot towards take-out menus or provisions from their suppliers, that can only support their fixed costs for so long.

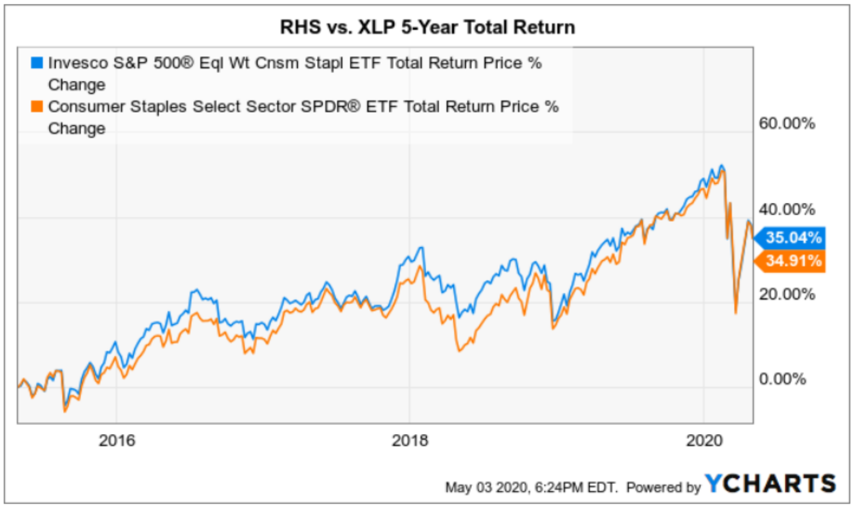
A drawn-out dark period of social distancing is ultimately a death knell for these businesses as they aren't traditionally all that profitable to begin with. There is a reason that restaurants are almost always in the top five industries for failed businesses each year according to the small business administration.

It might not be sexy, but fast food is as American as apple pie and has traditionally been a recession-proof business built to handle this environment. Dollar menus and drive-throughs are the perfect pandemic sales channels to deliver hot food at reasonable prices in the most low-touch way possible.



It should come as no surprise that **McDonald's Corp (MCD)** is a great choice both on historical and near-term prospects. The ubiquitous hamburger chain is a global brand that has been a top-performing, low-volatility stock for decades and continues to demonstrate its appeal for investors. MCD has grown into a $136 billion behemoth with $21 billion in annual sales and $6 billion in net income last year. Those are margins investors can sink their teeth into like a juicy Big Mac.

Furthermore, the stock has demonstrated a beta to the market of just 0.82 over the last 12 months. That low-volatility component is just one more attractive feature that will appeal to those who are risk-averse.



During the recovery from the last recession, MCD posted slow-and-steady gains that outpaced the broad market by a total return of 109% versus 81% in the S&P 500. Additionally, the stock has shown tremendous alpha over the last five years and continues to shine versus its competition.

Another excellent performer with a similar portfolio of fast-food services is **Yum Brands Inc (YUM)**. This consolidated portfolio of quick-serve restaurants includes Taco Bell, Kentucky Fried Chicken, and Pizza Hut through a similar licensing and franchise model as McDonald's.

YUM is a $26 billion market cap stock with $5.6 billion in annual sales and a net income of $1.3 billion last year. **During the last recession recovery, YUM shares jumped nearly 140%, proving that it was a solid performer with a proven business model during an uncertain climate.**

More recently, YUM has seen its share price fall in concert with the market and is likely to experience similar beta as the benchmark indices in terms of volatility. It's our belief that the portfolio of fast-food restaurants that underscore YUM are aptly positioned to benefit during the teeth of a recession as well as through the long-term recovery phase. It's during this period that the stock is most attractive as a high-volume, low-touch food service operator with meaningful alpha potential.

Selecting a small group of alpha-generating consumer discretionary stocks rather than the shotgun approach of a diversified ETF will be crucial to avoid industries that are overexposed to the COVID-19 crisis. By avoiding auto manufacturers, airlines, cruise ships, jewelry stores, and hotels you are more likely to find cash-rich companies closer to community necessities rather than luxury items. Keep in mind that it's best to spread your risk over several stocks (almost like building a mini ETF) in this theme using modern portfolio diversification strategies.

Invesco S&P 500 Equal Weight Consumer Staples ETF (RHS)	
Inception Date:	11/1/2006
Assets:	$473M
Avg Daily Volume:	39.7K
Expense Ratio:	0.40%
# of Holdings:	33
YTD Return:	-9.37%
3-Yr Return:	12.96%
Mstar Rating:	5 Star

Investment Idea 3: Consumer Staples

The run-on toilet paper, paper towels, cleaning supplies, and even food in the developed world has been a shock to many that have never had to worry about shortages of these common items. Costco reported in its most recent results that March's net sales rose 12% YoY, an increase of more than $1.5 billion (source).

Similar results are expected for mega-retailers Amazon, Walmart, Target, and others. Much of which has come in the form of online sales delivered to customers through global logistics channels. Grocery stores also have seen an explosion in their traffic that has led many scrambling to keep certain non-perishable items in stock.

The products that consumers are buying are a litany of brands from Clorox to Proctor & Gamble, Kimberly Clark, Kellogg, General Mills, Unilever, Coke and Pepsi. Those are just the most common household brands among a wide field of competition in the global consumer staples marketplace.

It goes without saying that an elongation of the virus trend, protracted stay-at-home orders, and further increase to unemployment statistics will put a floor under the demand for essential food and household products.

The government subsidies to unemployment stipends, as well as the direct impact of payroll protection at small businesses, will also inject money into the economy for spending on these goods.

Unpacking which companies will perform the best in this environment would be folly as there are too many factors in play to speculate. That is why it's best to turn back towards a diversified vehicle to ride the consumer staples trend.

The largest and most heavily owned ETF in this space is the Consumer Staples Select Sector SPDR (XLP), which has nearly $14 billion dedicated to a group of 33 large-cap stocks. XLP has the longest track record among its peers and is an extremely liquid investment vehicle for those who have traded it in the past.

Like all the major SPDR indexes, XLP is market-cap weighted, which allocates the lion's share of assets to the largest stocks. That's also where it falls stagnant versus its more progressive peers.

The top four stocks (P&G, Walmart, Pepsi, and Coke) account for 47% of the portfolio. That small group is going to drive the majority of the returns through thick and thin, which runs counterproductive to traditional diversification principles.

Fortunately, there is an easy solution to this dilemma via the **Invesco S&P 500 Equal Weight Consumer Staples ETF (RHS)**. This fund takes the same 33 stocks and equal weights them with approximately 3% allocations each. This enhances participation from smaller companies and reduces the impact that larger (and perhaps stodgier) companies have on the returns. The fund charges an expense ratio of 0.40%, rebalances quarterly, and has nearly $500 million in assets under management.

It's worth noting that RHS has been in existence since 2006 and has built a solid track record over its tenure. In the aftermath of the last recession, this fund beat the returns of the S&P 500 Index with lower volatility along the way. It also has maintained respectable outperformance versus the benchmark S&P over the last year. RHS experienced a shallower drop from high to low and continues to trade with an upside bias as of this writing.

It's likely that exposure to these consumer staples brands will provide correlation to the market with historically less downside risk. Furthermore, a recovery period will offer the chance for this basket of stocks to leapfrog other sectors (energy, hospitality, industrials, etc.) that are mired in difficult financial circumstances.

A fund such as RHS can be utilized like any other sector holding within the portfolio. That equates to either pairing with more diversified core holdings or deploying as a stand-alone tactical allocation to participate in the consumer staples trend.

It's an easy message for clients to get behind because you know they are experiencing the supply and demand forces in their own lives and thus will be enthusiastic about this trade.

Conclusion

Periods of market volatility are perfect opportunities to get in front of your clients to design a strategy that makes the most sense for their risk tolerance and life situation. Quite frankly, this current rally has been a gift for advisors to use as a rebalancing and reallocation point for those that are concerned about the near-term market or economic prospects.

Take their concerns seriously and use these types of conservative vehicles as a way to add value to your relationship—and ultimately their portfolio returns through the remainder of 2020.

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: 4.56%	SPY: 20.77%
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: 12.37% ROBO: -1.82% AMBA: 6.59% QCOM: 23.20% (closed)	SPY: 18.96% 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: -31.53% ALB: -56.08%	SPY: 18.96%
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: -22.27% REGL: -4.95% SMDV: -13.87%	AGG: 14.27% MDY: -9.44% IWM: -13.84%
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: 2.05% MNA: 1.59%	AGG: 14.05%

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:** **-14.20%**	**SPY:** **15.26%**
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:** **-31.53%**	**ACWX:** **-15.65%**
"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:** **-3.67%** **EMLC:** **-13.60%** **EBND:** **-7.08%** **AGEYX:** **-6.32%**	**AGG:** **14.56%**
"Blockchain" Investing **BLOK (Amplify Transformational Data Sharing ETF)** **BLCN (Reality Shares Nasdaq NexGen Economy ETF)**	*Blockchain, the technology behind cryptos, has the potential to change many industries. Having the right exposure to companies using or pioneering the use of blockchain, offers substantial long-term growth opportunities. Not only did we break the story on the first two blockchain ETFs (BLOK and BLCN) ahead of every financial media outlet, we also provided a sneak peek at their top holdings and a blockchain primer.* ***What to do now: Buy (multiple ways to implement in issue).***	**Issue 12:** **1/16/18**	**BLOK:** **-10.80%** **BLCN:** **-0.50%**	**SPY:** **6.70%**
"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:** **13.48%** **TOTL:** **10.09%** **FTSL:** **-0.37%**	**AGG:** **16.47%**

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:** **5.38%**	**BIL:** **4.00%**
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:** **-13.08%**	**ACWX:** **-17.59%**
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:** **-33.55%**	**SPY:** **9.00%**
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:** **-23.88%** **DLS:** **-28.32%**	**EFA:** **-16.73%**
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:** **30.19%**	**SPY:** **8.64%**
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:** **-4.28%**	**SPY:** **9.48%**
"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:** **-13.84%**	**EEM:** **-5.73%**

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: -30.69%	IWM: -23.97%
The Future of Consumer Spending IBUY (Amplify Online Retail ETF) FINX (Global X FinTech ETF) IPAY (ETFMG Prime Mobile Payments ETF)	*The way U.S. consumers purchase goods is changing—rapidly. And, getting "pure play" exposure to the rise to online retailers and to the growth of mobile payments could be similar to investing in credit cards back in the mid-80's. There are few other established corners of the market that offer this type of growth potential.*	7/24/18	IBUY: 1.16% FINX: 0.67% IPAY: 2.77%	SPY: 4.11%
Floating Rate Funds FLOT (I-Shares Floating Rate Bond ETF USFR (Wisdom Tree Floating Rate Treasury Fund) SRLN (SPDR Blackstone / GSO Senior Loan ETF EFR (Eaton Vance Floating Rate Trust)	*Despite stubbornly high bonds/low yields, bonds are still now in a longer term bear market, and there exist few non-inverse bond alternatives that can produce absolute gains in a falling bond environment.* *Floating rate ETFs rise as bond yields fall and offer absolute return potential in bond portfolios, and are an important tool in constructing client bond portfolios in a rising rate environment.*	8/6/18	FLOT: 2.67% USFR: 3.36% SRLN: -4.08% EFR: -17.59%	AGG: 15.59%
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: -14.13% IEME: -11.40% XLC: 4.14% DIS: -5.82%	SPY: 2.67%
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: -22.98% SBIO: 1.44% FXG: -6.73%	SPY: 1.20%

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: -33.35% GNR: -26.57% RLY: -20.22%	DBC: -35.60%
Short Duration Bond ETFs **MEAR (IShares Short Maturity Municipal Bond ETF)** **LDUR (PIMCO Enhanced Low Duration Active ETF)** **MINT (PIMCO Enhanced Short Maturity Active ETF)**	*The downtrend in bonds accelerated in September and October of 2018, and it was a reminder that advisors face challenges in the fixed income markets over the coming years.* *One of the best ways to protect investors in a bond bear market is by shortening duration of bond holdings, so we presented three short duration bond ETFs that have yields that are close to the 10 year Treasury, but that have much shorter average maturities.*	10/16/18	MEAR: 2.75% LDUR: 5.07% MINT: 2.43%	BIL: 2.92%
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: 9.53% DYLS: -14.64% PTLC: -33.32%	SH: -4.90%
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: -4.75% MLPA: -40.74% DCP: -72.25% SHLX: -24.07%	SPY: 7.98% AMLP: -42.75%

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: -21.81% DVP: -30.97%	VTV: -0.17%
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: -7.06%/-8.64% ITB/VNQ: 18.41%/4.45% DFE: -13.20%	SPY: 15.93%
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: -10.15%	SPY: 11.55%
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: 6.69% VRP: 3.21% PFXF: 3.30%	PFF: 2.05%
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: 3.08% NRG: -20.78% CNP: -44.49%	XLU: 5.10%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Cybersecurity: Threats & Opportunities **HACK (ETFMG Primce Cyber Security ETF)** **CIBR (First Trust NASDAQ Cybersecurity ETF)** **FTNT (Fortinet)** **CYBR (CyberArk)**	*Cyber security and privacy on-line are two clearly defined growth areas of tech, as tech adoption progresses towards consumer demanding security and convenience.*	2/26/2019	HACK: 0.53% CIBR: 2.68% FTNT: 21.57% CYBR: -8.83%	QQQ: 24.95%
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: -65.88% ACB: -91.21% CGC: -62.88% APHA: -66.47%	SPY: 3.89%
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: 5.40%	SPY: 2.88%
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: 2.29% CCOR: 7.57% JHEQX: 0.68%	SPY: 7.15%

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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: 19.01% ARKG: 26.98% XITK: 3.78%	QQQ: 13.90%
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: 13.02% XBI: 11.61% IHF: 12.25%	XLV: 12.83%
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: -1.25% SPLV: -7.36% EEMV: -9.94% EFAV: -7.53%	SPY: 1.02%
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: -37.85% OHI: -17.48% SCI: -17.43%	SPY: 3.20%

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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: 20.08% SGOL: 20.39% GDX: 32.84% KL: -0.70% FNV: 66.62%	
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 -5.35% SPMO: -3.89% FDMO: -5.55%	SPY: -7.96%

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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:** **-12.02%** **GIGE:** **-6.52%**	**SPY:** **-5.71%**
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:** **-19.81%** **VNQI:** **-24.08%** **REZ:** **-28.14%** **REM:** **-48.65%**	**SPY:** **-1.85%**
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:** **-31.90%** **PPA:** **-22.16%** **UFO:** **-27.09%**	**SPY:** **-1.17%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Japanization Playbook **PTCIX (PIMCO Long Term Credit Bond Fund)** **VYM (Vanguard High Dividend Yield ETF)** **PDI (PIMCO Dynamic Income Fund)**	Given the slowing of the global economy, we are now at a fork in the road, where global economic stimulus will either work, like it did in 2016 and spur a big rally, or it will not, like what happened in Japan in the 1990s. We spent an entire *Alpha* issue detailing a what will outperform and underperform in that scenario, so that if it happens, we know what to do.	**9/10/19**	**PTCIX:** **3.10%** **VYM:** **-12.55%** **PDI:** **-22.31%**	**SPY:** **-3.38%**
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:** **0.02%** **FAN:** **-4.72%** **ICLN:** **-3.53%** **PBW:** **7.81%**	**SPY:** **-0.63%**
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:** **-8.82%** **FIW:** **-11.04%** **TBLU:** **-11.33%**	**SPY:** **-4.09%**

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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:** **-23.86%** **HTD:** **-30.40%** **PDI:** **-26.33%** **NZF:** **-16.15%** **FFC:** **-7.85%** **RQI:** **-34.03%**	**SPY:** **-7.36%**
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:** **-1.77%**	**BIL:** **0.48%**

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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: -29.75% XOP: -42.32% LQDH: -9.88%	SPY: -11.34%
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: -18.00% VIGI: -16.46% GSIE: -20.88%	ACWX: -21.36%
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

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
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%**
Sector Opportunities from the Coronavirus Decline **Tech Sector (Three ETFs)** **Financials (Three ETFs)** **Energy (Three ETFs)**	This will be the first part of a two-part series that addresses potential longer-term opportunities from this crisis. For today's issue, 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).**	**3/24/2020**	**Multiple ETFs selected for each sector depending on risk tolerance.**	
Longer Term Industry Opportunities from the Coronavirus **Health & Wellness (Three ETFs)** **Mobility As A Service (IBUY: Amplify Online Retail ETF)** **Cord Cutting (JHCS: John Hancock Multifactor Media and Communications ETF).** **Stay At Home (XITK: SPDR FactSet Innovative Technology ETF)**	In this issue, **we build on the theme of a return to optimism by identifying specific stocks, ETFs, and industries likely to experience long-term tailwinds from this historic coronavirus pandemic black swan.** This trend will shift the spending and habits of millions of Americans over the course of the next decade.	**4/7/2020**	**PTH:** **18.39%** **IBUY:** **17.70%** **JHCS:** **6.42%** **XITK:** **13.34%**	**SPY:** **3.99%**
Three Industries That Will Benefit from Changes in Corporate Behavior **Cloud Computing (SKYY: First Trust Cloud Computing ETF)** **E-Commerce (SHOP: Shopify & GDDY (GoDaddy)** **Online Payment Processing (IPAY: ETFMG Prime Mobile Payments ETF)**	Each part of our "What To Buy" series have become more granular, and that trend is continuing today with the final installment of the series. Part One focused on broad sectors. Part Two identified larger industries that should benefit over the longer term from changes in consumer behavior from the coronavirus experience. **Now, Part Three will go even deeper and rely on our own anecdotal experiences to identify sub-indices that should benefit over the longer term from changes in business behavior in a post-coronavirus world.**	**4/21/2020**	**SKYY:** **4.13%** **SHOP:** **14.87%** **GDDY:** **3.73%** **IPAY:** **8.37%**	**SPY:** **4.92%**