SEVENS REPORT *alpha*

June 16, 2020

In Today's Issue

- **ESG Investing Update—More Important Than Ever**
- In March 2019, we produced an *Alpha* issued focused on ESG investing, and four out of the five ETF recommendations met, or exceeded, the performance of the S&P 500, showing that clients can "do good" via their investments and still outperform.
- In light of recent social unrest, many clients don't just want to enhance their wealth and preserve their nest eggs—they also want to *feel good* about how they do it. They want to know not only how this fund or stock will impact their portfolio, but also how it aligns with their ethical, religious, or social paradigm.
- **ESG Stock ETFs: ESGV (Vanguard ESG U.S. Stock ETF).** Our preferred ETF for core EXG holdings has **outperformed the S&P 500 (19.8% to 16.7%)** since our initial recommendation. **Other ETF discussed: ESGU (iShares ESG MSCI U.S.A ETF).**
- **ESG International Stock ETFs: VSGX (International Vanguard ESG International Stock ETF).** An ESG focused ETF that provides global exposure, helping investors get ESG exposure while diversifying from the U.S. market. **Other ETF discussed: LDEM (iShares ESG MSCI EM Leaders ETF).**
- **ESG Fixed Income ETFs: EMNT (PIMCO Enhanced Short Maturity Active ESG ETF).** An ESG focused alternative to MINT, a favorite short-term bond ETF. EMNT sports a duration of 0.47 years and a yield of 1.69%. **Other ETFs discussed: EAGG (iShares ESG U.S. Aggregate Bond ETF), SUSB (iShares ESG 1-5 Year USD Corporate Bond ETF).**

Investing with A Conscience

As if things weren't difficult enough with the ongoing repercussions of a global health pandemic, the United States is now faced with troubling social unrest. The implications of protests against police brutality, disturbing political rhetoric, and deep-rooted racial dynamics are a powder keg threatening to undermine the economic recovery before it really gets underway.

Many of these issues fall outside the scope of the financial world that we dutifully monitor every day. And while some might say that these concerns aren't likely to filter down to investment decisions and/or are outside the purview of an advisor's responsibility to their clients, we know there are ongoing conversations in households throughout the country about how we all can be more equitable and socially conscious.

Every advisor I know has built their business on relationships that range far outside the bounds of strict investment speak. They talk about their clients' hobbies, families, career motivations, and legacy goals. Interestingly, many wealthy families may be starting to re-think how they want to leave a legacy for their namesakes and ultimately how they want to pursue those goals in today's markets.

Today, many of us don't just want to enhance our wealth and preserve our nest eggs—we also want to *feel good* about how we do it. There was a time when simply pointing to a particular investment as "best in class" or "lowest cost" was a primary decision-making tool. Now, many clients want to probe deeper. They want to know not only how this fund or stock will impact their portfolio, but also how it will impact the globe or how it aligns with their ethical, religious, or social paradigm. That is why we felt this was a perfect time to refresh our top list of socially conscious investment themes.

We did an issue on impact investing nearly fifteen months ago in March 2019. At that time, the ESG (environmental, social, governance) movement was beginning to pick up steam and it was important to highlight some of the top funds in each category to implement as sound portfolio building blocks.

There may not have been an immediate catalyst to jump on these funds at that time, but today's client conversations are likely to be focused on an entirely different set of ideals that warrant enhanced emphasis on these factors. **(If you don't have a copy of that 2019 impact investing issue, please email us and we'll be happy to send it to you.)**

Here is a recap of the performance from the funds in last year's report, and the results were largely impressive. All but one of the funds functionally met or exceeded the returns in the large-cap S&P 500 benchmark on a total return basis since March 26, 2019.

Ticker	Name	Type	%Gain
SPY	SPDR S&P 500 ETF	Benchmark	16.78%
ESGV	Vanguard ESG U.S. Stock ETF	ESG Diversified	19.86%
QCLN	First Trust NASDAQ Clean Edge Green Energy Fund	Clean Energy	49.55%
SHE	SPDR SSGA Gender Diversity Index ETF	Gender Specific	9.17%
JUST	Goldman Sachs JUST U.S. Large Cap Equity ETF	Equality	17.72%
CATH	Global X S&P 500 Catholic Values ETF	Religious Beliefs	16.56%

**% Gain = Total return since March 26, 2019*

The implications of this evidence are that many ETFs can meet clients' social agendas AND still impart alpha-generating returns on their portfolios. The two objectives don't have to be mutually exclusive with the low-cost tools at your disposal today.

There is real money and real purpose behind the concept of impact investing, and we want you to be as prepared as possible to implement it on behalf of your clients. In the following pages, we break down the best funds by asset class and pinpoint the strategies that apply to each unique situation.

Asset Class: Stocks – United States

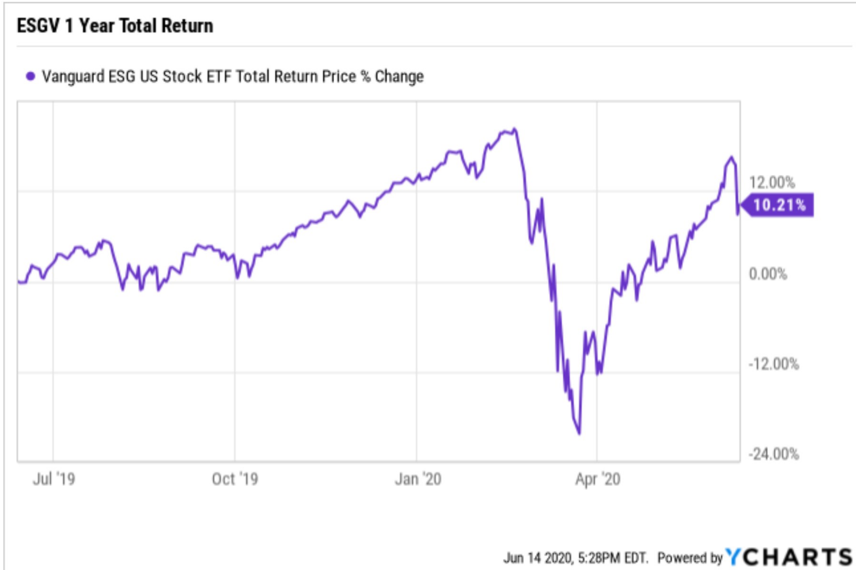
Last year, our favorite diversified core holding for the ESG movement was the **Vanguard ESG U.S. Stock ETF (ESGV)**. It was little more than six-months-old and had an unimpressive $260 million in assets under its belt. That number has swelled to more than $1.3 billion over this relatively short time frame and that number continues to gradually increase as more investors realize the efficacy of this ethical strategy. This ETF has continued to put up impressive results as demonstrated in our performance table and is a consistent presence at the top of the impact investment leaderboard.

ESGV essentially takes the entire U.S. stock market universe of small-, mid- and large-cap companies and screens them for ESG criteria. This methodology specifically excludes stocks of companies in the following industries: adult entertainment, alcohol and tobacco, weapons, fossil fuels, gambling, and nuclear power. It also excludes stocks of companies that do not meet standards of U.N. global compact principles and companies that do not meet diversity criteria.

The result is a highly diversified portfolio of more than 1,500 U.S. stocks with a total expense ratio of just 0.12%. Top holdings include well-known names such as Microsoft Corp, Apple Inc, Amazon.com, and Alphabet Inc. It's essentially designed to take the place of the Vanguard Total Stock Market Fund for those who want to be more socially conscious.

ESGV experienced a similar drop as the rest of the market in the first quarter and has been on a sharp rebound since mid-March. The fund just recently moved back into positive territory for 2020 and has notched a 52-week gain of 10.21%.

ESGV is a perfect core equity holding because of its low-cost, deep liquidity, and highly diversified nature. It will stand out as a cornerstone in the portfolio due to its investment methodology and consistency with respect to benchmark tracking. This is the type of fund that you can easily take a larger position size in and then build around with more nuanced sector or factor-based holdings. Most importantly, it is going to make your clients feel good that they are owning companies that are demonstrating justifiable business practices in today's social landscape.



Another excellent alternative to ESGV is the **iShares ESG MSCI U.S.A. ETF (ESGU)**. This fund takes a similar "total market" approach to its security selection and portfolio construction techniques with an emphasis on large- and mid-cap stocks. The end result is a basket of 346 companies with a high degree of parallel structure to its Vanguard counterpart.

ESGU is the largest diversified stock exchange-traded fund in the ESG genre with more than $7 billion in assets. It also charges a modest 0.15% expense ratio as its ongoing management fee.

Vanguard ESG U.S. Stock ETF (ESGV)	
Inception Date:	9/18/2018
Assets:	$1.5B
Avg Daily Volume:	233.7K
Expense Ratio:	0.17%
# of Holdings:	1,505
YTD Return:	-2.72%
3-Yr Return:	N/A
Mstar Rating:	N/A

A head-to-head comparison between the two funds would provide very little differentiation in their sector makeup and top holdings. Choosing one or the other might simply come down to fund sponsor preference or cohesiveness with existing positions in your client portfolios. You really can't go wrong either way and performance results have been meaningfully similar between these competitors.

Lastly, a fund that we mentioned in our prior issue and continues to be an excellent performer is the **Goldman Sachs JUST U.S. Large Cap Equity ETF (JUST)**. As its ticker symbol implies, JUST is focused on filtering stocks for those companies that demonstrate impartial or "just" business behavior.

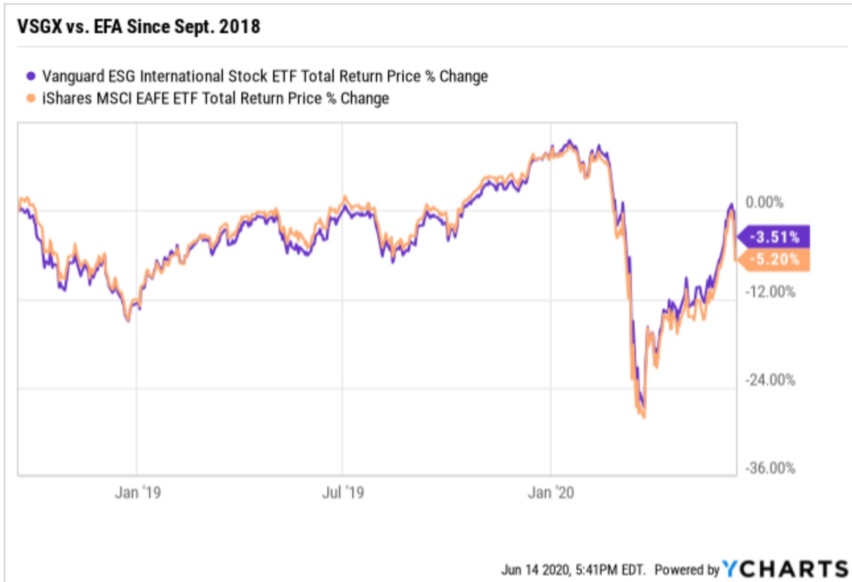
The index is compiled by a company known as JUST Capital by analyzing thousands of data points for stocks in the Russell 1000 Index. It then ranks and pares down the portfolio to around 400 stocks showing the highest degree of concern for worker treatment, customer concerns and environmental impact.

According to the JUST Capital research (source), compared with Russell 1000 companies excluded from the Index, 2017-18 JULCD constituents on average:

- Are twice as likely to pay nearly every worker a living wage.
- Create U.S. jobs at a 20% greater rate.
- Employ twice as many workers in the U.S.
- Produce 45% lower greenhouse gas emissions per dollar of revenue.
- Paid 71% less in fines for consumer sales-terms violations.
- Give 2.3x more to charity.

- Paid 94% less in Equal Employment Opportunity Commission fines.
- Have a 7% higher Return on Equity (ROE).

Over its short two-year lifespan, the JUST ETF has managed to outpace the returns of the Russell 1000 Index and will likely have a high degree of correlation with this benchmark. However, its greatest strength is the thematic “feel good” screens for employee, customer, and environmental impact. It should also be mentioned that JUST charges a minimal 0.20% expense ratio and has over $125 million in total assets. Goldman Sachs has proven itself to be a strong contender in the smart-beta ETF marketplace and they have a very solid product here in JUST.



Asset Class: Stocks – International

Many advisors are recognizing the relative value disparity between U.S. markets versus their overseas counterparts. As such, it’s imperative to have a well-diversified vehicle to allocate a portion of the portfolio towards international stocks with attractive long-term growth fundamentals.

Vanguard has once again taken the lead in this arena as well by introducing a solid complimentary fund via the **Vanguard ESG International Stock ETF (VSGX)**.

Vanguard ESG International Stock ETF (VSGX)	
Inception Date:	9/18/2018
Assets:	$935.9M
Avg Daily Volume:	173K
Expense Ratio:	0.17%
# of Holdings:	4,099
YTD Return:	-10.28%
3-Yr Return:	N/A
Mstar Rating:	N/A

This index fund utilizes the exact same screening criteria as its U.S. counterpart in identifying companies demonstrating acceptable ESG practices and excluding certain “unsavory” industries. The result is a highly diverse mix of over 4,000 publicly traded companies domiciled outside the United States.

The regional allocations of VSGX include 24.60% in Emerging Markets, 36.90% Europe, 30.80% Pacific, 6.40% North America, and a small sliver of the Middle East. The inclusion of both foreign developed and emerging market companies delivers an all-in-one solution for a core international allocation.

VSGX is one of the larger international funds in this genre with over $900 million in assets and the fund charges a miserly 0.17% expense ratio. It has also proven to be one of the strongest performing funds over its nearly two-year existence as compared to a traditional benchmark such as the MSCI EAFE Index. This fund has bested the bellwether by nearly two percentage points in total return over that time frame.

If there is one knock against VSGX, it’s that it might be too vanilla for some portfolios. It works fantastic as a core international holding but may not suit the needs of advisors who want to target specific overseas regions or growth areas such as emerging markets. Fortunately, BlackRock has seen fit to fill that void by recently introducing the **iShares ESG MSCI EM Leaders ETF (LDEM)**.

This fund takes a different tact by leaning on the strength of the MSCI ESG research team that assigns a score to each company within the MSCI Emerging Market Index. Companies involved in the business of alcohol, tobacco, gambling, and weapons are automatically excluded from this screen. The remaining stocks are then graded according to key issues such as carbon emissions, product controversy, and supply chain impact.

The scoring is similar to bonds on a scale of AAA (highest) and CCC (lowest). Only the very top stocks, those ranked BB or higher, are allowed to be included in the underlying LDEM portfolio. The product of that intense screening criteria is a unique mix of 400+ emerging market stocks that are market-cap weighted with no security allowed to have more than 5% of the index weight.

The top holdings in LDEM include heavyweights such as Taiwan Semiconductor, Tencent Holdings, and Alibaba Group. Furthermore, the top five individual country weights are 27% China, 15% Taiwan, 12% India, 8% South Africa, and 7.5% South Korea.

One of the primary concerns of U.S. investors owning foreign stocks is the lack of oversight in their business practices. A fund such as LDEM seeks to assuage those concerns by relying on diligent research by the index provider to select only the top companies with the highest commitment to environmental, social, and governance issues.

Having only launched in February 2020 (talk about bad timing) the fund has yet to develop a meaningful track record versus conventional benchmarks. Nevertheless, there is already more than $500 million committed to LDEM and what's most impressive is the smart-beta fund only charges an expense ratio of 0.16%.

An ETF such as this is an excellent international stock fund for those that want more aggressive exposure to developing regions or who want to further complement a core holding such as VSGX.

Keep in mind that this fund is on the newer side and has yet to develop consistent trading volume despite the size and scope of its top underlying companies. Any trades in LDEM would be well served to use limit orders to ensure exact fills with your broker or working with the institutional trade desk to place shares appropriately. It's likely that as more money shifts to ESG themes and international stocks in particular that this fund picks up a more consistent trading pattern that alleviates this concern.

Asset Class: Fixed Income

Bonds are a relatively newer area of the ESG landscape, but nonetheless offer the capability for index providers and asset managers to hone their exposure towards more ethically and socially positive issuers. These funds can provide substitutional exposure to certain areas of the fixed-income landscape while allowing your portfolio to perform as well or better than a conventional benchmark.

BlackRock has taken the first step in this arena by proffering the **iShares ESG U.S. Aggregate Bond ETF (EAGG)** as an alternative to the conventional Bloomberg Barclays US Aggregate Bond Index. They achieve this by filtering corporate and government bonds demonstrating favorable ESG characteristics with a similar credit, duration, and yield profile as the parent index. Currently EAGG sports a duration of 5.73 years with a 30-day SEC yield of 1.18%.

There is nothing structurally wrong with owning EAGG for tracking the U.S. credit markets. However, as we have noted in several recent *Sevens Report Alpha* issues, there are more attractive risk/reward benefits to seeking out active fixed-income vehicles or smart-beta indexes with true alpha potential.

One such fund with a stellar management pedigree is the **PIMCO Enhanced Short Maturity Active ESG ETF (EMNT)**. This fund is structured and managed by the same team that has successfully delivered market-beating results in MINT, a fund we have highlighted several times in the past. The differentiating factor with this fund is that it utilizes dedicated ESG research as a leading screening factor prior to engaging the debt in the portfolio.

EMNT is in the ultra-short bond category with an effective duration of just 0.47 years and a 30-day SEC yield of 1.69%. The fund achieves this by skewing towards more corporate and securitized bonds (such as collateralized mortgage obligations) than the U.S. aggregate bond benchmark. That means it's going to have less price volatility and a similar or better income stream than an intermediate-term index fund. The majority of the holdings in the EMNT portfolio are rated investment grade or higher.

EMNT also has the capability to place a portion of the portfolio in securities outside the United States where risk/reward characteristics favor more attractive yields or fundamentals. The fund currently has 75% of the portfolio in the U.S. with the remaining 25% spread amongst developed nations such as Japan, France, Singapore, and the United Kingdom.

This exchange-traded fund debuted in late-2019 and has been steadily building its track record by way of the volatile market this year. Nevertheless, with a net expense ratio of 0.24% and the reputation of this global bond juggernaut behind it, you can expect that EMNT will be a steady income generator like its sister fund.

PIMCO Enhanced Short Maturity Active ESG ETF (EMNT)	
Inception Date:	12/10/2019
Assets:	$87.4M
Avg Daily Volume:	5.6K
Expense Ratio:	0.24%
# of Holdings:	124
YTD Return:	1.08%
3-Yr Return:	N/A
Mstar Rating:	N/A

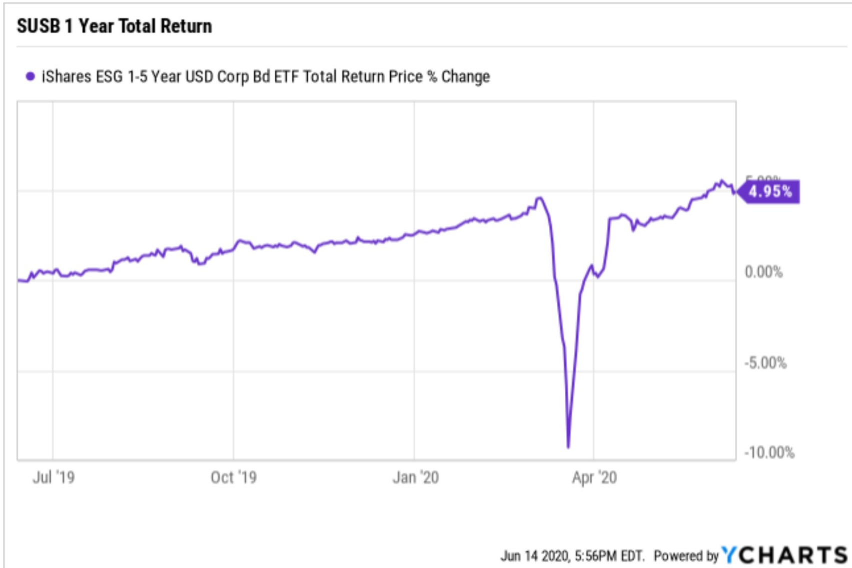
A fund such as EMNT may be most appropriate for cash-heavy clients that are starved for monthly income. It's offering substantially more yield than a money market fund with the managers implementing risk tools to ratchet down the interest rate sensitivity. There is a level of credit risk that is associated with any bond vehicle outside of a money fund, but that may be an acceptable trade-off for the enhanced income stream in this environment.

Bond investors who may be over-exposed to intermediate-term corporates and want to find an ESG substitute with lower duration may be more interested in the **iShares ESG 1-5 Year USD Corporate Bond ETF (SUSB)**.

This fund is going to be similarly placed on the credit scale with an emphasis on investment-grade corporate bonds. Its advantage lies in the lower effective duration of 2.71 years that is similar to **the Vanguard Short-Term Corporate Bond ETF (VCSH)** that we recently profiled.

SUSB sports a 30-day SEC yield of 1.52% with income paid monthly to shareholders. It also carries a rock-bottom 0.12% expense ratio making it very easy to utilize as a large core holding. Additionally, its more than 800 holdings allow for a fully diversified makeup of corporate bonds that are continuing to perform quite well under the auspices of the Federal Reserve's current purchase programs. The chart here shows this ETF just recovered the full spectrum of its March decline and just recently hit new all-time highs.

The SUSB portfolio incorporates similar factors as the other BlackRock funds by ranking corporate business practices with an ESG score and eliminating those that don't meet its strict guidelines.



This can provide clients with peace of mind that their money is being directed towards those companies showing the largest contribution towards sustainability and equality.

Conclusion

The ESG trend is quickly moving from a gimmicky outlier towards a truly pivotal investment factor that clients will be asking for in greater numbers. Furthermore, fund providers have stepped up their offerings to allow for complete portfolio coverage of this category.

Having these funds at your disposal and beginning to migrate a portion of your portfolio in that direction can provide a stronger bond with their needs. Additionally, our evidence-based approach has demonstrated that you don't need to sacrifice investment performance for the sake of client values.

It's a win-win proposition for everyone.

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: 16.76%	SPY: 30.89%
Self-Driving Car Basket SNSR (Global X Internet of Things ETF) ROBO (ROBO Global Robotics & Automation Index ETF) AMBA (Ambarella) QCOM (Qualcomm)	*Massive changes to the auto industry, including self-driving technology, are closer to the mainstream than most investors think. The foundational changes to the auto industry could be the next "Megatrend" in investing to provide outperformance for years to come.* *There is no pure play "self-driving" ETF yet, but SNSR and ROBO offer exposure to many tech companies that are best-positioned in the space. AMBA and QCOM are two of the better stocks with unique exposure to the growing self-driving car industry.* ***What to do now: Buy the ETFs. We closed QCOM a month and a half after the Broadcom takeover announcement for a quick, sizable gain.***	Issue 3: 9/21/17	SNSR: 30.23% ROBO: 11.43% AMBA: 12.39% QCOM: 23.20% (closed)	SPY: 28.93% 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: -14.26% ALB: -40.57%	SPY: 28.93%
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: -16.67% REGL: 6.32% SMDV: -8.01%	AGG: 15.39% MDY: 1.88% IWM: -3.32%
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: 2.88% MNA: 0.32%	AGG: 15.16%

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:** **-12.48%**	**SPY:** **24.53%**
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:** **-22.88%**	**ACWX:** **-7.23%**
"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:** **4.82%** **EMLC:** **-5.68%** **EBND:** **-1.27%** **AGEYX:** **1.06%**	**AGG:** **15.68%**
"Blockchain" Investing **BLOK (Amplify Transformational Data Sharing ETF)** **BLCN (Reality Shares Nasdaq NexGen Economy ETF)**	*Blockchain, the technology behind cryptos, has the potential to change many industries. Having the right exposure to companies using or pioneering the use of blockchain, offers substantial long-term growth opportunities. Not only did we break the story on the first two blockchain ETFs (BLOK and BLCN) ahead of every financial media outlet, we also provided a sneak peek at their top holdings and a blockchain primer.* ***What to do now: Buy (multiple ways to implement in issue).***	**Issue 12:** **1/16/18**	**BLOK:** **-0.25%** **BLCN:** **14.90%**	**SPY:** **15.18%**
"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:** **15.49%** **TOTL:** **11.99%** **FTSL:** **4.83%**	**AGG:** **17.61%**

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: 6.23%	BIL: 3.98%
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: -5.33%	ACWX: -9.44%
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: -30.01%	SPY: 17.52%
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: -14.86% DLS: -20.67%	EFA: -8.64%
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: 55.57%	SPY: 17.13%
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: 5.05%	SPY: 17.92%
"FANG and Friends" of Emerging Markets **EMQQ (Emerging Markets Internet & Ecommerce ETF)**	*"By 2025, annual consumption in emerging markets will reach $30 trillion—the biggest growth opportunity in the history of capitalism."—McKinsey & Company. The combination of four major forces in emerging markets make this a great investment setup: favorable demographics, increasing smartphone availability, surging wireless broadband and Wifi access, and the globalization of the capital formation process. EMQQ is the best ETF to invest in this great confluence. We also featured three alternative ETFs (ECON, KWEB, KEMQ).*	Issue 23: 6/26/18	EMQQ: -5.07%	EEM: 20.47%

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: -20.12%	IWM: -15.26%
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: 28.52% FINX: 20.24% IPAY: 22.00%	SPY: 12.17%
Floating Rate Funds FLOT (I-Shares Floating Rate Bond ETF USFR (Wisdom Tree Floating Rate Treasury Fund) SRLN (SPDR Blackstone / GSO Senior Loan ETF EFR (Eaton Vance Floating Rate Trust)	*Despite stubbornly high bonds/low yields, bonds are still now in a longer term bear market, and there exist few non-inverse bond alternatives that can produce absolute gains in a falling bond environment.* *Floating rate ETFs rise as bond yields fall and offer absolute return potential in bond portfolios, and are an important tool in constructing client bond portfolios in a rising rate environment.*	8/6/18	FLOT: 3.82% USFR: 3.34% SRLN: 2.01% EFR: -6.76%	AGG: 16.73%
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: -0.40% IEME: -4.21% XLC: 14.28% DIS: 5.70%	SPY: 10.47%
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: -18.72% SBIO: 11.36% FXG: -0.98%	SPY: 8.91%

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: -28.17% GNR: -21.46% RLY: -13.99%	DBC: -28.12%
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: 4.15% LDUR: 6.96% MINT: 2.75%	BIL: 2.90%
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: 13.54% DYLS: -31.51% PTLC: -21.60%	SH: -5.89%
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: -8.15% MLPA: -29.91% DCP: -55.52% SHLX: -13.25%	SPY: 16.42% AMLP: -32.14%

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: -12.02% DVP: -21.71%	VTV: 5.44%
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: 2.21%/-4.30% ITB/VNQ: 44.95%/16.07% DFE: -1.31%	SPY: 25.02%
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: -0.05%	SPY: 20.20%
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: 6.52% VRP: 5.00% PFXF: 6.39%	PFF: 4.17%
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: 8.24% NRG: -20.44% CNP: -37.28%	XLU: 9.93%

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:** **12.29%** **CIBR:** **17.14%** **FTNT:** **56.01%** **CYBR:** **-7.04%**	**QQQ:** **38.46%**
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:** **-60.93%** **ACB:** **-86.25%** **CGC:** **-53.70%** **APHA:** **-64.39%**	**SPY:** **12.13%**
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:** **15.02%**	**SPY:** **10.99%**
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:** **4.59%** **CCOR:** **10.83%** **JHEQX:** **5.82%**	**SPY:** **8.60%**

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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: 45.79% ARKG: 41.48% XITK: 27.58%	QQQ: 26.03%
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: 16.15% XBI: 20.84% IHF: 14.95%	XLV: 12.23%
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: 2.23% SPLV: -6.82% EEMV: -5.92% EFAV: -3.75%	SPY: 8.91%
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: -26.92% OHI: -4.45% SCI: -12.59%	SPY: 11.27%

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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:** **21.44%** **SGOL:** **21.79%** **GDX:** **30.80%** **KL:** **-13.73%** **FNV:** **55.32%**	
Momentum Factor Investing **MTUM (IShares Edge MSCI USA Momentum Factor ETF)** **SPMO (Invesco S&P 500 Momentum ETF)** **FDMO (Fidelity Momentum Factor ETF)**	***Factor investing has proven to be an effective strategy for medium and long term investors. One of the strategic factors that consistently rises to the upper half of the performance matrix is "momentum" as a driver of outsized returns.*** ***Momentum factor ETFs have provided positive excess returns in seven of the last 11 years.***	**7/16/19**	**MTUM** **2.02%** **SPMO:** **2.66%** **FDMO:** **2.40%**	**SPY:** **-1.43%**

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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:** **1.85%** **GIGE:** **12.41%**	**SPY:** **1.76%**
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:** **-10.59%** **VNQI:** **-16.86%** **REZ:** **-19.73%** **REM:** **-38.85%**	**SPY:** **5.94%**
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:** **-20.08%** **PPA:** **-12.03%** **UFO:** **-15.42%**	**SPY:** **6.67%**

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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:** **6.16%** **VYM:** **-7.90%** **PDI:** **-16.33%**	**SPY:** **4.28%**
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:** **18.86%** **FAN:** **10.12%** **ICLN:** **13.11%** **PBW:** **35.91%**	**SPY:** **7.26%**
Investing in the Water Industry **PHO (Invesco Water Resources ETF)** **FIW (First Trust Water ETF)** **TBLU (Tortoise Global Water ESG Fund)**	We are continuing the theme from the last issue of 1) Making money (generating alpha) and 2) Doing good (appealing to clients focused on the environment), and we're doing it by taking a deep dive into the water industry. The water industry remains a quasi-niche, but it shouldn't, as water industry investment can: Generate alpha as major water industry ETFs have outperformed the S&P 500 over the past several years and It can strengthen client relationships as water investment is closely tied to ESG investing, and water demand is a concept that clients can easily relate to.	10/22/19	**PHO:** **-0.65%** **FIW:** **-2.40%** **TBLU:** **-5.47%**	**SPY:** **3.62%**

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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:** **-14.89%** **HTD:** **-26.53%** **PDI:** **-20.65%** **NZF:** **-6.79%** **FFC:** **-2.44%** **RQI:** **-21.50%**	**SPY:** **0.10%**
Cash Management **FPNIX (FPA New Income Fund)** **MINT (PIMCO Enhanced Maturity Active ETF)** **BBBIX (BBH Limited Duration I)**	In this issue, we identify three funds that provide market-beating returns on cash with very low duration and good liquidity, and we rank them depending on preference: More aggressive (and higher yield), Conservative, and "In Between."	**12/17/19**	**BBBIX:** **-0.09%**	**BIL:** **0.47%**

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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:** **-20.01%** **XOP:** **-35.35%** **LQDH:** **-6.36%**	**SPY:** **-4.21%**
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:** **-10.89%** **VIGI:** **-9.37%** **GSIE:** **-12.04%**	**ACWX:** **-13.71%**
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	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**	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-**	4/21/2020	SKYY: 4.13% SHOP: 14.87% GDDY: 3.73% IPAY: 8.37%	SPY: 4.92%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Three Strategies for a "U" Shaped Recovery **Preferreds: PGF (Invesco Financial Preferred ETF)** **Dollar Stores/Fast Food: DG: (Dollar General), DLTR: (Dollar Tree), MCD: McDonalds** **Consumer Staples: RHS (Invesco S&P 500 Equal Weight Consumer Staples ETF).**	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. So, in this issue, we wanted to identify 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 periods of slow growth, and are likely to continue to thrive in that environment.	**5/5/2020**	**PGF:** -1.12% **DG:** **5.35%** **DLTR:** **3.84%** **MCD:** **-0.26%** **RHS:** **0.91%**	**SPY:** **2.86%**
Finding the Sweet Spot of Yield, Duration and Quality in Today's Bond Market **JPST (J.P. Morgan Ultra-Short Income ETF)** **FTSD (Franklin Liberty Short Duration U.S. Government ETF)** **IGSB (iShares Short-Term Corporate Bond ETF)**	Global bond yields have collapsed since the coronavirus crisis began in earnest in mid-February, and that leaves advisors with a difficult situation of **where to find adequate yield without taking on too much duration risk.** Case in point, the 10-year yield is yielding about 0.70%. A .70% annual coupon for locking up money for 10 years! Absolute yield levels are obviously historically low, but we've still got to do the best we can in this environment, and that means finding the best yield possible while limiting duration risk and credit quality risk.	**5/19/2020**	**JPST:** **0.39%** **FTSD:** **0.16%** **IGSB:** **0.89%**	**SHY:** **-0.09%**
Finding Sustainable Dividends In An Uncertain Environment **NOBL (ProShares S&P 500 Dividend Aristocrats ETF),** **DGRO (iShares Core Dividend Growth ETF).** **TDIV (First Trust NASDAQ Technology Dividend ETF).**	This issue is all about finding sustainable dividends that income investors can count on in all market conditions, because the simple reality is that most bond yields just aren't high enough to generate the required income for clients. That means identifying companies that have sound balance sheets, track records of methodical dividend growth, and business models that are likely to survive even the worst pandemic scenarios.	**6/2/2020**	**NOBL:** **0.72%** **DGRO:** **1.54%** **TDIV:** **0.43%**	**SPY:** **1.78%**