SEVENS REPORT *alpha*

July 28, 2020

In Today's Issue

- **Actionable Strategies to Own Vaccine Producers**
- In today's Alpha issue, we are going to go in-depth on actionable investment strategies to gain exposure to the companies that are leading the COVID-19 vaccine race.
- **Strategy 1: Owning the pharma companies leading the vaccine race.**
- **Phase III: Moderna (MDNA), AstraZeneca (AZN), Pfizer (PFE).** These two pharma companies are the only U.S. listed companies with vaccines in Phase III trials, the final stage before commercial deployment. Both hope to have a vaccine available by year-end.
- **Phase II: Novavax (NVAZ), Inovio (INO).** These pharma companies have drugs in Phase II trials, with hopes to produce a vaccine in early 2021.
- **Phase I: Johnson & Johnson (JNJ), GlaxoSmithKline (GSK).** These two large pharma companies are in the initial stages of vaccine development.
- **Strategy 2: Diversified Exposure via ETFs.**
- **VanEck Pharmaceutical ETF (PPH)**. This ETF owns the 25 largest U.S. listed pharma stocks on the market, and vaccine candidates AZN/JNJ/PFE/GSK are each 5% holdings.
- **ETFMG Treatments Testing and Advancements ETF (GERM).** This ETF is more aggressive and focused on biotech companies that target exposure to R&D, therapies, and testing of virulent diseases. Vaccine candidates MRNA and NVAX are top holdings.

A Vaccine Stock Primer

The regular *Sevens Report* has focused a great deal on the daily COVID-19 vaccine development chatter driving market sentiment. Virtually all experts agree that countries will find it difficult to put the economic and social effects of the coronavirus behind us without directly tackling the disease. Thus, any positive news regarding new phases of vaccine development tends to lift stocks and risk assets, while negative headlines weigh on these investments.

It also stands to reason that there are a handful of stocks in the market that would find direct economic benefit from a successful vaccine launch. These include multinational pharmaceutical and biotech corporations that are racing to find the right cocktail to ward off the worst effects of this pernicious virus. These companies are plowing significant resources and funding towards the development of this vaccine with the expectation that hospitals, insurance companies, and government entities will spend billions on the finished product.

What's great is that the U.S. government is funding this research through the private sector, having shelled out nearly $4 billion to support the development and infrastructure for high-probability candidates. Top grant recipients include Novavax ($1.6b), AstraZeneca ($1.2b), Moderna ($480m), and Janssen R&D ($460m) (source).

Initial forecasts had put the development, testing, and manufacturing of a safe vaccine at more than 18 months from start to finish. However, with abundant resources being efforted to this task, it's likely that we see a shortened time frame with probabilities rising that we reach the finish line by the end of the year.

You might say that vaccine development is moving at "Warp Speed," which is not coincidentally the moniker for the Trump administration's public/private program to fast-track a COVID-19 therapeutic.

The plan has as its specific goal to create 300 million COVID-19 doses for the U.S. by early 2021.

That's effectively enough for the entire U.S. population. As mentioned, the plan has awarded some $4 billion in funding to five firms (more on those in a moment), and those awards also have the potential to send one or more of these stocks skyrocketing in value at, well, warp speed.

While last Thursday's webinar focused on the broad, macro-level issues surrounding the development and implementation of a vaccine, in today's Alpha issue, we want to focus on the actionable investment strategies. As such, there are a handful of U.S. listed companies currently engaged in all three "phases" of clinical drug trials. We know you've heard about a drug currently in Phase I trials, or others that are in Phase II or even Phase III. But what, exactly, does that mean?

Company	Symbol	Current Phase	Next News Date (Approximate)	Hopeful Vaccine
Moderna	MRNA	Phase III	**Q3**	End 2020
Johnson & Johnson	JNJ	Phase I	**Q3**	
Pfizer	PFE	Phase III	**Q3**	End 2020
AstraZeneca	AZN	Phase III	**Q3**	October 2020
GlaxoSmithKline	GSK	Phase I		
Novavax	NVAX	Phase I/II	**Q3**	Q1 2021
Inovio Pharma	INO	Phase II	**Q3**	

The three phases of a drug trial refer to where that drug is in its so-called clinical development. The process usually starts with a company submitting an application for an Investigational New Drug (IND) to the FDA. This application summarizes the findings to date and outlines how the drug will be tested in clinical trials. Once approved, the potential vaccine has to pass the three phases of human testing:

- **Phase I**: Administers the candidate vaccine to a small group of people (usually less than 100) with the goal of determining whether it is safe, and to see if it stimulates the immune system.
- **Phase II**: Includes hundreds of test subjects in order to get more information about its efficacy, safety, immunization schedule and dose size.
- **Phase III**: The trial is expanded to thousands or even tens of thousands of people, again to assess its efficacy and determine its safety and/or potentially negative side effects.

Once a drug passes these three phases, it can then be reviewed for regulatory approval, and then the mass manufacturing of the vaccine.

So, how exactly would a vaccine for COVID-19 work?

There are several different methods in development that are all designed to mimic the natural infection as closely as possible without actually getting anyone sick. One method includes giving someone a weakened or dead virus to teach the body what to look for and to build antibodies that can combat the real virus. Another path is introducing a similar "Spike protein" that mimics the same style as the coronavirus and thus produces a similar immune response.

It's not likely that a vaccine will completely eradicate the virus or cure those that have it. The goal is to mitigate symptoms of those who contract the virus, enhance immune system responses, and ultimately safeguard those who may be susceptible to reinfection. This ultimately should lead to milder symptoms, reduced hospitalizations, and far fewer deaths.

Our objective with this issue is to take a deep dive into the top firms that are racing to create this immunization tool, and to tell you where they currently stand in their development cycle. This information can either be used to source investment ideas directly for clients who are requesting exposure to the pharma companies or as a resource tool to enhance your knowledge of the healthcare landscape.

Johnson & Johnson (JNJ)

Trial Stage: Phase I

Johnson & Johnson is the parent company of Janssen Research and Development, LLC which received nearly $500 million from the U.S. government to aid in the discovery of a SARS-CoV-2 vaccine. The company is partnering with the United States Biomedical Advanced Research and Development Authority [BARDA] to produce a viable candidate at top speed. Its research is currently scheduled to begin Phase I/II trials in the second half of July, which is a step forward from their original September time frame.

This means that the company is beginning the steps to do a randomized, double-blind, placebo-controlled study to evaluate direct vaccine and immune system responses in humans. The study will test 1,045 healthy adults aged 18-55 years, as well as adults 65 and older. The study is expected to take place in both the United States and Belgium as it utilizes the company's global footprint to maximize population characteristics.

JNJ is also taking steps to ramp up its manufacturing and distribution networks to ensure worldwide access. According to a recent [press release](), "the company committed to the goal of supplying more than one billion doses globally through the course of 2021, provided the vaccine is safe and effective."

As a broader profile, JNJ is one of the largest U.S.-based healthcare stocks with a market capitalization of nearly $400 billion and annual revenue of $82 billion. The company is known for being a sturdy, low-volatility stock with a dividend yield of 2.71%.

It certainly lived up to that moniker over the last year as the chart demonstrates a more truncated sell-off than the broad-market S&P 500 Index. JNJ also took flight during the initial recovery phase of the stock market whiplash in Q2 and has seen its share price consolidating in a healthy manner ever since.

Pfizer Inc. (PFE)

Trial Stage: Phase III

Literally this morning Pfizer announced the start of Phase III trials for one of it's vaccine candidates.

Pfizer is a well-known pharmaceutical conglomerate currently expediting a number of candidate vaccines through clinical trials. The company has partnered with BioNTech SE (BNTX), a clinical-stage biotechnology company located in Germany to evaluate and advance products through human trials.

PFE released data in early July showing positive results in two of four vaccine candidates that went through Phase I trials in the United States and Germany. The two new successful vaccines were granted Fast Track approval from the U.S. Food and Drug Administration and are expected to begin a Phase II and Phase III trial with up to 30,000 subjects later this month.

The COVID-19 vaccines that Pfizer is developing are based on a unique combination of messenger RNA format and target antigen. The mRNA method is a relatively newer form of vaccine class being heavily pursued by several firms. Why? Because (without getting too technical) its scientific method addresses several short falls of traditional vaccine development and it can be replicated efficiently to scale production quickly.

According to a recent [press release](), "If the ongoing studies are successful, and the vaccine candidate receives regulatory approval, the companies currently expect to manufacture up to 100 million doses by the end of 2020 and potentially more than 1.2 billion doses by the end of 2021." That may seem like a tall task for some companies, but with the combined influence of these medical research stocks, it is likely they make significant headway over the next 18 months.

PFE is nearly a $200 billion market cap company with annual sales exceeding $51 billion. It currently trades at a very attractive 13 P/E and pays a dividend yield of over 4%. The stock has mostly traded in a large sideways range over the last 52 weeks as its price trend consolidates. It's likely that a successful vaccine would provide the catalyst this company needs to reinvigorate investors and breakout to new heights.

<u>Moderna, Inc. (MRNA)</u>

Trial Stage: Phase III

Moderna has been making market-moving headlines recently as it rapidly advance its vaccine candidate through clinical trial phases. Like Pfizer, the company also is pursuing an mRNA-based vaccine that has fully completed enrollment for Phase II trials.

On July 14, interim results from the National Institute of Health-led Phase I study of Moderna's vaccine were published in the *New England Journal of Medicine*. The promising results demonstrated that neutralizing antibodies for COVID-19 were observed in 100% of participants who received the two-dose vaccine.

Moderna also recently announced it had manufactured enough of its auspicious vaccine and set clinical parameters for its Phase III study that is expected to include 30,000 participants. The company's development has been aided by over $480 million awarded by BARDA to enable large-scale production of the final approved vaccine. Moderna says it is on track to deliver 500 million doses per year with the expectation of scaling towards 1 billion doses through 2021.

Investors appear to be extremely excited about the efficacy of the Moderna vaccine and its speedy trial schedule. The stock has catapulted more than 440% over the last year with the majority of that swing coming in just the last four months.

The company now sports a $37 billion market capitalization despite its rather meager financial results. Clearly, the euphoria of the stock price is being driven by the vaccine opportunity for COVID-19 along with other future mRNA-based immunizations. A nearly $500 injection of liquidity from the U.S. government certainly helps support ongoing operations as well.

It's also worth noting that as of July 20, Moderna now is part of the NASDAQ-100 Index. Fund flows from this popular index will likely lead to additional momentum behind the MRNA share price.

AstraZeneca PLC (AZN)

Trial Stage: Phase III

AstraZeneca, headquartered in the United Kingdom, has partnered with researchers from the University of Oxford to develop a COVID-19 vaccine based on more traditional methods. The Oxford vaccine uses a combination of a weakened common cold virus (known as an adenovirus) along with certain genetic material from SARS-CoV-2. "We are hoping to make the body recognize and develop an immune response to the Spike protein that will help stop the SARS-CoV-2 virus from entering human cells and therefore prevent infection," the university announced in May.

The company has already progressed to Phase III trials in the United Kingdom, which include approximately 8,000 participants. Additionally, the company is planning to provide the trial vaccine to Brazil and South Africa to further diversify the study results among various population centers.

AstraZeneca is ultimately tasked with commercially producing this promising candidate and has won a grant of $1.2 billion from the United States to produce approximately 400 million doses. Additionally, the British government has already ordered 100 million doses that have already begun production. The company is seeking to continually expand its supply chains and manufacturing capabilities and has committed to supporting access to the vaccine at no profit during the pandemic.

AZN stock is another that has benefited from the continued whispers of successful advancement throughout the scientific community. The rapid pace of testing and development has led to a sharp spike in its share price during the month of July. Additionally, shares have gained more than 50% from the March 2020 lows.

It's likely that the near-term price movement of AZN is driven by success or setbacks in the delivery of this immunization product. What can't be ignored though is the $19 billion of revenue the company did last year and its $151 billion market capitalization. As one of the larger stocks in Europe, AZN continues to be a healthy growth story.

GlaxoSmithKline PLC (GSK)

Trial Stage: Phase I

The United Kingdom's GlaxoSmithKline is widely known as the largest vaccine maker in the world. Yet if so, why are they just settling into Phase I human trials through a partnership with France-based Sanofi (SNY) for a COVID-19 immunization? The answer is the company wants to be best, not first, in the race to tackle the virus.

Thomas Breuer, the British group's chief medical officer for vaccines, recently told Reuters,"We want to be best in class, and if others are a little faster I will congratulate them because they can take care of maybe the healthcare workers in selected countries, but the world needs billions of doses and we will contribute to this effort."

The GSK/SNY vaccine is based on a technology combination that produces Spike protein found in SARS-CoV-2 along with an immunological agent. The companies believe the best practice is to combine an antigen to stimulate an immune response along with an adjuvant to boost the immune response. This means that more vaccine material can be produced and ultimately "boosted" with the adjuvant material in the same shot to help prevent or reduce infection.

It's believed the U.K. government is nearing a 500 million pound sterling ($625 million) contract to buy up to 60 million doses of the GSK investigative vaccine if it proves successful (source). Like its British counterpart, AZN, GlaxoSmithKline has committed to producing its vaccine at breakeven during the pandemic to help support the global fight. This pharmaceutical company has a great deal of capability in its existing manufacturing and logistics infrastructure to reproduce its own products at scale, as well as those of other companies that need assistance with mass production.

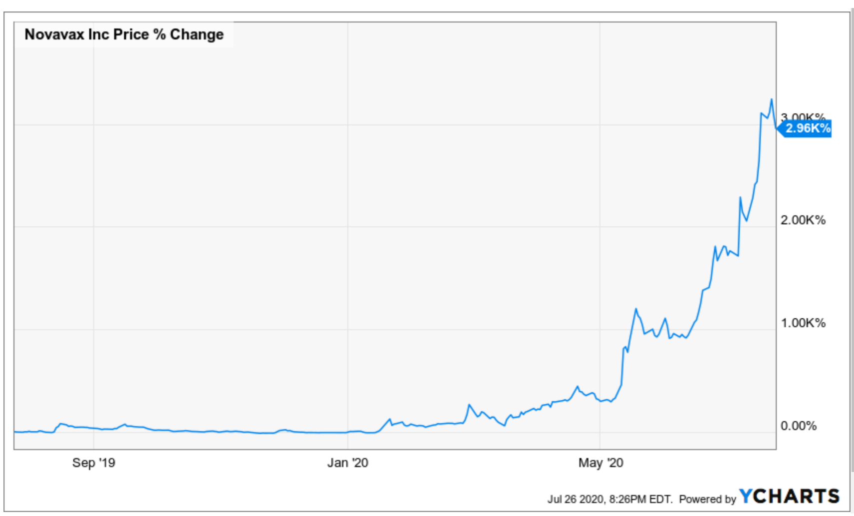
The price chart of GSK is indicative of a stock that has yet to catch much recognition in its COVID-19 vaccine efforts. It's likely that as clinical trials move towards Phase II and III later this year that we begin to see more movement in the stock price.

Nevertheless, GSK currently carries a market capitalization of over $100 billion and sports a dividend yield of 4.73%. The company did nearly $34 billion in revenue last year to generate a healthy $4.65 billion in profits. Current P/E ratio puts GSK at 17.72, which is still extremely reasonable on both a relative and absolute comparative basis in the industry.

Novavax, Inc. (NVAX)

Trial Stage: Phase I,II

Novavax made headlines this month when it was awarded $1.6 billion in a federal contract to produce 100 million doses of its COVID-19 vaccine under development. The company said it expects that these doses will be produced starting in late-2020 and the money will also help support broader Phase II clinical trials this year.



The Novavax product is currently wrapping up Phase I/II clinical testing of 130 healthy participants ages 18 to 59 in Australia. The results are expected by the end of July with the Phase II portion to assess safety, immunity, and other aspects of the vaccine to commence shortly thereafter.

The candidate, known as NVX-CoV2373, uses nanoparticle technology developed by Novavax to generate an antigen derived from the coronavirus along with an adjuvant to enhance the immune response.

There has been little data revealed so far as to the initial success of this vaccine. However, the U.S. government has certainly invested a great deal to secure the product for the American public once it is ready.

The news of the COVID-19 vaccine development has certainly been a shot in the arm for NVAX stock, which has been on an unprecedented run throughout the majority of 2020. The stock was previously on life support with waning revenue and bleak financial data prior to the pandemic.

NVAX may be the most speculative direct investment play in the COVID-19 race as the stock is currently trading with an $8 billion market cap after a 3,400% rise this year. Nevertheless, continued positive news on the development of this vaccine is likely to provide a catalyst for more investors to take a chance on this burgeoning story.

Inovio Pharmaceuticals, Inc. (INO)

Trial Stage: Phase II

Inovio Pharmaceuticals announced on June 30 a successful clinical data set from Phase I trials of its COVID-19 vaccine, dubbed INO-4800. This initial human trial consisted of 40 healthy adult volunteers aged 18 to 55 conducted in the United States. The initial data from multiple immunology assays concluded that 94% of participants demonstrated positive immunological responses. One key feature of Inovio's DNA vaccines is the ability to generate balanced antibody and T cell immune responses, which in the case of SARS-CoV-2 infection could be important in the development of potential COVID-19 vaccines.

The company also has been identified as part of Operation Warp Speed to participate in a non-human primate challenge study. That inclusion in the government-sponsored program means Inovio will receive funding and other resources to enhance their development efforts. Furthermore, they are rapidly preparing for Phase II/III human trials this summer pending regulatory approval.

Dr. J. Joseph Kim, President and CEO of Inovio, said "We look forward to urgently advancing INO-4800, as it is the only nucleic-acid based vaccine that is stable at room temperature for more than a year and does not require to be frozen in transport or for years of storage, which are important factors when implementing mass immunizations to battle the current pandemic."
Like Novavax, INO is a relatively small-scale biotech stock that has exploded in recognition and popularity over the last six months. The rate of stock price appreciation is highly correlated with the onset of the global pandemic throughout 2020.

The company currently sports a market capitalization of $4 billion despite a history of net losses on its P&L. Investors appear to be optimistic about the development of the INO COVID-19 vaccine and its portents for future revenue streams.

How to Deploy Capital in the Vaccine Race

Owning any one of these stocks in a vacuum may by itself have varied risk and reward characteristics. Picking the company that wins the race may result in aggressive upside movement in the share price over the short-term. However, there are so many entrants in this field that a more reasonable approach may be to spread capital over several of them at once.

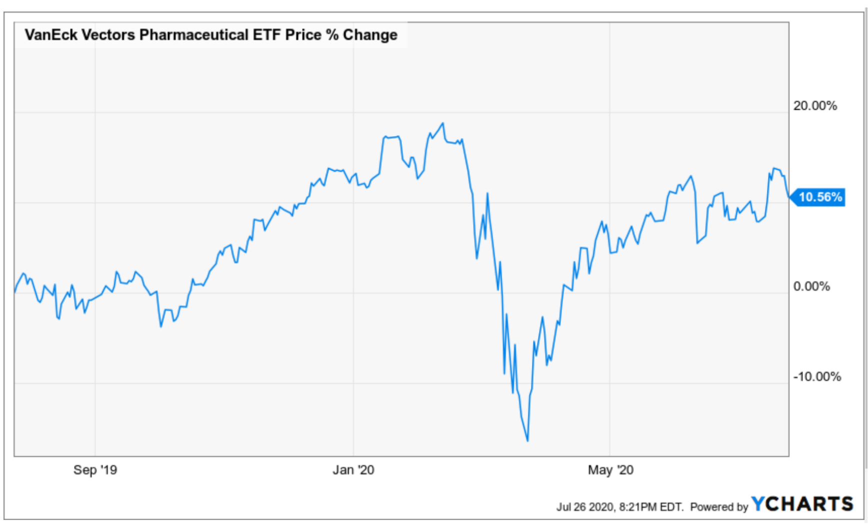
More conservative clients may want to own some of the more steadfast and developed pharmaceutical giants with proven track records, i.e. JNJ, PFE, GSK, and AZN. Other more aggressive portfolios may opt for exposure to riskier small-cap stocks with share prices that are more apt to move despite their potentially inherent volatility (MRNA, INO, NVAX).

VanEck Pharmaceutical ETF (PPH)	
Inception Date:	12/20/2011
Assets:	$226M
Avg Daily Volume:	24.1K
Expense Ratio:	0.36%
# of Holdings:	25
YTD Return:	-1.93%
3-Yr Return:	7.24%
Mstar Rating:	2 Star

Either option allows you to build out your own vaccine portfolio and customize holdings or exposure size based on the client's risk tolerance. It's an approach that allows you to participate in one of the biggest market-driving themes of this pandemic and put your own methodology into the process.

Playing it Safe with a Diversified Approach

One way to convince clients to participate in the vaccine race is through a more diversified approach. There are two exchange-traded funds that we have identified as having high allocations to the stocks listed above as well as other pharmaceutical and biotechnology companies.



The first and more conservative option is the **VanEck Pharmaceutical ETF (PPH)**. This index fund seeks to own the 25 largest U.S.-listed pharmaceutical stocks and has been in existence since 2011. What sets PPH apart from its peer group is that it includes both U.S. domiciled companies and foreign stocks trading as American Depository Receipts on U.S. exchanges. Most funds just target U.S. stocks and thus will miss the boat on foreign developed companies.

The end result is a globally diversified basket that includes significant allocations to AZN, SNY, JNJ, PFE, GSK, and more. Each of these stocks represents roughly 5% of the total PPH basket and the weighted average market capitalization of the underlying holdings is $102 billion. The top country dispersion includes a 63% allocation to the U.S., followed by United Kingdom (11.6%), Switzerland (5%), France (5%), and Israel (4.7%).

It should come as no surprise that the recent strength of some of the larger holdings in PPH has prompted the chart pattern to recently break out to new recovery highs. This ETF also appears poised to test its all-time highs set back in early 2020. Continued positive sentiment and momentum throughout the COVID race would likely bode well for a strong second-half run. PPH has $225 million in assets under management and charges a modest net expense ratio of 0.36%, making it a suitable tactical holding for cost-conscious investors.

Another fund that was just launched in June takes a more aggressive approach to the global vaccine race. The **ETFMG Treatments Testing and Advancements ETF (GERM)** has an infectious ticker symbol and seeks to own biotech companies that target exposure to R&D, therapies, and testing of virulent diseases.

It's estimated that the global human vaccines market is expected to grow to $72.5 billion by 2024, representing a CAGR of 11.2% from 2016 to 2024. That represents an opportunity to own clinical, late-stage biotech stocks that can participate in this trend.

GERM owns 55 holdings that include vaccine-specific names such as NVAX, MRNA, and BNTX in its top five stocks. Additionally, it owns allocations in testing companies Quidel Corp (QDEL), Bio Rad Labs (BIO), and Quest Diagnostics (DGX).

This exchange-traded fund is certainly on the more aggressive side compared to PPH as it holds smaller, more unproven companies among its basket. Additionally, GERM has just little more than a month of trading history to-date with infrequent daily volume. Total assets stand at just over $30 million with a net expense ratio of 0.68%.

While this opportunity may be unpredictable, the diversified nature of the GERM portfolio is designed to mitigate individual business risk. Additionally, it's likely that more Wall Street media coverage of the pandemic will help spotlight this fund and bring more investors to trade it regularly.

Those that wanted to own the full scope of companies engaged in the vaccine development may consider the merits of owning both PPH and GERM. The combination of the two allows for a barbell approach of risk, with PPH on the more conservative end and GERM on the aggressive end. It's a strategy that would allow your client accounts to participate in this theme without overly exposing the portfolio to enhanced risk in individual stocks.

Finally, there is no telling who will be the ultimate first place winner in the highly regulated vaccine race and the varying science of each treatment may make some options better than others. We expect to continue hearing about this theme regularly over the next six-to-12 months and believe it's going to be a key driver of market sentiment on a day-to-day basis.

There are several viable and reasonable investment opportunities for your clients to consider in this environment with the potential beneficial effects lasting for years to come.

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:** **21.26%**	**SPY:** **38.66%**
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:** **41.45%** **ROBO:** **21.40%** **AMBA:** **-1.59%** **QCOM:** **23.20%** **(closed)**	**SPY:** **36.58%** **SPY:** **19.93%** **(through QCOM close date)**
Electric Car Battery Plays **LIT (Global X Lithium & Battery Tech ETF)** **ALB (Albemarle)**	*The trend towards the widespread adoption of electric cars is accelerating, with U.S. auto companies planning massive roll outs and several countries putting end dates on the internal combustion engine.* *From an investment angle, the key here is better technology, specifically lithium. LIT is a lithium ETF. ALB is one of the leading lithium plays in the market.* ***What to do now: Long-term investors can buy now. But, as we said in the issue, LIT and ALB ran up big following China's electric car decision. Both have sold off since. The growth opportunity is years, if not decades, ahead.***	**Issue 3:** **9/21/17**	**LIT:** **0.07%** **ALB:** **-33.46%**	**SPY:** **36.58%**
Dividend Growth **DIVY (Reality Shares DIVS ETF)** **REGL (ProShares S&P MidCap 400 Dividend Aristocrats ETF)** **SMDV (ProShares Russell 2000 Dividend Growers ETF)**	*Historically, dividends are responsible for half of the market's total return. They are an essential component of long-term outperformance. While most investors choose high-yielding dividend stocks, our research shows dividend growth stocks can generate better long-term returns.* *DIVY is the only ETF that isolates pure dividend growth. This ETF is a fixed income alternative that should provide steady single-digit returns with low volatility and true diversification. REGL and SMDV are ETFs that provide exposure to the "Dividend Aristocrats" of tomorrow.* ***What to do now: Buy.***	**Issue 4:** **10/4/17**	**DIVY:** **-9.26%** **REGL:** **8.77%** **SMDV:** **-10.15%**	**AGG:** **16.90%** **MDY:** **6.84%** **IWM:** **1.92%**
Merger Arbitrage **GABCX (Gabelli ABC Fund)** **MNA (IQ Merger Arbitrage ETF)**	*Merger arbitrage is a time-tested hedge fund strategy. It seeks to profit from the timely completion of mergers, takeovers and corporate re-orgs. The strategy has produced solid absolute returns with low correlations to stocks and bonds.* *GABCX and MNA are the two best-performing—and cheapest—options to invest in this space.* ***What to do now: Buy.***	**Issue 5:** **10/17/17**	**GABCX:** **4.53%** **MNA:** **4.67%**	**AGG:** **16.66%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Special Dividends **List of 24 stocks**	*Screened 17,070 stocks to arrive at 24 stocks that have consistently paid large special dividends. Investors can't see the true yields on these stocks because they're missing from financial websites. Our elite list has yields ranging from 50% to 600% higher than the S&P 500's yield.* ***What to do now: Buy (multiple ways to implement in issue).***	**Issue 6:** **10/31/17**	**Basket of stocks (avg.):** **7.37%**	**50% SPY/50% AGG:** **3.77%**
Insider Sentiment **KNOW (Direxion All Cap Insider Sentiment Shares ETF)**	*Numerous academic studies prove following corporate insider buying is a strategy that can outperform. KNOW—and its underlying index—have been consistent outperformers.* ***What to do now: Buy.***	**Issue 7:** **11/14/17**	**KNOW:** **-5.15%**	**SPY:** **32.21%**
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:** **-19.41%**	**ACWX:** **0.78%**
"Backdoor" Hedge Fund Investing **List of 10 stocks**	*It's almost impossible for investors to access the world's best hedge fund managers. Either their funds are closed, the minimums are too steep (in the millions), or the fees are outrageously high ('2 & 20'). We found 10 little-known ways to access ace managers who have produced Buffett-like returns.* ***What to do now: Buy (multiple ways to implement in issue).***	**Issue 10:** **12/27/17**	**Basket of stocks (avg.):** **-5.09%**	**50% SPY/50% AGG:** **1.30%**
EM & FM Bonds **EMB (iShares JPM USD Emerging Markets Bond ETF)** **EMLC (VanEck JPM EM Local Currency Bond ETF)** **EBND (SPDR Bloomberg Barclays Emerging Markets Local Bond ETF)** **AGEYX (American Beacon Global Evolution Frontier Markets Income Fund)**	*Most investors have no allocation to fixed income outside the U.S., but we think it's worth serious consideration. Emerging and frontier debt funds have yields 2X, 3X, and 4X the yields of traditional fixed income investments... low correlations to major asset classes... and healthier fundamentals (lower debt-to-GDP ratios, faster-growing economies, and better demographics) from a country perspective.* *EMB (emerging market debt hard currency), EMLC/EBND (emerging market debt local currency), and AGEYX (actively-managed frontier market debt) are all attractive options.* ***What to do now: Buy.***	**Issue 11:** **1/9/18**	**EMB:** **9.53%** **EMLC:** **-2.97%** **EBND:** **0.84%** **AGEYX:** **3.99%**	**AGG:** **17.20%**
"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:** **16.62%** **BLCN:** **37.13%**	**SPY:** **22.43%**
"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:** **17.55%** **TOTL:** **12.39%** **FTSL:** **5.64%**	**AGG:** **19.16%**

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:** **6.77%**	**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:** **10.78%**	**ACWX:** **-1.57%**
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:** **-33.01%**	**SPY:** **25.00%**
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:** **-8.32%** **DLS:** **-16.94%**	**EFA:** **-1.80%**
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:** **98.70%**	**SPY:** **24.56%**
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:** **25.52%**	**SPY:** **9.13%**
"FANG and Friends" of Emerging Markets **EMQQ (Emerging Markets Internet & Ecommerce ETF)**	*"By 2025, annual consumption in emerging markets will reach $30 trillion—the biggest growth opportunity in the history of capitalism."—McKinsey & Company. The combination of four major forces in emerging markets make this a great investment setup: favorable demographics, increasing smartphone availability, surging wireless broadband and Wifi access, and the globalization of the capital formation process. EMQQ is the best ETF to invest in this great confluence. We also featured three alternative ETFs (ECON, KWEB, KEMQ).* ***What to do now: Buy.***	**Issue 23:** **6/26/18**	**EMQQ:** **6.58%**	**EEM:** **37.10%**

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: -16.11%	IWM: -10.21%
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: 51.93% FINX: 28.75% IPAY: 28.13%	SPY: 19.37%
Floating Rate Funds FLOT (I-Shares Floating Rate Bond ETF USFR (Wisdom Tree Floating Rate Treasury Fund) SRLN (SPDR Blackstone / GSO Senior Loan ETF EFR (Eaton Vance Floating Rate Trust)	*Despite stubbornly high bonds/low yields, bonds are still now in a longer term bear market, and there exist few non-inverse bond alternatives that can produce absolute gains in a falling bond environment.* *Floating rate ETFs rise as bond yields fall and offer absolute return potential in bond portfolios, and are an important tool in constructing client bond portfolios in a rising rate environment.*	8/6/18	FLOT: 4.36% USFR: 3.39% SRLN: 3.85% EFR: -7.08%	AGG: 18.27%
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: 6.21% IEME: 3.60% XLC: 19.95% DIS: 5.75%	SPY: 17.69%
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: -13.03% SBIO: 12.56% FXG: 5.79%	SPY: 16.01%

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: -22.74% GNR: -14.61% RLY: -10.95%	DBC: -22.66%
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: 4.57% LDUR: 8.06% MINT: 3.31%	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: 19.85% DYLS: -26.85% PTLC: 0.10%	SH: -25.94%
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: -6.64% MLPA: -40.65% DCP: -57.90% SHLX: -29.53%	SPY: 23.83% AMLP: -42.88%

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:** **-10.91%** **DVP:** **-21.71%**	**VTV:** **9.22%**
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:** **15.34%/1.89%** **ITB/VNQ:** **71.79%/14.01%** **DFE:** **5.14%**	**SPY:** **32.99%**
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:** **5.25%**	**SPY:** **27.79%**
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:** **11.03%** **VRP:** **9.35%** **PFXF:** **10.14%**	**PFF:** **8.44%**
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:** **9.28%** **NRG:** **-18.71%** **CNP:** **-34.49%**	**XLU:** **11.83%**

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:** **21.07%** **CIBR:** **26.14%** **FTNT:** **57.09%** **CYBR:** **7.46%**	**QQQ:** **51.65%**
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:** **-61.03%** **ACB:** **-88.91%** **CGC:** **-40.04%** **APHA:** **-63.77%**	**SPY:** **19.03%**
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:** **23.48%**	**SPY:** **17.82%**
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:** **6.55%** **CCOR:** **13.38%** **JHEQX:** **15.26%**	**SPY:** **5.15%**

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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: 78.57% ARKG: 74.95% XITK: 42.00%	QQQ: 38.14%
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: 31.38% XBI: 35.92% IHF: 22.56%	XLV: 22.65%
Minimum Volatility ETFs USMV (iShares Total Return MSCI USA Minimum Volatility ETF) SPLV (S&P 500 Low Volatility Index ETF) EEMV (iShares MSCI Minimum Volatility Emerging Markets ETF) EFAV (iShares Edge MSCI Minimum Volatility EAFE ETF)	*Minimum volatility ETFs have proven effective alternatives for core market holdings over both the short and long term, and will help ensure investors don't give back YTD gains in the event of a correction while still maintaining upside exposure.*	5/21/19	USMV: 7.94% SPLV: 0.87% EEMV: 0.45% EFAV: 0.79%	SPY: 15.63%
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: -33.33% OHI: -4.60% SCI: -12.20%	SPY: 18.10%

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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:** **36.39%** **SGOL:** **36.84%** **GDX:** **71.31%** **KL:** **17.23%** **FNV:** **91.77%**	
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** **7.83%** **SPMO:** **13.93%** **FDMO:** **10.07%**	**SPY:** **5.65%**

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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:** **11.63%** **GIGE:** **24.61%**	**SPY:** **7.49%**
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:** **-13.44%** **VNQI:** **-17.00%** **REZ:** **-24.34%** **REM:** **-39.13%**	**SPY:** **11.91%**
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:** **-25.48%** **PPA:** **-16.88%** **UFO:** **-15.01%**	**SPY:** **12.73%**

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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:** **12.21%** **VYM:** **-5.03%** **PDI:** **-14.77%**	**SPY:** **10.64%**
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:** **58.65%** **FAN:** **29.02%** **ICLN:** **36.53%** **PBW:** **73.03%**	**SPY:** **13.71%**
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:** **8.44%** **FIW:** **3.85%** **TBLU:** **3.71%**	**SPY:** **9.72%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Outperforming in A Declining Dollar Environment **VGT (Vanguard Information Technology ETF)** **IHI (IShares U.S. Medical Devices ETF)** **EMLC (VanEck Vectors J.P. Morgan EM Local Currency Bond ETF)** **PDBC (Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF)**	If there's going to be a global reflation, then it will likely come with a weaker U.S. Dollar. From early 2017 through early 2018 the dollar declined from over 100 to below 90 (so more than 10%) and that had a significant impact on stocks: The 2017 decline in the dollar resulted in **a 31% gain for the S&P 500** from December 2016 through January 2018. But, the dollar decline also created opportunities for specific sectors and assets classes to handily outperform the S&P 500, and we want to identify those opportunities in three strategies: • Targeted sector exposure via a focus on U.S. Exporters • International ETF Exposure • Commodities Allocations.	**11/5/19**	**Various ETFs Listed in the Issue**	
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:** **-9.85%** **HTD:** **-25.56%** **PDI:** **-19.18%** **NZF:** **-2.90%** **FFC:** **2.50%** **RQI:** **-23.89%**	**SPY:** **5.95%**
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:** **0.50%**	**BIL:** **0.48%**

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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:** **-20.04%** **XOP:** **-44.63%** **LQDH:** **-3.28%**	**SPY:** **1.40%**
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:** **-3.78%** **VIGI:** **-2.15%** **GSIE:** **-6.73%**	**ACWX:** **-6.25%**
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%**

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

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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:** -2.23% **DG:** **8.79%** **DLTR:** **21.55%** **MCD:** **5.23%** **RHS:** **5.76%**	**SPY:** **12.63%**
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%**