SEVENS REPORT *alpha*

August 25, 2020

In Today's Issue

- **What Outperforms When There's a COVID-19 Vaccine Announcement?**
- Chances are rising that we get a vaccine announcement before year-end, so we wanted to identify the industries and sectors with the most upside potential post-vaccine rollout—so you know what to buy when the time is right.
- **Idea 1: Airlines. JETS (U.S. Global Jets ETF).** What happened to buying when there is blood in the streets? The airline industry will survive COVID, and the upside potential warrants taking some risk. JETS has over $1.4 billion in AUM dedicated to 35-40 airline stocks and it's still more than 40% off 2020 highs.
- **Idea 2: The "Get-Back-Out-and-Spend" trade. PEJ (Invesco Dynamic Leisure and Entertainment ETF).** This includes everything from major restaurant brands to hotels, theme parks, concert venues, movie theaters, and media companies. The pent-up demand from locked-down households returning to these destinations is likely to be unprecedented. PEJ is more than 30% off 2020 highs.
- **Idea 3: Banks. KBE (SPDR S&P Bank ETF).** KBE is still down more than 30% YTD and between Fed support, higher yields, and more lending, banks should surge on positive vaccine news.
- **Idea 4: Residential REITs. REZ (iShares Residential Real Estate ETF)**. REZ pays a 3% dividend, and while the outlook for commercial REITS will be mixed due to work from home trends, a vaccine combined with still low rates should help support residential REITs.

Post-Vaccine Growth Themes

The economic impact of the coronavirus has been one of severe disruption and uncertainty for virtually every corner of the globe. Many companies are grappling with layers of government restrictions, safety for employees, and the struggle for working capital in previously healthy industries.

What's difficult to reconcile is how varied this interruption has been across the sector landscape. Particularly as the major domestic indices flirt with all-time highs. Areas such as technology, social media, and e-commerce are thriving at the very same time that travel, hospitality, industrial, and finance-related industries are struggling mightily.

Given the S&P 500 just hit fresh new highs, it's easy for a layperson to look at a chart of the S&P 500 Index and remark, "Everything is fine!" when the reality is that the future has never been more uncertain for a large swath of the global economic engine. Market experts appear split on whether we are due for another sharp correction or if this recovery trend will continue into the latter stages of the year.

What I think we all can agree on is that many of the momentum stocks of this recovery have become stretched to the upside. Even the most bullish investors have to agree there is only so much power that stocks such as Apple, Amazon, and Tesla have on the market. A healthy extension of the rally that pushes the S&P 500 Index to the 4,000 level also is going to require complementary participation from other sectors.

As we study the impact of the pandemic, it's become clear that psychology is playing a major role in the pattern of the markets. The fear and shut down trades in March have morphed into a four-month rally driven by government stimulus and optimism of a "return to work" scenario for much of the country. Now that the markets have reached new highs, it's vital to identify the catalysts for the next 20% move in stocks.

In our opinion, that catalyst isn't another round of government stimulus. **Rather, it's the introduction of a viable vaccine that can be rolled out to millions.**

We covered the ways to play the vaccine development directly in a recent issue of *Sevens Report Alpha* and that continues to be a major driving force for market psychology in more ways than one.

If you have been following the news you probably have seen polls where only 30-50% of the country would consider taking a vaccine even if it were free. Many health experts are actually skeptical that a vaccine will have much of an impact at all if it's not widely adopted or prescribed. Neither of those factors ultimately matter, however, because the narrative will trump the numbers.

A viable vaccine will ultimately give the American consumer confidence to return to restaurants, movie theaters, airlines, cruise ships, concerts, banks, and to purchase a new car. The trickle-down effects of these habit changes will ultimately be enormous to economic recovery.

A vaccine is not going to cure the disease overnight. It's about making an effort to gradually lower the number of deaths from the virus and allow people to return to some semblance of their normal lives. This scenario will have a meaningful impact in reinvigorating the lagging industries that are needed for the next big move in the markets.

That's where you can get the real juice in your portfolio. Think about it this way:

Apple and Google can both rise another 20% just on the back of their stellar businesses and continued brand appeal.

But consider what a vaccine would do for American Airlines (AAL), which currently trades about 70% below its prior highs? You could easily see percentage gains in the triple digits in a matter of months, or even weeks, as this stock takes flight (pardon the pun).

This thesis has led our research team to identify the industries and sectors with the most upside potential post-vaccine rollout. The following pages detail our best ideas to thrive in the event the pandemic is a relatively short blip on society's long-term timeline. It also serves as an opportunity to diversify your holdings from mega-cap growth leaders to smaller and more value-centric investments.

Investment Idea 1: Airlines

In May of this year, famed investor Warren Buffett told his investors that he had sold all of his airline exposure. "The world has changed for airlines," Buffett said, noting that the industry has been "really hurt by a forced shutdown" due to the coronavirus (source). That amounted to over $4 billion in liquidation for Berkshire Hathaway at the time.

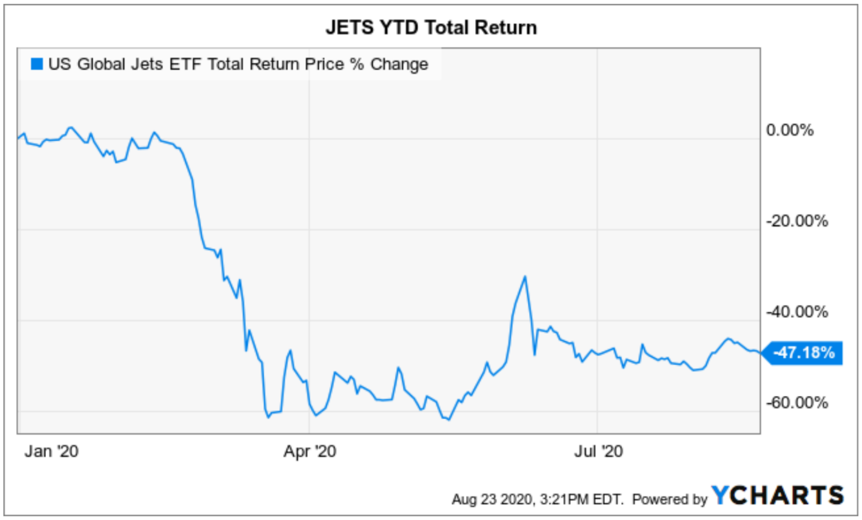
There is no doubt that the airlines have been hurt by the impact of the coronavirus on their businesses, but what happened to buying when there is blood in the streets?

If the long-term view is that we ultimately defeat the coronavirus and the vaccine becomes a critical tool in that fight, then we have to assume this industry consolidates and ultimately rebounds to the upside.

The airline industry received $25 billion in stimulus money (federal grants and loans) as part of the original CARES Act and many expect they will fight for more government intervention in the future. There is no scenario where commercial air travel just disappears. It's too critical to the interconnected business infrastructure of our nation.

One of the easiest ways to play this industry-level rebound is through the **U.S. Global Jets ETF (JETS)**. This fund debuted just over five years ago and has been steadily building its investment case and daily liquidity ever since. This ETF currently has over $1.4 billion in assets under management dedicated to 35-40 airline stocks around the globe. It carries an expense ratio of 0.60%, which is standard for an enhanced index fund of this nature.

JETS is based on a smart-beta index that screens airline stocks according to a number of filters that include minimum market cap, daily liquidity, exchange listing, and industry focus. It then uses fundamental criteria to weight its holdings with a skew towards larger U.S. and Canadian airlines. The result is an innovative blend of airline industry stocks that are rebalanced quarterly.



JETS' top holdings include well-known names such as Southwest Airlines (LUV), Delta Airlines (DAL), United Airlines (UAL), and American Airlines (AAL). Those four make up nearly 40% of the underlying holdings within the diversified basket. Other notable companies include: Cargojet Inc., Jet Blue, Alaska Air, and Air Canada to name a few.

As of July 31, 2020, the stocks that make up this ETF sported a blended price-to-earnings ratio of 13.03 with a weighted average market cap of $8.66 billion. The chart here also demonstrates just how much upside still exists in this industry. JETS is still more than 40% off its prior high and has been struggling to recover from its May lows.

U.S. Global Jets ETF (JETS)	
Inception Date:	4/28/2015
Assets:	$1.4B
Avg Daily Volume:	6.2M
Expense Ratio:	0.60%
# of Holdings:	40
YTD Return:	-47.18%
3-Yr Return:	-40.60%
Mstar Rating:	N/A

An ETF of this style is definitely going to be utilized as a tactical position in your client portfolios. Its more focused nature means that you will want to size it on the smaller side to avoid over-concentrating in a single industry. Nevertheless, more aggressive clients may salivate at the opportunity to purchase a niche group of mid-cap style stocks with massive upside potential.

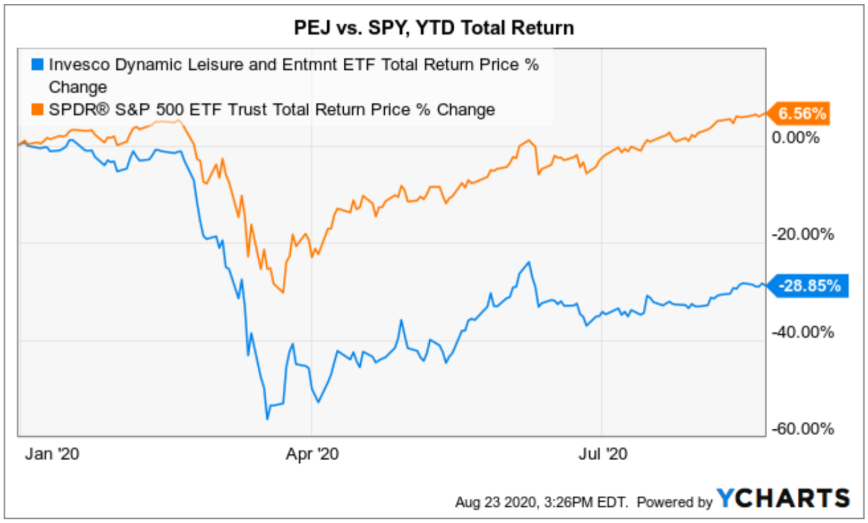
One of the attractive aspects of this fund is that it regularly trades millions of shares per day so liquidity will not be a problem in your execution plan on the buy or sell side.

Investment Idea 2: Entertainment, Hospitality & Leisure

The opposite of the "stay-at-home" trade is the "get-back-out-and-spend" trade. That's what we are looking at taking advantage of in the entertainment, hospitality, and leisure industries that took a major hit since the March lockdown. This includes everything from major restaurant brands to hotels, theme parks, concert venues, movie theaters, and media companies. The pent-up demand from locked-down households returning to these destinations is likely to be unprecedented.

The medical and psychological benefits from a coronavirus vaccine will make these public-gathering businesses more palatable to both government officials and consumers. As such, it's expected that incremental re-opening plans will allow these stocks to resume normal operations and ramp-up revenue into next year.

A diversified way to play this opportunity is through a relatively lesser-known fund, the **Invesco Dynamic Leisure and Entertainment ETF (PEJ)**. The fund contains over $250 million in assets dedicated to a group of over 30 stocks in the entertainment and consumer discretionary fields. Stocks are selected for inclusion in the PEJ portfolio based on merit criteria that include price momentum, earnings, quality, management, and value. This currently includes companies such as Walt Disney Corp (DIS), Chipotle Mexican Grill (CMG), Hilton Worldwide Holdings (HLT), Trip Advisor (TRIP), and AMC Entertainment (AMC) to name a few.



The fact that this fund covers so much of the discretionary spending spectrum across a wide variety of large, medium, and smaller companies means it's uniquely positioned to ride the consumer recovery wave. There is truly no other fund like PEJ in the ETF universe and it's an attractive way to add another beaten-down area of the economy that is ripe for a long-term cyclical rebound.

One way to view the upside in this opportunity is to observe its year-to-date progress alongside the U.S. market benchmark SPY. PEJ is still down more than 28% in 2020 and has significant upside potential compared to other sectors of the economy that are trading at or near all-time highs. A successful vaccine launch could provide the right catalyst for these stocks at the right time to reignite a sharp spike in the share prices of the underlying holdings.

Invesco Dynamic Leisure and Entertainment ETF (PEJ)	
Inception Date:	6/23/2005
Assets:	$250.9M
Avg Daily Volume:	256K
Expense Ratio:	0.63%
# of Holdings:	30
YTD Return:	-28.85%
3-Yr Return:	-19.47%
Mstar Rating:	1 Star

Utilizing a fund such as PEJ is going to be similar to that of JETS. It's more of a tactical opportunity born of the current economic fundamentals, societal trends, and relative value in the marketplace. This fund is going to be more cyclically driven based on consumer behavior and spending trends, which is why it experienced such a sharp dive earlier in the year. That means a smaller allocation size in the realm of 5-7% is a reasonable position to take alongside other alpha-generating vehicles.

Investment Idea 3: Banking, Capital Markets, Card Providers

Another area of the economy that has legs on the back of a coronavirus vaccine-led recovery are the banks. Initially, companies such as JPMorgan Chase, Citigroup, Wells Fargo, Bank of America and others were heavily discounted due to plunging interest rates and fears of unemployment-driven loan defaults across the country.

However, the Federal Reserve has since aggressively intervened in the financial markets to essentially give the banks a blank check in their liquidity reserves. They are also closely working with the Fed to stress test their balance sheets, review dividend policies, and coordinate government loan administration. All of these factors combine to give the national banking infrastructure a high level of confidence that they won't see a repeat of the systemic fracture that occurred back in 2008-2009.

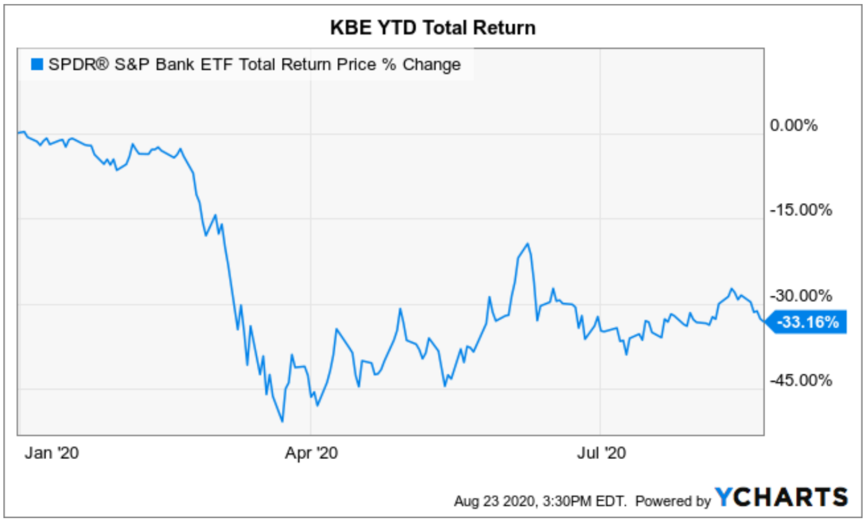
The combination of government support for the unemployed alongside historically low-interest rates is a favorable environment for banks to serve their retail customers. Additionally, these institutions are servicing their commercial and business clients through government-sponsored loans while taking in meaningful administration fees. As more activity returns to the "normal economy" we are going to see additional traffic and revenue activity running through the banking system.

Those that want to own a slice of this financial sector should look to the **SPDR S&P Bank ETF (KBE)** as one of the broader funds in this industry. KBE owns 85 banking stocks at both the national and regional levels that encompasses a broad spread of market capitalizations. That includes the likes of the aforementioned Bank of America and JPMorgan Chase alongside First Republic, Voya Financial, PNC Financial Services, and more.

The fund utilizes a modified equal weight asset allocation scheme to avoid overly committing to the larger institutions and promoting smaller companies. These holdings are rebalanced and reconstituted on a quarterly basis. The result is a highly diverse, liquid, and low-cost vehicle for industry-level financial exposure. KBE has been in existence since 2005, has $1.3 billion in assets under management, and charges a reasonable expense ratio of 0.35%.

Value investors are going to be particularly smitten with this fund as it's currently sporting a price-to-book ratio of 0.83 and a price-to-earnings ratio of 13.14. Additionally, KBE is offering a 30-day SEC yield of 3.54% with income paid quarterly to shareholders. That's more than double the yield of SPY and even greater than many dividend-focused ETFs.

A chart of KBE shows that this index is still down more than 33% YTD, even as it builds a steady and healthy price pattern back towards its long-term moving average. What's attractive about this stock is how much further it can still run just to get back to its prior highs, and the value-oriented fundamentals support an even greater extension beyond those levels.



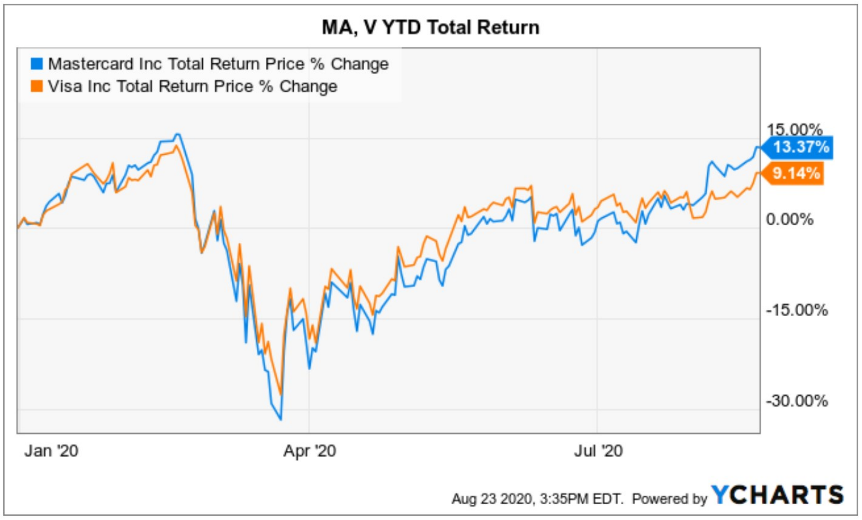
A fund such as KBE is diversified and liquid enough to be used in lieu of a traditional sector holding in your client portfolios. It also has the benefit of a long trading history and minimal expenses that can allow it to function as a longer-term holding. One additional scenario that would help put a floor under the banking stocks is a gradually rising interest rate environment as the fear trade subsides and additional inflationary pressures begin to exert themselves.

SPDR S&P Bank ETF (KBE)	
Inception Date:	11/8/2005
Assets:	$1.3B
Avg Daily Volume:	3.3M
Expense Ratio:	0.35%
# of Holdings:	87
YTD Return:	-33.16%
3-Yr Return:	-20.19%
Mstar Rating:	1 Star

Another supplement to the banking and capital markets story are the credit card companies such as **Visa (V)** and **Mastercard (MA)**. These stocks are apt to continue growing their tremendous volume of daily payments as traditional cash and checking transactions recede. Customers love the convenience of the rewards systems, fraud prevention, and credit accumulation that comes with using their cards.

Businesses have essentially become forced to offer credit cards as a major source of payment and are bearing the burden of merchant costs. If they don't, customers will go elsewhere.

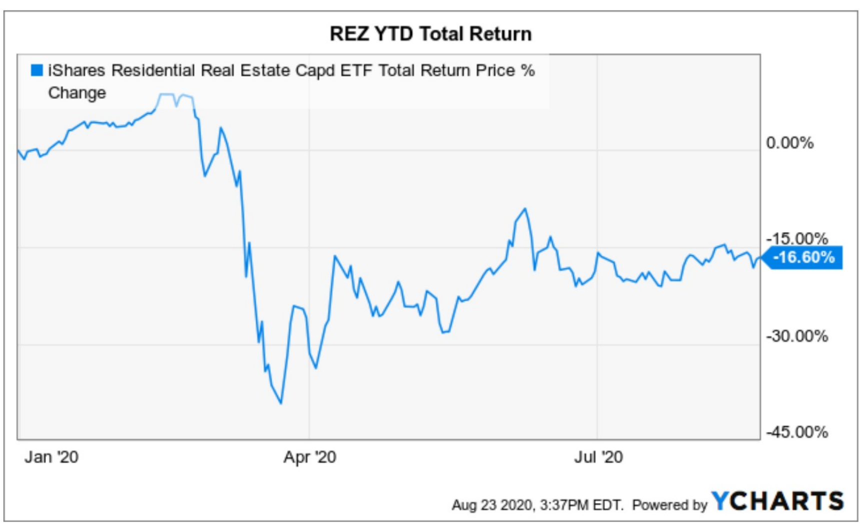
As more consumers return to more conventional social, travel, and entertainment activity it will ultimately boost the revenue of these two juggernauts. Additionally, it's expected that online payment activity is only going to increase over the next decade globally.



Both stocks experienced a sharp drop earlier in the year and both have since recovered the majority of those losses similar to the broad market. Nevertheless, there is still the opportunity for meaningful upside on the back of a vaccine-led rally in U.S. consumer activity.

Investment Idea 4: Real Estate

The real estate sector is one that many investors are nervously tiptoeing around as the economic impact to business and personal spending filters through the system. In our opinion, commercial real estate is the most susceptible to vacancies, defaults, and other financial difficulties as flagging businesses take the brunt of the virus consequences.



This subset of the real estate sector would be more speculative and potentially volatile over the next year as tenants exit or downsize their square footage needs. The other end of the spectrum are residential real estate companies that are likely to be better positioned to ride out the storm.

Many of these REITs are well capitalized with ample reserves to properly combat short-term economic shocks. The ultra-low interest rate environment also allows these companies to recapitalize properties at attractive long-term carrying costs.

Additionally, the backstop of government stimulus through direct payments to citizens and unemployment benefit boosters have helped ensure there is enough money to pay the majority of rents. Multi-family real estate properties also are inherently more diversified than their commercial counterparts, which offer a built-in risk mitigation component.

One of the simplest ways to capitalize on this opportunity is through the **iShares Residential Real Estate ETF (REZ)**. This sub-sector ETF invests in a diversified, market-cap-weighted basket of 42 residential real estate investment trusts in the United States. This includes notable names such as Public Storage (PSA), Avalon Bay Communities (AVB), Equity Residential (EQR), and Sun Communities (SUI).

The fund has over $360 million in total assets and boasts a 10-year annualized total return track record of +9.94% as of June 30, 2020. So far this year, REZ has fallen more than 16% and continues to trade well below its prior all-time highs. That lends itself well to a relative value area of the market with attractive fundamentals and favorable economic tailwinds.

One of the more appealing characteristics of REITs are their income streams and REZ doesn't disappoint in that area either. The fund sports a 30-day SEC yield of 3.01% with income paid on a quarterly basis. Additionally, this ETF has historically been a lower volatility option than the broad market as it boasts a beta to the S&P 500 of 0.70.

iShares Residential Real Estate ETF (REZ)	
Inception Date:	5/1/2007
Assets:	$361.4M
Avg Daily Volume:	49.5K
Expense Ratio:	0.48%
# of Holdings:	43
YTD Return:	-16.6%
3-Yr Return:	6.03%
Mstar Rating:	3 Star

REZ has significant upside potential to regain and even surpass its prior highs on the back of a post-vaccine market bump. This fund would likely fit in well for income-oriented clients who prioritize lower volatility and consistent dividends. It also may work well as a risk counterbalance to heavy growth-oriented portfolios that tend to see more realized price volatility. Whatever the case may be, there is a strong example to be made for real estate as an asset class with significant upside potential.

One aspect of the commercial sector, is to apt to weather the storm better than most, is the advisory and investment-based firms. **CBRE Group, Inc. (CBRE)** is one of the largest in this sector with a $15 billion market cap. The company provides commercial real estate investment services, advisory solutions, and project management roles in both the United States and the United Kingdom.

Last year, CBRE did nearly $24 billion in revenue and has more than doubled sales in the last half-decade. This has led to a healthy net income of $1.5 billion and an attractive balance sheet that is more than capable of overcoming the short-term stress in the real estate market.

CBRE still trades more than 30% below its prior highs and at a satisfying fundamental price-to-earnings ratio of 13.28. Because of this, CBRE has upside potential of 45% just to reach its prior 2020 peak. One aspect of CBRE stock that is unusual as a real estate play is that it doesn't pay a dividend because it's not organized as a REIT. However, this stock has more of a growth-oriented operating strategy that aligns with a global recovery and economic re-opening narrative.

Conclusion

Whether it's actually rolled out, there is a growing consensus that a proven and safe vaccine candidate will be introduced before the end of the year. Some think it may even coincide with the timing of the presidential election in early November. That event may ultimately pave the way for a strong finish to the year in stocks and a big run into the first quarter of 2021. Having several of these investment opportunities at your disposal will allow you to participate in areas of the market with meaningful alpha potential, along with deliberate value factors.

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: 25.82%	SPY: 46.48%
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: 46.36% ROBO: 24.29% AMBA: 5.35% QCOM: 23.20% (closed)	SPY: 44.29% 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: 9.47% ALB: -28.92%	SPY: 44.29%
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: -11.44% REGL: 12.55% SMDV: -5.34%	AGG: 16.57% MDY: 10.89% IWM: 7.58%
Merger Arbitrage **GABCX (Gabelli ABC Fund)** **MNA (IQ Merger Arbitrage ETF)**	*Merger arbitrage is a time-tested hedge fund strategy. It seeks to profit from the timely completion of mergers, takeovers and corporate re-orgs. The strategy has produced solid absolute returns with low correlations to stocks and bonds.* *GABCX and MNA are the two best-performing—and cheapest—options to invest in this space.* ***What to do now: Buy.***	Issue 5: 10/17/17	GABCX: 5.77% MNA: 5.03%	AGG: 16.33%

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: -1.70%	SPY: 39.61%
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: -20.98%	ACWX: 2.67%
"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: 11.10% EMLC: -4.51% EBND: -0.47% AGEYX: 4.75%	AGG: 16.87%
"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: 26.95% BLCN: 55.93%	SPY: 29.27%
"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: 17.89% TOTL: 12.51% FTSL: 6.89%	AGG: 18.82%

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: 17.57%	ACWX: 0.23%
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: -31.66%	SPY: 31.97%
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: -5.40% DLS: -14.47%	EFA: -0.35%
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: 113.4%	SPY: 31.53%
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: 32.55%	SPY: 13.62%
"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: 8.65%	EEM: 48.30%

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: -11.28%	IWM: -35.25%
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: 76.42% FINX: 36.28% IPAY: 35.39%	SPY: 26.04%
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: 4.52% USFR: 3.41% SRLN: 5.22% EFR: -3.13%	AGG: 17.92%
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: 13.10% IEME: 7.84% XLC: 28.14% DIS: 18.56%	SPY: 24.23%
Momentum & Value PSCH (PowerShares S&P SmallCap Health Care Portfolio) SBIO (ALPS Medical Breakthroughs ETF) FXG (First Trust Consumer Staples AlphaDex ETF)	*In our first of a recurring series, each quarter we'll profile some of the best ETFs from a momentum and value standpoint.* *Most investors and prospects can be grouped into those two investing styles, and we want to provide consistent, value-add idea generation for each type of investor, so you're always armed with compelling ideas and stories for clients and prospects, regardless of their investment style.*	9/4/18	PSCH: -9.51% SBIO: 9.72% FXG: 7.91%	SPY: 22.46%

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: -20.82% GNR: -13.63% RLY: -9.34%	DBC: -20.76%
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: 4.72% LDUR: 8.20% MINT: 3.52%	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: 21.86% DYLS: -30.59% PTLC: 5.74%	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: -7.22% MLPA: -39.34% DCP: -51.36% SHLX: -31.56%	SPY: 30.81% AMLP: -41.41%

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: -7.16% DVP: -21.71%	VTV: 12.77%
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: 17.77%/4.24% ITB/VNQ: 87.87%/17.02% DFE: 9.36%	SPY: 40.47%
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: 9.02%	SPY: 35.05%
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: 13.62% VRP: 12.01% PFXF: 13.09%	PFF: 11.67%
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: 10.20% NRG: -15.78% CNP: -29.91%	XLU: 12.68%

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Cybersecurity: Threats & Opportunities **HACK (ETFMG Primce Cyber Security ETF)** **CIBR (First Trust NASDAQ Cybersecurity ETF)** **FTNT (Fortinet)** **CYBR (CyberArk)**	*Cyber security and privacy on-line are two clearly defined growth areas of tech, as tech adoption progresses towards consumer demanding security and convenience.*	2/26/2019	HACK: 24.13% CIBR: 28.95% FTNT: 52.41% CYBR: 0.52%	QQQ: 64.70%
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: -63.67% ACB: -90.12% CGC: -52.66% APHA: -64.76%	SPY: 25.89%
Socially Responsible Investing **ESGV (Vanguard ESG US Stock ETF)**	*Studies and AUM trends have shown that while clients still care about the bottom line (returns) there is growing popularity among investors to not only generate a solid return, but also for their investments to reflect their core beliefs and values.* *So, we've updated our research to focus on a few core ESG areas that have seen AUM explode over the past two years. These stylistic ETFs can not only outperform, but also help strengthen the client/advisor bond, via directing some investments to issues important to your client.*	3/26/19	ESGV: 30.88%	SPY: 24.63%
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: 9.61% CCOR: 16.43% JHEQX: 21.94%	SPY: 4.07%

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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: 92.84% ARKG: 88.21% XITK: 51.19%	QQQ: 50.12%
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: 31.48% XBI: 28.24% IHF: 24.51%	XLV: 22.72%
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: 10.15% SPLV: 3.26% EEMV: 1.31% EFAV: -0.27%	SPY: 19.92%
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: -24.57% OHI: -5.29% SCI: 4.87%	SPY: 24.90%

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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:** **35.57%** **SGOL:** **35.96%** **GDX:** **59.69%** **KL:** **21.52%** **FNV:** **72.68%**	
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** **14.06%** **SPMO:** **20.20%** **FDMO:** **19.41%**	**SPY:** **11.58%**

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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:** **20.92%** **GIGE:** **36.23%**	**SPY:** **13.69%**
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:** **-11.07%** **VNQI:** **-13.33%** **REZ:** **-20.11%** **REM:** **-35.33%**	**SPY:** **18.35%**
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:** **-21.78%** **PPA:** **-11.83%** **UFO:** **-10.29%**	**SPY:** **19.16%**

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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:** **10.76%** **VYM:** **-2.59%** **PDI:** **-14.29%**	**SPY:** **16.97%**
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:** **82.55%** **FAN:** **37.19%** **ICLN:** **52.95%** **PBW:** **93.92%**	**SPY:** **20.30%**
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:** **8.87%** **FIW:** **6.46%** **TBLU:** **5.90%**	**SPY:** **16.09%**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Outperforming in A Declining Dollar Environment **VGT (Vanguard Information Technology ETF)** **IHI (IShares U.S. Medical Devices ETF)** **EMLC (VanEck Vectors J.P. Morgan EM Local Currency Bond ETF)** **PDBC (Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF)**	If there's going to be a global reflation, then it will likely come with a weaker U.S. Dollar. From early 2017 through early 2018 the dollar declined from over 100 to below 90 (so more than 10%) and that had a significant impact on stocks: The 2017 decline in the dollar resulted in **a 31% gain for the S&P 500** from December 2016 through January 2018. But, the dollar decline also created opportunities for specific sectors and assets classes to handily outperform the S&P 500, and we want to identify those opportunities in three strategies: • Targeted sector exposure via a focus on U.S. Exporters • International ETF Exposure • Commodities Allocations.	**11/5/19**	**Various ETFs Listed in the Issue**	
Closed End Funds **ETG (EV Tax Adv. Global Dividend Inc)** **HTD (JH Tax-Advantaged Dividend Inc)** **PDI (PIMCO Dynamic Income)** **NZF (Nuveen Municipal Credit Income)** **FFC (Flaherty & Crumrine Preferred & Income Sec.)** **RQI (Cohen & Steers Quality Income)**	Closed End Funds (CEFs) are under-utilized compared to ETFs (we explain why in the issue) but CEFs have advantages over ETFs both on a yield and tactical basis – and we think that CEFs can be an effective tool, when integrated into a broader portfolio strategy, that can boost yield and create opportunities to generate alpha.	**12/3/19**	**ETG:** **-5.38%** **HTD:** **-23.68%** **PDI:** **-18.73%** **NZF:** **-4.41%** **FFC:** **6.07%** **RQI:** **-19.48%**	**SPY:** **12.15%**
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:** **0.70%**	**BIL:** **0.48%**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Contrarian Ideas 2020 MJ (ETFMG Alternative Harvest ETF) XOP (SPDR S&P Oil & Gas Exploration and Production ETF) LQDH (iShares Interest Rate Hedged Corporate Bond ETF)	**Contrarian Idea: Cannabis Sector.** Cannabis stocks got crushed in 2019, but underlying demand for medical cannabis, along with public acceptance of the idea, continued to grow. **Contrarian Idea: Energy.** The energy sector lagged in 2019, but if there is a rebound in growth, combined with a protracted dollar decline, energy could handily outperform in 2020. **Contrarian Idea: Rising Rates.** Bonds surged in 2019 and the broad consensus is for perma-low rates. But the Fed is now targeting higher inflation, and if growth rebounds, rates could easily move higher.	12/31/19	MJ: -25.46% XOP: -42.89% LQDH: -3.47%	SPY: 7.34%
International Exposure IQLT - iShares Edge MSCI International Quality Factor ETF. VIGI - Vanguard International Dividend Appreciation ETF GSIE - Goldman Sachs ActiveBeta International Equity ETF	We all know that **proper diversification is essential to both risk management and long-term outperformance,** and while the outlook for the U.S. markets remains strong, proper diversification must be maintained for investors with long-term time horizons. So, we've done a deep dive into the very overpopulated world of international ETFs and selected the few ETFs that we believe offer a superior combination of 1) Exposure to quality international companies, 2) Focus on developed economies (so this isn't about emerging markets) and 3) Are trading at an attractive valuation.	1/14/2020	IQLT: -1.45% VIGI: 0.02% GSIE: -4.87%	ACWX: -4.40%
Opportunities in Small Caps IJR: iShares Core S&P Small-Cap ETF VBK: Vanguard Small-Cap Growth ETF XSLV: Invesco S&P SmallCap Low Volatility ETF	The stock market has become extremely "top-heavy" with a few mega-cap tech stocks like AAPL, AMZN, MSFT, GOOGL largely driving market performance and being the difference maker in annual performance. While that's been a good thing for the last several years for many investors, the reality is that now they are also not as diversified as they should be on a market-cap basis. Proper diversification across multiple criteria (including market cap) is essential to long term outperformance and portfolio optimization, so it's always something we need to be focused on. But, to get a bit more tactical, after years of underperformance, there's a credible macro set up where small-caps can outperform in 2020.	1/28/2020	IJR: -0.59% VBK: 1.05% XSLV: 0.30%	IWM: 1.10%
Finding Actionable Opportunities in the Biotech Sector IBB (iShares Biotechnology ETF) SBIO (ALPS Medical Breakthroughs ETF) XBI (SPDR S&P Biotech ETF)	What outperforms during a global health emergency like the Wuhan virus? Historically, the biotech sector does, **which rose 40% compared to 25% for the SPY following SARS in the early 2000s.** But, investing in biotech is tough for an advisor. So, our goal for this Alpha issue was clear: **Find the best biotech ETFs that today's advisors can actually allocate to.**	2/11/2020	IBB: -9.29% SBIO: -15.80% XBI: -13.54%	SPY: -15.46%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Hedged Equity ETFs **DMRL: DeltaShares S&P 500 Managed Risk ETF.** **CCOR: Cambria Core Equity ETF.** **JHEQX: JPMorgan Hedged Equity Fund Class I.**	We want to highlight hedged ETF strategies that can help advisors protect gains if we are at the start of a 2018 style correction, or worse, our first bear market in over a decade, while at the same time maintaining long exposure if/when the correction ends. Hedged ETFs outperformed the S&P 500 in 2018, and if this current correction turns into a lengthy pullback, hedged ETFs will help preserve client gains.	3/10/2020	DMRL: -5.85% CCOR: -8.33% JHEQX: -11.87%	SPY: -18.06%
Sector Opportunities from the Coronavirus Decline **Tech Sector (Three ETFs)** **Financials (Three ETFs)** **Energy (Three ETFs)**	This will be the first part of a two-part series that addresses potential longer-term opportunities from this crisis. For today's issue, we selected three sectors: **Tech, Financials and Energy, and we provided three ETF options in each sector depending on whether you are looking for broad-based exposure (and diversification) or want a more targeted strategy (higher risk/higher return).**	3/24/2020	Multiple ETFs selected for each sector depending on risk tolerance.	
Longer Term Industry Opportunities from the Coronavirus **Health & Wellness (Three ETFs)** **Mobility As A Service (IBUY: Amplify Online Retail ETF)** **Cord Cutting (JHCS: John Hancock Multifactor Media and Communications ETF).** **Stay At Home (XITK: SPDR FactSet Innovative Technology ETF)**	In this issue, **we build on the theme of a return to optimism by identifying specific stocks, ETFs, and industries likely to experience long-term tailwinds from this historic coronavirus pandemic black swan.** This trend will shift the spending and habits of millions of Americans over the course of the next decade.	4/7/2020	PTH: 18.39% IBUY: 17.70% JHCS: 6.42% XITK: 13.34%	SPY: 3.99%
Three Industries That Will Benefit from Changes in Corporate Behavior **Cloud Computing (SKYY: First Trust Cloud Computing ETF)** **E-Commerce (SHOP: Shopify & GDDY (GoDaddy)** **Online Payment Processing (IPAY: ETFMG Prime Mobile Payments ETF)**	Each part of our "What To Buy" series have become more granular, and that trend is continuing today with the final installment of the series. Part One focused on broad sectors. Part Two identified larger industries that should benefit over the longer term from changes in consumer behavior from the coronavirus experience. **Now, Part Three will go even deeper and rely on our own anecdotal experiences to identify sub-indices that should benefit over the longer term from changes in business behavior in a post-coronavirus world.**	4/21/2020	SKYY: 4.13% SHOP: 14.87% GDDY: 3.73% IPAY: 8.37%	SPY: 4.92%

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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%**

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Three Strategies to Gain Exposure to 5G **Strategy 1: The Chipmakers. QCOM (Qualcomm), MRVL (Marvel Technologies).** **Strategy 2: Radio Frequency Providers. QRVO (Qorvo).** **Strategy 3: The 5G ETF. FIVG (Defiance Next Gen Connectivity ETF).**	The focus of today's issue came from a subscriber request: **5G.** 5G is one of the biggest secular growth trends in the market, and by that, I mean trends that will continue in a positive direction regardless of what happens in the economy in the near term. Additionally, 5G is one of the most popular investing topics among regular investors, so we thought now would be a good time to do a "deep dive" in 5G and detail:	**6/30/2020**	**QCOM:** **26.25%** **MRVL:** **-1.36%** **QRVO:** **18.76%** **FIVG:** **7.59%**	**SPY:** **10.92%**
Finding Value in European Equities **VGK (Vanguard Europe ETF).** **FEZ (SPDR Euro STOXX 50 ETF)**	Coronavirus has finally caused the Europeans to aggressively stimulate the economies, and as long as that continues, that should provide a needed spark to help European equities outperform. Because of that positive change, we think European ETFs offer more attractive risk/reward than U.S. sectors that are considered "values," specifically financials, energy, and industrials. That's especially true given U.S. value styles have underperformed growth by as much as 66% over the past five years! We think a better choice is to look to Europe to fulfill the value component of a portfolio.	**7/14/2020**	**VGK:** **4.21%** **FEZ:** **3.13%**	**VTV:** **4.87%**
Actionable Strategies to Own COVID 19 Vaccine Producers **PPH: The VanEck Pharmaceutical ETF.** **GERM: The ETFMG Treatments Testing and Advancements ETF.**	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.** Specifically, in today's issue we take the broad research we covered in Thursday's webinar, enhance it, and get much more tactical (looking at investment strategies to get exposure to vaccine players). Specifically, we cover two actionable strategies that we think are appropriate for advisors and their clients: Strategy 1: Owning the Pharma Companies Leading the Vaccine Race. Strategy 2: Diversified Exposure via ETFs.	**7/28/2020**	**PPH:** **0.52%** **GERM:** **-1.21%**	**SPY:** **4.41%**

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What Outperforms in a Declining Dollar Environment **Falling Dollar Strategy 1: International Stocks. XSOE (WisdomTree Emerging Markets ex-State-Owned Enterprises Fund).** **Falling Dollar Strategy 2: Currencies. FXE. (CurrencyShares Euro Trust).** **Falling Dollar Strategy 3: Gold Miners. GDX (VanEck Vectors Gold Miners ETF).**	A sustained period of dollar weakness doesn't come along often (it last occurred in 2017) but when it does, it can create substantial outperformance in certain sectors and indices. We want to make sure you have a comprehensive "falling dollar" playbook for both general and tactical asset allocations, because the fundamentals for a sustained period of dollar weakness are as strong as they've been in years (surging U.S. debt/deficits and rebounding growth overseas).	**8/11/2020**	**XSOE: 2.60%** **FXE: 0.44%** **GDX: 3.64%**	**SPX: 3.41%**