SEVENS REPORT *alpha*

August 11, 2020

In Today's Issue

- **What Outperforms in A Declining Dollar Environment?**
- A sustained period of dollar weakness doesn't come along often (last in 2017) but when it does it can create very substantial outperformance in certain sectors and indices.
- To produce a comprehensive analysis, we performed two research tasks. **First, we examined what should outperform in a falling dollar environment. Second, we looked at what did outperform.**
- 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).**
- **Examining the Historical Record.** We looked at the past two periods of extended dollar weakness, then, we examined the performance of more than 20 sectors and investment styles, and generated three key conclusions:
- **Conclusion 1: Don't overthink it, own cyclical U.S. stocks. And, defensive sectors underperform.**
- **Conclusion 2: International stocks and bonds are clear winners.**
- **Conclusion 3: Commodities prosper with mixed results.**

More Bang For A Falling Buck

As an investment advisor, your primary role is to understand the interconnected threads in the global markets and convey that understanding through sensible investment strategies. That often means staying on top of the trends in assets that your clients own. It also means watching for red flags that have the potential to impact future returns. It's that latter responsibility that has us returning to our research on the impact of the U.S. dollar in your portfolios.

Most investors' allocations have become so U.S.-stock centric that they have a distant memory of the impact that currencies can have on their returns. What we have seen over the last decade is an avalanche of money chasing momentum in high-growth tech companies and the rewards have been tremendous. The outcome of this trade is an overweight allocation to domestic stocks and bonds trading at all-time high valuations.

What many haven't considered is how an uncorrelated asset class could potentially disrupt the careful balance of this trade and unleash new alpha-generating opportunities elsewhere. The resurgence of foreign currencies in the euro, Japanese yen, British pound sterling, Canadian dollar, and Swiss franc can ultimately reshape the steadfast greenback and drive performance towards new global opportunities.

The machinations of the U.S. dollar versus major foreign currencies continues to be a narrative that is gathering momentum. After years of relatively benign performance, we are finally starting to see some volatility in this space that has the potential to impact a number of asset classes in your clients' portfolios.

The three-year chart here of the U.S. Dollar Index is a visual representation of just how much instability has been unleashed over the last six months. What started out as a sharp whipsaw during the March global stock market plunge now has morphed into a more pernicious correction that ultimately broke the prior 2020 lows.

This price pattern is one that technical analysts would classify as a damaged trend that is ripe for further downside.

Many advisors and market watchers are beginning to postulate that the U.S. dollar has peaked this year and a more secular downtrend will develop in-kind. Goldman Sachs recently forecasted the dollar would fall by 20% as the global economy begins to rebound (source). That trend would create a much-anticipated tailwind for specific sectors of the market that benefit from an inverse correlation to the benchmark U.S. currency.

Guggenheim Investments has curated an excellent table demonstrating the historical correlation of major asset classes over the last decade. The "Currencies" category represents the U.S. Dollar Index in this example.

Historical Correlation[1]: January 2010 - December 2019

Click Asset Class to Highlight | RESET

	Positive	Negative
High	0.7-1.0	(0.7)-(1.0)
Moderate	0.4-0.7	(0.4)-(0.7)
Low	0.0-0.4	(0.0)-(0.4)

	Investment Grade Bonds	Cash	Commodities	Currencies	Equity Market Neutral	Event Driven	Global	Hedge Funds	International Equity	Long/Short Equity	Managed Futures	REITs	S&P 500®
Investment Grade Bonds	1.00												
Cash	0.11	1.00											
Commodities	(0.25)	0.07	1.00										
Currencies	(0.00)	(0.08)	(0.54)	1.00									
Equity Market Neutral	(0.03)	(0.04)	0.37	(0.64)	1.00								
Event Driven	(0.22)	(0.03)	0.57	(0.39)	0.41	1.00							
Global	(0.17)	0.01	0.61	(0.58)	0.47	0.80	1.00						
Hedge Funds	(0.02)	(0.03)	0.51	(0.42)	0.51	0.88	0.83	1.00					
International Equity	(0.11)	(0.00)	0.58	(0.66)	0.53	0.77	0.96	0.81	1.00				
Long/Short Equity	(0.18)	(0.03)	0.52	(0.49)	0.56	0.84	0.90	0.91	0.86	1.00			
Managed Futures	0.42	0.02	(0.07)	0.02	0.11	0.11	0.16	0.47	0.13	0.23	1.00		
REITs	0.30	0.02	0.25	(0.31)	0.28	0.46	0.65	0.54	0.58	0.56	0.29	1.00	
S&P 500®	(0.22)	(0.00)	0.57	(0.46)	0.40	0.77	0.97	0.79	0.85	0.87	0.16	0.65	1.00

Their research indicates that international stocks offer one of the strongest inverse correlations to the dollar. Commodities are similarly known to experience better returns under a falling-dollar scenario. Investment-grade bonds and cash find themselves minimally impacted by any currency patterns.

The ultimate outcome of the currency trade shouldn't cause any advisor to completely upend their portfolio allocations. However, a gradual shift towards opportunities that are likely to benefit from emerging strength in foreign currencies AND are demonstrating relative value characteristics seems like a win-win for everyone.

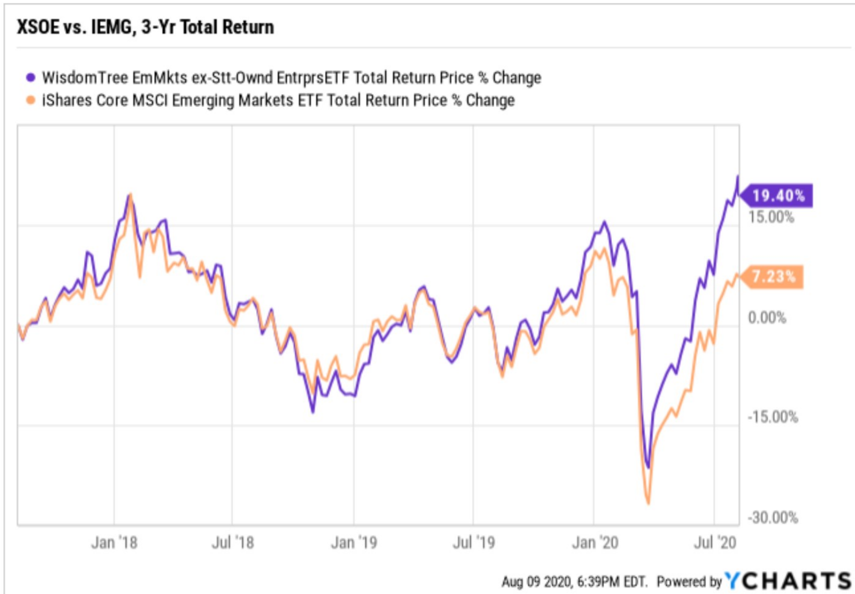
In the following research, we look at top-tier investments to help enhance your portfolio diversification, lower volatility, and bolster your net returns.

Investment Idea 1: International Stocks

One of the highest-conviction plays you can make on the decline of the U.S. dollar is to consider adding more exposure to international stocks.

We have been making the case for some time now that the relative value characteristics of publicly traded companies in both developed and emerging markets are far superior to their U.S. counterparts. That's a baseline for investors to expect stronger future returns in these investments. However, there is also the added benefit that these international stocks will experience the tailwind from strengthening foreign currencies for U.S. investors that hold them in conventional ADRs or open-ended funds.

Several of our recent recommendations have focused on core opportunities through the likes of the iShares Core MSCI Europe ETF (IEUR) and iShares Core MSCI Emerging Markets ETF (IEMG). Both funds provide highly diversified, liquid, tax-efficient, and low-cost exposure to international markets in a single vehicle. They are easy to understand, easy to manage, and should still be high on your buy list of core positions in foreign stock markets.



Additionally, we want to introduce a new alpha-generating emerging market fund that has rapidly risen to the top of our rankings through a combination of its index methodology and cost-efficiency.

The **WisdomTree Emerging Markets ex-State-Owned Enterprises Fund (XSOE)** is a mouthful of an ETF designed to own companies in emerging markets that aren't controlled by their country's governments. As many probably know, countries such as China, Brazil, and Russia have often meddled in the affairs of state-owned enterprises to create inefficient businesses that serve their bureaucratic overlords rather than shareholders. This often stymies growth and innovation, while de-emphasizing maximum possible returns for investors.

WisdomTree Emerging Markets ex-State-Owned Enterprises (XSOE)	
Inception Date:	12/10/2014
Assets:	$1.6B
Avg Daily Volume:	332.7K
Expense Ratio:	0.32%
# of Holdings:	546
YTD Return:	6.79%
3-Yr Return:	19.40%
Mstar Rating:	4 Star

XSOE leans on the creative strength of the WisdomTree research team to eliminate these bloated and inefficient companies from inclusion in the portfolio basket. Any stock that has more than 20% state ownership is automatically excluded. That means the 500-plus stocks that remain in this fund are run by entrepreneurs, corporate directors, and sensible business leaders. The end result is these stocks offer more attractive fundamentals (quality, value, ROE, etc.) than their state-owned peers.

What's interesting about the difference behind ex-state-owned and state-owned businesses is the "new economy" versus "old economy" emphasis. The former is filled with businesses in technology, consumer discretionary, and communication services. The latter is more commonly dedicated to energy, financials, and materials – legacy industries in many third-world countries.

There is no better way to emphasize this dichotomy than looking at the top holdings of XSOE. This market-cap weighted ETF includes large allocations to heavy-hitters such as Tencent Holdings, Alibaba Group, Taiwan Semiconductor, Samsung Electronics, JD.com, and more. These companies are essentially the Apples, Amazons, and Facebooks of developing nations with massive future growth potential.

The above-average allocation to these top-performing stocks has proven to be a performance booster over both short and intermediate time frames as well. XSOE is the best-performing diversified emerging market ETF in 2020 with a total return of 6.8%. It has also managed to create a significant 12.17% gap in its net returns versus IEMG over the last three years as it breaks out to new near-term highs.

This ETF has been in existence since 2014 and has swelled to more than $1.5 billion in assets. It also sports a very reasonable net expense ratio of 0.32% that will make cost-conscious investors feel good about including it as a longer-term holding.

This fund can be used alongside a core holding such as IEMG to tilt your exposure towards new economy sectors with heightened growth potential. It's also reasonable to use this ETF with a larger allocation size for those that want to eliminate the uncertainty of government-sponsored control in their portfolios. Because these stocks are priced in foreign currencies, it's also going to experience the benefits of weakening dollar fundamentals.

Investment Idea 2: Currencies

As we examine the direct underlying exposure of the U.S. Dollar Index, one aspect stands out more than others, i.e. the massive allocation to the euro. The euro makes up nearly 58% of the conventional DXY index and is the mainstay of the global benchmark. That means this single currency, widely used in 19 European countries, is going to be disproportionately responsible for the majority of the market price movement.

One way to directly play this theme is to own the **CurrencyShares Euro Trust (FXE)**. This exchange-traded fund falls into the alternative category, in that it's not a traditional asset class such as stocks or bonds. However, a slice of currency exposure can hedge certain risks in your portfolio, extend diversification benefits, and allow you to play a directional opportunity on the falling dollar.

FXE is based upon and seeks to track, an index known as the WM/Reuters Euro Closing Spot Rate. Its daily fluctuations are going to correlate with the price changes of the euro versus the U.S. dollar. This fund has been in existence since 2005, charges an expense ratio of 0.40%, and has over $300 million in assets. FXE also traditionally trades several hundred thousand shares per day and it's one of the more liquid currency-linked ETFs.

As you can see on the chart, FXE has made a significant move over the last three months as it breaks out to new 52-week highs. This has been the largest stretch over the past year and bodes well from a technical standpoint as a pattern to build on additional momentum.

Owning a fund such as FXE may not be appropriate for all clients because of its alternative style. It may be desirable for those that want to specifically add currency exposure in their portfolios, that have experience in this field, and that may have lived overseas at some point. This will likely lead to confidence in the fickle nature of currency markets and how they are uncorrelated to conventional asset classes.

Most advisors are going to keep position sizes in a fund such as FXE small in order to complement international stock funds or use them in lieu of international exposure. Considering this fund more as a tactical position will ensure clients understand it's a short- to intermediate-term trend opportunity rather than a long-term core holding.

One positive aspect of FXE is that it does not come with the headaches of a K-1 like many commodity-centric funds. Its tax status is that of a grantor trust like the majority of open-ended ETFs and thus will produce a familiar 1099 at tax time.

Investment Idea 3: Precious Metals

Precious metals have a long history as modern currency replacements, which is why we often see a spike in gold or silver as the U.S. dollar declines in value. This isn't a perfect inverse correlation, but it may also be exacerbated during times of economic uncertainty such as the world is currently experiencing with COVID-19.

An opportunity we feel is well suited for this environment is through the gold miners. Why? Because the majority of these stocks are located outside the U.S. and are beneficiaries of the fundamental tailwinds in steadily rising gold prices.

The largest and most well-known fund in this class is the **VanEck Vectors Gold Miners ETF (GDX)**, which has recently swollen to over $18 billion in assets. It owns 53 large-cap and mid-cap stocks around the globe that must derive at least 50% of their revenue from gold mining or production to be included in the index. Top holdings include names such as Newmont Gold Corp (NEM), Barrick Gold Corp (GOLD), and Franco-Nevada Corp (FNV).

VanEck Vectors Gold Miners ETF (GDX)	
Inception Date:	5/16/2006
Assets:	$18.4B
Avg Daily Volume:	32.8M
Expense Ratio:	0.53%
# of Holdings:	54
YTD Return:	45.97%
3-Yr Return:	96.04%
Mstar Rating:	4 Star

Its geographical makeup is quite diverse as well. The United States only makes up 18% of the country allocation within GDX, with Canada leading the way at 44% of the total stock exposure. Australia, Brazil, and Tanzania round out the remaining countries in the top five.

What's interesting about many ETF sectors is that we often find the largest fund isn't necessarily the best option to consider based on cost, index construction, or other factors. That skepticism is unfounded with GDX as this ETF continues to be one of the best overall options in the gold mining sector.

GDX just recently hit multi-year highs and has built up considerable momentum in July. Its year-to-date total return stands at a healthy 45.97% as gold bullion prices have surged nearly 33.53% this year.

What's intriguing about this sector is how much upside potential is still left in the tank compared to the broad market. GDX peaked at a high price of $66 back in 2011 and trades at a considerable discount to that prior level. This relative dichotomy suggests that gold mining stocks could spur a massive rally on the back of supportive gold trends and a weaker U.S. dollar.

A fund such as GDX falls into the industrial and materials categories at the sector level and is most appropriate to be utilized as a tactical portfolio addition.

This fund has tended to be on the volatile side in the past but has demonstrated positive growth trends in periods of similar economic conditions.

Examining the Historical Record

Any investor who has experienced the markets for over a decade knows that there are two types of outcomes that result from major shifts in economic conditions:

1) Those investments that *should* work based on logical deductions.

2) Those investments that *actually* work based on current events and sentiment.

Just because an economist or talking head on TV points out that 2 + 2 = 4 doesn't mean that formula is going to add up in the real world of markets. Why? Because markets are driven by psychological influences, not logical factors.

That is the reason we wanted to dig deeper into the data to examine exactly what happened the last two times the dollar took a nosedive. That way you can align your expectations and strategy with historical facts to make the best decisions possible for your clients.

The two periods in recent times were December 2016 to February 2018 and June 2010 to May 2011. Both time frames saw a correction in the U.S. Dollar Index of over 12% (with an average decline of 15%) and coincided with a reshuffling of the financial landscape. The table here highlights the results of that data screen broken down by major sectors and asset classes.

Conclusion 1: Don't overthink it, own cyclical U.S. stocks.

What's immediately apparent in the U.S. market is that stocks as a whole did quite well under both scenarios. The SPDR S&P 500 ETF (SPY) gained over 30% in both time frames as the lower dollar helped spur growth across the breadth of the stock market. **The growth factor was a consistent outperformer in both instances with an average gain of over 31%.**

Ticker	Name	Dec 16 - Feb 18	Jun 10 - May 11	Average
DXY	U.S. Dollar Index	-12.84%	-17.48%	-15.16%
SPY	SPDR S&P 500 ETF	31.02%	31.70%	31.36%
XLK	Technology Select Sector SPDR	47.08%	27.99%	37.54%
XLY	Con Discretionary Select Sector SPDR	32.73%	33.67%	33.20%
XLI	Industrial Select Sector SPDR	30.80%	42.24%	36.52%
XLV	Health Care Select Sector SPDR	30.73%	27.70%	29.22%
XLP	Con Staples Selec Sector SPDR	17.76%	25.54%	21.65%
XLB	Materials Select Sector SPDR	27.43%	47.13%	37.28%
XLF	Financial Select Sector SPDR	36.15%	18.84%	27.50%
XLE	Energy Select Sector SPDR	5.52%	58.05%	31.79%
XLU	Utilities Select Sector SPDR	12.09%	22.32%	17.21%
IVE	iShares S&P 500 Value ETF	23.12%	30.08%	26.60%
IVW	iShares S&P 500 Growth ETF	37.89%	33.12%	35.51%
EFA	iShares MSCI EAFE ETF	35.29%	41.71%	38.50%
EEM	iShares MSCI Emerg Markets ETF	46.27%	38.62%	42.45%
EMLC	iShares Emerging Market Local Bond	21.94%	13.26%	17.60%
EMB	iShares Emerging Market USD Bond	11.16%	11.10%	11.13%
AGG	iShares Aggregate Bond ETF	2.33%	3.62%	2.98%
IEF	iShares 7-10 Yr US Treasury ETF	-0.29%	3.06%	1.39%
LQD	iShares Invest Grade Corp Bond ETF	6.16%	8.59%	7.38%
FXE	CurrencyShares Euro Trust	16.98%	24.39%	20.69%
FXY	CurrencyShares Japanese Yen Trust	4.18%	12.31%	8.25%
DBC	Invesco DB Commodity Index ETF	13.54%	48.33%	30.94%
GLD	SPDR Gold Shares Trust	14.60%	23.81%	19.21%
SLV	iShares Silver Trust	3.77%	140.48%	72.13%
GDX	MarketVectors Gold Miners	15.03%	20.59%	17.81%

The caveat is that specific sector leaders under those conditions were quite varied. You had technology and financials leading the pack through the 2016-2018 span, while energy and materials were the main beneficiaries of the earlier time frame.

The 2010-2011 period seemed to favor those traditional sectors of the economy with high export leadership. Exporters are generally considered to be favorable industries for profitability as foreign currencies rise in value.

What should also be drawn from the statistical analysis is that defensive sectors such as consumer staples and utilities dragged on returns. This is confirmed by the underperformance of the value factor and U.S. bonds during this period. It may sound counterintuitive, but a falling dollar is a risk-on type environment that favors traditionally cyclical sectors. Any portfolios that are overweight in domestic U.S. income sectors should prepare for sub-average returns in this scenario.

Conclusion 2: International stocks and bonds are clear winners.

Another standout statistic from this table is how well international stocks did in both time frames. Both the broader MSCI EAFE Index and the MSCI Emerging Markets Index beat the performance of domestic U.S. stocks. EEM produced an average return of more than 42% as one of the best global investment cases. That gives us high confidence that a similar scenario is likely to unfold if we continue to see additional U.S. dollar weakness.

Emerging market bonds also were the place to be during this time frame as compared to their U.S. counterparts. The combination of rising EM stocks helps buoy the prospects of government-sponsored EM debt and ultimately spurred consistent total return. A fund such as EMB is currently yielding over 4% with an option-adjusted spread of 350 basis points to similar duration U.S. Treasuries.

There also is something to be said for the length of any U.S. dollar correction on overseas asset classes. The longer the downtrend exists, the more it will be talked about and money flows will chase the momentum towards these dollar-sensitive investments. It's also logical and expected that both the euro and yen saw appreciated prices in both eras. These currencies are going to be inversely correlated to the movement of the index by design.

Conclusion 3: Commodities prosper with mixed results.

Lastly, the commodity and precious metal sectors experienced positive net returns with varying degrees of success. You had lumpy leadership in the actual commodities themselves depending on where the momentum shifted as other global forces exerted themselves in oil, gas, agriculture, and metals.

Remember that the diversified commodity index ETF, DBC, is heavily weighted towards oil and gas. The earlier 2010-2011 period saw a sharp ramp in oil prices as a result of the Arab Spring and economic recovery following the last financial crisis. This also is partly the reason behind the outperformance in XLE during this period.

The consistent spot seemed to be gold and gold miners that saw double-digit percentage gains in both time frames. GLD experienced average returns of 19.21%, while GDX notched 17.81%. That lends itself as an additional weight that the current trends of these assets will be buoyed by a longer-term dollar decline.

Finally, the growing narrative around the trend change in the U.S. dollar is going to create additional opportunities to speak with clients about more structural portfolio changes.

You may see a need to enhance your foreign stock exposure or potentially diversify in commodities or currencies to enhance future return prospects. The outcome of these changes is likely to be lower volatility and a shift towards areas that can benefit from nuanced global trends. 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:** **25.93%**	**SPY:** **43.93%**
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:** **47.02%** **ROBO:** **23.63%** **AMBA:** **1.79%** **QCOM:** **23.20% (closed)**	**SPY:** **41.77%** **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:** **9.22%** **ALB:** **-32.28%**	**SPY:** **41.77%**
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:** **-9.95%** **REGL:** **14.20%** **SMDV:** **-3.03%**	**AGG:** **17.24%** **MDY:** **11.79%** **IWM:** **9.16%**
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:** **4.94%** **MNA:** **3.99%**	**AGG:** **17.00%**

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:** **-3.15%**	**SPY:** **37.22%**
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:** **-21.59%**	**ACWX:** **0.85%**
"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:** **11.63%** **EMLC:** **-4.88%** **EBND:** **-0.58%** **AGEYX:** **4.49%**	**AGG:** **17.54%**
"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:** **22.20%** **BLCN:** **47.59%**	**SPY:** **27.09%**
"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:** **18.23%** **TOTL:** **13.10%** **FTSL:** **6.08%**	**AGG:** **19.50%**

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:** **16.81%**	**ACWX:** **-1.55%**
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:** **-26.84%**	**SPY:** **29.72%**
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:** **-6.38%** **DLS:** **-16.36%**	**EFA:** **-2.19%**
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:** **102.3%**	**SPY:** **29.28%**
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:** **30.28%**	**SPY:** **14.12%**
"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:** **7.06%**	**EEM:** **40.95%**

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: -8.83%	IWM: -3.80%
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: 74.83% FINX: 31.34% IPAY: 33.61%	SPY: 23.90%
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: 4.48% USFR: 3.41% SRLN: 4.91% EFR: -4.14%	AGG: 18.61%
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: 11.8% IEME: 7.75% XLC: 25.08% DIS: 17.31%	SPY: 22.08%
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: -9.88% SBIO: 12.00% FXG: 7.99%	SPY: 20.37%

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: -21.50% GNR: -13.46% RLY: -8.29%	DBC: -21.36%
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: 4.68% LDUR: 8.04% MINT: 3.50%	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: 22.34% DYLS: -29.31% PTLC: 3.77%	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: -6.83% MLPA: -37.61% DCP: -47.13% SHLX: -25.57%	SPY: 28.49% AMLP: -37.78%

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: -5.94% DVP: -21.71%	VTV: 12.96%
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: 16.13%/2.77% ITB/VNQ: 77.67%/19.26% DFE: 7.64%	SPY: 37.98%
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: 8.87%	SPY: 32.59%
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: 12.11% VRP: 11.69% PFXF: 12.39%	PFF: 10.12%
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: 13.25% NRG: -15.17% CNP: -27.71%	XLU: 15.65%

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: 24.62% CIBR: 27.13% FTNT: 45.77% CYBR: 0.62%	QQQ: 57.46%
Cannabis Industry Investment. MJ (ETFMG Alternative Harvest ETF) ACB (Aurora Cannabis) CGC (Canopy Growth Corporation) APHA (Aphria)	*Through March of 2019, the cannabis sector was the best performing sector in the market, as that performance reflected the growing adoption of medical cannabis, as well as the unrivaled growth potential.* *Investors and clients are asking about this industry, so we wanted to present a "Cannabis Primer" along with three different investment strategies to get responsible exposure to this market segment.*	3/12/19	MJ: -62.00% ACB: -89.35% CGC: -51.51% APHA: -62.04%	SPY: 23.51%
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: 28.14%	SPY: 22.25%
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: 9.09% CCOR: 15.37% JHEQX: 19.62%	SPY: 3.99%

Sevens Report Alpha Fund & Stock Ideas

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: 81.32% ARKG: 81.07% XITK: 46.03%	QQQ: 43.45%
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: 30.58% XBI: 34.39% IHF: 26.90%	XLV: 22.73%
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: -24.89% OHI: 2.95% SCI: 8.22%	SPY: 22.48%

Sevens Report Alpha Fund & Stock Ideas

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:** **42.68%** **SGOL:** **43.00%** **GDX:** **65.95%** **KL:** **18.99%** **FNV:** **79.21%**	
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** **11.85%** **SPMO:** **15.29%** **FDMO:** **15.88%**	**SPY:** **9.03%**

Sevens Report Alpha Fund & Stock Ideas

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:** **17.33%** **GIGE:** **34.22%**	**SPY:** **11.50%**
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:** **-9.51%** **VNQI:** **-15.39%** **REZ:** **-18.79%** **REM:** **-34.61%**	**SPY:** **16.08%**
Seizing Opportunity in the Defense Industry **ITA (IShares U.S. Aerospace & Defense ETF)** **PPA (Invesco Aerospace & Defense ETF)** **UFO (The Procure Space ETF)**	*The defense sector has been one of the best performing market sectors for over a decade. Consider* ***Over the past 10 years the defense stock sector has posted an 18.57% annualized return and a 446% cumulative return*** *That compares to a 12.96% annualized return for the S&P 500 and a cumulative return of 238%.* *That's significant outperformance that should impress any client.* *But, right now, we think there's even more opportunity in this sector due to the presence of a potentially major growth catalyst—the space industry.*	**8/27/19**	**ITA:** **-20.67%** **PPA:** **-11.19%** **UFO:** **-9.34%**	**SPY:** **16.89%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Japanization Playbook **PTCIX (PIMCO Long Term Credit Bond Fund)** **VYM (Vanguard High Dividend Yield ETF)** **PDI (PIMCO Dynamic Income Fund)**	Given the slowing of the global economy, we are now at a fork in the road, where global economic stimulus will either work, like it did in 2016 and spur a big rally, or it will not, like what happened in Japan in the 1990s. We spent an entire *Alpha* issue detailing a what will outperform and underperform in that scenario, so that if it happens, we know what to do.	**9/10/19**	**PTCIX:** **13.02%** **VYM:** **-2.41%** **PDI:** **-13.68%**	**SPY:** **14.72%**
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:** **75.43%** **FAN:** **34.60%** **ICLN:** **47.76%** **PBW:** **88.44%**	**SPY:** **17.99%**
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:** **10.29%** **FIW:** **8.31%** **TBLU:** **5.90%**	**SPY:** **13.85%**

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:** **-6.67%** **HTD:** **-21.49%** **PDI:** **-18.14%** **NZF:** **-0.91%** **FFC:** **3.14%** **RQI:** **-18.04%**	**SPY:** **9.98%**
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%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Contrarian Ideas 2020 **MJ (ETFMG Alternative Harvest ETF)** **XOP (SPDR S&P Oil & Gas Exploration and Production ETF)** **LQDH (iShares Interest Rate Hedged Corporate Bond ETF)**	**Contrarian Idea: Cannabis Sector.** Cannabis stocks got crushed in 2019, but underlying demand for medical cannabis, along with public acceptance of the idea, continued to grow. **Contrarian Idea: Energy.** The energy sector lagged in 2019, but if there is a rebound in growth, combined with a protracted dollar decline, energy could handily outperform in 2020. **Contrarian Idea: Rising Rates.** Bonds surged in 2019 and the broad consensus is for perma-low rates. But the Fed is now targeting higher inflation, and if growth rebounds,	**12/31/19**	**MJ:** **-22.03%** **XOP:** **-39.69%** **LQDH:** **-2.71%**	**SPY:** **5.26%**
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:** **-3.90%** **VIGI:** **-3.40%** **GSIE:** **-6.60%**	**ACWX:** **-6.21%**
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%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Three Strategies for a "U" Shaped Recovery **Preferreds: PGF (Invesco Financial Preferred ETF)** **Dollar Stores/Fast Food: DG: (Dollar General), DLTR: (Dollar Tree), MCD: McDonalds** **Consumer Staples: RHS (Invesco S&P 500 Equal Weight Consumer Staples ETF).**	Markets are pricing in a pretty high chance of a "V-shaped" economic recovery, but we think it's prudent to have a playbook for a less optimistic, "U-shaped" economic recovery that has the U.S. economy mired in slow growth for some time. So, in this issue, we wanted to identify proven sectors and stocks that are likely to thrive if the economic recovery is more restrained, i.e. U-shaped. The following research achieves that goal by identifying areas that have proven resilient under previous recessions and periods of slow growth, and are likely to continue to thrive in that environment.	**5/5/2020**	**PGF:** -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%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
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:** **16.42%** **MRVL:** **0.87%** **QRVO:** **17.04%** **FIVG:** **8.03%**	**SPY:** **8.75%**
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:** **2.54%** **FEZ:** **1.24%**	**VTV:** **4.94%**
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%**