SEVENS REPORT *alpha*

October 6, 2020

In Today's Issue

- **Finding Sustainable Growth in the Wellness Industry.**
- The parabolic advancement of technology has revolutionized many industries, including the wellness/fitness industry. While some beneficiaries of the COVID pandemic may ultimately be temporary, we see the pandemic as sustainably accelerating the growth trends in the wellness/fitness industries.
- **Equipment and Technology Collide: PTON (Peloton).**
- **The Luxury Fitness Apparel Trend: LULU (Lululemon Athletic)**
- **Taking Nutrition to the Next Level: BRBR (BellRing Brands)**
- **Pure Play Fitness ETF: BFIT (Global X Health & Wellness Thematic ETF).** This ETF owns a total of 57 global companies geared towards capitalizing on changing consumer lifestyles and promoting physical activity.
- **Diversified ETF: MILN (Global X Millennials Thematic ETF)**. The ETF is more broadly diversified across tech and the consumer discretionary sectors, but it has meaningful allocations to Apple, Amazon, Nike, Lululemon, Peloton, and Under Armor as part of its mostly U.S.-based stock portfolio.

Investing in Health and Wellness

One of the more interesting trends to emerge over the last half-decade is the consumer emphasis on health and fitness. Americans are living longer thanks to better medical care, better nutrition, and exercise regimens that are being driven by one of our favorite growth sectors—technology.

Gyms, trainers, and nutritional supplements have been around for as long as we can remember. These pillars of the fitness industry continue to serve as the base ingredients for health-minded individuals that take advantage of their wellness services.

However, the reality is that fitness and wellness have now morphed into a more expansive customer base. This adaptation is in large part because of new products and services targeted to a wider subset of global consumers.

A gym membership only caters to a small group of dedicated individuals in a local community through a subscription-based model that has historically had a lot of turnover. Furthermore, many of these public locations have seen their businesses shuttered during the pandemic to avoid spreading viruses and other germs.

An April 2020 survey by Harrison Co, a consumer-focused investment bank, found that 34% of gym exercisers have, or plan to, cancel their gym memberships after COVID-19. Furthermore, as a result of the coronavirus, 40% of respondents exercised at home for the first time.

The much bigger opportunity in the fitness industry is to deliver apparel, footwear, fitness trackers, organic foods, nutritional supplements, and in-home workout equipment to anyone who wants to live a healthier lifestyle. The explosion of growth in these arenas has been driven by some of the largest companies in the world, and it is a trend that's likely to only expand in the coming years.

In short, fitness and wellness are a lasting trend that's here to stay, and that means we can profit from it.

Consider these recent points:

- In 2018, Apple became the largest watchmaker in the world, surpassing the entire Swiss watch industry. Its flagship Apple Watch has since become ubiquitous with fitness and wellness tracking. Over 30 million of these wearable devices were sold last year alone.
- In 2017, Amazon purchased Whole Foods to both expand its brick-and-mortar retail footprint as well as gain a foothold into the organic food and nutrition ecosystem.
- In 2020, Amazon also announced its own wearable fitness trackers and an expanded lineup of fitness equipment to capitalize on this growth industry.
- In 2019, Peloton debuted as a publicly-traded company that produces in-home exercise bikes and treadmills with on-demand workout classes streamed to your home.
- In late 2019, Google announced it was purchasing Fitbit for $2.1 billion in an effort to expand its portfolio of wearable sleep and fitness tracking devices.
- The stock prices of apparel companies Nike and Lululemon just recently hit new all-time highs as their athleisure and hardcore fitness products are purchased online and shipped globally.

A new report from the Global Wellness Institute, a nonprofit focused on research in preventative health and wellness, found that Americans spent $264.6 billion dollars on physical activity in 2018, far more than any other nation. Several industry surveys indicate that Americans spend as much as $155/month or $1,860 per year on health and fitness (including gym memberships). It's expected that much of these dollars will shift to on-demand, in-home workout regimens to adapt to the new environment and stresses that the pandemic has wrought.

What is intriguing about this industry from an investment standpoint is how many clients can identify with it on a personal level. Fitness and wellness are almost in the same vein as ESG strategies as it appeals to an individual's deeper sense of health, wholesomeness, and integrity.
It's not easy to convince a client to own a faceless industrial conglomerate because its sales pipeline or price/book ratio is attractive. That same conversation when talking about Lululemon, Peloton, or Whole Foods is an entirely different ball game.

Even those who aren't fitness-minded want to view their investments as making positive contributions to society while simultaneously growing their nest egg. It's a much more palatable investment story with a feel-good component built-in. Most likely they have heard of or use these brands themselves, which makes the introduction to the portfolio even easier.

Fortunately, there are a number of opportunistic investment strategies to employ in this thematic sector and we have culled the best from this group to implement in your portfolios.

The Landscape

The fitness/wellness industry is bifurcated along numerous industry sub-segments. The easiest way to understand this is to divide these companies into four categories:

- Technology and wearables
- Nutrition and organics
- Apparel and footwear
- Fitness and equipment providers.

The table on Page 3 shows some of the most well-known U.S. based names in this group separated by category type.

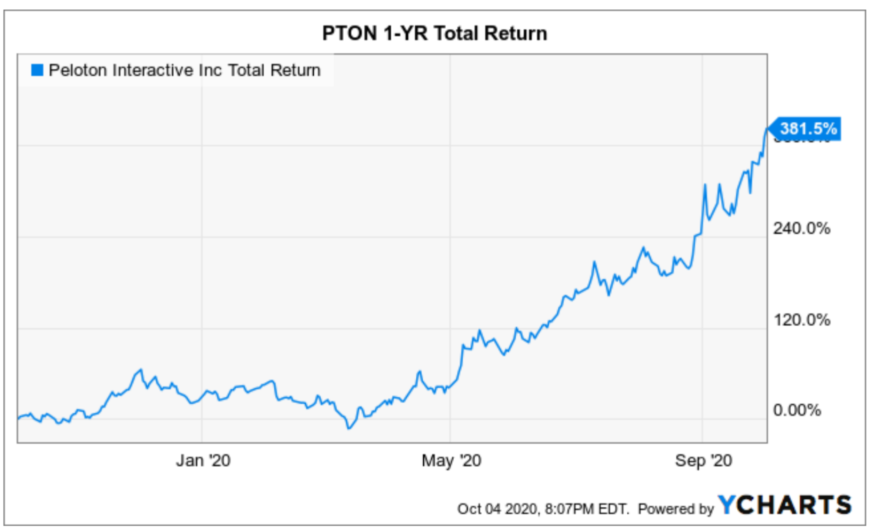
One of the most obvious observations from this table is that the tech companies such as Apple and Amazon aren't really pure plays in the fitness category. Both companies sell numerous other products that fall outside this scope, but both are making fitness an increasingly larger portion of their sales portfolio.

We already mentioned how Apple is revolutionizing the watch industry with its massive brand appeal and integration with the iOS ecosystem. Furthermore, the company has partnered with many healthcare providers, fitness experts, developers, and other wellness sources in the anticipation of having their products become the center point of your total health experience.

Ticker	Name	Type	Mkt Cap ($bil)	1 YR	3YR
LULU	LULULEMON ATHLETICA INC	Apparel/Footwear	$41.0	63.4%	449.5%
NKE	NIKE INC -CL B	Apparel/Footwear	$194.0	38.2%	141.1%
FL	FOOT LOCKER INC	Apparel/Footwear	$3.4	-16.8%	4.1%
UAA	UNDER ARMOUR INC-CLASS A	Apparel/Footwear	$4.8	-43.0%	-33.3%
PLNT	PLANET FITNESS INC - CL A	Fitness/Euip	$5.2	-1.5%	128.3%
PTON	PELOTON INTERACTIVE INC-A	Fitness/Euip	$28.2	237.0%	n/a
DKS	DICK'S SPORTING GOODS INC	Fitness/Euip	$5.0	47.0%	122.6%
HLF	HERBALIFE NUTRITION LTD	Organics/Nutrition	$6.3	23.3%	42.0%
SFM	Sprouts Farmers Market	Organics/Nutrition	$3.4	7.6%	12.1%
FIT	FITBIT INC - A	Tech/Wearables	$1.8	64.9%	1.4%
AAPL	APPLE	Tech/Wearables	$1,950.0	105.2%	210.6%
AMZN	AMAZON.COM INC	Tech/Wearables	$1,550.0	75.0%	223.3%
Equal Weighted Average				**50.0%**	**118.3%**
SPY	SPDR S&P 500 ETF			12.59%	39.79%

Amazon is an interesting case because it can live in the organics/nutrition category as well due to its outsized exposure to Whole Foods and Amazon-branded supplement products. They see just how big of an opportunity there is in operating at numerous levels of the wearables, apparel, equipment, and nutrition segments. They want to own the market from end-to-end as a function of product development, marketing, and delivery. If anyone can do it, it's Amazon.

Virtually all of these stocks would be categorized as consumer discretionary plays and a great deal of their success has been predicated on growing online sales channels. The ability to reach customers around the country, provide easy pickup or delivery, and produce market-leading products or services is where they excel.



Additionally, the subscription model for on-demand or enhanced services is a growing function of the fitness industry. Many of these companies have found that selling the equipment or products is only a small portion of their diversified business lines. The real scalable profit is in the reoccurring monthly or annual dues that allow members to track their activity, store data, and access premium content to supplement their fitness efforts.

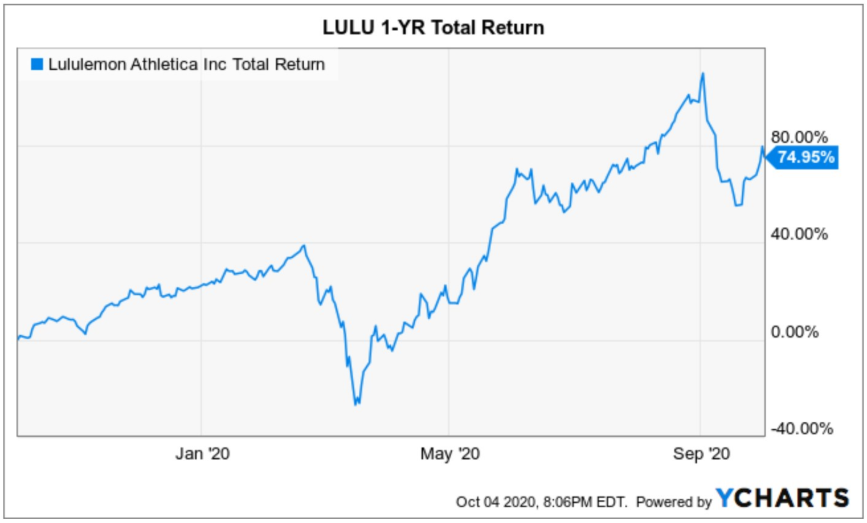
Equipment and Technology Collide

One company banking heavily on the subscription model is Wall Street darling **Peloton Interactive (PTON)**. The initial public debut of this stock approximately one year ago was met with some skepticism as the company had yet to reach profitability. Like so many upstarts, Peloton's financial future was uncertain, and many were cynical that enough consumers would abandon their beloved spin class at a boutique gym for an in-home version with a similar monthly fee.

Ultimately, it's been the pandemic that has catapulted this stock into the stratosphere and significantly enhanced its value proposition over the long-term. Peloton's gross sales in 2020 of $1.83 billion have more than doubled that of 2019 and net losses are slowly receding. In fact, in its recent fiscal fourth-quarter earnings report Peloton posted net income of $89.1 million with quarterly sales growth of 172% year-over-year. They now have over 1 million connected fitness subscribers who pay $39/month to have their cycles and treadmills linked to interactive classes.

The company predicted it would double that number by the end of fiscal 2021.

The tailwind of the current health and wellness environment appears to be the perfect environment for Peloton to deliver on that promise. Potential competitors in this field include privately held NordicTrack and other low-budget exercise bike manufacturers. What these rivals don't have is the perceived top-tier reputation for quality, connectivity, diverse classes, and cutting-edge technology that Peloton brings to the table.



The stock is up more than 278% this year and continues to demonstrate one of the strongest chart patterns in the market. It's even managed to buck the more-recent tech pullback in September that has plagued the likes of Apple and Amazon. That's an impressive feat for any single stock and it signals that investors are confident in the continued growth of this in-home connected fitness trend.

The Luxury Fitness Apparel Trend

Another luxury athletic brand that goes hand-in-hand with the up-market Peloton positioning is **Lululemon Athletica Inc (LULU)**. As you probably noted on the performance table, this apparel retailer is a perennial winner in terms of their business execution. LULU has demonstrated positive sales growth in each of the last five years with an impressive $4 billion in global revenue for its recently completed 2020 fiscal year. The company generated a healthy $645 million in net income off that top line, which represented a profit of 16.20%.

LULU has done well to position its athletic apparel as one of the top tier brands in the industry. They have also diversified their sales portfolio to include hardcore workout apparel as well as athleisure and casual styles. The same people that are plopping down $2,500 to buy a Pelton bike and paying $39/month to use it are the ones who are buying expensive yoga pants and tank tops from LULU.

Despite experiencing a modest pullback in September along with the rest of the market, this stock has remained in a positive uptrend above its long-term moving averages since April. A correction of this nature often is a healthy way of bleeding off excess exuberance and preparing for another opportunity to re-test its former highs.

Even with this pullback, LULU is one of the top-performing retail athletic apparel companies in our table on a one- and three-year basis. Of course, that performance comes at the expense of comparative valuation, which is now trading at a price/earnings ratio north of 70x. That hyper-growth in the stock price is more akin to a technology stock than a consumer discretionary company. Nevertheless, there is reason to believe that LULU will continue to execute on its cult-like products that are in high demand the world over.

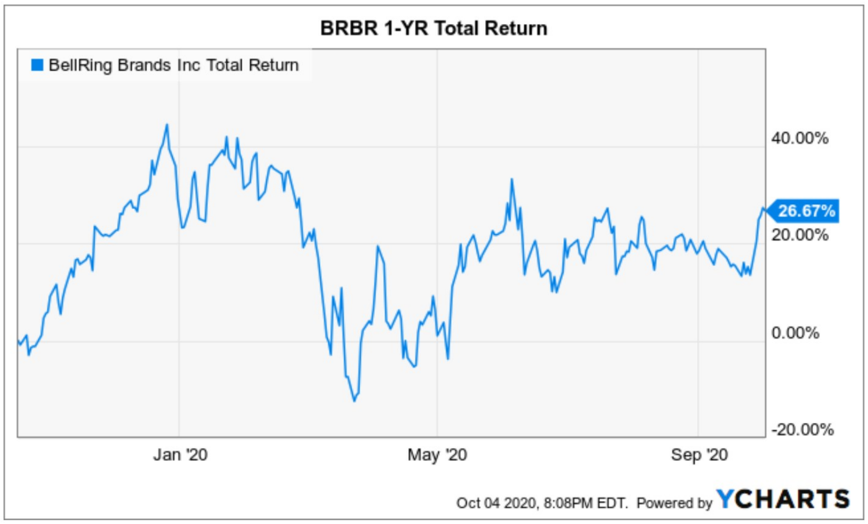
Taking Nutrition to The Next Level

Just as important as apparel, equipment, and technology are the nutrition requirements for fitness enthusiasts. Many of them are more inclined to purchase organic foods at grocery stores such as Whole Foods and Sprouts Farmers Market (SFM). Fitness and health-conscious consumers want to consume whole organic foods as well as supplement their daily calories with nutritional shakes, bars, and other convenient off-the-shelf options.

One company that is laser-focused on these products is **BellRing Brands, Inc. (BRBR)**. This maker of

Power Bar, Dymatize, Premiere Protein, Joint Juice, and other nutrition products was spun out of Post Holdings (think: the cereal company) in 2019. We omitted it from our table due to its brief trading history; however, this stock has many reasons to be on your fitness and health watch list this year.

As one of the few publicly traded consumer staples stocks that cater to the needs of the fitness industry, BellRing is well-positioned to capitalize on this surging market. Its products are sold everywhere from big-box retailers to local grocery stores and direct to consumers online. Earlier this month, JPMorgan initiated an "Overweight" rating on the stock with a $25 price target based on its recently improved industry surveys.



Despite its relatively short trading history, the $2.5 billion market cap company has a history of financial success. Its 2019 financials demonstrated total revenue of $854 million and annual sales growth for each of the last five years before it became public. This has translated to positive net income across the board for the last half-decade as well.

The company is currently trading 33% above its IPO price, but only sports a price/earnings ratio of 6. Furthermore, as a consumer staples stock, it's likely to be a less-volatile holding and more appropriate for conservative investors despite its smaller size. The combination of attractive fundamentals and a stock price trading well off its initial post-IPO euphoria highs makes for a compelling long-term investment case in the fitness nutrition segment.

Diversifying Your Fitness Portfolio

One way to implement these fitness stocks is to take five of six holdings from our table and build your own custom allocation. Even owning the diversification of the entire group has beat the S&P 500 Index on both a one- and three-year time frame. Much of that outperformance has been driven by the larger technology and apparel stocks. However, it's still a viable option for those that want to capitalize on the fitness trend in a dynamic way.

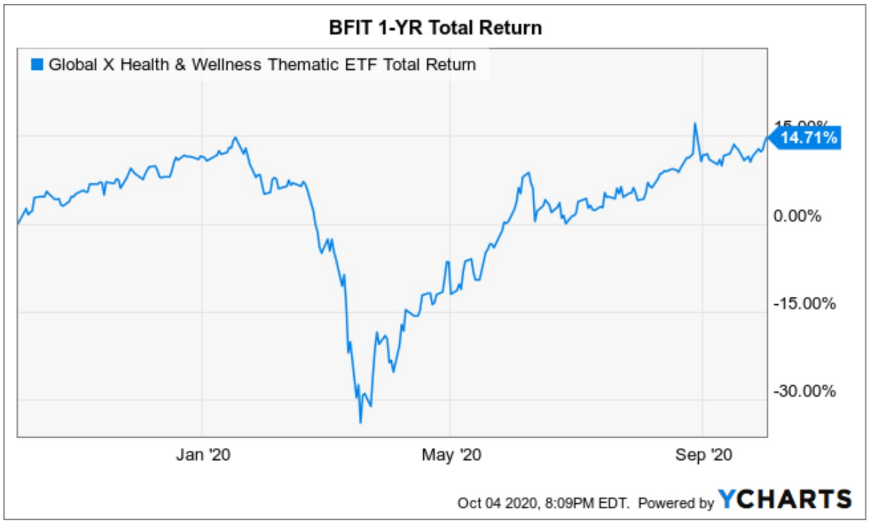
The other diversification option is to outsource it to (you guessed it) an exchange-traded fund. There is only one pure-play option for this strategy, but it does have a number of attractive features that should make it viable for your consideration.

The **Global X Health & Wellness Thematic ETF (BFIT)** owns a total of 57 global companies geared towards capitalizing on changing consumer lifestyles and promoting physical activity. It's based on the Indxx Global Health & Wellness Thematic Index, which selects holdings on the leading edge of this fitness and wellness trend. This includes allocations to all of the stocks in our table above, with the exception of Apple and Amazon, as well as a small position in BellRing Brands.

What makes BFIT so interesting is that just 41% of its portfolio is dedicated to the United States with the remaining holdings spread among foreign developed and emerging market nations. This makes so much sense because what you may not realize is how many athletic and fitness brands sold in the U.S. are actually international companies. Here are a few notable stocks that you probably recognize:

Puma SE – Germany
Shimano – Japan
Adidas AG – Germany
Asics Corp – Japan
Fila Holdings Corp – South Korea

The BFIT portfolio gives you a truly globally diversified mix of companies with no single stock representing more than 4% of the basket. This means that the portfolio capital is spread among numerous stocks with many trading in foreign currencies. The outcome is another opportunity to diversify your clients' capital outside the U.S. dollar if that is part of your long-term investment thesis.



BFIT has produced a three-year total return of 45.67% and a one-year total return of 14.71%. The chart below demonstrates how much this fund has recovered since the market lows in March. Additionally, BFIT continues to display meaningful relative strength in the face of the September broad-market pullback.

If there is one drawback to BFIT, it's that the fund has yet to attract significant investment capital since its 2016 inception. It currently carries just $18.9 million in total assets with modest daily trading volume and a 0.50% expense ratio. That means anyone who decides to trade this ETF should take particular care to set limit orders on both the buy and sell side to ensure proper execution. The upside is that the underlying holdings are liquid stocks and additional emphasis in this trend should increase interest in the regular trading of this fund.

Global X Health & Wellness Thematic ETF (BFIT)	
Inception Date:	5/09/2016
Assets:	$18.9M
Avg Daily Volume:	6.6K
Expense Ratio:	0.50%
# of Holdings:	57
YTD Return:	2.88%
3-Yr Return:	45.67%
Mstar Rating:	5 Star

There is also a secondary ETF option to play the fitness and wellness theme in a more peripheral manner via the **Global X Millennials Thematic ETF (MILN)**. Despite its gimmicky name, MILN is a well-constructed portfolio of 82 stocks primarily designated in the consumer discretionary, communication services, and technology fields.
It has meaningful allocations to Apple, Amazon, Nike, Lululemon, Peloton, and Under Armor as part of its mostly U.S.-based stock portfolio. Those holdings are also supplemented by other non-fitness brands that include Square, PayPal, eBay, Spotify, Facebook, and Lowe's.

MILN debuted at the same time as BFIT and has benefited from the mostly U.S. dominant portfolio and exposure to some of the markets top flying stocks. Its one- and three-year annualized returns stand at 30.38% and 77.25%, respectively. This fund has managed to attract $92 million in assets and carries a similar expense ratio to BFIT of 0.50%.

This substitute ETF may offer a more palatable approach for investors that love the fitness and wellness theme, but don't want to specifically own a pure-play thematic ETF in that genre. The MILN portfolio also carries a more diversified palette of holdings and is distinctly domestically focused.

Both of these funds can be utilized as thematic or tactical holdings within the context of a broad market portfolio. They allow you the flexibility to allocate towards more U.S. or foreign exposure depending on your investment goals.

Conclusion

In your regular conversations with clients, it’s likely that you have identified their hobbies, passions, and motivating influences.
Reviewing these notes will assist in spotlighting the best candidates for adding exposure in the fitness and wellness theme.

It’s probable that those with active lifestyles or passionate health advocates will be suitable to consider a shift in their portfolios to emphasize these stocks. Aligning a portfolio at the intersection of their interests and long-term profits is an excellent way to keep these accounts for the life of your career.

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: 20.20%**	**SPY: 39.06%**
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: 39.86%** **ROBO: 22.29%** **AMBA: 10.95%** **QCOM: 23.20% (closed)**	**SPY: 36.97%** **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: 13.16%** **ALB: -27.26%**	**SPY: 36.97%**
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: -9.58%** **REGL: 7.72%** **SMDV: -12.82%**	**AGG: 16.43%** **MDY: 4.07%** **IWM: 1.45%**
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: 5.98%** **MNA: 5.94%**	**AGG: 16.19%**

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:** **-6.71%**	**SPY:** **32.51%**
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:** **-24.27%**	**ACWX:** **0.06%**
"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:** **8.72%** **EMLC:** **-4.32%** **EBND:** **-0.47%** **AGEYX:** **4.37%**	**AGG:** **16.73%**
"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:** **22.04%** **BLCN:** **42.32%**	**SPY:** **22.67%**
"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:** **17.79%** **TOTL:** **12.50%** **FTSL:** **7.53%**	**AGG:** **18.67%**

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:** **6.87%**	**BIL:** **3.98%**
Index Rebal **KBA (KraneShares Bosera MSCI China A Share ETF)**	*KBA is an index rebalance play based on the inclusion of Mainland Chinese equities (A-shares) into MSCI Global Standard Indexes. The first two steps will take place on June 1st and September 1st. KBA is our gateway to front-run massive index funds that will be forced to buy its underlying holdings.* ***What to do now: Buy.***	**Issue 16:** **3/20/18**	**KBA:** **17.54%**	**ACWX:** **-2.34%**
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:** **-37.59%**	**SPY:** **25.23%**
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:** **-6.79%** **DLS:** **-14.60%**	**EFA:** **-3.20%**
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:** **116.0%**	**SPY:** **24.81%**
Buybacks **PKW (Invesco Buy-Back Achievers ETF)**	*Companies with meaningful share count reduction have outperformed over the long term with lower volatility. Currently, U.S. companies are flush with cash due to tax cuts and repatriation. In turn, share repurchases broke a new record in Q1 2018 and they're on pace to set a new record for 2018. PKW is the premier ETF to profit from buybacks (largest asset base and longest history). We also featured four alternative ETFs (SPYB, TTFS, DIVB, SYLD) and some individual stock lists.* ***What to do now: Buy.***	**Issue 21:** **5/29/18**	**PKW:** **25.77%**	**SPY:** **8.61%**
"FANG and Friends" of Emerging Markets **EMQQ (Emerging Markets Internet & Ecommerce ETF)**	*"By 2025, annual consumption in emerging markets will reach $30 trillion—the biggest growth opportunity in the history of capitalism."—McKinsey & Company. The combination of four major forces in emerging markets make this a great investment setup: favorable demographics, increasing smartphone availability, surging wireless broadband and Wifi access, and the globalization of the capital formation process. EMQQ is the best ETF to invest in this great confluence. We also featured three alternative ETFs (ECON, KWEB, KEMQ).* ***What to do now: Buy.***	**Issue 23:** **6/26/18**	**EMQQ:** **6.82%**	**EEM:** **4.82%**

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: -15.00%	IWM: -10.73%
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: 64.41% FINX: 32.32% IPAY: 29.65%	SPY: 19.60%
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: 4.70% USFR: 3.42% SRLN: 6.33% EFR: -1.98%	AGG: 17.79%
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: 13.00% IEME: 7.87% XLC: 20.02% DIS: 12.80%	SPY: 17.90%
Momentum & Value PSCH (PowerShares S&P SmallCap Health Care Portfolio) SBIO (ALPS Medical Breakthroughs ETF) FXG (First Trust Consumer Staples AlphaDex ETF)	*In our first of a recurring series, each quarter we'll profile some of the best ETFs from a momentum and value standpoint.* *Most investors and prospects can be grouped into those two investing styles, and we want to provide consistent, value-add idea generation for each type of investor, so you're always armed with compelling ideas and stories for clients and prospects, regardless of their investment style.*	9/4/18	PSCH: -13.12% SBIO: 8.57% FXG: 3.37%	SPY: 16.21%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Commodities PDBC (Invesco Optimum Yield Diversified Commodity Strategy No K-1) GNR (SPDR S&P Global Natural Resources ETF) RLY (SPDR SSGA Multi-Asset Real Return ETF)	*Commodities have typically outperformed during late expansion and early recession phases of the economic cycle. Many economic indicators imply we are entering (or are already in) the late expansion phase of the economic cycle. As such, commodities have outperformed so far this year, and we expect that to continue.*	9/18/18	PDBC: -22.74% GNR: -17.23% RLY: -10.89%	DBC: -22.66%
Short Duration Bond ETFs MEAR (IShares Short Maturity Municipal Bond ETF) LDUR (PIMCO Enhanced Low Duration Active ETF) MINT (PIMCO Enhanced Short Maturity Active ETF)	*The downtrend in bonds accelerated in September and October of 2018, and it was a reminder that advisors face challenges in the fixed income markets over the coming years.* *One of the best ways to protect investors in a bond bear market is by shortening duration of bond holdings, so we presented three short duration bond ETFs that have yields that are close to the 10 year Treasury, but that have much shorter average maturities.*	10/16/18	MEAR: 4.88% LDUR: 8.48% MINT: 3.38%	BIL: 2.90%
Bear Market Strategies USMV (I-Shares Edge MSCI Minimum Volatility USA ETF) DYLS (Wisdom Tree Dynamic Long/Short US Equity ETF) PTLC (Pacer Trendpilot US Large Cap ETF)	*The October 2018 equity market decline sparked fears of an end to the multi-year bull market. So, we wanted to provide some suggestions on practical "bear market" strategies for advisors that wouldn't involve market timing or deviating from keeping clients in the markets over the longer term.*	10/30/18	USMV: 18.54% DYLS: -27.18% PTLC: 0.21%	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: -6.91% MLPA: -47.18% DCP: -62.19% SHLX: -40.90%	SPY: 24.01% AMLP: -48.64%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Growth into Value Rotation RPV (Invesco S&P 500 Pure Value ETF) DVP (Deep Value ETF)	*Recognizing the switch in outperformance from value to growth in 2014 was one of the easiest ways to help clients outperform.* *Now, there are signs markets might be switching back, to an era where value outperforms growth. The ETFs included in this report serve as a "one stop shop" to add quality value exposure to client portfolios.*	12/18/18	RPV: -12.39%	VTV: 8.65%
Contrarian Ideas to Start 2019 IEMG/EEMV (Emerging Market ETFs) ITB/VNQ (Homebuilders/Real Estate ETFs) DFE (WisdomTree Europe SmallCap Dividend Fund)	*The start of a new year means new money needs to be put to work, so we wanted to provide some unique and interesting contrarian ideas that can outperform in 2019.*	1/2/19	IEMG/EEMV: 15.93%/2.90% ITB/VNQ: 78.00%/12.22% DFE: 6.24%	SPY: 33.18%
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: 4.04%	SPY: 28.03%
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: 12.44% VRP: 11.68% PFXF: 12.09%	PFF: 10.42%
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: 5.07% NRG: -30.18% CNP: -34.77%	XLU: 7.24%

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: 17.33% CIBR: 24.25% FTNT: 34.44% CYBR: -8.14%	QQQ: 53.13%
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: -67.93% ACB: -93.39% CGC: -53.91% APHA: -66.77%	SPY: 19.26%
Socially Responsible Investing ESGV (Vanguard ESG US Stock ETF)	*Studies and AUM trends have shown that while clients still care about the bottom line (returns) there is growing popularity among investors to not only generate a solid return, but also for their investments to reflect their core beliefs and values.* *So, we've updated our research to focus on a few core ESG areas that have seen AUM explode over the past two years. These stylistic ETFs can not only outperform, but also help strengthen the client/advisor bond, via directing some investments to issues important to your client.*	3/26/19	ESGV: 23.88%	SPY: 18.07%
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: 7.79% CCOR: 16.43% JHEQX: 15.53%	SPY: 6.17%

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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: 91.66% ARKG: 88.39% XITK: 50.51%	QQQ: 39.58%
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: 29.87% XBI: 31.19% IHF: 18.19%	XLV: 17.97%
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: 6.80% SPLV: -0.18% EEMV: 1.46% EFAV: -0.20%	SPY: 15.96%
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: -28.87% OHI: -6.03% SCI: -8.55%	SPY: 18.43%

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:** **34.38%** **SGOL:** **34.64%** **GDX:** **55.77%** **KL:** **15.56%** **FNV:** **65.57%**	
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** **15.78%** **SPMO:** **15.11%** **FDMO:** **4.97%**	**SPY:** **7.89%**

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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:** **13.79%** **GIGE:** **32.66%**	**SPY:** **7.53%**
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:** **-15.00%** **VNQI:** **-15.23%** **REZ:** **--22.86%** **REM:** **-37.36%**	**SPY:** **11.95%**
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:** **-26.23%** **PPA:** **-15.64%** **UFO:** **-13.62%**	**SPY:** **12.74%**

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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:** **9.95%** **VYM:** **-7.51%** **PDI:** **-15.60%**	**SPY:** **11.10%**
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 multi-national industrial ETFs.	**10/8/19**	**TAN:** **86.62%** **FAN:** **34.44%** **ICLN:** **52.86%** **PBW:** **97.79%**	**SPY:** **14.27%**
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:** **3.93%** **FIW:** **1.72%**	**SPY:** **10.26%**

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:** **-8.33%** **HTD:** **-26.24%** **PDI:** **-19.97%** **NZF:** **-5.93%** **FFC:** **6.81%** **RQI:** **-20.88%**	**SPY:** **6.51%**
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:** **0.89%**	**BIL:** **0.47%**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Contrarian Ideas 2020 MJ (ETFMG Alternative Harvest ETF) XOP (SPDR S&P Oil & Gas Exploration and Production ETF) LQDH (iShares Interest Rate Hedged Corporate Bond ETF)	**Contrarian Idea: Cannabis Sector.** Cannabis stocks got crushed in 2019, but underlying demand for medical cannabis, along with public acceptance of the idea, continued to grow. **Contrarian Idea: Energy.** The energy sector lagged in 2019, but if there is a rebound in growth, combined with a protracted dollar decline, energy could handily outperform in 2020. **Contrarian Idea: Rising Rates.** Bonds surged in 2019 and the broad consensus is for perma-low rates. But the Fed is now targeting higher inflation, and if growth rebounds, rates could easily move higher.	12/31/19	MJ: -34.07% XOP: -51.78% LQDH: -2.88%	SPY: 1.95%
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: -3.65% VIGI: -1.19% GSIE: -6.80%	ACWX: -6.80%
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: -16.79% VBK: 1.04% XSLV: -34.88%	IWM: -11.24%
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: 7.70% SBIO: -5.06% XBI: 15.55%	SPY: -3.39%

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: 3.12% CCOR: -0.38% JHEQX: 13.06%	SPY: 12.29%
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: 55.67% IBUY: 98.14% JHCS: 30.51% XITK: 65.58%	SPY: 22.11%
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: 30.46% SHOP: 55.79% GDDY: 14.11% IPAY: 36.28%	SPY: 18.58%

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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:** 6.64% **DG:** **13.57%** **DLTR:** **10.05%** **MCD:** **21.21%** **RHS:** **4.57%**	**SPY:** **18.74%**
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:** **0.85%** **FTSD:** **0.43%** **IGSB:** **2.00%**	**SHY:** **-0.18%**
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:** **4.78%** **DGRO:** **2.59%** **TDIV:** **4.82%**	**SPY:** **5.20%**

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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:** **24.34%** **MRVL:** **8.36%** **QRVO:** **9.88%** **FIVG:** **4.33%**	**SPY:** **9.54%**
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:** **3.62%** **FEZ:** **0.75%**	**VTV:** **4.38%**
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:** **-2.41%** **GERM:** **-23.51%**	**SPY:** **5.14%**

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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:** **0.91%** **FXE:** **0.12%** **GDX:** **2.25%**	**SPY:** **-2.22%**
Ideas for When There's a COVID Vaccine Annoucement **JETS (U.S. Global JETS ETF)** **PEJ (Invesco Dynamic Leisure and Entertainment ETF)** **KBE (SPDR S&P Bank ETF)** **REZ (iShares Residential REITS ETF)**	I believe today's issue demonstrates why Alpha is the perfect complement to the daily Sevens Report, because early last week in the regular Sevens Report, we discussed broad sectors that would benefit and outperform if there is a positive announcement on a COVID-19 vaccine. **But, in today's Alpha issue, we follow up on that research and go much more in-depth to identify specific ETFs and stocks that:** • **Are outsized beneficiaries of a "return to normal" that likely will follow a successful vaccine** • **That are trading at historic discounts due to COVID 19 fallout and** • **Were good businesses before COVID 19, and likely will again be good businesses after the vaccine.**	**8/25/2020**	**JETS:** **-3.14%** **PEJ:** **-2.47%** **KBE:** **-10.17%** **REZ:** **-3.67%**	**SPY:** **-5.45%**
Opportunities in the Electric Vehicle Batter Industry **ALB (Albemarle)** **SQM (Sociedad Quimica y Minera De Chile S.A. ADR)** **LIT (Global X Lithium & Battery Tech ETF)**	So, given this event, the anticipated media coverage of it, and the recent focus on TSLA, Nikola (the EV truck company), and other EV companies, we wanted to revisit the EV space and specifically the battery market, because it is undeniable the growth potential here is still very, very substantial. We explored the EV market three years ago when we first launched Alpha but much has changed in the industry since then, and with Battery Day looming, we wanted to revisit the industry, again with a specific focus on battery technology and the companies and ETFs associated with battery advancement – because battery capacity remains the key to the growth of the EV market.	**9/9/2020**	**ALB:** **1.82%** **SQM:** **7.91%** **LIT:** **10.21%**	**SPY:** **0.43%**

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Election Preview **Trump Wins** **Biden Wins** **No Clear Winner** **(Multiple ETFs Listed)**	We had long planned to release our Alpha Election Preview issue this week, as we knew that with the first debate a week away, investors focus would turn towards politics and we wanted to ensure you had a post-election roadmap, along with specific ETF ideas, for any election-related discussions with clients. But, that interest in the election will now be turbocharged with the surprise passing of Supreme Court Justice Ruth Bader Ginsberg. So, with six weeks to go until the election, we wanted to explore the three possible scenarios **(Trump wins/ Biden wins/No one wins right away)** and provide a tactical roadmap and identify ETFs that should outperform in each scenario.	**9/22/2020**	**N/A**	**N/A**