SEVENS REPORT alpha

November 3, 2020

In Today's Issue

- **Will the Election Ignite the Growth to Value Rotation?**
- Growth has massively outperformed value for more than a decade, but if there's a "Blue Wave" coming from today's election, the future stimulus could finally make the growth to value rotation sustainable.
- As such, we wanted to review some of the best core holding value ETFs in the market today, so that when it comes time to make that rotation, we have a list of high-quality, low-fee ETFs that will enable advisors to alter exposure quickly and confidently.
- **Invesco S&P 500 Equal Weight ETF (RSP)**. RSP is the equal-weight version of the S&P 500, where each of the 500 stocks is equal-weighted. It's badly lagged the S&P 500 lately, but since inception, it's outperformed the S&P 500 with a 10.84% annualized gains vs. 10.00% for SPY.
- **Vanguard Value ETF (VTV)**. VTV has bested all U.S. large-cap value ETFs over a five-year time frame with an impressive 50.82% total return. Morningstar data also confirms that VTV has outperformed the 1,200+ funds in the U.S. large-cap value category average in every one of the last 10 years.
- **Invesco S&P 500 Pure Value ETF (RPV)**. **RPV** is an index-oriented fund that owns around 100 value stocks culled from the broader S&P 500 Index. RPV portfolio sports a blended price-to-earnings ratio of just 15.23 and a price-to-book ratio of 0.96. Both metrics are significantly lower and ultimately more attractive for long-term investors.

Cyclical Rotation to Value

The results of today's election will have numerous potential implications on the markets over the coming months and quarters, but one of the areas it could have the biggest impact is the performance of value vs. growth, if the expected "Blue Wave" comes to fruition.

In fact, one advisor I was speaking to recently stated that the "growth to value" rotation was the single biggest issue he was focused on for the future—because getting that rotation "right" could easily be the difference between outperforming and underperforming in the future.

We've been skeptical about this rotation from growth (tech sector) to value (cyclical sectors like industrials, materials, financials) because it's always lacked a compelling catalyst to cause money to leave growth. But expectations of historic future stimulus might just be that catalyst.

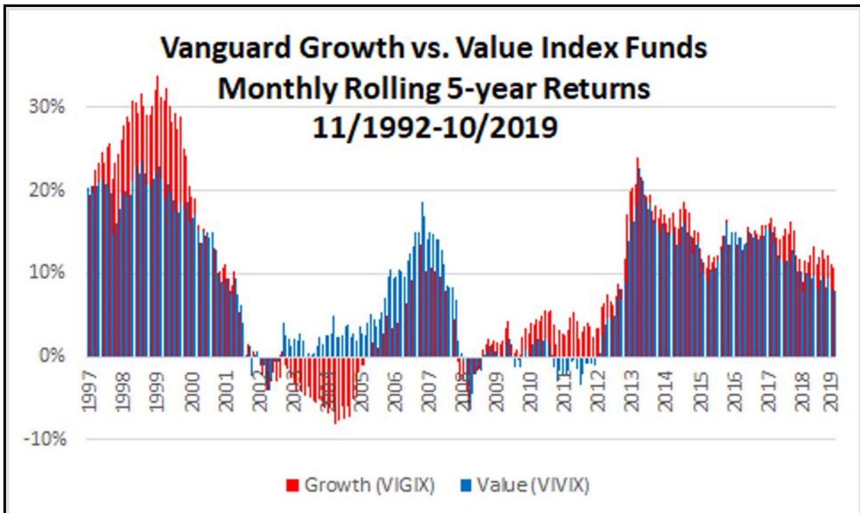
This is a key question from a broad market standpoint as well, because the reality is that the market-cap-weighted S&P 500 Index has essentially become a technology juggernaut in the decade since the 2009 financial crisis. A look at the table below shows just how much future performance is now riding on tech stocks in the large-cap benchmark simply based on their overbalanced allocation size.

Sectors	2009	2020
Technology	18.00%	30.30%
Health Care	15.10%	15.20%
Energy	13.00%	2.40%
Cons Staples	12.80%	8.20%
Financials	10.80%	13.80%
Industrials	9.70%	8.00%
Cons Discret	8.90%	11.90%
Utilities	4.30%	3.50%
Telecom	4.00%	4.30%
Materials	3.40%	2.40%

(source: datatrekresearch.com)

There are some caveats to the makeup of these sector weights that must be noted:

- The 30% tech sector allocation in today's S&P 500 Index is achieved when you shift Google and Facebook from communication services where they currently reside.
- Today's allocation in financials also includes real estate, which was split out into its own sector several years ago.
- Finally, Disney, Comcast, and Netflix are added back to consumer discretionary rather than their current position in communication services.



(Source: Morningstar data)

All of these changes are effectively "normalizing" the two data sets for an accurate comparison of sector classifications from back in 2009. The end result is that nearly one-third of all S&P 500 gains and losses are going to be driven by technology stocks. That's an extremely overbalanced emphasis on a sector that has been a decade-long rock star but will eventually face headwinds in living up to future earnings expectations.

The other side of that barbell is how much the allocation to cyclical sectors (particularly energy) in the S&P 500 Index has shrunk. What used to be a thriving and vital industry has been reduced to pennies on the dollar in investment terms. Consider that Apple alone makes up 6.5% of the current S&P 500 Index – nearly three times the size of the entire large-cap energy space at today's prices. Yikes!

What investors need to be asking themselves is what factors could potentially erode the dominance of technology and shift the balance of power from growth to value.

Some factors include:

- Massive government stimulus
- Corporate taxation changes (rolling back Trump tax cuts)
- Political meddling (break up Big Tech)
- Stall or contraction in overall economic activity

Value or cyclical sectors tend to do better in the early stages of an economic recovery (driven by stimulus) or during periods of weak overall economic growth. That latter reason is because growth areas "cool off" by reverting to more reasonable prices and investors migrate towards more fundamentally stable companies. We saw this phenomenon occur during the beginning of the new millennium as tech imploded and a flight-to-value took place. The chart at left provides a depiction of this trend change and highlights just how important these secular shifts can be in driving decades-long results.

It wouldn't be a shock to any experienced investor who has lived through these cycles to see a similar occurrence take shape in the future. It's really not a matter of if, but when, this factor momentum shift will occur. The trick is to be prepared to act with a decisive list of top-tier investment tools specifically designed to capitalize on these opportunities.

Investment Idea 1: Equal Weight

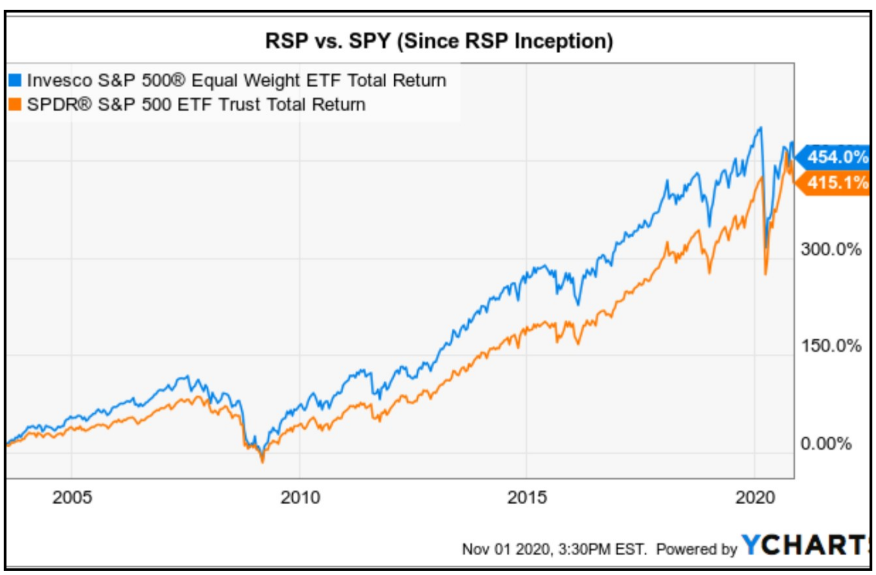
It's reasonable that many of your clients expect you to own core holdings in low-cost, large-cap U.S. benchmarks. They understand things such as the S&P 500 and Russell 3000 because they are ubiquitous in the media and are constantly referenced in many aspects of the investment research world. These are the standards from which you will be judged, so deviating heavily from those areas may not be something that is acceptable from a portfolio construction standpoint.

Fortunately, there is a way to own every single one of the 500 stocks in the S&P 500 with just a different weighting practice that lends itself well to the cyclical sector and value rotation trade. The **Invesco S&P 500 Equal Weight ETF (RSP)** has been in existence since 2003 and has made a name for itself through its unique portfolio construction methodology.

RSP is different from SPY in that it uses an equal-weighted allocation scheme rather than the traditional market capitalization structure. The end re-

Sectors	RSP	SPY
Technology	15.04%	30.30%
Health Care	12.63%	15.20%
Energy	4.56%	2.40%
Cons Staples	6.17%	8.20%
Financials	19.09%	13.80%
Industrials	14.60%	8.00%
Cons Discret	12.11%	11.90%
Utilities	5.92%	3.50%
Telecom	4.22%	4.30%
Materials	5.62%	2.40%

sult is a surprisingly simple way to own all of the same stocks but with a markedly different sector makeup.



The table above shows the current comparison between these two funds as drawn from their respective sponsor data. It should be noted that real estate has been combined into the financial sector for ease of reporting. What is immediately apparent in this simple analysis is how much the technology and health care sectors have been deemphasized. The sectors that have grown considerably include financials, energy, materials, and industrials as they are now counted based on the number of relevant companies rather than their valuation size. In the aggregate, RSP allows for a broader representation of all stocks rather than an exponential arc towards a select group.

The long-term performance of this weighting methodology has proven to be a successful alternative to the traditional S&P 500 Index as well. The fund company's own data demonstrates that RSP has outperformed SPY since its inception by an annualized rate of 10.84% versus 10.00%. However, the performance gap has really only been narrowed in just the last three-to-five years as growth (i.e. tech) stocks have soared.

A long-term chart of these two ETFs shows that RSP has managed to generate consistent and cumulative alpha through its emphasis on smaller companies and cyclical sectors. The result of this is a more balanced and equitable ownership of the largest companies in the United States.

It's not a shrinking violet in terms of its mechanical attributes either. The fund has over $13 billion in total assets as well as trades more than 1 million shares per day on average. That makes for a deep pool of assets in a liquid trading environment that is easy to justify for all account sizes and holding periods. The fund also is rebalanced on a quarterly basis to ensure no single holding becomes a sustainable outlier. Furthermore, RSP charges a modest expense ratio of 0.20%, which is low enough for investors to carry as a long-term position.

RSP can be utilized as a core holding due to its low cost, high diversification, and minimal tax implications (low portfolio turnover). That means it's practical to put larger allocation sizes in this ETF or swap it out for existing positions that may be less effective in the event we see some of the largest growth stocks falter.

Invesco S&P 500 Equal Weight ETF (RSP)	
Inception Date:	4/24/2003
Assets:	$13.6B
Avg Daily Volume:	1.8M
Expense Ratio:	0.20%
# of Holdings:	505
YTD Return:	-5.32%
3-Yr Return:	18.22%
Mstar Rating:	2 Star

It's really a secure way to shift a portion of the portfolio towards a more balanced strategy without making an abrupt course change that may be more disruptive to clients that prefer the S&P 500 model. Additionally, it's going to hold up much better under the auspices of a prolonged economic trend change that emphasizes cyclical sectors or value characteristics.

Investment Idea 2: Index Value

The value factor ETF category is comprised of 70 funds of which the top 10 represent $168 billion in passively managed assets spread across varying market-cap styles. Even with this massive accumulation of prowess, there is one juggernaut that stands out above the rest. The **Vanguard Value ETF (VTV)** is comprised of a staggering $50.5 billion indexed to 333 large- and mid-cap stocks at an industry-low expense ratio of 0.04%.

While many might assume that those assets have been accumulated through the rock-solid Vanguard reputation and ultra-low carrying costs, it's really the relative performance of the underlying holdings that shines a spotlight on this fund.

VTV has bested all U.S. large-cap value ETFs over a five-year time frame with an impressive 50.82% total return. Morningstar data also confirms that VTV has outperformed the 1,200+ funds in the U.S. large-cap value category average in every one of the last 10 years.

Sector	VTV
Basic Materials	2.50%
Consumer Discretionary	8.50%
Consumer Staples	11.80%
Energy	4.00%
Financials	17.90%
Health Care	20.00%
Industrials	12.20%
Real Estate	2.20%
Technology	6.60%
Telecommunications	7.20%
Utilities	7.10%

The holdings within VTV are selected according to the CRSP US Large Cap Value Index, which has notable emphasis in health care, financials, and industrials in its current form. This ETF counts Berkshire Hathaway, Johnson & Johnson, Proctor & Gamble, United Health Group, and JPMorgan Chase in its top five holdings. Additionally, all holdings are market-cap weighted according to a more traditional index methodology.

The alleviated allocations in the technology sector are one reason why VTV has lagged the broader S&P 500 Index over the last half-decade. However, that same factor may be an attractive feature for advisors looking to diversify towards companies with strong balance sheets and mature business models. The VTV portfolio certainly lends itself towards a higher representation of cyclical sectors such as energy, industrials, and materials when compared against the total market benchmark.

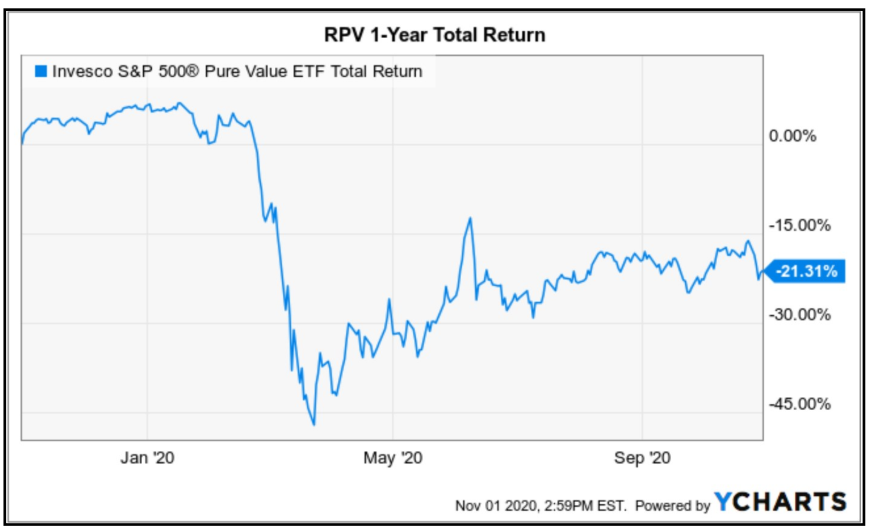
Another attractive factor of VTV is its dividend yield, which is currently listed at 2.82%. That's 75% more income than you receive for owning the 1.60% yield of SPY with dividends paid quarterly to shareholders. A fund such as VTV is an excellent way to gain core exposure to the value factor without sacrificing liquidity, tax efficiency, or carrying costs. It is one of the easiest ways to own a diversified group of high-quality stocks with far more reasonable valuations as compared to the blended S&P 500.

Vanguard Value ETF (VTV)	
Inception Date:	1/26/2004
Assets:	$50.5B
Avg Daily Volume:	1 M
Expense Ratio:	0.04%
# of Holdings:	333
YTD Return:	-12.39%
3-Yr Return:	9.54%
Mstar Rating:	4 Star

Those who prefer a BlackRock product should consider the **iShares Core S&P U.S. Value ETF (IUSV)**. It carries a similar 0.04% expense ratio, with nearly $7 billion in assets, and 680 holdings. IUSV sports comparable sector allocations and many of the same top holdings as VTV.

Investment Idea 3: Pure Value

If there is a criticism to be made of these ETFs, it's that they are possibly too diverse and constructed using overly simplistic methods. This may fail to resonate with investors who truly worship at the altar of fundamental analysis or are seeking an alpha-oriented approach.



Value purists may scoff at the likes of VTV and IUSV in favor of deeper analysis and a smaller pool of stocks with the capability to show off this factor tilt. Multiple fundamental screens that incorporate ratios such as price-to-book, price-to-sales, and price-to-earnings are commonly used criteria. Fortunately, there is an ETF that brings the true spirit of value investing back to its roots.

The **Invesco S&P 500 Pure Value ETF (RPV)** is an index-oriented fund that owns around 100 value stocks culled from the broader S&P 500 Index. What makes this fund unique is that it puts a more stringent valuation screen to the benchmark to rule out blended or ambiguous style stocks. The result is a more concentrated portfolio of "pure" companies with characteristics embodying strong balance sheets and low-priced valuations.

Another attractive feature of the RPV portfolio is that it weights holdings according to the highest value scores rather than market-cap or equal-weight allocations. This creates a stronger influence of fundamentally attractive companies such as Berkshire Hathaway Inc (BRK/B), General Motors (GM), Ford Motor Co (F), and Archer Daniels Midland (ADM) at the top of the mix. Top sector rankings in this portfolio include financials, consumer discretionary, materials, and health care.

At current levels, the RPV portfolio sports a blended price-to-earnings ratio of just 15.23 and a price-to-book ratio of 0.96. Both metrics are significantly lower and ultimately more attractive for long-term investors than what you would find in blended or growth-oriented indexes. RPV has been in existence for well over a decade now and has accumulated $626 million in assets.

The fund also charges a very reasonable expense ratio of 0.35%.

The risks investors must consider with RPV is just how deep down the value well they are willing to fall. Purchasing intrinsically discounted stocks with attractive financial catalysts means investors must have the patience for them to ultimately recover and thrive during the next pro-cyclical economic phase.

Invesco S&P 500 Pure Value ETF (RPV)	
Inception Date:	3/1/2006
Assets:	$626M
Avg Daily Volume:	178K
Expense Ratio:	0.35%
# of Holdings:	102
YTD Return:	-26.02%
3-Yr Return:	-13.70%
Mstar Rating:	1 Star

RPV experienced a steep drop during the COVID meltdown in early 2020 and has yet to regain its prior highs. Fortunately, its trend chart is indicating a recovery price pattern that just recently re-captured the long-term moving average.

The holdings in this fund are reconstituted and rebalanced just once annually so these stocks have the opportunity to prove their worth within the basket over a longer time frame. That also means the portfolio performance is likely to vary significantly from the market benchmark SPY and even a factor benchmark such as VTV.

A fund such as RPV is best used in a more tactical capacity to overweight a portion of the portfolio towards this pure factor rather than as a large core position. Clients who are going to be most successful with this type of fund are able to ignore recent historical performance in favor of attractive relative valuation metrics. Furthermore, they should be prepared to settle in for a long-term holding period in order to fully reap the rewards of a deep value strategy.

Evaluating the Efficacy of Active Management

The majority of the exchange-traded funds in the value and cyclical factor trade are index vehicles. These passive tools are excellent ways to gain low-cost exposure to a wide swath of companies exhibiting similar fundamental characteristics. However, there also is a longstanding cabal of actively managed mutual funds with billions of assets and decades of track record that are worthy of evaluation as well.

We utilized our advanced screening tools to compare some of the most well-known and highly rated value mutual funds against the ETF benchmarks we listed above. This included competitors such as the Dodge & Cox Stock Fund (DODGX), Vanguard Wellington Fund (VWNDX), Fidelity Low Priced Stock Fund (FLPSX), American Funds American Mutual (AMRMX), and AMG Yacktman (YACKX) to name a few.

The performance results fell along two categories:

- The performance of the majority of these funds either met or fell short of the benchmark VTV on any reasonable long-term time frame such as five or 10 years.

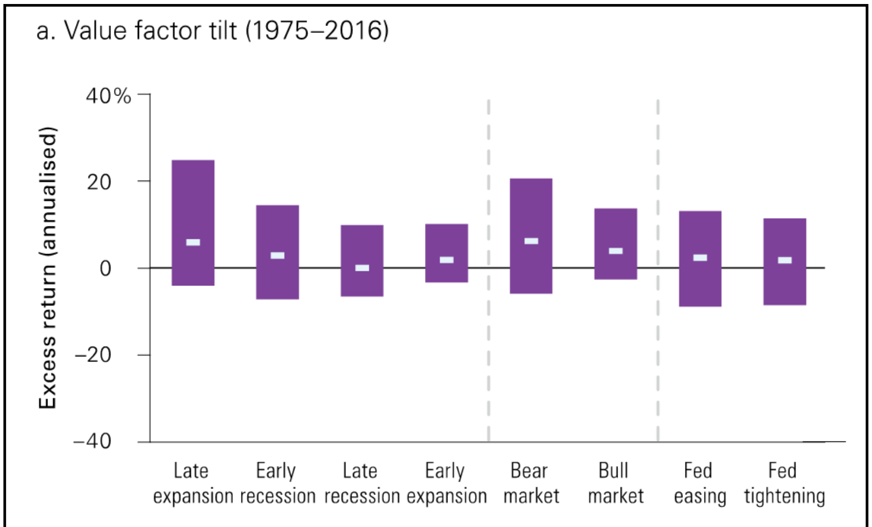
- The handful of funds that were outperformers over these timeframes did so because of an outsized exposure to technology stocks. They were essentially more of a blended large-cap fund with a modest value tilt.

The observations of this analysis bear out that active management (i.e. stock picking) has done little to add meaningful alpha over a low-cost index replacement. Almost all of these open-ended mutual funds charge higher net management fees that drag on long-term performance. While some might outperform in a single year or two, they tend to revert back to the category average returns with astonishing regularity.

It also bears repeating that if you are screening value funds for performance alone that you may end up missing the mark on your intended stock allocation objective. The top-performing value funds are likely to be focused on more tech exposure than you think and ultimately leave out a key ingredient for future success. The attractive factor of value funds at this stage of the game is an overweight position in cyclical sectors versus the broad market benchmarks.

Implementing Factor Investing Productively

It goes without saying that transitioning to a value-oriented investment strategy can be nerve-wracking when viewed strictly through the lens of recent performance. This anxiety is particularly acute when your primary stock exposure is indexed to meet or beat the total market. In this environment that means you likely have high exposure to holdings that are concentrated in crowded areas. Moving away from that strategy comes with its own sets of risks and benefits that must be appropriately communicated to clients in order to be effective.



(source: Vanguard factor whitepaper)

Yet, at some point, the transition to value from growth will be the correct move to outperform over the years to come, and we are approaching several potential catalysts that could "kick-off" that rotation.

The number one reason to consider migrating away from traditional total market benchmarks is because they have ultimately become less diversified. The top stocks in the market have swollen to dominate the performance of your portfolios rather than allowing for an equitable dispersion of capital. Additionally, the length of the current growth factor trend should be starting to set off alarm bells in just how long these positive tailwinds can persevere.

Moving a portion of the portfolio to a factor-tilt strategy such as value means that long-term success will require patience. Returns can be unpredictable in any given year or environment and trying to employ market timing techniques to capture alpha is a strategy fraught with risk.

A sound application of this methodology is to lean on evidence-based criteria to make incremental changes to the portfolio. That may include consolidating individual stocks to a more diversified ETF or slowly transitioning more total market and growth funds to balance out your factor profile. The results of these changes may not be immediate, but over time they are more likely to produce less volatility and enhanced returns as compared to the status quo.

It's also keen to be wary of overcomplicating your approach with high-cost active managers or "quasi-value funds" that try to mirror the sector allocation of the broad market. These strategies may ultimately be riskier than sticking with a traditional benchmark for your core equity holdings.

One of the best tools you can offer your clients is the foresight to make proactive changes in advance of developing market trends with the goal of reducing volatility and enhancing long-term returns. The funds listed in this report can assist in that endeavor and will strengthen your portfolio in the years to come.

Best,

Tom

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Index Rebal **KWEB (KraneShares CSI China Internet ETF)**	*KWEB is an index rebalance play based on major Chinese internet and ecommerce companies (China N-shares) being added to FTSE Emerging Market Indices between Sep 2017 and June 2018. KWEB is our conduit to front-run huge index funds that will be forced to buy its underlying holdings.* ***What to do now: We closed KWEB on June 15th (last leg of rebal). It's still viable as a long-term holding.***	**Issue 1:** **8/17/17** **8/24/17**	**KWEB:** **21.46%** **(closed)**	**ACWX:** **6.93%** **(through KWEB close date)**
Smart Beta Pioneer **RSP (Invesco S&P 500 Equal Weight ETF)**	*From an index standpoint, S&P 500 Equal Weight has massively outperformed S&P 500 (cap weight) over the long term (392% vs. 158% over the last 18 years). RSP has lagged recently due to tech sector outperformance. That presents a short-term dislocation and opportunity to buy RSP at a discount to SPY.* ***What to do now: Buy.***	**Issue 2:** **9/7/17**	**RSP:** **25.41%**	**SPY:** **41.85%**
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:** **42.65%** **ROBO:** **27.46%** **AMBA:** **18.09%** **QCOM:** **23.20% (closed)**	**SPY:** **39.73%** **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:** **27.51%** **ALB:** **-24.58%**	**SPY:** **39.73%**
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:** **12.55%** **SMDV:** **-6.12%**	**AGG:** **15.60%** **MDY:** **10.91%** **IWM:** **7.89%**
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:** **5.87%** **MNA:** **10.87%**	**AGG:** **15.36%**

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:** **0.04%**	**SPY:** **35.46%**
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:** **-28.94%**	**ACWX:** **-0.25%**
"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:** **7.99%** **EMLC:** **-5.71%** **EBND:** **-1.13%** **AGEYX:** **5.61%**	**AGG:** **15.88%**
"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:** **25.67%** **BLCN:** **41.48%**	**SPY:** **25.30%**
"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:** **16.97%** **TOTL:** **12.00%** **FTSL:** **6.10%**	**AGG:** **17.82%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Cash Alpha **FPNIX (FPA New Income)**	*FPNIX has generated positive returns for 33 straight years. No other non-government bond fund can boast of an equivalent track record. We also featured "MaxMyInterest," which produces 140 to 150 basis points of alpha versus traditional cash vehicles (MMAs, MMFs, and CDs). Max also increases FDIC insurance and can give advisors visibility to held-away cash.* ***What to do now: Buy (Max is also an excellent cash management solution).***	Issue 15: 3/6/18	FPNIX: 8.12%	BIL: 3.97%
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: 20.75%	ACWX: -2.66%
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: -25.84%	SPY: 27.94%
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: -7.89% DLS: -16.16%	EFA: -4.85%
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: 119.6%	SPY: 27.58%
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: 28.51%	SPY: 10.03%
"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: 52.47%	EEM: 9.89%

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: -12.28%	IWM: -5.12%
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: 73.54% FINX: 32.28% IPAY: 26.08%	SPY: 22.19%
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: 4.60% USFR: 3.39% SRLN: 5.23% EFR: -0.42%	AGG: 16.94%
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: 13.17% IEME: 4.94% XLC: 23.75% DIS: 10.07%	SPY: 20.32%
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: -7.16% SBIO: 18.60% FXG: 4.72%	SPY: 15.51%

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: -23.99% GNR: -18.67% RLY: -12.37%	DBC: -23.61%
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: 4.87% LDUR: 8.76% MINT: 3.38%	BIL: 2.89%
Bear Market Strategies **USMV (I-Shares Edge MSCI Minimum Volatility USA ETF)** **DYLS (Wisdom Tree Dynamic Long/Short US Equity ETF)** **PTLC (Pacer Trendpilot US Large Cap ETF)**	*The October 2018 equity market decline sparked fears of an end to the multi-year bull market. So, we wanted to provide some suggestions on practical "bear market" strategies for advisors that wouldn't involve market timing or deviating from keeping clients in the markets over the longer term.*	10/30/18	USMV: 19.07% DYLS: -27.18% PTLC: 2.39%	SH: -29.04%
Special Dividends **List of 19 stocks**	*Screened 17,070 stocks to arrive at 19 stocks that have consistently paid large special dividends. Investors can't see the true yields on these stocks because they're missing from financial websites. Our elite list has yields ranging from 50% to 600% higher than the S&P 500's yield.* *What to do now: Buy (multiple ways to implement in issue).*	11/6/18		
Momentum & Value 4th Quarter Edition **WTMF (Wisdom Tree Managed Futures ETF)** **MLPA (Global X MLP ETF)** **DCP (DCP Midstream LP)** **SHLX (Shell Midstream Partners LP)**	*In our Q4 installment of our Momentum and Value series we focused on strategies for the volatile and difficult market.* *Our momentum strategies were focused on non-correlated ETFs to provide diversification.* *Our value strategy focused on the MLP space, which had compelling yields in an environment where the oil price should stabilize.*	12/4/18	WTMF: -7.89% MLPA: -46.78% DCP: -52.87% SHLX: -47.88%	SPY: 26.66% AMLP: -47.80%

Sevens Report Alpha Fund & Stock Ideas

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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: -6.09%	VTV: 10.88%
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: 19.13%/3.23% ITB/VNQ: 77.31%/13.51% DFE: 2.30%	SPY: 36.00%
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: 6.37%	SPY: 30.69%
Preferred Stock ETFs PGF (Invesco Financial Preferred ETF) VRP (Invesco Variable Rate Preferred ETF) PFXF (VanEck Vectors Preferred Securities ex Financials ETF)	*Preferred stocks have massively outperformed the S&P 500 during the October—December correction and barely lagged bonds. With yields of 5% and higher we think preferred stock ETFs present a unique long term opportunity to generate income and reduce volatility in portfolios, while keeping upside exposure.*	1/29/19	PGF: 13.85% VRP: 12.13% PFXF: 13.61%	PFF: 11.79%
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: 17.11% NRG: -120.89% CNP: -25.30%	XLU: 20.92%

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: 15.92% CIBR: 21.23% FTNT: 26.65% CYBR: -6.77%	QQQ: 56.82%
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: -65.93% ACB: -94.97% CGC: -47.45% APHA: -54.30%	SPY: 21.97%
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: 26.87%	SPY: 20.73%
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: 5.45% CCOR: 16.09% JHEQX: 18.13%	SPY: 2.21%

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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: 104.3% ARKG: 102.0% XITK: 56.74%	QQQ: 43.00%
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: 35.18% XBI: 32.07% IHF: 25.34%	XLV: 20.07%
Minimum Volatility ETFs USMV (iShares Total Return MSCI USA Minimum Volatility ETF) SPLV (S&P 500 Low Volatility Index ETF) EEMV (iShares MSCI Minimum Volatility Emerging Markets ETF) EFAV (iShares Edge MSCI Minimum Volatility EAFE ETF)	*Minimum volatility ETFs have proven effective alternatives for core market holdings over both the short and long term, and will help ensure investors don't give back YTD gains in the event of a correction while still maintaining upside exposure.*	5/21/19	USMV: 7.29% SPLV: 1.34% EEMV: 1.79% EFAV: -2.30%	SPY: 18.37%
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: -25.69% OHI: -7.14% SCI: 8.41%	SPY: 20.90%

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Rate Cut Playbook We wanted to provide both an asset class and stock market sector "playbook" so advisors will know what outperformed, and what underperformed during the last two rate cut cycles. The important part of our research is that we let the numbers, not our assumptions, do the talking and the results were surprising!	*Inside the issue you'll find:* • *Return tables that show the performance of the major S&P 500 sectors over the last two rate cut cycles. (Returns 12 months following the first cut, and Returns from the first cut to the last cut).* • *Return tables for the major bond market segments over the last two rate cut cycles.* • *We identify the sectors and bond segments that lagged in both cutting cycles (again, the results were surprising) and the sectors that outright outperformed and that relatively outperformed.* • *Finally, we also identified the sectors and segments that were the biggest "losers" during the last two rate cut cycles.*	6/18/19		
How to Responsibly Allocate to Gold GLD (SPDR Gold Trust) SGOL (Aberdeen Standard Physical Gold ETF) GDX (VanEck Vectors Gold Miners ETF) KL (Kirkland Lake) FNV (Franco Nevada Corp)	*Gold was one of the top performers in our "Rate Cut Playbook" and it recently just hit a six year high.* *So, in this issue, we wanted to focus on how advisors can responsibly allocate to gold, because again If this trend continues, gold will continue to outperform the S&P 500, and undoubtedly you will field questions from clients about owning gold.* *Beyond servicing clients, from an alpha standpoint, gold trends incredibly well, and if we are at the start of a multi-year uptrend, the returns can be substantial (gold returned more than 800% from 2001-2011 and outperformed stocks during the last two rate cutting cycles).*	7/2/19	GLD: 33.27% SGOL: 33.68% GDX: 50.61% KL: 7.24% FNV: 61.88%	
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 9.94% SPMO: 16.00% FDMO: 15.33%	SPY: 7.05%

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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:** **19.41%** **GIGE:** **42.90%**	**SPY:** **9,54%**
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:** **-14.53%** **VNQI:** **-17.24%** **REZ:** **-37.08%** **REM:** **-21.28%**	**SPY:** **14.04%**
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:** **-28.11%** **PPA:** **-16.32%** **UFO:** **-12.92%**	**SPY:** **14.86%**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
<u>Japanization Playbook</u> **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:** **9.04%** **VYM:** **-4.81%** **PDI:** **-14.74%**	**SPY:** **13.18%**
<u>Reflation Playbook</u> **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**	
<u>Investing in Green Energy</u> **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 <u>as some of the best alternative energy ETFs share a lot of characteristics with tech ETFs and multinational industrial ETFs.</u>	**10/8/19**	**TAN:** **142.2%** **FAN:** **44.33%** **ICLN:** **84.32%** **PBW:** **133.5%**	**SPY:** **16.39%**
<u>Investing in the Water Industry</u> **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:** **13.10%** **FIW:** **11.99%**	**SPY:** **12.31%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Outperforming in A Declining Dollar Environment **VGT (Vanguard Information Technology ETF)** **IHI (IShares U.S. Medical Devices ETF)** **EMLC (VanEck Vectors J.P. Morgan EM Local Currency Bond ETF)** **PDBC (Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF)**	If there's going to be a global reflation, then it will likely come with a weaker U.S. Dollar. From early 2017 through early 2018 the dollar declined from over 100 to below 90 (so more than 10%) and that had a significant impact on stocks: The 2017 decline in the dollar resulted in **a 31% gain for the S&P 500** from December 2016 through January 2018. But, the dollar decline also created opportunities for specific sectors and assets classes to handily outperform the S&P 500, and we want to identify those opportunities in three strategies: • Targeted sector exposure via a focus on U.S. Exporters • International ETF Exposure • Commodities Allocations.	**11/5/19**	**Various ETFs Listed in the Issue**	
Closed End Funds **ETG (EV Tax Adv. Global Dividend Inc)** **HTD (JH Tax-Advantaged Dividend Inc)** **PDI (PIMCO Dynamic Income)** **NZF (Nuveen Municipal Credit Income)** **FFC (Flaherty & Crumrine Preferred & Income Sec.)** **RQI (Cohen & Steers Quality Income)**	Closed End Funds (CEFs) are under-utilized compared to ETFs (we explain why in the issue) but CEFs have advantages over ETFs both on a yield and tactical basis – and we think that CEFs can be an effective tool, when integrated into a broader portfolio strategy, that can boost yield and create opportunities to generate alpha.	**12/3/19**	**ETG:** **-9.98%** **HTD:** **-24.19%** **PDI:** **-19.15%** **NZF:** **-4.55%** **FFC:** **4.22%** **RQI:** **-22.67%**	**SPY:** **8,45%**
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:** **1.85%**	**BIL:** **0.46%**

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, rates could easily move higher.	**12/31/19**	**MJ:** **-29.85%** **XOP:** **-54.05%** **LQDH:** **-2.50%**	**SPY:** **3.88%**
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:** **-5.14%** **VIGI:** **2.59%** **GSIE:** **-8.60%**	**ACWX:** **-7.24%**
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:** **-10.79%** **VBK:** **6.15%** **XSLV:** **-30.84%**	**IWM:** **-5.96%**
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:** **6.00%** **SBIO:** **1.01%** **XBI:** **15.91%**	**SPY:** **-1.72%**

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:** **0.71%** **CCOR:** **-4.31%** **JHEQX:** **11.92%**	**SPY:** **13.25%**
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:** **62.06%** **IBUY:** **109.9%** **JHCS:** **28.43%** **XITK:** **73.21%**	**SPY:** **24.28%**
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:** **29.01%** **SHOP:** **56.33%** **GDDY:** **10.74%** **IPAY:** **32.09%**	**SPY:** **20.68%**

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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:** **6.87%** **DG:** **16.71%** **DLTR:** **16.53%** **MCD:** **19.44%** **RHS:** **5.60%**	**SPY:** **20.63%**
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:** **0.65%** **FTSD:** **-0.01%** **IGSB:** **1.65%**	**SHY:** **-0.32%**
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:** **6.87%** **DGRO:** **3.72%** **TDIV:** **3.40%**	**SPY:** **6.96%**

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: 36.01% MRVL: 5.11% QRVO: 15.09% FIVG: 4.37%**	**SPY: 7.30%**
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: -33.36% FEZ: -7.53%**	**VTV: 3.07%**
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: -4.47% GERM: -15.62%**	**SPY: 3.18%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
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: 5.47%** **FXE: -1.08%** **GDX: -1.08%**	**SPY: -0.43%**
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: -3.48%** **PEJ: -8.65%** **KBE: -0.72%** **REZ: -3.70%**	**SPY: -3.70%**
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%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
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**
Finding Sustainable Growth in the Wellness Sector **PTON (Peloton)** **LULU (Lululemon)** **BRBR (BellRing Brands)** **BFIT (Global X Health & Wellness Thematic ETF)** **MILN (Global X Millenials Thematic ETF)**	Today's issue explores one of the sectors that we think will benefit from long-term changes in behavior from the pandemic: **The wellness sector.** Hopefully (and the data and history back this up) we are now closer to the end of the COVID-19 pandemic than we are the beginning, and once the pandemic ends, we believe life will return mostly to a pre-coronavirus normal. And we think that return to normal will disappoint very optimistic projections on some of the sectors that have outperformed due to COVID, like telemedicine, videoconferencing, widespread delivery, etc. But one sector we think can continue to see growth long after the world return to normal is the wellness sector, because this sector was experiencing substantial growth before the pandemic hit. And, the pandemic has just turbocharged that growth.	**10/6/2020**	**PTON:** **1.67%** **LULU:** **-4.95%** **BRBR:** **-9.95%** **BFIT:** **-1.90%** **MILN:** **-1.40%**	**SPY:** **2.53%**
SPACS **PSTH (Pershing Square Tontine Holdings)** **CCIV (Churchill Capital IV)** **SPAQ (Spartain Energy Acquisition Corp)** **SPAK (Defiance NextGen SPAC ETF)**	This issue was partially driven by client demand, **as we've started to field an increasing number of questions about SPACs from friends and colleagues (who are all clients of advisors), and given that, we believe that soon you may be asked by your clients about how to invest in a SPACs.**	**11/3/2020**	**N/A**	**N/A**