SEVENS REPORT alpha

February 9, 2021

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- This report is dedicated exclusively to combatting popular market myths and offering steady, reasonable advice to strengthen your client relationships.
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- **Investment Myth 2: Revisiting Modern Monetary Theory.** *Busted:* Explaining the "What" and "Why" and "How" of MMT and clarifying why it's not a near-term negative while identifying the indicators to watch for signs of future trouble.
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Busting Popular Market Myths

One of the more nuanced skills as an investment advisor that no one ever teaches in a book is how to overcome irrational behavior. Clients are filled with preconceived notions, confirmation bias, and outright falsehoods about how the market works. This is often compounded by snippets of information they absorb daily from the mainstream media that, when taken out of context, can have detrimental effects on their money.

It's striking how many market myths can turn into irrational fears and ultimately lead to difficult conversations or a rupture in your client relationships. We've all had those clients that overturn their entire financial plan based on political affiliations, unsolicited familial advice, misleading investment advertisements, or even water cooler talk about "the next big thing."

I am constantly speaking with investors, advisors, and other money professionals about their greatest psychological obstacles. The list of minefields includes topics such as:

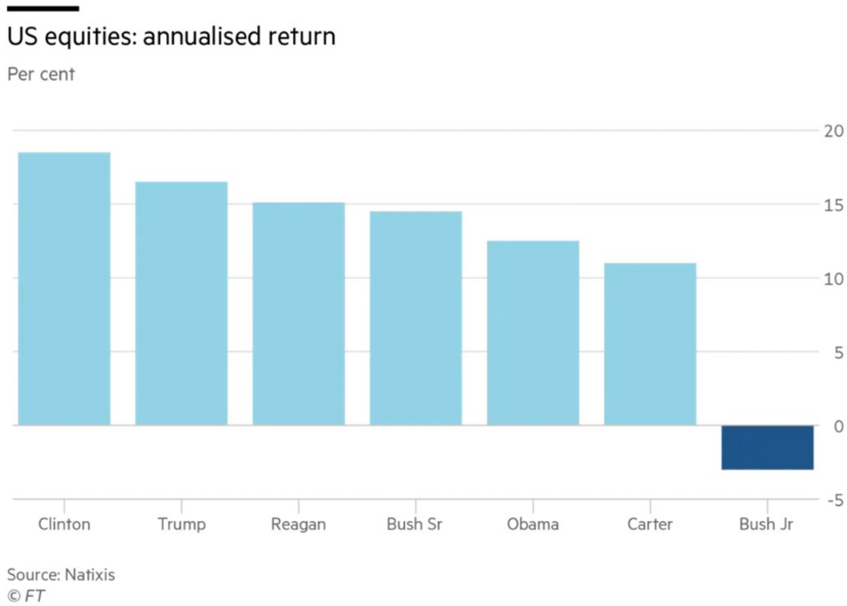
- Political alliances guiding investment decisions
- Fed intervention and Modern Monetary Theory
- The utility of precious metals
- Bubbles and frothy stock market valuations
- Stock market timing
- Rising interest rates
- Inflation and how to fight it
- U.S. dollar perceptions and cryptocurrency myths

There is no doubt in my mind that you have had extensive conversations about these same topics throughout your career. As such, you have likely had the greatest success by calmly acknowledging client fears and guiding them towards sensible advice that suits their long-term goals.

The thing is, these talking points must be updated regularly to account for shifting global circumstances. The landscape of politics, social awareness, inflation, interest rates, precious metals, and stock market risks is very different than that of just a few years ago. Furthermore, there is a rising tide of digital media, perceived experts, and unfiltered content bombarding your clients every day. They are trying to absorb an abundance of data points and may not be able to accurately discern truths from myths.

This cycle is one that can be broken by an outreach of open communication and education that places you in the driver's seat as the expert on important financial matters. The last thing you want is for your clients to be bookmarking ZeroHedge and fall down the infinite well of darkness that can ensue. It takes a proactive approach to disprove investment and monetary myths by getting ahead of these discussions and even bringing up uncomfortable topics if the client doesn't.

This report is dedicated exclusively to combatting these myths and offering steady, reasonable advice to strengthen your client relationships. It also is designed to position you as the most important source of financial counsel with unwavering clarity.



Now, to be very clear, we are not being dismissive of these issues. Many, if fully realized, could have significant deleterious effects on the markets and the economy. But fears of certain outcomes being imminent have cost many investors a lot of lost opportunity as they've acted on fear of what might come instead of the reality of what currently is.

Moreover, we know that being able to recognize the big events that could have a negative impact on money and markets is a matter of knowing what to look for, and how to properly assess that information—something we are proud to do here in this publication.

Investment Myth 1: Investing and Politics Go Hand in Hand

"Now that we have a new president with a different political affiliation, should I sell my stocks and go to cash or gold?"

The social divide we have seen over the last 12 months that culminated in the election of Joe Biden as the 46th president of the United States was unprecedented. There are many investors that are worried the accumulated stock market gains under the Trump administration will be erased in short order as Biden's progressive policies take effect. That may lead to these investors wanting to cash out and wait on the sidelines or even concentrate their money heavily in perceived safe-haven assets such as gold or silver.

One way to combat biases in political affiliations and their ramifications on portfolio returns is an evidence-based approach. The table on this page was created by Natixis to highlight the varying returns of U.S. equities under the last seven presidential administrations. The results are decidedly mixed among Democrats and Republicans in the average annual return category.

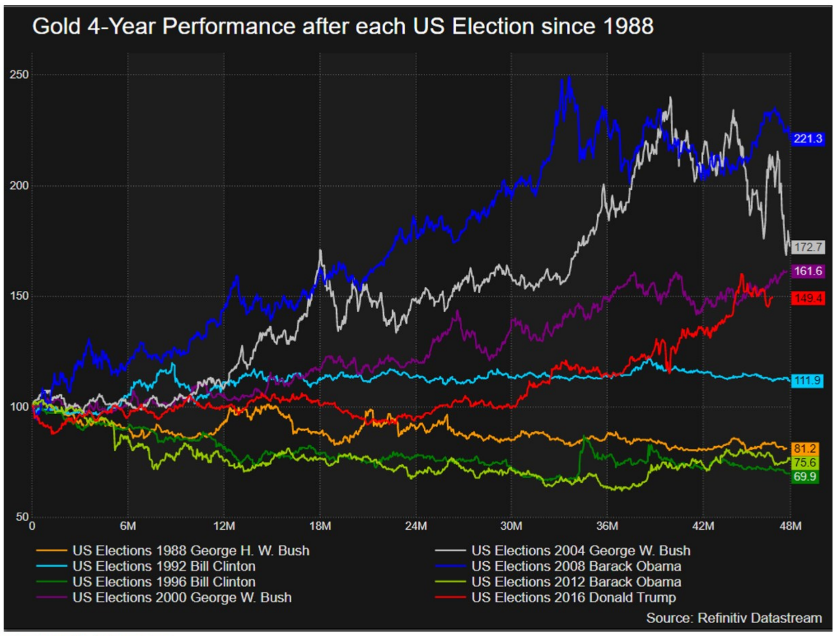
The real-world results confirm there is no precise way to predict the outcome of stock market returns under a specific political party. It often comes down to millions of variables that include Congressional decisions, tax policy, business cycles, geopolitical conflict, and of course global pandemics in the 21st century.

Instead of becoming overly committed to a single political bias, advisors should recommend reasonable and incremental adjustments to stock allocation strategies with a prevailing emphasis on diversification. The most difficult part of handling these conversations is not allowing client emotions or preconceived biases to override sound investment principles.

Every situation is different and should be tackled as such. If your client is already conservative in their asset allocation with an underweight exposure to stocks, then it should be easier to demonstrate that even a significant decline in the market would not adversely affect their portfolio. For example, a 30% allocation to stocks that falls 50% in value is only going to create a net drag of 15% for the total account value. That is a fairly easy dip to overcome and frankly would setup an extremely attractive long-term equity buying opportunity with cash or bonds that make up the remainder of the portfolio.

Conversely, if they are overly leveraged in speculative growth stocks that are highly appreciated, then it may be time to pull back on the risk lever. Recommend freeing up some cash for new opportunities and overall downside mitigation. That way they are still in the market but won't feel the volatility the same way as if they were 90-100% invested.

Notably, gold isn't necessarily a panacea for political anxiety either. The chart here denotes the four-year performance of spot gold prices after each U.S. election since 1988. It's a mixed bag of results without any clear evidence or correlation between political party affiliations.



Source: Refinitiv.com

Gold can be an excellent portfolio diversification and inflation-fighting tool if used in moderation. However, it's important to highlight that its price cycles will dislocate from traditional stocks and bonds, which is a benefit, not a downside of its utility. Lastly, clients often own physical gold as well, and having a discussion about any existing home-based exposure is a good idea to avoid overconcentration.

Key Talking Points:

- Explain mixed data points.
- Recommend incremental steps to de-risk if needed.
- Emphasize consistency in investment strategies.
- Siding for or against any political party is folly when trying to predict market returns.

Investment Myth 2: Revisiting Modern Monetary Theory

"How will all this debt and deficit spending affect the markets and my portfolio? What are the long-term effects, and should we sell stocks?"

In the January 21, 2021 issue of the *Sevens Report*, I outlined our base assumptions about Modern Monetary Theory. I want to continue to reinforce just how important it is for your clients to understand the history, inner workings, and potential outcomes of this new economic policy tool.

What Is Modern Monetary Theory? Put in "economic speak," MMT essentially says that as long as government spending creates a higher growth rate than it does inflation, then any debt or deficits the spending creates really doesn't matter. To use a simple analogy, MMT states that it really doesn't matter how much credit card debt I pile up as long as 1) My income is more than the minimum monthly payment, and 2) I can always open more credit cards once I've maxed out my limit.

That's quite a departure from previous economic theories (both governmental and personal) that say debt needs to be reduced, and deficit spending needs to be offset and "paid for." Simply put, it abandons the idea government needs to be able to afford its spending.

Why MMT Is More Familiar Than You Might Think. While MMT has been derided as an unstable fiscal policy, the truth is that MMT has been the de-facto fiscal policy of virtually every administration (Republican and Democrat) for the past 20 years (and really even longer). Look at the national debt and the size of the deficits—they've exploded higher over the past 20 years, as government spending has increased for multiple reasons.

But while this was the stealth de-facto fiscal policy for the last few decades, the pandemic has essentially removed the "stealth" part of it, as both parties in Washington eagerly embraced a total explosion in government spending in response to the pandemic, and in return, a surge higher in the national debt and deficits. And based on Biden's stated policies, we can only expect government spending, deficits, and debt to grow even larger in the years ahead.

So, If the U.S. Government Has Been Doing Stealth MMT All This Time, Is It Really That Bad? That's a good question, and so far, the answer is "no." National debt and fiscal deficits have exploded higher over the past 20 years, yet inflation, as measured by the government, has been virtually non-existent. Meanwhile, bond yields remain at multi-decade lows (so loan rates are on the floor) while the U.S. dollar has largely held its value. The only actual negative from the stealth implementation of MMT has been unrelenting asset inflation (stocks, real estate, cars, planes, etc.). So, given this history, one can be forgiven for thinking that MMT really isn't bad after all (and it might even work!).

So, Does MMT Work? Of course not, at least not over the longer term (it will work in the short/medium term until it becomes unsustainable). Modern Monetary Theory makes a few very large assumptions that have been true (and allowed it to work for the past several years), but these assumptions can, and likely will, change based on MMT itself.

Here's what I mean. The inherent premise of MMT, that countries who control their currency can effectively deficit spend forever as long as growth outruns inflation, is false (just look at Argentina, Russia, Turkey, etc.) The problem is that like all deficit spending, it eventually becomes too much and inflation begins to overtake growth.

The key that has allowed the U.S. to implement stealth MMT is that "too much debt/deficits" are still a long way off, thanks to two unique factors: The U.S. dollar being the reserve currency of the world, and U.S. Treasuries having no viable alternative in the global debt marketplace. Those two factors have allowed the U.S. unmatched fiscal leniency, and in many ways made it so that MMT actually works (for now). Here's why:

First, because the dollar is the world's reserve currency, the explosion of U.S. debt and deficits hasn't resulted in a material decline in the dollar. As such, the stable dollar has held statistical inflation largely in check (preserving the key tenant of MMT, i.e. that growth outpaces inflation). But that can change, and it eventually will change. The U.S. dollar won't be the world's reserve currency forever. It's not changing any time soon, but at some point, it will, and actively embracing MMT (and accelerating it) will only hasten the time when "some point" arrives.

Second, because there is no rival to U.S. Treasury bonds on the global marketplace, the U.S. hasn't really seen any ill effects of stealth MMT. Going back to my initial credit card analogy, having no viable alternative to U.S. Treasuries ensures the U.S. can always open a new credit card, i.e. borrow enough money to finance the deficit spending. But that can also change, especially if inflation begins to take hold, and if/when that happens, the declines in the U.S. dollar and U.S. Treasuries will be painful/scary.

Positively, this outcome likely remains years in the future. But then again, we've never seen anything like the amount of stimulus and QE being unleashed on the economy, and frankly, no one knows what that will bring in the coming quarters and years (and it is entirely possible inflation accelerates faster than expected).

What Does This Mean for Markets? As we think about the impact of MMT on markets, we think that looking back to the first two years of the Obama administration are a rough guide, because essentially what we saw back then was "MMT Light" via increased QE from the Fed and increased government spending (but nothing even close to the scale of what we're seeing today).

So, we reviewed the performance of a mix of assets from November 2008 (when Democrats won the election) through November 2010 (when Republicans took the House following at the midterms and created a divided government for the next six years).

During those two years of Democrat control, here's what outperformed: Gold (GLD up 79%), Tech (Nasdaq returned 60%), equal-weight S&P 500 (RSP up 49%), Hard Asset Stocks (HAP up 46%), and Industrials (XLI up 34%). Growth outperformed value over the two-year period, but it's important to remember that what sectors make up value and growth ETFs have changed over the years, and this past performance doesn't dissuade us from favoring a more balanced approach to value and growth (as opposed to the tech/ growth overweights that have worked for the past several years).

Additionally, this analysis has to be taken with a grain of salt because markets didn't bottom until March 2009 due to the continued fallout from the financial crisis, and in this look back, financials badly lagged as they recovered from the financial crisis. But this time, we'd expect financials to outperform on rising Treasury yields.

Key Talking Points:

- While there are differences between the two timeframes, it's reasonable to expect more of what we saw during the 2008-2010 period given the Biden administration's embrace of MMT.

- We view this past performance as validation for RSP as a core equity holding going forward.
- Increase allocations for cyclicals (financials/ industrials) and hard asset equities (HAP).
- Maintaining a healthy (yet not massively overweight) tech allocation.

Investment Myth 3: Getting Out Before the Bubble Pops

"Most everyone agrees markets are in a bubble, should I sell everything and go to cash?"

A plethora of investors are starting to sound the alarm on sky-high stock valuations, danger-zone greed indicators, and the effects of MMT that are affecting markets. A new E*TRADE Financial survey of 904 active investors revealed that 66% of them believe the stock market is either fully or somewhat in a bubble. An additional 26% said the stock market is "approaching a market bubble." (source). Retail investors aren't the only ones feeling nervous about the stock market. Famed investment strategist Jeremy Grantham of GMO recently warned:

The long, long bull market since 2009 has finally matured into a fully-fledged epic bubble. Featuring extreme overvaluation, explosive price increases, frenzied issuance, and hysterically speculative investor behavior, I believe this event will be recorded as one of the great bubbles of financial history, right along with the South Sea bubble, 1929, and 2000.

That's quite a statement coming from one of history's most successful professional money managers. It's not a premonition to take lightly, nor should we consider Grantham's words the ultimate arbiter of market machinations. In fact, Grantham began his bubble hunting saga back in 2014 by warning that the current market cycle would run its course by 2016 at an S&P 500 target of 2,250.

The S&P 500 Index now stands tall at nearly 3,900, which equates to a gain of over 70% from Grantham's initial prediction. The lesson isn't that Grantham was wrong, because ultimately we are likely to experience a long-term asset price realignment that coincides with his wariness. It's simply that calling tops in the market is difficult and rarely do they line up in terms of timing or execution the way that most doomsayers predict.

There is a great quote attributed to the famed economist John Maynard Keynes that markets can remain irrational longer than you can remain solvent. It's a tongue-in-cheek reminder that the markets are not logical, they are psychological. They simply ride a wave of emotions that stretch greed to the upside and despair to the downside. It's difficult to find the exact inflection point at either end of the spectrum.

I would tell those that want to protect their gains and make drastic changes to their investment plan that it doesn't have to be an "all or nothing" outcome. **Not EVERY sector of the market is in a bubble.** Our recent foray in Old Economy industries pointed out a number of high-quality, blue-chip stocks paying attractive dividends that would be great options to consider under a prolonged recessionary event. They represent a way to decentralize your portfolio away from the massive concentrations in technology and consumer discretionary names that are trading at extreme valuations.

Even owning an equal-weighted S&P 500 fund such as RSP is a sound option to consider as a way of mitigating your concentration risk. This strategy rationalizes an equitable ownership among smaller stocks which leads to a far more balanced sector makeup. It's not hard to visualize RSP having a far superior performance to SPY over a three-to-five-year time frame at these levels. Other options to consider include raising some cash, looking at non-correlated alternatives like precious metals or hard assets, diversifying more internationally, and generally reducing your beta to the S&P 500 Index.

Key Talking Points:

- Trying to perfectly time your entry and exit to the stock market with 100% of your portfolio is a recipe for disaster without a roadmap.
- It's far better to reconsider your existing exposure and make reasonable adjustments to coincide with areas showing better long-term stability or value.
- Those that do emphasize a market timing strategy must have clear entry and exit triggers to ensure they are fulfilling their obligations on both sides of the trend.

Investment Myth 4: Rising Rates Are Going to Wreck My Portfolio

"Will the Fed keep buying bonds forever? Where will interest rates go? How will it impact my portfolio returns?"

These are all serious questions that bond investors are asking themselves as interest rates sit near historic lows and credit spreads are pressed to squeeze out every last drop of juice. It's a precarious environment that is ripe for disruption. The hard part is knowing exactly when it's going to happen and what you should do about it.

The overriding factor continues to be the actions of the Federal Reserve and the aforementioned Modern Monetary Theory. The Fed watches the domestic bond and stock markets like a hawk and continues to step in during any perceived areas of weakness.

Most recently the 2008 financial meltdown and 2020 COVID crisis proved to be fertile ground for the Fed to become the buyer of last resort. Both instances led to massive fixed-income purchases, interest rate revisions, and other advanced credit facilities to backstop the bond market. Ultimately, these strategies worked and allowed for stability and confidence to ensue.

Bearish cynics keep singing that no one is bigger than the market and that eventually there will be ill effects of this supportive government policy. That may take the form of a debt implosion that sees liquidity dry up, interest rates skyrocket, and inflationary effects wreck this hard-fought balance.

That outcome may well come to pass, but it's not something that is likely to happen overnight. Changes in the bond market take time as trillions of dollars change hands in a slower and more antiquated process than high-frequency stock trading. As an advisor, you are going to have time to make changes to insulate your clients from credit and interest rate risk as needed. The key is to regularly monitor the income landscape and have an appropriate exit or adaption strategies ready if conditions start to meaningfully deteriorate.

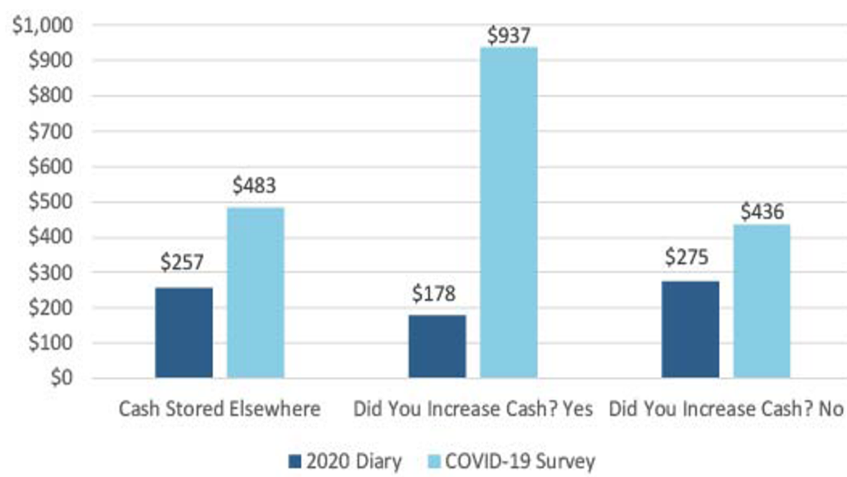
It's important to be forthright with clients that this income environment has been intentionally created to snuff out volatility in the stock market but has simultaneously snuffed out yield as well. LQD is trading with a 30-day SEC yield of 1.88%, while HYG is at an unbelievably low 3.45%. You can get a more attractive yield in blue-chip dividend-paying stocks than you can junk bonds at the moment. Option adjusted spreads in both these vehicles are back down near the lower ends of their historic spectrums as well. They are punishing savers to the benefit of equity holders.

With interest rates trading near all-time lows, spreads tight, and yields squeezed to the max, there isn't much room left for these popular vehicles to appreciate meaningfully. They can certainly trade sideways and throw off a little income for an indefinite period of time. However, at some point, we are going to experience another round of volatility that highlights credit volatility or rising Treasury yields.

If capital preservation is at the top of your client's wish list, then implementing a trailing stop loss on any frothy bond ETFs would be a mindful strategy. That way you can continue to ride the wave of meager income while it lasts without putting undue stress on preemptively calling a market top. Shifting that capital to cash if the stop trigger is hit will allow you the fresh perspective of reexamining the fixed-income landscape for new opportunities at that time.

We have also been advocates of lowering duration to achieve a better ratio of capital risk to income. If I had to own high-yield (junk) corporate bonds, I would be inclined to buy the **iShares 0-5 Year High Yield Corporate Bond ETF (SHYG)**. It's trading with a 3.68% yield (better than HYG) and sports an effective duration of just 1.85 years versus 3.30 years in HYG. Almost half the interest rate risk for a similar yield is worth the adjustment alone.

Those same risk-to-reward metrics look much different for *investment-grade* corporate bonds. LQD is trading with a yield of 1.88% and an effective duration of 9.54 years. Remember that effective duration is essentially a measure of price sensitivity equivalent to a Treasury bond of like maturity. The short-term SLQD has an effective duration of 2.3 years, but a yield of just 0.55%. Even in that lower volatility fund, you still have some level of interest rate and credit risk for a very meager income reward. Just 55 basis points!



Two better alternatives to SLQD would be to just own cash and eliminate these risks entirely or buy an active ultra-short bond fund such as MINT with a yield of 0.57% and an effective duration of 0.36 years. At least with MINT, you have an active manager with an excellent track record of controlling key portfolio variables and the leeway to make preemptive changes. It will yield more than a money market and be lower risk than SLQD right here.

Key Talking Points:

- Use comparative analysis examples with every holding in your bond portfolio.
- Ask yourself if the yield (reward) is worth holding for the price volatility (risk).
- If that equation seems overly skewed, such as in LQD, then it's probably time to make some decisive moves to protect capital and keep the powder dry for future opportunities.
- Rising rates will ultimately be a good thing to rebalance the scales for bond holders.
- It will allow natural supply and demand factors to exert themselves and create fresh sources of income for your clients down the road.
- The key is making smart changes to survive now so that you can load up on higher yield assets when the environment is more attractive.

Investment Myth 5: The Falling U.S. Dollar Is Eroding My Purchasing Power

"What does the devaluation of the dollar really mean?"

Clients hear about the dollar falling versus rival foreign currencies, but they may be incorrectly associating that mantra with deteriorating purchasing power (inflation). It's a common misconception that has to be carefully explained so that they understand the U.S. dollar isn't rapidly losing its intrinsic value in their everyday lives.

The machinations of the U.S. dollar versus foreign currencies are the results of global trade and commodity fluctuations. Just because the U.S. dollar fell to a new low against the euro or Japanese yen doesn't mean it buys less food at the grocery store tomorrow. It simply means that exchange rates between rival international money supplies have been manipulated by supply and demand factors. Unless they are traveling overseas, which no one is right now, it's not a factor that impacts them locally.

In fact, there is a case to be made that physical U.S. dollars have never been in higher demand. COVID-19 has created a new round of cash hoarding where many people are once again putting money under the mattress (literally, not proverbially) instead of in a bank. The Federal Reserve Bank of San Francisco did a survey in the midst of the COVID crisis that noted "cash on person" and "cash stored elsewhere" both increased dramatically last year. The survey indicated that those who intentionally withdrew cash increased their holdings by 426%! (source)

transactional use of cash has decreased and its role as a store of value has increased." People are certainly still holding cash in the highest regard even with surging rates of digital payments such as credit cards and peer-to-peer networks. It's not known if this behavior towards cash is a permanent fixture, but it's real in our world today.

Bitcoin and other cryptocurrencies have also gained significant enthusiasm and support during the COVID-induced recovery. The largest benchmark crypto recently hit new all-time highs and continues to see wider adoption by large-scale consumer payment companies such as Square, PayPal, and others. Despite being termed a currency, there is still very little daily transactional activity for Bitcoin being used to exchange as payment for goods or services. The majority of its trading is investment-related. That wider adoption is still a long way off if it ever becomes a truly viable option at all. The largest problem that Bitcoin is going to face is how volatile its price action can be and whether a large enough group of holders can trust it as a store of value like fiat government-backed currencies.

The backing of the United States government is the primary reason why the U.S. dollar is so stable and why hundreds of years of trust have been built up behind it. For the moment, Bitcoin remains a more speculative tool for those risk-takers that want to diversify away from traditional asset classes. It's not an expedient solution for replacing traditional currencies or insulating your assets from foreign exchange fluctuations.

Conclusion

Overcoming misconceptions is a difficult task, particularly when a client absorbs information from someone they trust. Our goal with this "myth busters" issue is to give you sound counterpoints to educate and elevate your standing as an expert on all money subject matters. That way you can strengthen your relationships and ensure that they fact check with you first before they fall under the spell of misinformation that leads them astray.

Finally, we urge you not to make a mistake and give in to your personal fears or your clients' fears of what could happen. History has proven time and again that fear of various calamities, while legitimate risks to be monitored, do not usually require any substantive changes to a sound investment portfolio.

Best,

Tom Essaye

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Four Strategies That Outperformed in 2020 and Can Do It Again in 2021 **Long Term Pandemic Tech Opportunities (IBUY/XITK)** **New Wave of Online Payments/E-Commerce (IPAY)** **5G Revolution (FIVG)** **EV Batteries (LIT)**	2020 has created fantastic growth in certain sectors and industries, and stocks and ETFs linked to them have produced huge YTD returns. But, while looking back on what worked is helpful, especially at year-end, we wanted to identify those sectors that not only have outperformed, but that can continue to outperform in 2021. So, in this Alpha issue, **we highlight four Alpha strategies that have massively outperformed, but that we believe have long-term staying power and can continue to outperform in 2021 and beyond.**	**12/15/2020**	**IBUY:** **6.71%** **XITK:** **6.20%** **IPAY:** **1.93%** **FIVG:** **4.31%** **LIT:** **26.17%**	**SPY:** **2.60%**
Two Playbooks for 2021	As our focus now turns from 2020 and towards 2021, I believe we always must be prepared for two outcomes – the expected, and the unexpected. So, in this Alpha issue, we wanted to provide two ETF playbooks: **The expected "Return to Normal" trade, and the Contrarian Scenario.** Playbook 1. What's Expected: The "Return To Normal" Trade. The perfect storm being high economic confidence, vaccines rolling out to vulnerable groups, low-interest rates, and further government stimulus in the first quarter. That paints the perfect picture for capitalizing on beaten-down areas of the economy that are ripe for further expansion. Playbook 2: The Unexpected: A Contrarian Scenario. A scenario where things just don't work as planned. Perhaps inflation exceeds all norms, Treasury yields shoot up unexpectedly, geopolitical disruption intercedes, or the economic recovery just simply falls short of expectations.	**12/29/2020**	**Multiple ETFs across both strategies**	
Energy Transmission (The Picks and Shovels of the EV Gold Rush) **First Trust NASDAQ Clean Edge Smart Grind Infrastructure Index Fund (GRID)** **NextEra Energy (NEE)** **EV Charging Basket: Tesla (TSLA), ABB Ltd (ABB), Eaton Corp (ETN), Blink Charging (BLNK)**	Energy (and the transmission of energy) are the proverbial "picks and shovels" of this modern-day EV gold rush. Electricity demand is likely going to skyrocket for households that will be transitioning to electric and hybrid vehicles in the next decade. More advanced battery systems constantly needing to be plugged in and recharged are going to tax the current electric utility network capacity while growth in EV sales will also propel a nationwide surge in charging stations, similar to the rollout of gas stations in the early 20th century.	**1/12/2021**	**GRID:** **-2.19%** **NEE:** **9.72%**	**SPY:** **1.70%**

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%**
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:** **-1.52%**	**ACWX:** **20.80%**
"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:** **12.78%** **EMLC:** **1.58%** **EBND:** **5.25%** **AGEYX:** **12.31%**	**AGG:** **16.05%**
"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:** **102.2%** **BLCN:** **77.54%**	**SPY:** **44.62%**
"Active" Bond ETFs **BOND (PIMCO Active Bond ETF)** **TOTL (SPDR DoubleLine Total Return Tactical ETF)** **FTSL (First Trust Senior Loan Fund)**	*Studies show actively-managed fixed income funds have been much more successful at beating benchmarks than actively-managed equity funds.* *In addition, the "Agg" has changed for the worse over time: higher duration, lower yield, and less diversification. These three active bond ETFs—with better statistics and all-star portfolio management teams—stand a good chance at beating the Agg going forward.* ***What to do now: Buy.***	**Issue 14:** **2/20/18**	**BOND:** **18.15%** **TOTL:** **12.87%** **FTSL:** **11.79%**	**AGG:** **17.98%**

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:** **8.54%**	**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:** **42.19%**	**ACWX:** **17.92%**
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:** **-3.37%**	**SPY:** **47.66%**
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:** **12.36%** **DLS:** **0.05%**	**EFA:** **15.66%**
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:** **242.00%**	**SPY:** **47.16%**
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:** **48.30%**	**SPY:** **43.30%**
"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:** **81.69%**	**EEM:** **32.69%**

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: 19.96%	IWM: 27.40%
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: 131.20% FINX: 66.55% IPAY: 61.23%	SPY: 41.04%
Floating Rate Funds FLOT (I-Shares Floating Rate Bond ETF USFR (Wisdom Tree Floating Rate Treasury Fund) SRLN (SPDR Blackstone / GSO Senior Loan ETF EFR (Eaton Vance Floating Rate Trust)	*Despite stubbornly high bonds/low yields, bonds are still now in a longer term bear market, and there exist few non-inverse bond alternatives that can produce absolute gains in a falling bond environment.* *Floating rate ETFs rise as bond yields fall and offer absolute return potential in bond portfolios, and are an important tool in constructing client bond portfolios in a rising rate environment.*	8/6/18	FLOT: 4.99% USFR: 3.38% SRLN: 10.54% EFR: 10.46%	AGG: 17.10%
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: 48.88% IEME: 36.10% XLC: 39.32% DIS: 62.86%	SPY: 39.03%
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: 23.61% SBIO: 47.13% FXG: 13.87%	SPY: 37.05%

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: -10.91% GNR: 7.07% RLY: 4.55%	DBC: -10.14%
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: 5.15% LDUR: 9.07% MINT: 3.63%	BIL: 2.89%
Bear Market Strategies USMV (I-Shares Edge MSCI Minimum Volatility USA 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: 30.47% PTLC: 18.01%	SH: -38.96%
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: -0.27% MLPA: -27.88% DCP: -24.07% SHLX: -28.35%	SPY: 46.30% AMLP: -28.44%

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: 18.33%	VTV: 30.90%
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: 44.43%/18.73% ITB/VNQ: 87.05%/21.30% DFE: 34.07%	SPY: 57.12%
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: 34.48%	SPY: 50.98%
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: 14.60% VRP: 18.64% PFXF: 21.63%	PFF: 17.04%
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: 16.13% NRG: -2.75% CNP: -27.40%	XLU: 18.22%

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: 51.42% CIBR: 64.24% FTNT: 70.49% CYBR: 44.63%	QQQ: 83.88%
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: -47.35% ACB: -89.11% CGC: -32.44% APHA: -4.80%	SPY: 40.64%
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: 49.83%	SPY: 39.22%
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: 19.28% CCOR: 9.38% JHEQX: 24.27%	SPY: 36.22%

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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: 189.5% ARKG: 226.7% XITK: 103.5%	QQQ: 67.52%
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: 52.13% XBI: 74.96% IHF: 52/41%	XLV: 37.76%
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: 17.47% SPLV: 8.68% EEMV: 17.05% EFAV: 9.27%	SPY: 36.60%
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: -18.23% OHI: 11.07% SCI: 14.93%	SPY: 39.51%

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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: 32.16% SGOL: 32.65% GDX: 41.02% KL: -2.20% FNV: 46.83%	
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 35.86% SPMO: 27.58% FDMO: 27.58%	SPY: 26.36%

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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:** **46.57%** **GIGE:** **91.97%**	**SPY:** **25.93%**
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:** **-10.11%** **VNQI:** **-6.30%** **REZ:** **-15.91%** **REM:** **-24.89%**	**SPY:** **31.11%**
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:** **-13.49%** **PPA:** **2.31%** **UFO:** **6.55%**	**SPY:** **32.01%**

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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:** **13.38%** **VYM:** **11.95%** **PDI:** **-4.67%**	**SPY:** **30.64%**
Reflation Playbook **Reflation Strategy 1: A better tech ETF.** **Reflation Strategy 2: Momentum Factor.** **Reflation Strategy 3: The Consumer.** **Reflation Strategy 4: Emerging Markets.** **Reflation Strategy 5: Floating Rate Funds.**	This issue is the final piece of our four-part series on the longer-term outcome for this market: **Japanization or Reflation?** Reflation issue goes **deeper into the sectors and assets that will** outperform if we get another successfully engineered economic reflation – driven in part by a weaker dollar – like we did in 2016-2018.	**9/24/19**	**Various ETFs listed in the Issue**	
Investing in Green Energy **TAN (Invesco Solar ETF)** **FAN (First Trust Global Wind Energy ETF)** **ICLN (IShares Global Clean Energy ETF)** **PBW (Invesco Wilderhill Clean Energy ETF)**	Advisors today need to know funds and ETFs that can help clients invest for a greener future, **as doing so will align client investments with their interests and build more trust between the advisor and client.** In this *Alpha* issue, we cover some of the best ETFs for direct alternative energy exposure, and the results may surprise you as some of the best alternative energy ETFs share a lot of characteristics with tech ETFs and multinational industrial ETFs.	**10/8/19**	**TAN:** **295.20%** **FAN:** **101.8%** **ICLN:** **197.5%** **PBW:** **337.9%**	**SPY:** **34.36%**
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:** **34.14%** **FIW:** **33.95%**	**SPY:** **29.65%**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Outperforming in A Declining Dollar Environment **VGT (Vanguard Information Technology ETF)** **IHI (IShares U.S. Medical Devices ETF)** **EMLC (VanEck Vectors J.P. Morgan EM Local Currency Bond ETF)** **PDBC (Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF)**	If there's going to be a global reflation, then it will likely come with a weaker U.S. Dollar. From early 2017 through early 2018 the dollar declined from over 100 to below 90 (so more than 10%) and that had a significant impact on stocks: The 2017 decline in the dollar resulted in **a 31% gain for the S&P 500** from December 2016 through January 2018. But, the dollar decline also created opportunities for specific sectors and assets classes to handily outperform the S&P 500, and we want to identify those opportunities in three strategies: • Targeted sector exposure via a focus on U.S. Exporters • International ETF Exposure • Commodities Allocations.	**11/5/19**	**Various ETFs Listed in the Issue**	
Closed End Funds **ETG (EV Tax Adv. Global Dividend Inc)** **HTD (JH Tax-Advantaged Dividend Inc)** **PDI (PIMCO Dynamic Income)** **NZF (Nuveen Municipal Credit Income)** **FFC (Flaherty & Crumrine Preferred & Income Sec.)** **RQI (Cohen & Steers Quality Income)**	Closed End Funds (CEFs) are under-utilized compared to ETFs (we explain why in the issue) but CEFs have advantages over ETFs both on a yield and tactical basis – and we think that CEFs can be an effective tool, when integrated into a broader portfolio strategy, that can boost yield and create opportunities to generate alpha.	**12/3/19**	**ETG:** **14.79%** **HTD:** **-15.96%** **PDI:** **-9.60%** **NZF:** **4.37%** **FFC:** **9.98%** **RQI:** **-9.95%**	**SPY:** **25.24%**
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:** **3.38%**	**BIL:** **0.45%**

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:** **8.03%** **XOP:** **-27.38%** **LQDH:** **1.48%**	**SPY:** **19.86%**
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:** **13.59%** **VIGI:** **14.50%** **GSIE:** **9.03%**	**ACWX:** **12.33%**
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:** **19,68%** **VBK:** **36.46%** **XSLV:** **-13.99%**	**IWM:** **26.14%**
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:** **28.74%** **SBIO:** **28.66%** **XBI:** **52.95%**	**SPY:** **12.96%**

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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: 13.66% CCOR: 2.08% JHEQX: 19.49%	SPY: 31.30%
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: 104.3% IBUY: 177.6% JHCS: 54.96% XITK: 123.4%	SPY: 42.84%
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: 63.46% SHOP: 101.0% GDDY: 26.01% IPAY: 69.25%	SPY: 38.70%

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
<u>Three Strategies for a "U" Shaped Recovery</u> **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: 20.43% DLTR: 44.62% MCD: 20.70% RHS: 12.95%**	**SPY: 38.98%**
<u>Finding the Sweet Spot of Yield, Duration and Quality in Today's Bond Market</u> **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: 0.73% FTSD: 0.28% IGSB: 2.12%**	**SHY: -0.38%**
<u>Finding Sustainable Dividends In An Uncertain Environment</u> **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: 19.47% DGRO: 19.70% TDIV: 23.26%**	**SPY: 23.14%**

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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: 73.26%** **MRVL: 45.40%** **QRVO: 67.38%** **FIVG: 27.74%**	**SPY: 24.05%**
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: 19.76%** **FEZ: 15.91%**	**VTV: 21.59%**
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: 9.97%** **GERM: -6.94%**	**SPY: 19.07%**

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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: 26.42%** **FXE: 3.06%** **GDX: -7.79%**	**SPY: 14.90%**
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: 25.19%** **PEJ: 27.68%** **KBE: 43.42%** **REZ: 6.85%**	**SPY: 11.10%**
Opportunities in the Electric Vehicle Battery 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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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: 36.83%** **LULU: 10.54%** **BRBR: 23.07%** **BFIT: 15.30%** **MILN: 20.56%**	**SPY: 13.72%**
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**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Cyclical Rotation to Value **RSP (Invesco S&P 500 Equal Weight ETF)** **VTV (Vanguard Value ETF)** **RPV (Invesco S&P 500 Pure Value ETF)**	We scoured the universe of value ETFs and mutual funds to identify those that we think are "best of breed" and represent a cost-effective, alpha generating solution for any advisors who wants to rotate to value after the election. And, we were surprised by our findings – namely that higher fee, actively managed ETFs and mutual funds lagged the more traditional, passive value ETFs – and that keeping it simple in the value space yielded the best returns over the past several years.	**11/3/2020**	**RSP:** **17.20%** **VTV:** **15.14%** **RPV:** **23.67%**	**SPY:** **12.86%**
Four Post Election Tactical Strategies **Idea #1: Electric Vehicles & Clean Energy (LIT/ICLN/ESGV)** **Idea #2: Industrials & Infrastructure Spending (VIS/PAVE)** **Idea #3: Healthcare & Marijuana (VHT/MJ)** **Idea #4: Emerging Markets & China (XSOE)**	*What Specific Sectors and ETFs Can Outperform in a Biden Presidency/Divided U.S. Government?* That question was the inspiration for today's *Alpha* issue, because while election results have not been certified yet (that will start to happen in states later this week) the likelihood is that we will have a Biden Presidency and divided government in 2021 (with Republicans holding a small majority in the Senate). Reflecting that fact, I've been asked multiple times over the past week what would outperform in this political environment, so I imagine this topic has been coming up in client conversations – **and I want to make sure that you have the strategies and talking points you need to turn those conversations into opportunities to strengthen relationships.**	**11/17/2020**	**Eight Different ETFs Listed.**	
Bitcoin **GBTC (Greyscale Bitcoin Trust)** **BLOK (Amplify Transformational Data Sharing ETF)** **ARKW (ARK Next Generation ETF)**	This Alpha issue is focused on a suddenly popular topic: **Bitcoin.** Our goal with this issue isn't to sway you one way or the other to invest in Bitcoin. Instead, we want to help you guide responsible conversations about: 1. What it is and 2. Who it's for, and 3. How you can potentially own it within a conventional portfolio. Put more frankly, many of us "know" about bitcoin – but are we prepared to really discuss the inner workings of the cryptocurrency and thoroughly list and explain the responsible ways clients can gain exposure to it? **The point of this Alpha issue is to make sure we are all ready to do just that, so you can turn any bitcoin conversation into an opportunity to strengthen client relationships and grow your business.**	**12/1/2020**	**GBTC:** **57.54%** **BLOK:** **30.96%** **ARKW:** **16.14%**	**SPY:** **3.60%**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Four Strategies That Outperformed in 2020 and Can Do It Again in 2021 **Long Term Pandemic Tech Opportunities (IBUY/XITK)** **New Wave of Online Payments/E-Commerce (IPAY)** **5G Revolution (FIVG)** **EV Batteries (LIT)**	2020 has created fantastic growth in certain sectors and industries, and stocks and ETFs linked to them have produced huge YTD returns. But, while looking back on what worked is helpful, especially at year-end, we wanted to identify those sectors that not only have outperformed, but that can continue to outperform in 2021. So, in this Alpha issue, **we highlight four Alpha strategies that have massively outperformed, but that we believe have long-term staying power and can continue to outperform in 2021 and beyond.**	**12/15/2020**	**IBUY:** **6.71%** **XITK:** **6.20%** **IPAY:** **1.93%** **FIVG:** **4.31%** **LIT:** **26.17%**	**SPY:** **2.60%**
Two Playbooks for 2021	As our focus now turns from 2020 and towards 2021, I believe we always must be prepared for two outcomes – the expected, and the unexpected. So, in this Alpha issue, we wanted to provide two ETF playbooks: **The expected "Return to Normal" trade, and the Contrarian Scenario.** Playbook 1. What's Expected: The "Return To Normal" Trade. The perfect storm being high economic confidence, vaccines rolling out to vulnerable groups, low-interest rates, and further government stimulus in the first quarter. That paints the perfect picture for capitalizing on beaten-down areas of the economy that are ripe for further expansion. Playbook 2: The Unexpected: A Contrarian Scenario. A scenario where things just don't work as planned. Perhaps inflation exceeds all norms, Treasury yields shoot up unexpectedly, geopolitical disruption intercedes, or the economic recovery just simply falls short of expectations.	**12/29/2020**	**Multiple ETFs across both strategies**	
Energy Transmission (The Picks and Shovels of the EV Gold Rush) **First Trust NASDAQ Clean Edge Smart Grind Infrastructure Index Fund (GRID)** **NextEra Energy (NEE)** **EV Charging Basket: Tesla (TSLA), ABB Ltd (ABB), Eaton Corp (ETN), Blink Charging (BLNK)**	Energy (and the transmission of energy) are the proverbial "picks and shovels" of this modern-day EV gold rush. Electricity demand is likely going to skyrocket for households that will be transitioning to electric and hybrid vehicles in the next decade. More advanced battery systems constantly needing to be plugged in and recharged are going to tax the current electric utility network capacity while growth in EV sales will also propel a nationwide surge in charging stations, similar to the rollout of gas stations in the early 20th century.	**1/12/2021**	**GRID:** **-2.19%** **NEE:** **9.72%**	**SPY:** **1.70%**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
How the "Old Economy" Can Help Us Outperform **Invescro Dow Jones Industrial Average Dividend ETF (DJD)** **First Trust Morningstar Dividend Leaders Index Fund (FDL)** **Invesco S&P 500 Pure Value ETF (RPV)**	Looking for value in "Old Economy" stocks is a strategy that prioritizes stocks that are still well off their all-time highs, have proven and sustainable business models, and many of which pay hefty dividends. Additionally, these industries are as familiar and comfortable as a warm blanket to your mature, high net worth client base and these investment ideas are perfect for the tech skeptics that prioritize value characteristics, low leverage, and high dividends.	**1/26/2021**	**DJD:** **1.66%** **FDL:** **1.26%** **RPV:** **3.05%**	**SPY:** **1.58%**