SEVENS REPORT *alpha*

June 2, 2021

In Today's Issue

- **Finding Conservative Growth and Income in Today's Environment. Part 1: Fixed Income.** Today's Alpha issue is part one of a two-part series, and it's born from a real world problem: How elderly clients can achieve safety and modest real returns in an environment where yields and inflation are rising and most real bond returns over the coming years will be negative.

- **Strategy One: Shorten Duration. VCSH: Vanguard Short-Term Corporate Bond ETF. IGSB: iShares 1-5 Year Investment Grade Corporate Bond ETF. MINT: PIMCO Enhanced Short Maturity Active and JPST: JPMorgan Ultra-Short Income ETF.**

- **Strategy Two: Inflation Protection. IVOL: Quadratic Interest Rate Volatility and Inflation Hedge ETF.** IVOL is a first-of-its-kind fund designed to capitalize on both inflation and interest rate moves, and we view it as an alternative to TIP. It's returned 10.95% vs. 6.33% for TIP over the past year, sports a 3.5% yield, and has more than $2 billion in AUM.

- **Strategy Three: Floating Rate Notes. FLTR: VanEck Vectors Investment Grade Floating Rate ETF**. FLTR contains floating rate debt from over 200 companies such as Morgan Stanley, Citigroup, Wells Fargo, JPMorgan, Goldman Sachs, and Verizon. **SRLN: SPDR Blackstone Senior Loan ETF**. SRLN contains nearly 300 senior loan securities with floating rate components that achieve a current 30-day SEC yield of 3.81%.

- **Strategy Four: Variable Rate Preferreds. VRP: Invesco Variable Rate Preferred ETF**. VRP owns nearly 300 underlying preferred stocks with 75% of its exposure to the financial sector. It has a duration of just over 3 years and a yield of 3.20%.

Inflation and Rising Rates, Part 1

An investment quandary provided the motivation for this issue of *Sevens Report Alpha*. My 80-year-old mother-in-law just sold her house in Austin, Texas for a meaningful sum. She now has this money liquid as she is opting to rent indefinitely rather than reinvest the proceeds into another real estate transaction. While this deal represents a very lucrative win for her personally, it also sets up an interesting dynamic for future stewardship of the cash proceeds.

Most 80-year-olds are after three things: safety, income, and modest real returns. Yet the same Fed-driven liquidity and hot economic conditions that allowed her to sell her house at an exorbitant gain have left a barren landscape for conservative income investors. Ultra-low interest rates, bourgeoning inflationary pressures, and sky-high stock prices aren't exactly the best backdrop for risk-averse investors with shorter time horizons.

Under normal conditions, you can expect an advisor to put my mother-in-law in an allocation that closely resembles 80% bonds, 10% stocks, 5% alternative income, and 5% cash. That's been the playbook for decades with a wink and a nod that the Fed will smoothly guide interest rates, inflation, and asset prices.

The scary part is that 80% allocation to bonds with the benchmark iShares Aggregate Bond ETF (AGG) is yielding a paltry 1.32% right now. There is no doubt in my mind that the next 10 years will unleash a negative real return on money invested at today's prices. The tandem expectation of the Federal Reserve unwinding its quantitative easing efforts alongside the rising cost of consumer prices is going to be a significant obstacle for savers. Just achieving absolute positive returns will be a win for most bond-heavy portfolios, let alone trying to also overcome higher costs of living (i.e. generating a real return in excess of inflation).

The most recent April Federal Reserve meeting gently introduced the concept of "tapering" as a longer-term target. The Fed will need to unwind its $120 billion per month bond buying spree as a first step towards normalizing fiscal activity. The step beyond that is to attempt to cool off a revving economy by gently raising interest rates. Many market watchers expect to see more rhetoric about this plan over the summer with real-world implementation by the end of the year.

What the Fed ultimately can't control is how market-driven interest rates will react to its plans as well as the global implications of commodity price trends. If either one of those precarious measures starts to gain untoward momentum, there is the potential for sharp spikes in price volatility.

Ultimately, we know that you as an advisor have a great deal of your client base in similar situations as my mother-in-law. Carrying large balances in their liquid investment accounts without the stomach for risk nor the time horizon for mistakes. There may never be a more crucial time for you to reshape their portfolios towards a subset of investments that are designed to defeat the dual-headed monster of rising rates and nominal inflation.

Our research has uncovered several options throughout the bond, equity, commodity, and alternative income space for this very task. So many, in fact, that we can't do them justice by trying to fit them all in one issue. Instead, we are opting to separate our analysis into bond and "bond-like" investments in "Part 1." In our next issue, we will present "Part 2," where we drill down into equity and commodity opportunities. The result will be a two-part series geared towards conservative growth and income.

Investment Idea 1: Shorten Duration

It goes without saying that the first step in evaluating your bond exposure is to forgo intermediate and long-duration fixed income. These are going to be the areas that get hit the hardest under the auspices of broadly rising Treasury yields and inflationary measures. Anything with an effective duration of more than six or seven years should be on your radar for replacement, which includes the four largest debt ETFs by asset size.

- iShares Aggregate Bond ETF (AGG) - $87 billion
- Vanguard Total Bond Market (BND) - $75 billion
- Vanguard Intermediate Term Corporate Bond ETF (VCIT) - $45 billion
- iShares iBoxx USD Investment Grade Corporate Bond (LQD) - $41 billion

If any of these are the anchors of your bond strategy, it's time to adjust for a more responsible path forward. The key attributes to evaluate are the current yield and effective duration in comparison to alternative funds with a comparable makeup.

For instance, LQD has a 30-day SEC yield of 2.30% with an effective duration of 9.40 years. Yikes! That means its price is going to fluctuate essentially in line with a 10-Year Treasury bond. Locking in a 2% income stream with a high level of interest rate sensitivity is not an attractive proposition for savers over the next several years. Particularly when faced with the proposition that 10-year yields could easily double or triple from these levels as the Fed eases back on its monetary stimulus efforts.

There are several options that could easily replace LQD such as the **Vanguard Short-Term Corporate Bond ETF (VCSH)** or the **iShares 1-5 Year Investment Grade Corporate Bond ETF (IGSB)**. Both contain exposure to a similarly deep pool of high-quality corporate debt with much lower effective durations. You are going to sacrifice some yield in the short term, but that comes with the territory when sheltering the portfolio from price volatility. That price risk may be better directed towards dividend-paying equities or alternative income assets with more attractive growth characteristics in an inflationary environment.

The table atop Page 3 outlines some of the largest and most well-known ETFs in each of the main debt categories. They are separated with ticker symbols for intermediate-term, short-term, and ultra-short-term options that can serve as substitutes to lower interest rate sensitivity.

Several of the bond ETFs noted in the table have been recommended in past issues of *Sevens Report Alpha* and we are still fans of them today. The

PIMCO Enhanced Short Maturity Active (MINT) and **JPMorgan Ultra-Short Income ETF (JPST)** are two on the list that continues to be standout performers with an active-management philosophy.

Category	Intermediate	Short Duration	Ultra Short Duration
Aggregate	AGG	ISTB	ICSH*
	BND	BSV	MINT*
Government	IEF	SHY	FTSD*
	VGIT	VGSH	BIL
	TIP	VTIP	
Corp Bond (IG)	LQD	IGSB	JPST*
	VCIT	VCSH	FLTR
Corp Bond (HY)	HYG	SHYG	BKLN
	JNK	HYS	SRLN*
Municipal Bond	MUB	SUB	MEAR*
		SHM	JMST*

*Denotes actively managed fund.

Active managers have historically done well on the shorter end of the duration spectrum because they can turn over their holdings quicker and seek out fresh opportunities as market conditions change. That allows for positioning in sectors that are showing greater value and avoiding those that are overbought. Additionally, the capability to hedge off interest rate risks with small positions in swaps or futures contracts can be an adept tool to minimize price fluctuations. Capital preservation is almost always the foremost objective of these managers in a short or ultra-short duration fund.

Many of our long-time subscribers know that we have been ringing the bell on shortening duration for some time now. In fact, our May 2020 issue focused exclusively on this topic wasn't far from the cyclical low in interest rates following the COVID-induced panic. Those that have migrated in this direction have saved themselves the strife of seeing their incremental income evaporate in lost capital over this last year.

Investment Idea 2: Inflation Protection

No strategy for beating inflationary trends in the bond market would be complete without including Treasury Inflation Protected Securities (or TIPS). These debt instruments are issued by the U.S. Treasury with a fixed coupon and face amount that fluctuates in with changes in the rate of inflation. The most common and widely accepted inflation indicator is the Consumer Price Index (CPI).

When the Consumer Price Index is rising, the Treasury pays interest on the adjusted higher face value of the bond which creates a gradually rising stream of interest payments. This increase in coupon payments allows you to protect your purchasing power by receiving additional income when the price of goods and services is increasing.

The interesting thing about TIPS is that they have yet to show the true value proposition for which they were intended. These notes were first auctioned by the government in 1997 and have not experienced a truly dynamic period of long-term inflationary pressures as measured by CPI. At some point that is going to change, and we will get to see the true merits that these investments provide to those who utilize them properly.

Most vanilla index portfolios will choose to access TIPS through the **iShares TIPS ETF (TIP)** or the **Schwab U.S. TIPS ETF (SCHP)**. Both are suitable options if you want to get diversified and low-cost exposure to this unique bond sector. However, there is a new fund that was recently created with a more sophisticated investment strategy that is already showing great promise in this environment.

The **Quadratic Interest Rate Volatility and Inflation Hedge ETF (IVOL)** (that's a mouthful) is a first-of-its-kind fund designed to capitalize on both inflation and specific interest rate moves. It achieves this objective through a dual-pronged approach with the capital in the underlying portfolio.

Most of the IVOL assets (roughly 85%) are held in the ultra-low-cost SCHP as the core inflationary component. This provides the stability of a large and liquid pool of TIPS as the main driver of returns. The remaining 15% of the portfolio is held in a combination of cash and interest rate swaps that are designed to capitalize on a widening 10-Year Note Yield minus 2-Year Note Yield maturity cycle. That portion is essentially a bet that the Treasury yield curve will steepen, which has historically been a precursor to strong growth and rising inflation expectations.

The chart here from the Federal Reserve Bank of St. Louis is already indicating that this steepening interest rate trend is currently in place. That unique factor will act as an additional tailwind to IVOL but would create a drag on performance if we returned to a hyper-Fed intervention environment such as early 2020.

IVOL truly debuted at the right time to allow investors the capability to enhance their inflation fighting arsenal with a very specific tool. It's also a tool that is on the more expensive side with a net expense ratio of 0.99%. That's to be expected for an institutional-level bond strategy that is a first mover in this arena. Fortunately, its outsized performance has managed to numb the sting of that above-average expense ratio.

What's been impressive is how this unique strategy has translated from a theoretical proposition to real-world results. **IVOL has gained 10.95% over the last 52-weeks as compared to 6.33% for the iShares TIPS ETF (TIP). Most of that gap has widened in just the last six months as we have seen the acceleration in the 10-year/2-year contracts that provide the added boost for IVOL.**

This ETF has picked up some impressive trading volume and money flows as well. It currently sits at over $3.2 billion in assets under management with more than 1 million daily shares traded on average over the last quarter. IVOL currently pays a yield of 3.5% with income paid monthly to shareholders. Its distribution schedule has been quite steady over its two-year lifespan. TIPS ETFs are traditionally known to have lumpy income streams, but IVOL has managed to buck that trend and pay a smoother income distribution rate since inception.

This ETF can be utilized as an immediate replacement for any direct TIPS exposure you already have in the portfolio or to gain access to this sector for the first time. It's going to be most successful in an environment where we are seeing that steepening yield curve in addition to a rising CPI that allows the bonds to pay out additional income.

One note of caution that is prudent to discuss with clients is the small allocation to interest rate swaps could potentially lead to bouts of unintended volatility. We have seen instances in the past where derivatives (which are a form of leverage) create unforeseen price fluctuations stemming from unique market conditions. It's likely that those events would be transitory and immaterial to long-term returns but should be acknowledged in advance to head off highly risk-averse clients.

Quadratic Interest Rate Volatility and Inflation Hedge ETF (IVOL)	
Inception Date:	5/13/2019
Assets:	$3.24B
Avg Daily Volume:	605.8K
Expense Ratio:	0.99%
# of Holdings:	13
YTD Return:	3.87%
3-Yr Return:	22.86%
Mstar Rating:	N/A

However, as interest rates rise, the commensurate coupon rate also can rise, which can increase the mark-to-market value of the security. Lastly, the effective duration is typically tied to the security's reset rate, which is typically no longer than 60-90 days.

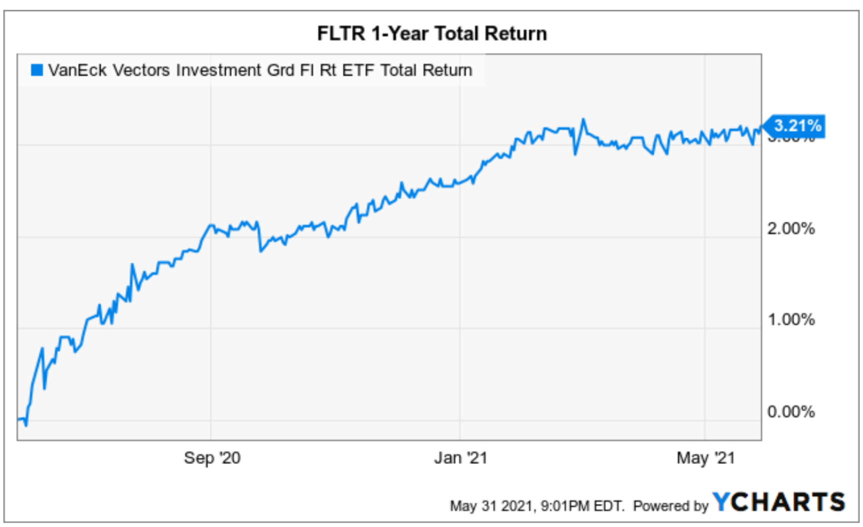
The current environment for floating rate notes and senior loan funds is unique because of the same Fed-driven liquidity factors that have propelled risk assets (stocks, bonds, real estate, etc.) to all-time highs. This sector of the debt market has experienced a tremendous bounce back from the pandemic lows to new all-time highs. As a result, many of the top ETFs and individual securities are trading at very tight spreads to conventional fixed-income.

Think about it this way: the 2.9% yield you get for investing in the Invesco Senior Loan ETF (BKLN) is not much reward for the elevated credit risk you assume. A correction in risk assets could easily see this ETF topple 20% as the below investment grade companies in the underlying portfolio face a liquidity shortage.

Investment Idea 3: Floating Rate Notes

Floating rate securities go by many different names, i.e. senior loans, leveraged loans, bank loans, or floating rate notes. They are predominantly issued by companies with a below investment grade rating and carry floating coupon rates. The coupon rate is typically indexed to a widely followed interest rate index, such as 3-month LIBOR.

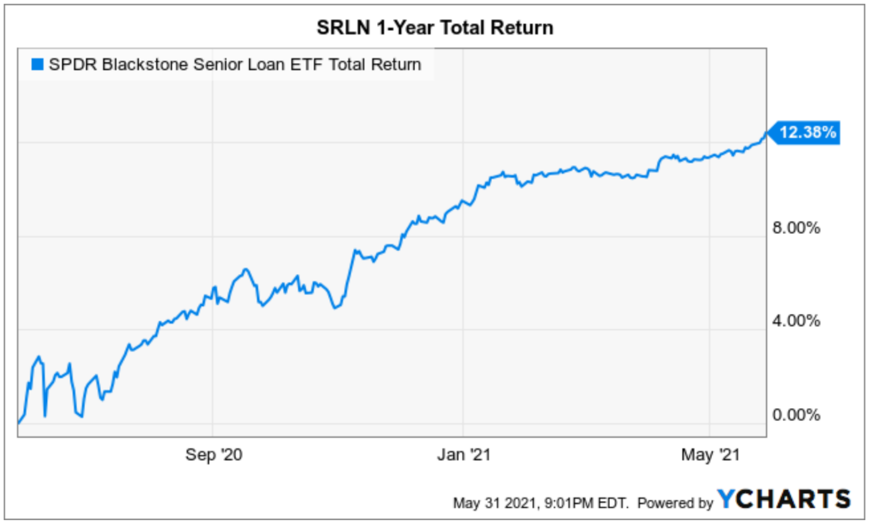
These instruments became extensively known during the 2013 "taper tantrum" as a potential way to sidestep rising interest rates. Their weakness is more aligned with credit risk and liquidity (smaller market) than a typical investment-grade fixed-income security issued by a large multinational corporation.



One of the advantages of these floating rate securities is that coupon floors exist, so as rates fall, investors still receive a respectable income stream.

That doesn't mean you should avoid the floating rate debt sector altogether; you just have to be smart about the type of funds that you own and the trading strategy surrounding them. One way to implement these holdings in a more conservative fashion is to stick with investment grade floating rate notes.

One of the best ways to do that is to consider the **VanEck Vectors Investment Grade Floating Rate ETF (FLTR)**. This ETF contains floating rate debt from over 200 top financial companies such as Morgan Stanley, Citigroup, Wells Fargo, JPMorgan, Goldman Sachs, and Verizon Communications. Right off the bat, you know that this debt is serviced by companies that aren't going to vanish in the next 10 years.



The effective duration of this fund is just 0.25 years, which means that the variable coupons that underly the holdings have the capability to quickly reset higher as interest rates adjust upward. Furthermore, this fund charges a miniscule 0.14% expense ratio, which makes it palatable as a long-term core holding for conservative income clients. The chart on Page 4 demonstrates that the price characteristics of this fund have remained stable even as traditional fixed-income ETFs have fallen off significantly over the last six months. This shows how FLTR is insulated from the effects of interest rate fluctuations in the middle and long end of the Treasury yield curve.

The current yield of FLTR isn't all that exciting at 0.35% with income paid monthly to shareholders. However, it's important to remember that investors in investment-grade floating rate notes will be sacrificing yield for safety. They should be willing to take a reduced income stream in favor of lower relative price volatility. Furthermore, owning a fund of this type is really about the upside potential of an enhanced income stream as benchmark interest rates begin to normalize upward over the next several years. The coupon rates will rise as LIBOR steps higher.

For those clients that are willing to take on more risk to achieve a greater income stream, the **SPDR Blackstone Senior Loan ETF (SRLN)** should be at the top of your list. This actively managed fund has the twin objectives of current income and capital preservation as its top priorities. It has managed to attract over $5 billion in assets through a combination of security selection and risk management that has produced consistent market-beating results over the last half decade.

SRLN contains nearly 300 senior loan securities with floating rate components that achieve a current 30-day SEC yield of 3.81%. What makes this fund more attractive than the index-driven BKLN is the manager has the research capabilities and flexibility to take advantage of inefficiencies in the floating rate marketplace. They invest in a wide array of companies across market sectors such as business services, technology, healthcare, transportation, and finance.

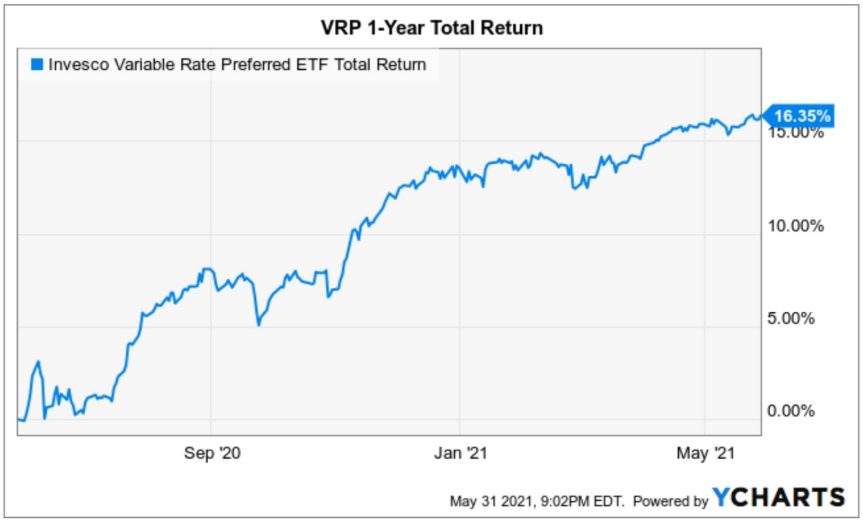
The results of that unique makeup have led to impressive relative performance over multiple time frames. SRLN is beating BKLN on one, three, and five-year lookback periods with a performance differential of 12.38% versus 7.34% for the benchmark index in just the last 52-weeks.

SRLN is going to compete with the likes of a fixed-coupon, high-yield bond fund such as HYG or JNK when evaluating its underlying credit risk. It could be utilized as a replacement for either popular junk bond fund in portfolios that want to prioritize yield with a rising rates component built in. Position sizes should be scaled based on the client's risk tolerance and their desire for income generation.

The word of caution with floating rate notes and senior loans is how high these investments are currently trading (similar to stocks). It may make sense to enter them with a multi-allocation approach that allows for dollar cost averaging over a period of time. That should offer the ability to increase your exposure on any dips and expand your income streams in kind.

Investment Idea 4: Variable Rate Preferreds

Lastly, there is a fund with hybrid characteristics of equity and debt that is tailor made for a tandem inflationary and rising rate environment. The **Invesco Variable Rate Preferred ETF (VRP)** is the only fund in the preferred space with an emphasis on variable rate coupon securities to align itself with a rising interest rate trend. VRP owns nearly 300 underlying preferred stocks with 75% of its exposure to the financial sector and the remaining 25% distributed among energy, industrial, and utility stocks.



Invesco lists the effective duration of VRP at just 3.06 years with 30-day SEC yield of 3.20%. That relatively low yield is a result of this fund achieving strong returns and hitting new all-time highs during the recovery phase of the risk asset rally. Income is paid monthly to shareholders just like a traditional bond fund.

Invesco Variable Rate Preferred ETF (VRP)	
Inception Date:	5/1/2014
Assets:	$1.7B
Avg Daily Volume:	100.7K
Expense Ratio:	0.50%
# of Holdings:	273
YTD Return:	2.45%
3-Yr Return:	21.52%
Mstar Rating:	4 Star

The lower effective duration is achieved by allocations to hybrid instruments with floating-rate components such as senior loans. This allows regular adjustments (coupon reset dates) based on the prevailing interest rate environment, which consummately lowers the sensitivity to Treasury yield fluctuations.

Those investors who are worried about interest rate risk but still want exposure to high-yield securities should strongly consider VRP for their portfolios. Its index factors allow for traditional diversified exposure to the preferred sector while moderating the bond-like qualities at the same time. The fund has over $1.6 billion in total assets and charges an expense ratio of 0.50% annually.

Preferred stocks have always been a solid alternative income class for conservative investors because they offer uncorrelated price trends and attractive dividends. The ability to diversify away from traditional stocks and bonds can smooth out volatility and enhance long-term returns.

Conclusion

The bond allocation of any income portfolio with a conservative risk tolerance is going to need more attention than ever as you seek to overcome these threats in the next several years. Those advisors that opt to stick with the status quo are going to see longer-term deterioration in portfolio returns and ultimately their clients' purchasing power.

However, with some careful planning, there are productive ways to protect capital and bolster your relative performance far beyond conventional indexes.

Finally, remember that Part 2 of this series on adjusting for inflation and higher interest rates will come in two weeks, and it will focus on equity and commodity funds.

Together, we hope you will consider this series a go-to resource for what we suspect will be a "new normal" in financial markets in the years ahead.

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:** **74.71%**	**SPY:** **82.39%**
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:** **90.62%** **ROBO:** **68.28%** **AMBA:** **119.40%** **QCOM:** **23.20% (closed)**	**SPY:** **79.62%** **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:** **95.17%** **ALB:** **34.80%**	**SPY:** **79.62%**
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**	**REGL:** **50.76%** **SMDV:** **28.20%**	**AGG:** **13.94%** **MDY:** **58.62%** **IWM:** **58.94%**
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:** **12.15%** **MNA:** **11.81%**	**AGG:** **13.69%**

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:** **7.83%**	**ACWX:** **30.39%**
"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:** **12.19%** **EMLC:** **1.14%** **EBND:** **3.37%** **AGEYX:** **17.25%**	**AGG:** **14.24%**
"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:** **176.50%** **BLCN:** **106.50%**	**SPY:** **60.40%**
"Active" Bond ETFs **BOND (PIMCO Active Bond ETF)** **TOTL (SPDR DoubleLine Total Return Tactical ETF)** **FTSL (First Trust Senior Loan Fund)**	*Studies show actively-managed fixed income funds have been much more successful at beating benchmarks than actively-managed equity funds.* *In addition, the "Agg" has changed for the worse over time: higher duration, lower yield, and less diversification. These three active bond ETFs—with better statistics and all-star portfolio management teams—stand a good chance at beating the Agg going forward.* ***What to do now: Buy.***	**Issue 14:** **2/20/18**	**BOND:** **17.16%** **TOTL:** **11.87%** **FTSL:** **13.30%**	**AGG:** **16.14%**

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: 9.27%	BIL: 3.93%
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: 44.79%	ACWX: 27.33%
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: 19.79%	SPY: 64.14%
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: 26.04% DLS: 11.86%	EFA: 25.76%
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: 176.20%	SPY: 63.58%
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: 66.10%	SPY: 64.87%
"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: 76.65%	EEM: 37.88%

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: 44.27%	IWM: 40.47%
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: 136.30% FINX: 64.88% IPAY: 71.72%	SPY: 56.98%
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: 5.16% USFR: 3.38% SRLN: 12.48% EFR: 21.41%	AGG: 15.26%
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: 68.62% IEME: 51.72% XLC: 65.97% DIS: 63.42%	SPY: 54.57%
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: 28.41% SBIO: 24.76% FXG: 31.26%	SPY: 52.53%

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: 11.20% GNR: 22.94% RLY: 19.95%	DBC: 12.12%
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: 3.67% LDUR: 9.29% MINT: 5.23%	BIL: 2.85%
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: 39.04% PTLC: 31.09%	SH: -45.64%
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: 9.04% MLPA: -3.98% DCP: 3.24% SHLX: 4.59%	SPY: 62.83% AMLP: -5.79%

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: 28.20%	VTV: 34.49%
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: 49.17%/20.49% ITB/VNQ: 103.2%/32.70% DFE: 39.08%	SPY: 59.86%
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: 65.41%	SPY: 68.03%
Preferred Stock ETFs PGF (Invesco Financial Preferred ETF) VRP (Invesco Variable Rate Preferred ETF) PFXF (VanEck Vectors Preferred Securities ex Financials ETF)	*Preferred stocks have massively outperformed the S&P 500 during the October—December correction and barely lagged bonds. With yields of 5% and higher we think preferred stock ETFs present a unique long term opportunity to generate income and reduce volatility in portfolios, while keeping upside exposure.*	1/29/19	PGF: 14.53% VRP: 19.18% PFXF: 20.90%	PFF: 16.82%
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: 22.37% NRG: -19.94% CNP: -11.19%	XLU: 24.89%

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: 50.75% CIBR: 61.68% FTNT: 147.50% CYBR: 18.21%	QQQ: 95.02%
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: -37.12% ACB: -90.15% CGC: -47.93%	SPY: 56.40%
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: 63.87%	SPY: 54.90%
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: 30.76% CCOR: 15.04% JHEQX: 32.86%	SPY: 51.62%

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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: 159.20% ARKG: 153.60% XITK: 93.68%	QQQ: 77.64%
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: 52.47% XBI: 50.28% IHF: 64.73%	XLV: 42.71%
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: 25.24% SPLV: 17.72% EEMV: 22.39% EFAV: 12.59%	SPY: 52.02%
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: 2.90% OHI: 21.48% SCI: 22.77%	SPY: 55.08%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Rate Cut Playbook We wanted to provide both an asset class and stock market sector "playbook" so advisors will know what outperformed, and what underperformed during the last two rate cut cycles. The important part of our research is that we let the numbers, not our assumptions, do the talking and the results were surprising!	***Inside the issue you'll find:*** • *Return tables that show the performance of the major S&P 500 sectors over the last two rate cut cycles. (Returns 12 months following the first cut, and Returns from the first cut to the last cut).* • *Return tables for the major bond market segments over the last two rate cut cycles.* • *We identify the sectors and bond segments that lagged in both cutting cycles (again, the results were surprising) and the sectors that outright outperformed and that relatively outperformed.* • *Finally, we also identified the sectors and segments that were the biggest "losers" during the last two rate cut cycles.*	6/18/19		
How to Responsibly Allocate to Gold GLD (SPDR Gold Trust) SGOL (Aberdeen Standard Physical Gold ETF) GDX (VanEck Vectors Gold Miners ETF) KL (Kirkland Lake) FNV (Franco Nevada Corp)	*Gold was one of the top performers in our "Rate Cut Playbook" and it recently just hit a six year high.* *So, in this issue, we wanted to focus on how advisors can responsibly allocate to gold, because again If this trend continues, gold will continue to outperform the S&P 500, and undoubtedly you will field questions from clients about owning gold.* *Beyond servicing clients, from an alpha standpoint, gold trends incredibly well, and if we are at the start of a multi-year uptrend, the returns can be substantial (gold returned more than 800% from 2001-2011 and outperformed stocks during the last two rate cutting cycles).*	7/2/19	GLD: 33.48% SGOL: 34.19% GDX: 54.68% KL: -0.05% FNV: 75.30%	
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 40.41% SPMO: 34.41% FDMO: 29.86%	SPY: 40.17%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Profit from the Sharing Economy **MILN (The Global X Funds/Millennials Thematic ETF)** **GIGE (The SoFi Gig Economy ETF)**	*Inspiration for the issue came from this comment, which I believe is a profound statement on the next evolution of the economy.* *"Uber, the world's largest taxi company, owns no vehicles. Facebook, the world's most popular media owner, creates no content. Alibaba, the most valuable retailer, has no inventory. And Airbnb, the world's largest accommodation provider, owns no real estate. Something interesting is happening." Tim Goodwin The Batter Is For The Consumer Interface.* *Each of those companies are part of the new "sharing economy."* *In addition to profiling two ETFs, we also created our own "Watch List" of sharing economy companies that describes 1) What they do and 2) How they make money, so you have a clear view of the entire "Sharing Economy" universe.*	**7/30/19**	**MILN:** **59.44%** **GIGE:** **83.94%**	**SPY:** **39.69%**
The Case for REITS **VNQ (Vanguard Real Estate ETF)** **VNQI (Vanguard Global ex-U.S. Real Estate ETF)** **REZ (iShares Residential Real Estate ETF)** **REM (Ishares Mortgage Real Estate ETF)**	*Over the past month, only one sector SPDR had a positive return,* ***and it was Real Estate (XLRE) as it rose 1.75%.*** *And, that underscores what has been a great year for the sector, as XLRE has gained more than 22% YTD and only trails tech (XLK) on a YTD performance basis.* *This strong performance shouldn't come as a surprise.* *The current environment is very positive for REITs, given we're likely looking at 1) More Fed rate cuts and 2) A potentially slowing economy.* *More directly, with greater than 3% yields, positive correlation to rising inflation, and a very solid historical track record through growth slowdowns (with one glaring exception), REITs remain an attractive destination for capital in the current environment.*	**8/16/19**	**VNQ:** **11.13%** **VNQI:** **3.43%** **REZ:** **4.51%** **REM:** **-10.39%**	**SPY:** **45.40%**
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:** **3.37%** **PPA:** **16.76%** **UFO:** **24.26%**	**SPY:** **46.46%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Japanization Playbook **PTCIX (PIMCO Long Term Credit Bond Fund)** **VYM (Vanguard High Dividend Yield ETF)** **PDI (PIMCO Dynamic Income Fund)**	Given the slowing of the global economy, we are now at a fork in the road, where global economic stimulus will either work, like it did in 2016 and spur a big rally, or it will not, like what happened in Japan in the 1990s. We spent an entire *Alpha* issue detailing a what will outperform and underperform in that scenario, so that if it happens, we know what to do.	**9/10/19**	**PTCIX:** **10.34%** **VYM:** **27.77%** **PDI:** **7.11%**	**SPY:** **45.44%**
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:** **171.20%** **FAN:** **72.61%** **ICLN:** **113.10%** **PBW:** **203.10%**	**SPY:** **49.57%**
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:** **45.41%** **FIW:** **47.36%**	**SPY:** **44.26%**

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Outperforming in A Declining Dollar Environment **VGT (Vanguard Information Technology ETF)** **IHI (IShares U.S. Medical Devices ETF)** **EMLC (VanEck Vectors J.P. Morgan EM Local Currency Bond ETF)** **PDBC (Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF)**	If there's going to be a global reflation, then it will likely come with a weaker U.S. Dollar. From early 2017 through early 2018 the dollar declined from over 100 to below 90 (so more than 10%) and that had a significant impact on stocks: The 2017 decline in the dollar resulted in **a 31% gain for the S&P 500** from December 2016 through January 2018. But, the dollar decline also created opportunities for specific sectors and assets classes to handily outperform the S&P 500, and we want to identify those opportunities in three strategies: • Targeted sector exposure via a focus on U.S. Exporters • International ETF Exposure • Commodities Allocations.	**11/5/19**	**Various ETFs Listed in the Issue**	
Closed End Funds **ETG (EV Tax Adv. Global Dividend Inc)** **HTD (JH Tax-Advantaged Dividend Inc)** **PDI (PIMCO Dynamic Income)** **NZF (Nuveen Municipal Credit Income)** **FFC (Flaherty & Crumrine Preferred & Income Sec.)** **RQI (Cohen & Steers Quality Income)**	Closed End Funds (CEFs) are under-utilized compared to ETFs (we explain why in the issue) but CEFs have advantages over ETFs both on a yield and tactical basis – and we think that CEFs can be an effective tool, when integrated into a broader portfolio strategy, that can boost yield and create opportunities to generate alpha.	**12/3/19**	**ETG:** **34.74%** **HTD:** **0.66%** **PDI:** **1.53%** **NZF:** **12.69%** **FFC:** **15.16%** **RQI:** **18.68%**	**SPY:** **39.38%**
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:** **4.11%**	**BIL:** **0.42%**

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:** **29.65%** **XOP:** **3.11%** **LQDH:** **2.72%**	**SPY:** **33.17%**
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:** **23.59%** **VIGI:** **22.22%** **GSIE:** **19.57%**	**ACWX:** **21.30%**
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:** **40.64%** **VBK:** **37.71%** **XSLV:** **-1.84%**	**IWM:** **40.75%**
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:** **22.80%** **SBIO:** **8.79%** **XBI:** **31.34%**	**SPY:** **25.17%**

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:** **24.26%** **CCOR:** **6.99%** **JHEQX:** **27.55%**	**SPY:** **45.73%**
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:** **82.97%** **IBUY:** **183.70%** **JHCS:** **69.30%** **XITK:** **113.50%**	**SPY:** **58.52%**
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:** **68.04%** **SHOP:** **116.70%** **GDDY:** **28.71%** **IPAY:** **80.31%**	**SPY:** **53.70%**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Three Strategies for a "U" Shaped Recovery **Preferreds: PGF (Invesco Financial Preferred ETF)** **Dollar Stores/Fast Food: DG: (Dollar General), DLTR: (Dollar Tree), MCD: McDonalds** **Consumer Staples: RHS (Invesco S&P 500 Equal Weight Consumer Staples ETF).**	Markets are pricing in a pretty high chance of a "V-shaped" economic recovery, but we think it's prudent to have a playbook for a less optimistic, "U-shaped" economic recovery that has the U.S. economy mired in slow growth for some time. So, in this issue, we wanted to identify proven sectors and stocks that are likely to thrive if the economic recovery is more restrained, i.e. U-shaped. The following research achieves that goal by identifying areas that have proven resilient under previous recessions and periods of slow growth, and are likely to continue to thrive in that environment.	**5/5/2020**	**PGF:** **6.25%** **DG:** **15.70%** **DLTR:** **29.65%** **MCD:** **30.05%** **RHS:** **24.90%**	**SPY:** **46.76%**
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:** **0.61%** **FTSD:** **-0.32%** **IGSB:** **1.76%**	**SHY:** **-0.42%**
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:** **35.87%** **DGRO:** **32.80%** **TDIV:** **37.99%**	**SPY:** **36.33%**

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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:** **48.78%** **MRVL:** **37.17%** **QRVO:** **65.18%** **FIVG:** **35.83%**	**SPY:** **37.57%**
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:** **35.29%** **FEZ:** **33.27%**	**VTV:** **40.07%**
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:** **14.41%** **GERM:** **16.49%**	**SPY:** **32.20%**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
<u>What Outperforms in a Declining Dollar Environment</u> **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: 29.46%** **FXE: 3.44%** **GDX: 1.76%**	**SPY: 27.68%**
<u>Ideas for When There's a COVID Vaccine Annoucement</u> **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 <u>outsized beneficiaries of a "return to normal"</u> that likely will follow a successful vaccine** • **That are <u>trading at historic discounts</u> due to COVID 19 fallout and** • **Were <u>good businesses before COVID 19</u>, and likely will**	**8/25/2020**	**JETS: 55.08%** **PEJ: 47.62%** **KBE: 74.84%** **REZ: 33.89%**	**SPY: 23.46%**
<u>Opportunities in the Electric Vehicle Battery Industry</u> **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, <u>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.</u> 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 – <u>because battery capacity remains the key to the growth of the</u>	**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:** **-1.76%** **LULU:** **-2.98%** **BRBR:** **39.74%** **BFIT:** **31.20%** **MILN:** **31.18%**	**SPY:** **26.35%**
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:** **34.96%** **VTV:** **31.77%** **RPV:** **54.73%**	**SPY:** **24.90%**
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**	**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:** **23.38%** **BLOK:** **52.15%** **ARKW:** **2.51%**	**SPY:** **14.68%**

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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:** **9.03%** **XITK:** **0.99%** **IPAY:** **8.58%** **FIVG:** **10.84%** **LIT:** **21.43%**	**SPY:** **13.67%**
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:** **4.12%** **NEE:** **-7.71%**	**SPY:** **11.26%**

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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:** **14.63%** **FDL:** **14.86%** **RPV:** **23.94%**	**SPY:** **9.80%**
Market Myth Busting	• **Investment Myth 1: Investing and Politics Go Hand in Hand.** • **Investment Myth 2: Modern Monetary Theory Is A Reason to Get Out Now.** • **Investment Myth 3: Getting Out Because the Market is in a Bubble.** • **Investment Myth 4: Rising Rates Are Going to Wreck My Portfolio.** • **Investment Myth 5: The Falling U.S. Dollar Is Eroding My Purchasing Power.**	**2/9/2021**		
Inflation Playbook **Core Inflation Plays (SGOL/PDBC/GNR/RLY)** **U.S. Sector Opportunities (RTM/RGI)** **Income Opportunities (BKLN/JAAA/STIP)**	Today's issue is focused on inflation because suddenly accelerating inflation could be a game-changer for many investors and advisors, **and we want to arm you with the best-in-class tools to combat inflationary effects in your portfolios.** Point being, higher inflation is almost certainly coming in the future, and **I wanted to take this Alpha issue to provide a clear, decisive "Inflation Playbook" that we can keep and reference for when statistical inflation starts to accelerate.**	**2/23/2021**	**PDBC:** **1.53%** **GNR:** **1.41%** **RTM:** **2.54%** **JAAA:** **0.03%**	**SPY:** **-0.50%**
ARK Invest ETFs **ARKK (ARK Innovation ETF)** **ARKG (ARK Genomic Revolution ETF)** **ARKW (ARK Next Generation Internet)** **ARKF (ARK Fintech Innovation ETF)** **ARKQ (ARK Autonomous Technology & Robotics ETF).**	I wanted this Alpha issue to provide an updated "deep dive' into the ARK Invest ETF offerings, because even considering their huge returns over the past few years, I still believe now what I believed when we first recommended them: **That these ETFs are "one-stop shopping" for investors get targeted exposure to the leading edge of the technology growth curve, and that investors should have exposure to the technologies in which ARK ETFs invest because the long term return potential is extreme.**	**3/9/2021**	**ARKK:** **2.47%** **ARKG:** **5.01%** **ARKW:** **2.13%** **ARKF:** **2.91%** **ARKQ:** **2.98%**	**QQQ:** **2.44%**

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
What Should I Buy on This Tech Decline? **Invesco S&P 500 Equal Weight Technology ETF (RYT).** **VanEck Vectors Semiconductor ETF (SMH).** **First Trust NASDAQ Technology Dividend Index Fund (TDIV).**	If a client comes to you and asks, "What Should I Buy on this Tech Decline?" we want to make sure you have a set of ETFs that provide exposure to **solid, proven tech companies that aren't trading at sky-high valuations** because for the last several decades buying core, large cap tech stocks on any sustained underperformance has been a very profitable long-term strategy.	3/23/2021	RYT: 5.55% SMH: 8.79% TDIV: 4.16%	SPY: 2.84%
Sector Winners and Losers from the Democratic Policy Agenda **Global X Millennials Thematic ETF (MILN)** **Vanguard Tax-Exempt Bond ETF (VTEB)** **Global X U.S. Infrastructure Development ETF (PAVE)** **First Trust NASDAQ Clean Edge Green Energy Index Fund (QCLN)**	Throughout most of the first quarter, markets embraced Democrat control of the government because it meant massive stimulus, and that expectation has been met. However, now the focus is turning to less growth-friendly policies, including potentially higher taxes and increased regulation. While these policies will impact the markets broadly, they'll also impact specific sectors even more than the broad markets. So, we want to arm you with the tools for identifying and deploying to areas of the market that should experience positive effects during this political environment, and know which sectors stand to get hurt given potential policies from Washington.	4/6/2021	MILN: 1.08% VTEB: 0.77% PAVE: 0.67% QCLN: -6.88%	SPY: 2.08%
Four Small Cap ETFs for the Economic Recovery **Invesco S&P Small Cap Consumer Discretionary ETF (PSCD)** **First Trust Consumer Staples AlphaDex Fund (FXG)** **Invesco S&P SmallCap 600 Revenue ETF (RWJ)** **iShares Morningstar Small-Cap Value ETF (ISCV)**	Much of the "economic reopening trade" has been focused on large travel and leisure companies, and many of those names have seen huge gains over the past year. But they are now saddled with massive debts and ballooning capital structures that could be headwinds on investor returns going forward. **Many smaller stocks, however, were able to utilize government programs (PPP and others) to recapitalize healthily over the past year and those that have survived to this point are now in an extremely favorable position to capture future opportunities as the economy reopens.** So, we want to make sure you know which ETFs can give you exposure to quality small-cap companies that are 1) Financially sound, 2) Exited the pandemic with their business intact, 3) Stand to benefit from an acceleration in the economy, and 4) Could see earnings surge as the economic reopening continues.	4/20/2021	PSCD: 6.43% FXG: -0.23% RWJ: 6.18% ISCV: 5.29%	IWM: 3.44%

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
The Crypto Craze Updated **Grayscale Bitcoin Trust (GBTC)** **Grayscale Ethereum Trust (ETHE)** **Coinbase Global (COIN)** **Voyager Digital (VYGVF)**	If you are like me, you have seen interest in the entire crypto space increase over the past several months. So, we wanted to take this Alpha issue **to provide an updated primer on the crypto industry and ensure you have got the advisor-focused research you need to turn any crypto-related client or prospect conversations into opportunities to grow your business.**	**5/18/2021**	**GBTC:** **-14.08%** **ETHE:** **-21.43%** **COIN:** **0.95%** **VYGVF:** **6.12%**	**SPY:** **2.02%**