# SEVENS REPORT *alpha*

*September 7, 2022*

## In Today's Issue

- What if this was just a bear market rally? That's the question that provided the inspiration for today's issue, as we wanted to investigate the sectors, strategies, stocks, and ETFs that outperformed during the first six months of 2022. This analysis serves as a potential blueprint for how to outperform if the last four months of 2022 look like the first six months of 2022. Notably, we excluded the energy sector from this analysis because its massive outperformance was primarily driven by geopolitics, and we don't want to assume we see another geopolitical conflict in the remaining months of 2022.
- **Strategy 1: Equal Weight Utilities. Invesco S&P 500 Equal Weight Utilities ETF (RYU).** RYU takes the same 30 stocks in XLU but equal weights the holdings. That results in a lower P/E (18X for RYU vs. 26X for XLU), the same yield (2.3%), and better performance (up 6.95% YTD vs. 4.79% for XLU).
- **Strategy 2: High Dividends & Low Volatility. Invesco S&P 500 High Dividend Low Volatility ETF (SPHD).** SPHD contains 50 stocks from the S&P 500 that have a history of high dividends and low volatility. SPHD has a 4.35% yield and has declined just 3.6% YTD.
- **Strategy 3: The Best-Performing S&P 500 Stocks YTD (Excluding Energy).** Understanding some clients may want individual stock exposure, we identified the best-performing stocks through the first six months of 2022.
- **Strategy 4: Floating Rates. WisdomTree Floating Rate Treasury Fund (USFR).** USFR was the best-performing pure government bond fund in the first half of 2022 with a total return of 0.72%. USFR went from paying no dividend at the start of 2022 to having a 2.4% yield at today's prices.

## Repositioning for Another Rollover

The first half of the year was characterized by an orderly stair-step decline in risk assets and capped off by a "whoosh" in June as the major indexes hit bear market territory. The collective washout in the global equity markets near the midpoint of 2022 was the exact type of event that was needed to shake out the weak hands and establish a tradeable low in stocks. We have since added nearly 300 points to the S&P 500 Index in what has been a tenuous rally, and one that took a decided turn lower in the week following Fed Chairman Jerome Powell's Jackson Hole speech.

The initial test and failure to re-capture the 200-day trend line is a negative indicator for those that worship at the altar of technical analysis. In fact, much of this year has been characterized by textbook markers of price action befitting a bear market. Contributing factors to this price action include fundamental inflationary headwinds, Federal Reserve monetary policy tightening, and an uncertain geopolitical landscape. It's the perfect storm for an elongated period of stock market volatility that could continue through the remainder of 2022.

What's become obvious is that economic conditions are not going to get much rosier anytime soon. In those remarks at the Jackson Hole Economic Symposium, Powell re-iterated his intention to stamp out inflation at all costs by stating "we must keep at it until the job is done." That spells a recipe for additional rate hikes and further unwinding of the Fed's balance sheet over the next several quarters.

After watching stocks rally from their lows, advisors now are able to reassess how their portfolios performed through not only the washout low in June, but also the relief rally in July and August. That data should provide a solid indicator of whether you need to make meaningful changes in the pursuit of capital protection or if you're already on the right side of the major benchmarks.

Our goal with this report is to provide you with the investment tools that performed best during the first half of 2022. That way you can evaluate whether it's prudent to shift a portion of your portfolio towards these themes as a function of rebalancing your risk scales to more conservative footing.

The caveat is that we are intentionally excluding the energy sector from our data set. It's our belief that this sector experienced the perfect tailwind of the Russia/Ukraine conflict, favorable currency factors, outsized global weather events, and other structural influences that led to its wide outperformance. Could it once again outperform in the second half of 2022? Absolutely. However, the risks of jumping on energy now near its extreme sentiment highs (despite the recent pullback) is such that we can't justly recommend it as a pure defensive strategy. If the air comes out of that balloon on a fundamental level, it's going to do so through a massive repositioning event that leaves latecomers holding the bag.

## Investment Idea 1: Equal Weighted Utilities

The exclusion of the energy sector is a clarifying factor for the markets because this was the only group to post positive returns through the first half of the year. The sector that experienced the worst performance over this six-month span was consumer discretionary, which notched a 32% decline as measured by XLY. Fortunately, there was enough distinction in one non-cyclical sector that provides us with the foundation for a smart-beta investment play if the markets are destined to roll over once again.

The utility sector managed to diverge from the broader market indexes starting in March, which allowed many of these stocks to build a cushion of relative strength as volatility increased. The Utility Select Sector SPDR (XLU) closed just below the flat line on a total return basis through June, which was the second-best performing U.S. sector overall. This comes as no surprise given the stability of their business models and historically defensive characteristics.

It's probable that this basket of S&P stocks will continue to demonstrate relative alpha if we see further deterioration in economic conditions. However, there are characteristics in the construction of the XLU portfolio that may work against it in this market. Chiefly, the top-heavy weighting of its stock allocations. The five largest stocks in the XLU portfolio account for more than 43% of the total assets due to the market-cap driven index methodology.

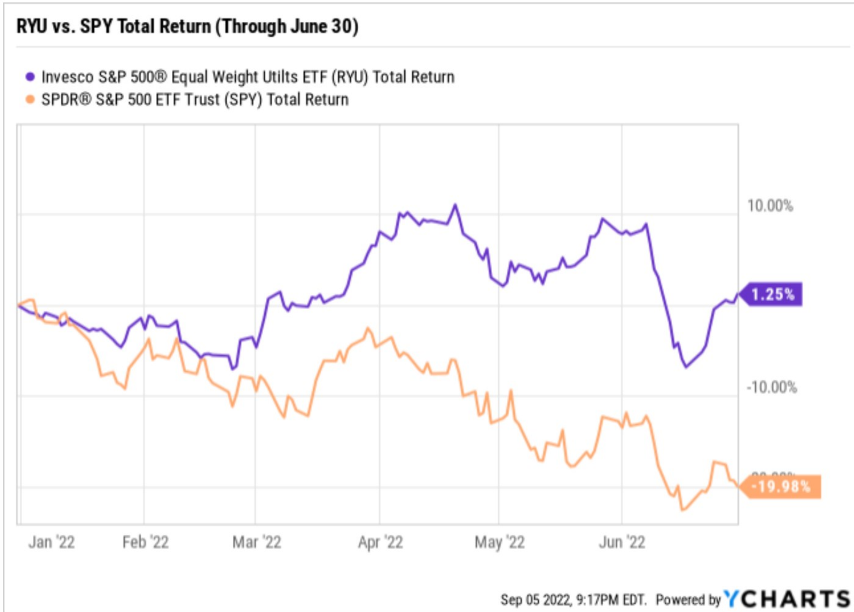
One of the ways that investors can avoid this factor and enhance portfolio diversification is by selecting the **Invesco S&P 500 Equal Weight Utilities ETF (RYU)**. This ETF takes the same 30 stocks in XLU and equal weights them with quarterly rebalancing to ensure a level distribution of capital. Each individual holding represents approximately 3.4% of the fund's total assets at every reset date. This structure allows for smaller stocks in the portfolio to contribute more towards the overall performance of the fund. The weighted average market cap in RYU is $34 billion as compared to $66 billion in XLU.

Another interesting dynamic of this rebalancing is how it affects the combined fundamentals of the basket. RYU sports a price-to-earnings (P/E) ratio of 18x as compared to 26x in XLU. This lower relative value score is indicative of more untapped potential in the equal-weighted basket of holdings. The fund also sports a 30-day SEC yield of 2.49%, which is similar to that of its market-cap weighted benchmark.

The performance of RYU has been attractive in this environment as well. The fund managed to gain 1.25% in the first six months of the year. While that doesn't sound all that attractive in absolute terms, it's indicative of the structural components working successfully to enhance shareholder returns. Moreover, that performance trounced the total return of the SPDR S&P 500 Trust (SPY) over that same period of -19.98% (see chart Pg. 3).

Clients are going to be looking for any type of win in this bear market environment and a fund such as RYU provides a sector-specific way of lowering volatility and enhancing income. The focus on smaller stocks, particularly those that are investing heavily in renewable energy, is a strategic advantage to this ETF as well. It will integrate well alongside diversified core holdings to provide a steady equity presence while still maintaining correlation with the broader market.

RYU has built a successful track record dating back to its inception in 2006 and has more than $440 million in assets under management. Furthermore, its 0.40% expense ratio is reasonable for a smart-beta investment tool with regular index rebalancing features. Daily trading volume also is steady enough for us to feel confident in its use case for all advisor portfolios.




Those advisors that are looking to shift more of their holdings away from cyclical industries would be well-served to consider this fund as a suitable replacement. This is particularly relevant for those that believe the economic contraction will be prolonged and choppy conditions are likely to persist into 2023.

## Investment Idea 2: High Dividends, Low Volatility

Many of the popular "high dividend" ETFs have started to skew towards larger allocations in the energy sector because of the significant increase in market value among this group. A peek through the top holdings of the Vanguard High Dividend Yield Index Fund (VYM) and the iShares Core High Dividend ETF (HDV), for instance, reveals exposure to Exxon Mobil and Chevron Corp in substantial quantities. That isn't necessarily a bad thing if you want to own a wide array of dividend payers regardless of sector makeup. However, those broad portfolios (even with the energy stocks) didn't demonstrate meaningful outperformance during the first half of the year.

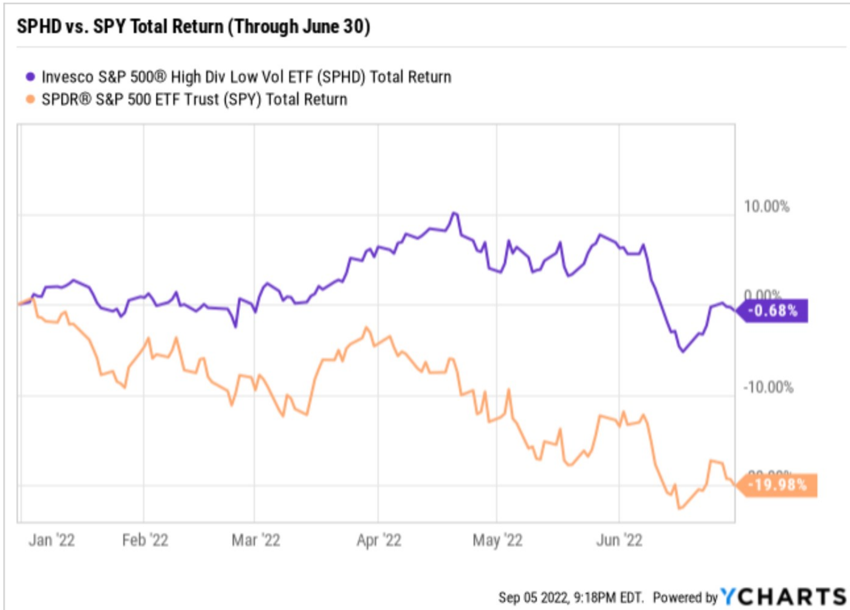
It took a specialized portfolio of dividend stocks focused on the most conservative sectors to truly shine during this rough period. That manifested in a fund we have previously spotlighted as being a standout in the crowded field of equity income strategies.

The **Invesco S&P 500 High Dividend Low Volatility ETF (SPHD)** is composed of 50 securities traded in the S&P 500 Index that historically have provided high dividend yields and low volatility. SPHD leans on many of the same screening traits that makes low volatility indexes so successful in identifying stocks within the benchmark index demonstrating minimal price fluctuations over the preceding 12 months. It then takes it a step further by narrowing the field to stocks with above-average dividend yields.

This two-pronged approach creates a strong value tilt to the portfolio that emphasizes utilities, consumer staples, health care, and real estate sectors. There is minimal exposure to technology, industrials, and financials. It should also be noted that holdings within the SPHD portfolio are equally weighted to provide a level distribution of capital throughout the basket. The fund and the Index are rebalanced and reconstituted semi-annually, in January and July.

The income focus of SPHD is impressive with a combined 30-day SEC yield of 4.35% at today's prices. Additionally, income is paid monthly to shareholders, which is an attractive quality for income hungry clients that enjoy a steady stream of dividends. Most equity-income ETFs pay quarterly dividends as part of their payout structure.

The risk-averse environment in the first half of 2022 has genuinely played to the sector strengths of SPHD. The fund managed to just barely fall below the flat line year to date through June 30, much better than the big decline in the S&P 500 Index. That real-world relative strength differential is comforting for those that want to own a basket of large-cap U.S. stocks with far less volatility than the overall market.




With an asset base of nearly $3.8 billion and an expense ratio of 0.30%, it's easy to see how SPHD would integrate well as a core equity-income holding. It can replace conventional market-cap weighted benchmarks and still maintain correlation to broader market trends over the next several months. Furthermore, its monthly income stream and value tilt make it an attractive low volatility solution to combat the disruptive effects of any deflationary waves that may develop over that time frame.

Where this fund will lag is when conditions shift back to favoring high momentum growth stocks. That is the broadest risk to underperformance when choosing a tightly focused group of companies with similar characteristics. Fortunately, the benefits outweigh those risks in the near term given the structural economic forces currently in play.

## Investment Idea 3: Top S&P 500 Stocks YTD

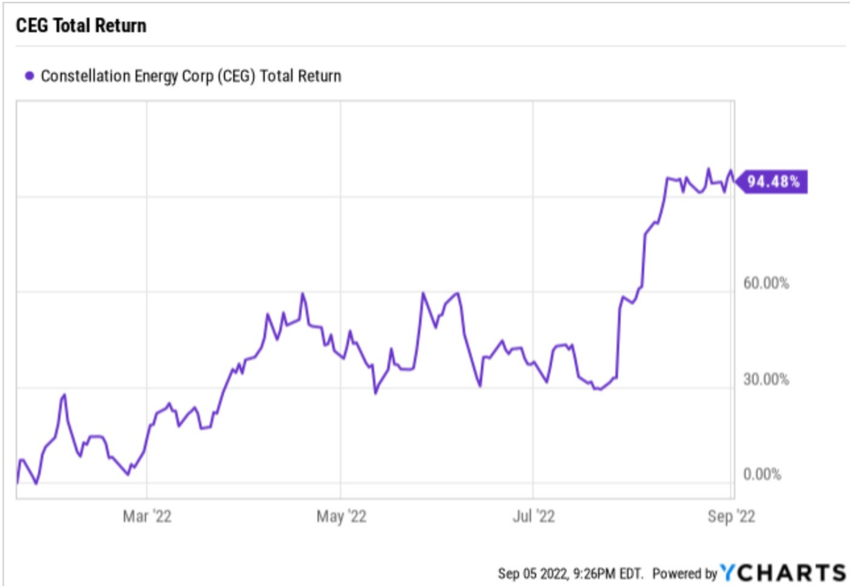
| Symbol | Name | YTD (June) | Sector | Industry |
|---|---|---|---|---|
| CEG | Constellation Energy Corp | 37.12% | Utilities | Utilities - Renewable |
| MCK | McKesson Corp | 31.64% | Healthcare | Medical Distribution |
| VRTX | Vertex Pharmaceuticals Inc | 28.32% | Healthcare | Biotechnology |
| BMY | Bristol-Myers Squibb Co | 26.37% | Healthcare | Drug Manufacturers - General |
| WRB | WR Berkley Corp | 25.75% | Financial Services | Insurance - Property & Casualty |
| NOC | Northrop Grumman Corp | 24.59% | Industrials | Aerospace & Defense |
| LMT | Lockheed Martin Corp | 22.57% | Industrials | Aerospace & Defense |
| CF | CF Industries Holdings Inc | 22.09% | Basic Materials | Agricultural Inputs |
| MRK | Merck & Co Inc | 21.00% | Healthcare | Drug Manufacturers - General |
| MOS | The Mosaic Co | 20.76% | Basic Materials | Agricultural Inputs |
| TAP | Molson Coors Beverage Co | 19.31% | Consumer Defensive | Beverages - Brewers |
| LLY | Eli Lilly and Co | 18.27% | Healthcare | Drug Manufacturers - General |
| HII | Huntington Ingalls Industries Inc | 18.06% | Industrials | Aerospace & Defense |
| ATVI | Activision Blizzard Inc | 17.73% | Communication Services | Electronic Gaming & Multimedia |
| TMUS | T-Mobile US Inc | 16.00% | Communication Services | Telecom Services |

Looking at some of the major averages or benchmarks can provide valuable context on the market's overall direction and temperament. However, we are always cognizant that it's a market of stocks, not a stock market. At the end of the day, there are going to be many clients or portfolios that want to own individual companies to capitalize on fundamental business dynamics that can't be replicated en masse.

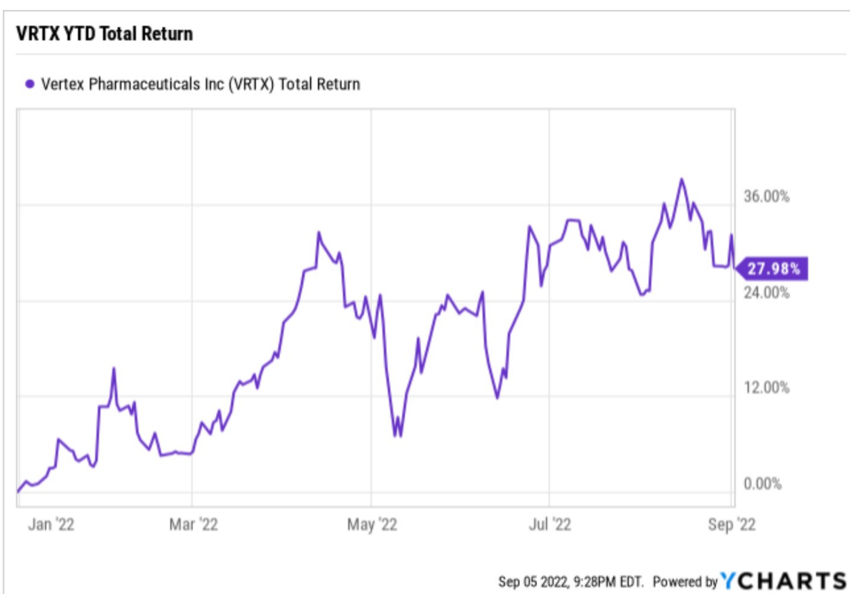
With that angle in mind, we looked at the large-cap S&P 500 Index and drilled down to the stocks that performed best over the first six months of the year. This provided an eclectic mix of 15 companies with more diversity characteristics than you would initially expect. In fact, if you were to package these stocks into a 2022 Thematic ETF, it wouldn't be a bad little portfolio in terms of its end-to-end sector dispersion. Remember that we excluded pure energy stocks from this data set as part of our strategy tilt.

The number one overall performer in this group is **Constellation Energy Corp (CEG)**, the nation's largest producer of carbon-free energy. This stock was spun off from Exelon Corporation in early 2022 to create a standalone clean electricity provider. The company produces enough power for up to 20 million homes through nuclear, wind, solar, natural gas, and hydropower solutions. It expects to reduce its carbon footprint even further from 90% of annual output to 100% of output by 2040.

CEG is the type of utility provider that stands to massively benefit from the ongoing regulation and government investment in cleaner energy standards through the Inflation Reduction Act of 2022. Clearly, investors are throwing their support behind this growth opportunity as the strengthening momentum has continued through the entirety of this year. CEG now stands at a $26 billion market cap with the expectation of gross revenue surpassing $20 billion this year.




Another company on the upper end of this list that is still showing attractive fundamental characteristics is **Vertex Pharmaceuticals Inc (VRTX)**. This $76 billion health care powerhouse engages in biotechnology research that specializes in small molecule drugs for patients with serious diseases. This includes the development of therapies for cystic fibrosis, infectious diseases and viruses, as well as autoimmune diseases such as rheumatoid arthritis and cancer.




The company reported a record gross revenue in 2021 of $7.6 billion with a healthy net income of $2.34 billion. Their recent quarterly earnings releases signal continued growth in sales and gross margins as well. The fact that this biotech stock runs in such a healthy financial condition is one of the reasons it's a top pick in this market environment. They are sitting on a growing cash pile that most large-cap stocks would be envious of even in the best of times. That is why the stock has a measurable beta of 0.84 versus the S&P 500 Index and is still trading at a reasonable price-to-earnings ratio of 23x.

The chart here shows the uptrend of VRTX as it continues to stair step higher in 2022. Its total return year-to-date is 27.98% and it trades just below its 52-week highs on its appreciation journey. Buying this stock on a pullback has been a solid trading strategy this year that continues to reward new investors.

Our advice when filtering through this list is to pay attention to not only the chart patterns of these stocks, but also their intrinsic fundamentals. Many are trading at extended earnings or sales ratios that may prove prohibitive for new money at this juncture. Watching for data points such as dividend yield, beta to the market (volatility metric), or other value-centric factors will provide a solid foundation for a successful outcome using these individual stocks.

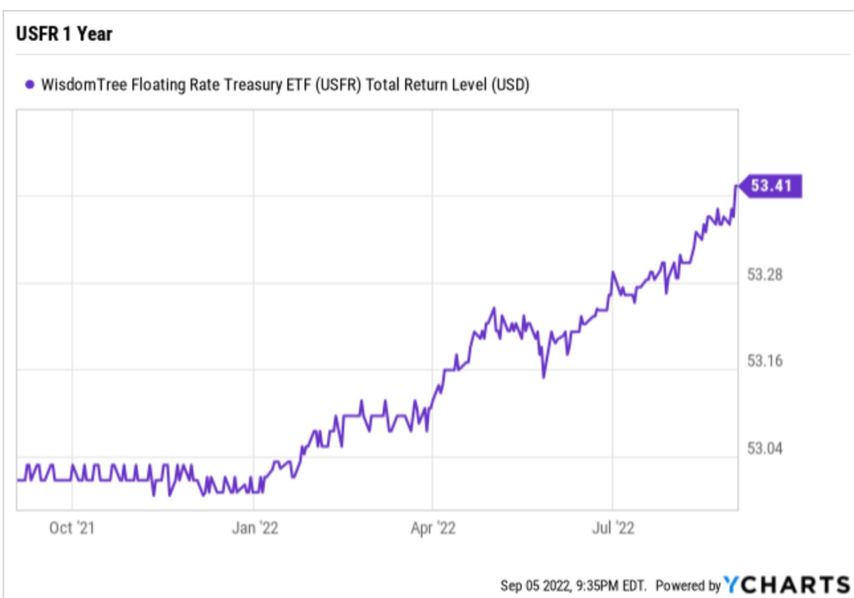
Furthermore, it's always a great strategy to select companies from varying sectors to increase your diversification profile. Talking with clients about the merits of these stocks and how their qualities will provide a uniquely positive impact to the portfolio is always a great first step.

## Investment Idea 4: Floating Rate Treasury Bonds

The bond market felt some serious pain in the first half of 2022 as economic conditions deteriorated from the accommodative debt environment that has been a hallmark of the last decade. Rising inflationary statistics were just the first headwind that is now accompanied by aggressive interest rate hikes on the front end of the yield curve. With the expectations of a slowing economy holding long-term market rates steady, we are now in a state of flat-to-inverted Treasury yields that is playing havoc for conventional aggregate or intermediate-term bond funds. Many of these once-steady vehicles are falling just as fast as some stocks in this market.

The reality is that the Fed has committed to hiking rates until it can break the inflation spiral. That's providing the first real taste of meaningful new yield for ultra-short term bond funds, money market funds, and other cash-like instruments. There is also a little-known investment vehicle that has been patiently waiting for years for just this type of environment.

The **WisdomTree Floating Rate Treasury Fund (USFR)** is a $7.7 billion basket of U.S. government floating rate notes designed to rise or fall with short-term interest rates. These unique notes are priced at a spread over 3-Mo Treasury Bills, so they swiftly increase their yields as the Federal Reserve stair-steps the FOMC rate higher. WisdomTree describes these instruments in the following manner:




*Although floating rate Treasuries make payments to holders each quarter, the size of these payments is based on a rate that is reset daily in reference to a rate that is determined weekly. This reference rate is based on the high yield determined at the weekly auction of 13-week Treasury Bills, which is generally held every Monday.*

*Therefore, if yields at the Treasury Bill auction rise week to week, investors could receive greater compensation than with a fixed coupon payment from a traditional fixed-income investment. This reset frequency also helps mitigate price fluctuations in floating rate notes compared to fixed income bonds of similar maturities.*

USFR was the best-performing pure government bond fund in the first half of 2022 with a total return of 0.72%. The fund went from paying essentially no dividend at the start of the year when Treasury bills were ineffective, to a 30-day SEC yield of 2.40% at today's prices. The rapid climb in monthly income has been driven by the spike in interest rates and expectations for additional bumps on the horizon.

The benefits to owning USFR are:

1) You own direct exposure to "AAA"-rated U.S. government debt rather than the mixed components of a money market fund or below investment grade rating of conventional floating rate note funds.

2) The expense ratio is a paltry 0.15% making for one of the cheapest ultra, ultra-short bond vehicles available. Even money market funds carry expense ratios that can range from 0.40% to 0.75%.

3) You get the immediate boost in income from any upward moves on the foremost end of the yield

curve. USFR sports an effective duration of 0.02 years.

The combination of these factors is readily apparent in the price action of USFR in the chart on page 6. The fund has steadily climbed throughout the year and just recently hit new 52-week highs in August.

This fund would be well suited as a potential replacement for assets in intermediate-term bonds that have underperformed expectations. It also would work well as a yield-enhancing vehicle for additional money that is sitting on the sidelines waiting for new equity opportunities.

The high-quality nature of the USFR portfolio combined with the low carrying costs make for an attractive safety option for all portfolio types.

The largest risk in owning this fund is that the Fed eventually reverses course and starts cutting rates again. That would have the exact opposite effect of dampening yield and discounting the advantage of the floating rate component versus fixed-coupon bonds. We don't foresee that as a near-term peril, but it is one that you will have to keep in mind over time.

## Conclusion

We never advocate for complete disruption of your portfolio by shifting to a pure bear market strategy. However, many of the stocks and funds on this report may fill holes in your existing allocations if you have been making incremental changes or have been sitting on an elevated cash position for an extended period.

It's also prudent to continually evaluate your portfolio risk targets as well as your clients' capacity for risk in the markets to ensure both are aligned correctly.

If you start to see that your clients are becoming agitated with volatility, it may be time to consider some of these investment vehicles as tools to combat their anxiety.

Best,

Tom

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **Index Rebal**<br>**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.*<br>***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:<br>8/17/17<br>8/24/17 | KWEB:<br>21.46%<br>(closed) | ACWX:<br>6.93%<br>(through KWEB close date) |
| **Smart Beta Pioneer**<br>**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.*<br>***What to do now: Buy.*** | Issue 2:<br>9/7/17 | RSP:<br>72.37% | SPY:<br>63.40% |
| **Self-Driving Car Basket**<br>**SNSR (Global X Internet of Things ETF)**<br>**ROBO (ROBO Global Robotics & Automation Index ETF)**<br>**AMBA (Ambarella)**<br>**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.*<br>*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.*<br>***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:<br>9/21/17 | SNSR:<br>47.70%<br>ROBO:<br>19.09%<br>AMBA:<br>34.72%<br>QCOM:<br>23.20%<br>(closed) | SPY:<br>70.23%<br>SPY:<br>19.93%<br>(through QCOM close date) |
| **Electric Car Battery Plays**<br>**LIT (Global X Lithium & Battery Tech ETF)**<br>**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.*<br>*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.*<br>***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:<br>9/21/17 | LIT:<br>107.00%<br>ALB:<br>110.40% | SPY:<br>70.23% |
| **Dividend Growth**<br>**DIVY (Reality Shares DIVS ETF)**<br>**REGL (ProShares S&P MidCap 400 Dividend Aristocrats ETF)**<br>**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.*<br>*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.*<br>***What to do now: Buy.*** | Issue 4:<br>10/4/17 | REGL:<br>47.59%<br>SMDV:<br>15.68% | AGG:<br>1.65%<br>MDY:<br>40.15%<br>IWM:<br>26.36% |
| **Merger Arbitrage**<br>**GABCX (Gabelli ABC Fund)**<br>**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.*<br>*GABCX and MNA are the two best-performing—and cheapest—options to invest in this space.*<br>***What to do now: Buy.*** | Issue 5:<br>10/17/17 | GABCX:<br>9.09%<br>MNA:<br>5.44% | AGG:<br>1.46% |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **Special Dividends**<br>**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.*<br>***What to do now: Buy (multiple ways to implement in issue).*** | **Issue 6:**<br>**10/31/17** | **Basket of stocks (avg.):**<br>**7.37%** | **50% SPY/50% AGG:**<br>**3.77%** |
| **Global Value**<br>**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.*<br>***What to do now: Buy.*** | **Issue 9:**<br>**12/12/17** | **GVAL:**<br>**-13.89%** | **ACWX:**<br>**0.02%** |
| **"Backdoor" Hedge Fund Investing**<br>**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.*<br>***What to do now: Buy (multiple ways to implement in issue).*** | **Issue 10:**<br>**12/27/17** | **Basket of stocks (avg.):**<br>**-5.09%** | **50% SPY/50% AGG:**<br>**1.30%** |
| **EM & FM Bonds**<br>**EMB (iShares JPM USD Emerging Markets Bond ETF)**<br>**EMLC (VanEck JPM EM Local Currency Bond ETF)**<br>**EBND (SPDR Bloomberg Barclays Emerging Markets Local Bond ETF)**<br>**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.*<br>*EMB (emerging market debt hard currency), EMLC/EBND (emerging market debt local currency), and AGEYX (actively-managed frontier market debt) are all attractive options.*<br>***What to do now: Buy.*** | **Issue 11:**<br>**1/9/18** | **EMB:**<br>**-10.21%**<br>**EMLC:**<br>**-19.22%**<br>**EBND:**<br>**-19.13%**<br>**AGEYX:**<br>**2.84%** | **AGG:**<br>**1.92%** |
| **"Blockchain" Investing**<br>**BLOK (Amplify Transformational Data Sharing ETF)**<br>**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.*<br>***What to do now: Buy (multiple ways to implement in issue).*** | **Issue 12:**<br>**1/16/18** | **BLOK:**<br>**18.15%**<br>**BLCN:**<br>**10.88%** | **SPY:**<br>**52.22%** |
| **"Active" Bond ETFs**<br>**BOND (PIMCO Active Bond ETF)**<br>**TOTL (SPDR DoubleLine Total Return Tactical ETF)**<br>**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.*<br>*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.*<br>***What to do now: Buy.*** | **Issue 14:**<br>**2/20/18** | **BOND:**<br>**3.17%**<br>**TOTL:**<br>**0.82%**<br>**FTSL:**<br>**11.81%** | **AGG:**<br>**3.61%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **Cash Alpha**<br>**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.*<br>***What to do now: Buy (Max is also an excellent cash management solution).*** | **Issue 15:**<br>**3/6/18** | **FPNIX:**<br>**6.27%** | **BIL:**<br>**4.27%** |
| **Index Rebal**<br>**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.*<br>***What to do now: Buy.*** | **Issue 16:**<br>**3/20/18** | **KBA:**<br>**5.75%** | **ACWX:**<br>**-2.43%** |
| **Anti-Trade War**<br>**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.*<br>***What to do now: Buy.*** | **Issue 18:**<br>**4/17/18** | **QABA:**<br>**6.40%** | **SPY:**<br>**55.44%** |
| **Foreign Small Caps**<br>**VSS (Vanguard FTSE All-World ex-US Small-Cap ETF)**<br>**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.*<br>***What to do now: Buy.*** | **Issue 19:**<br>**5/1/18** | **VSS:**<br>**-4.86%**<br>**DLS:**<br>**-13.31%** | **EFA:**<br>**-1.35%** |
| **Disruptive Innovation**<br>**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%!*<br>***What to do now: Buy.*** | **Issue 20:**<br>**5/15/18** | **ARKK:**<br>**0.56%** | **SPY:**<br>**54.94%** |
| **Buybacks**<br>**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.*<br>***What to do now: Buy.*** | **Issue 21:**<br>**5/29/18** | **PKW:**<br>**51.32%** | **SPY:**<br>**56.17%** |
| **"FANG and Friends" of Emerging Markets**<br>**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).*<br>***What to do now: Buy.*** | **Issue 23:**<br>**6/26/18** | **EMQQ:**<br>**-17.55%** | **EEM:**<br>**-2.99%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Micro Caps<br>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.*<br>*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:<br>7.34% | IWM:<br>11.01% |
| The Future of Consumer Spending<br>IBUY (Amplify Online Retail ETF)<br>FINX (Global X FinTech ETF)<br>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:<br>-14.07%<br>FINX:<br>-11.96%<br>IPAY:<br>2.80% | SPY:<br>48.51% |
| Floating Rate Funds<br>FLOT (I-Shares Floating Rate Bond ETF<br>USFR (Wisdom Tree Floating Rate Treasury Fund)<br>SRLN (SPDR Blackstone / GSO Senior Loan ETF<br>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.*<br>*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:<br>5.27%<br>USFR:<br>4.16%<br>SRLN:<br>10.32%<br>EFR:<br>10.81% | AGG:<br>2.86% |
| Content Is King<br>PBS (Invesco Dynamic Media ETF)<br>IEME (Ishares Evolved U.S. Media & Entertainment ETF)<br>XLC (Communications services SPDR)<br>DIS (Disney) | *How generational changes in the cable TV industry are presenting massive long-term growth potential (think NFLX's 4000% return since 2012).*<br>*Industry Primer: How the cable industry is changing from a service-based business, to a content-based business.* | 8/20/18 | PBS:<br>16.27%<br>IEME:<br>13.05%<br>(Closed)<br>XLC:<br>13.27%<br>DIS:<br>-0.02% | SPY:<br>46.73% |
| Momentum & Value<br>PSCH (PowerShares S&P SmallCap Health Care Portfolio)<br>SBIO (ALPS Medical Breakthroughs ETF)<br>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.*<br>*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:<br>-4.33%<br>SBIO:<br>-16.17%<br>FXG:<br>38.57% | SPY:<br>44.20% |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **Commodities**<br>PDBC (Invesco Optimum Yield Diversified Commodity Strategy No K-1)<br>GNR (SPDR S&P Global Natural Resources ETF)<br>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:<br>48.51%<br>GNR:<br>24.70%<br>RLY:<br>30.89% | DBC:<br>50.01% |
| **Short Duration Bond ETFs**<br>MEAR (IShares Short Maturity Municipal Bond ETF)<br>LDUR (PIMCO Enhanced Low Duration Active ETF)<br>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.*<br>*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:<br>3.19%<br>LDUR:<br>4.40%<br>MINT:<br>3.48% | BIL:<br>3.19% |
| **Bear Market Strategies**<br>USMV (I-Shares Edge MSCI Minimum Volatility USA ETF)<br>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:<br>39.39%<br>PTLC:<br>35.04% | SH:<br>-45.19% |
| **Special Dividends**<br>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.*<br>*What to do now: Buy (multiple ways to implement in issue).* | 11/6/18 | | |
| **Momentum & Value 4th Quarter Edition**<br>WTMF (Wisdom Tree Managed Futures ETF)<br>MLPA (Global X MLP ETF)<br>DCP (DCP Midstream LP)<br>SHLX (Shell Mid- | *In our Q4 installment of our Momentum and Value series we focused on strategies for the volatile and difficult market.*<br>*Our momentum strategies were focused on non-correlated ETFs to provide diversification.*<br>*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:<br>5.23%<br>MLPA:<br>16.75%<br>DCP:<br>59.03%<br>SHLX:<br>23.68% | SPY:<br>53.84%<br>AMLP:<br>15.94% |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Growth into Value Rotation<br>RPV (Invesco S&P 500 Pure Value ETF)<br>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.*<br>*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:<br>44.03% | VTV:<br>48.29% |
| Contrarian Ideas to Start 2019<br>IEMG/EEMV (Emerging Market ETFs)<br>ITB/VNQ (Homebuilders/Real Estate ETFs)<br>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:<br>9.94%/4.24%<br>ITB/VNQ:<br>83.92%/42.82%<br>DFE:<br>9.87% | SPY:<br>65.78% |
| Identifying High Quality Stocks<br>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.*<br>*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.*<br>*We also identified an ETF that screens based on FCFY, and it provides outperformance with lower drawdowns.* | 1/15/19 | COWZ:<br>74.27% | SPY:<br>59.16% |
| Preferred Stock ETFs<br>PGF (Invesco Financial Preferred ETF)<br>VRP (Invesco Variable Rate Preferred ETF)<br>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:<br>1.89%<br>VRP:<br>12.50%<br>PFXF:<br>18.31% | PFF:<br>9.31% |
| Utilities For Income<br>VPU (Vanguard Utilities ETF)<br>NRG (NRG Energy)<br>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.*<br>*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.*<br>*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:<br>45.60%<br>NRG:<br>6.85%<br>CNP:<br>15.78% | XLU:<br>50.35% |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Cybersecurity: Threats & Opportunities<br><br>HACK (ETFMG Primce Cyber Security ETF)<br>CIBR (First Trust NASDAQ Cybersecurity ETF)<br>FTNT (Fortinet)<br>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:<br>18.03%<br>CIBR:<br>50.47%<br>FTNT:<br>185.00%<br>CYBR:<br>28.98% | QQQ:<br>73.12% |
| Cannabis Industry Investment.<br>MJ (ETFMG Alternative Harvest ETF)<br>ACB (Aurora Cannabis)<br>CGC (Canopy Growth Corporation)<br>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.*<br>*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:<br>-83.05%<br>ACB:<br>-98.54%<br>CGC:<br>-92.93% | SPY:<br>48.11% |
| Socially Responsible Investing<br>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.*<br>*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:<br>46.51% | SPY:<br>46.58% |
| Hedged Equity ETFs<br>DMRL (DeltaShares S&P 500 Managed Risk ETF)<br>CCOR (Cambria Core Equity ETF)<br>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.*<br>*Hedged equity ETFs can help advisors and investors maintain long exposure while also providing protection from another 2018 style correction.* | 4/9/19 | DMRL:<br>37.20%<br>(Closed)<br>CCOR:<br>20.38%<br>JHEQX:<br>30.00% | SPY:<br>43.53% |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| ARK Invest Family of ETFs<br>**ARKW (ARK Next Generation Internet ETF)**<br>**ARKG (ARK Genomic Revolution ETF)**<br>**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.*<br>*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:<br>-4.88%<br>ARKG:<br>8.03%<br>XITK:<br>-0.58% | QQQ:<br>57.28% |
| The Alpha Opportunity in Healthcare<br>**IHI (iShares Medical Device ETF)**<br>**XBI/SBIO/ARKG (The Quality Bio-tech ETFs)**<br>**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.*<br>*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:<br>35.94%<br>XBI:<br>-2.87%<br>IHF:<br>64.67% | XLV:<br>49.59% |
| Minimum Volatility ETFs<br>**USMV (iShares Total Return MSCI USA Minimum Volatility ETF)**<br>**SPLV (S&P 500 Low Volatility Index ETF)**<br>**EEMV (iShares MSCI Minimum Volatility Emerging Markets ETF)**<br>**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:<br>25.40%<br>SPLV:<br>25.20%<br>EEMV:<br>2.67%<br>EFAV:<br>-6.81% | SPY:<br>43.73% |
| Ageing of America Primer<br>**WELL (Welltower Inc)**<br>**OHI (Omega Healthcare Investors)**<br>**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:<br>7.21%<br>OHI:<br>16.83%<br>SCI:<br>46.90% | SPY:<br>46.86% |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **Rate Cut Playbook**<br><br>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.<br><br>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:***<br>• *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).*<br>• *Return tables for the major bond market segments over the last two rate cut cycles.*<br>• *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.*<br>• *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**<br><br>GLD (SPDR Gold Trust)<br>SGOL (Aberdeen Standard Physical Gold ETF)<br>GDX (VanEck Vectors Gold Miners ETF)<br>KL (Kirkland Lake)<br>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.*<br><br>*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.*<br><br>*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:<br>18.79%<br>SGOL:<br>19.70%<br>GDX:<br>-7.87%<br>KL:<br>-19.71%<br>FNV:<br>41.40% | |
| **Momentum Factor Investing**<br>MTUM (IShares Edge MSCI USA Momentum Factor ETF)<br>SPMO (Invesco S&P 500 Momentum ETF)<br>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.*<br><br>*Momentum factor ETFs have provided positive excess returns in seven of the last 11 years.* | 7/16/19 | MTUM<br>14.65%<br>SPMO:<br>30.01%<br>FDMO:<br>20.86% | SPY:<br>30.30% |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **Profit from the Sharing Economy**<br>**MILN (The Global X Funds/Millennials Thematic ETF)**<br>**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.*<br>*"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.*<br>*Each of those companies are part of the new "sharing economy."*<br>*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:**<br>**8.74%**<br>**GIGE:**<br>**-11.99%**<br>**(closed)** | **SPY:**<br>**29.80%** |
| **The Case for REITS**<br>**VNQ (Vanguard Real Estate ETF)**<br>**VNQI (Vanguard Global ex-U.S. Real Estate ETF)**<br>**REZ (iShares Residential Real Estate ETF)**<br>**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.*<br>*This strong performance shouldn't come as a surprise.*<br>*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.*<br>*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:**<br>**1.52%**<br>**VNQI:**<br>**-25.92%**<br>**REZ:**<br>**5.59%**<br>**REM:**<br>**-33.84%** | **SPY:**<br>**35.04%** |
| **Seizing Opportunity in the Defense Industry**<br>**ITA (IShares U.S. Aerospace & Defense ETF)**<br>**PPA (Invesco Aerospace & Defense ETF)**<br>**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%.*<br>*That's significant outperformance that should impress any client.*<br>*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:**<br>**-7.72%**<br>**PPA:**<br>**6.43%**<br>**UFO:**<br>**-15.67%** | **SPY:**<br>**36.17%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| <u>Japanization Playbook</u><br>**PTCIX (PIMCO Long Term Credit Bond Fund)**<br>**VYM (Vanguard High Dividend Yield ETF)**<br>**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.<br>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:**<br>**-12.29%**<br>**VYM:**<br>**27.53%**<br>**PDI:**<br>**-10.84%** | **SPY:**<br>**37.53%** |
| <u>Reflation Playbook</u><br>**Reflation Strategy 1: A better tech ETF.**<br>**Reflation Strategy 2: Momentum Factor.**<br>**Reflation Strategy 3: The Consumer.**<br>**Reflation Strategy 4: Emerging Markets.**<br>**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?**<br>Reflation issue goes **deeper into the sectors and assets that will** outperform if we get another successfully engineered economic reflation – driven in part by a weaker dollar – like we did in 2016-2018. | **9/24/19** | **Various ETFs listed in the Issue** | |
| <u>Investing in Green Energy</u><br>**TAN (Invesco Solar ETF)**<br>**FAN (First Trust Global Wind Energy ETF)**<br>**ICLN (IShares Global Clean Energy ETF)**<br>**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.**<br>In this *Alpha* issue, we cover some of the best ETFs for direct alternative energy exposure, and the results may surprise you <u>as some of the best alternative energy ETFs share a lot of characteristics with tech ETFs and multinational industrial ETFs.</u> | **10/8/19** | **TAN:**<br>**184.20%**<br>**FAN:**<br>**40.64%**<br>**ICLN:**<br>**105.70%**<br>**PBW:**<br>**100.90%** | **SPY:**<br>**41.66%** |
| <u>Investing in the Water Industry</u><br>**PHO (Invesco Water Resources ETF)**<br>**FIW (First Trust Water ETF)**<br>**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.<br>The water industry remains a quasi-niche, but it shouldn't, as water industry investment can:<br>Generate alpha as major water industry ETFs have outperformed the S&P 500 over the past several years and<br>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:**<br>**35.38%**<br>**FIW:**<br>**37.86%** | **SPY:**<br>**36.76%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **Outperforming in A Declining Dollar Environment**<br>**VGT (Vanguard Information Technology ETF)**<br>**IHI (IShares U.S. Medical Devices ETF)**<br>**EMLC (VanEck Vectors J.P. Morgan EM Local Currency Bond ETF)**<br>**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:<br>The 2017 decline in the dollar resulted in **a 31% gain for the S&P 500** from December 2016 through January 2018.<br>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:<br>• Targeted sector exposure via a focus on U.S. Exporters<br>• International ETF Exposure<br>• Commodities Allocations. | **11/5/19** | **Various ETFs Listed in the Issue** | |
| **Closed End Funds**<br>**ETG (EV Tax Adv. Global Dividend Inc)**<br>**HTD (JH Tax-Advantaged Dividend Inc)**<br>**PDI (PIMCO Dynamic Income)**<br>**NZF (Nuveen Municipal Credit Income)**<br>**FFC (Flaherty & Crumrine Preferred & Income Sec.)**<br>**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:**<br>**20.42%**<br>**HTD:**<br>**7.36%**<br>**PDI:**<br>**-15.21%**<br>**NZF:**<br>**-12.09%**<br>**FFC:**<br>**-6.55%**<br>**RQI:**<br>**17.42%** | **SPY:**<br>**32.11%** |
| **Cash Management**<br>**FPNIX (FPA New Income Fund)**<br>**MINT (PIMCO Enhanced Maturity Active ETF)**<br>**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:**<br>**2.81%** | **BIL:**<br>**0.74%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| <u>Contrarian Ideas 2020</u><br>**MJ (ETFMG Alternative Harvest ETF)**<br>**XOP (SPDR S&P Oil & Gas Exploration and Production ETF)**<br>**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.<br>**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.<br>**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:**<br>**-65.22%**<br>**XOP:**<br>**57.07%**<br>**LQDH:**<br>**-1.19%** | **SPY:**<br>**26.00%** |
| <u>International Exposure</u><br>**IQLT - iShares Edge MSCI International Quality Factor ETF.**<br>**VIGI - Vanguard International Dividend Appreciation ETF**<br>**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.<br>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:**<br>**-2.60%**<br>**VIGI:**<br>**-0.26%**<br>**GSIE:**<br>**-5.65%** | **ACWX:**<br>**-7.03%** |
| <u>Opportunities in Small Caps</u><br>**IJR: iShares Core S&P Small-Cap ETF**<br>**VBK: Vanguard Small-Cap Growth ETF**<br>**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.<br>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.<br>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:**<br>**17.05%**<br>**VBK:**<br>**4.58%**<br>**XSLV:**<br>**-8.08%** | **IWM:**<br>**11.25%** |
| <u>Finding Actionable Opportunities in the Biotech Sector</u><br>**IBB (iShares Biotechnology ETF)**<br>**SBIO (ALPS Medical Breakthroughs ETF)**<br>**XBI (SPDR S&P Biotech ETF)** | What outperforms during a global health emergency like the Wuhan virus?<br>Historically, the biotech sector does, **which rose 40% compared to 25% for the SPY following SARS in the early 2000s.**<br>But, investing in biotech is tough for an advisor.<br>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:**<br>**-2.26%**<br>**SBIO:**<br>**-26.69%**<br>**XBI:**<br>**-15.52%** | **SPY:**<br>**16.44%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **Hedged Equity ETFs**<br>**DMRL: DeltaShares S&P 500 Managed Risk ETF.**<br>**CCOR: Cambria Core Equity ETF.**<br>**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.<br>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: 28.99% (Closed)**<br>**CCOR: 10.38%**<br>**JHEQX: 23.64%** | **SPY: 35.50%** |
| **Sector Opportunities from the Coronavirus Decline**<br>**Tech Sector (Three ETFs)**<br>**Financials (Three ETFs)**<br>**Energy (Three ETFs)** | This will be the first part of a two-part series that addresses potential longer-term opportunities from this crisis.<br>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**<br>**Health & Wellness (Three ETFs)**<br>**Mobility As A Service (IBUY: Amplify Online Retail ETF)**<br>**Cord Cutting (JHCS: John Hancock Multifactor Media and Communications ETF).**<br>**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.**<br>This trend will shift the spending and habits of millions of Americans over the course of the next decade. | **4/7/2020** | **PTH: 51.74%**<br>**IBUY: 3.17%**<br>**JHCS: 12.01%**<br>**XITK: 9.11%** | **SPY: 47.40%** |
| **Three Industries That Will Benefit from Changes in Corporate Behavior**<br>**Cloud Computing (SKYY: First Trust Cloud Computing ETF)**<br>**E-Commerce (SHOP: Shopify & GDDY (GoDaddy)**<br>**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.<br>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.<br>**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: 12.09%**<br>**SHOP: -48.19%**<br>**GDDY: 16.15%**<br>**IPAY: 7.91%** | **SPY: 43.35%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **Three Strategies for a "U" Shaped Recovery**<br>**Preferreds: PGF (Invesco Financial Preferred ETF)**<br>**Dollar Stores/Fast Food: DG: (Dollar General), DLTR: (Dollar Tree), MCD: McDonalds**<br>**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.<br><br>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:**<br>**-14.73%**<br>**DG:**<br>**37.65%**<br>**DLTR:**<br>**80.05%**<br>**MCD:**<br>**42.04%**<br>**RHS:**<br>**25.79%** | **SPY:**<br>**36.72%** |
| **Finding the Sweet Spot of Yield, Duration and Quality in Today's Bond Market**<br>**JPST (J.P. Morgan Ultra-Short Income ETF)**<br>**FTSD (Franklin Liberty Short Duration U.S. Government ETF)**<br>**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.**<br><br>Case in point, the 10-year yield is yielding about 0.70%. A .70% annual coupon for locking up money for 10 years!<br><br>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:**<br>**-0.55%**<br>**FTSD:**<br>**-4.99%**<br>**IGSB:**<br>**-6.84%** | **SHY:**<br>**-5.20%** |
| **Finding Sustainable Dividends In An Uncertain Environment**<br>**NOBL (ProShares S&P 500 Dividend Aristocrats ETF),**<br>**DGRO (iShares Core Dividend Growth ETF).**<br>**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.<br><br>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:**<br>**29.03%**<br>**DGRO:**<br>**27.01%**<br>**TDIV:**<br>**19.78%** | **SPY:**<br>**26.94%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **Three Strategies to Gain Exposure to 5G**<br>**Strategy 1: The Chipmakers. QCOM (Qualcomm), MRVL (Marvel Technologies).**<br>**Strategy 2: Radio Frequency Providers. QRVO (Qorvo).**<br>**Strategy 3: The 5G ETF. FIVG (Defiance Next Gen Connectivity ETF).** | The focus of today's issue came from a subscriber request: **5G.**<br>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.<br>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:**<br>**45.19%**<br>**MRVL:**<br>**30.33%**<br>**QRVO:**<br>**-19.90%**<br>**FIVG:**<br>**19.22%** | **SPY:**<br>**30.43%** |
| **Finding Value in European Equities**<br>**VGK (Vanguard Europe ETF).**<br>**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.<br>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!<br>We think a better choice is to look to Europe to fulfill the value component of a portfolio. | **7/14/2020** | **VGK:**<br>**3.09%**<br>**FEZ:**<br>**-4.96%** | **VTV:**<br>**37.88%** |
| **Actionable Strategies to Own COVID 19 Vaccine Producers**<br>**PPH: The VanEck Pharmaceutical ETF.**<br>**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.**<br>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).<br>Specifically, we cover two actionable strategies that we think are appropriate for advisors and their clients:<br>Strategy 1: Owning the Pharma Companies Leading the Vaccine Race.<br>Strategy 2: Diversified Exposure via ETFs. | **7/28/2020** | **PPH:**<br>**15.16%**<br>**GERM:**<br>**-27.75%** | **SPY:**<br>**25.48%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| <u>What Outperforms in a Declining Dollar Environment</u><br>**Falling Dollar Strategy 1: International Stocks. XSOE (WisdomTree Emerging Markets ex-State-Owned Enterprises Fund).**<br>**Falling Dollar Strategy 2: Currencies. FXE. (CurrencyShares Euro Trust).**<br>**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.<br>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:**<br>**-14.03%**<br>**FXE:**<br>**-17.34%**<br>**GDX:**<br>**-38.45%** | **SPY:**<br>**20.99%** |
| <u>Ideas for When There's a COVID Vaccine Annoucement</u><br>**JETS (U.S. Global JETS ETF)**<br>**PEJ (Invesco Dynamic Leisure and Entertainment ETF)**<br>**KBE (SPDR S&P Bank ETF)**<br>**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:**<br>• **Are <u>outsized beneficiaries of a "return to normal"</u> that likely will follow a successful vaccine**<br>• **That are <u>trading at historic discounts</u> due to COVID 19 fallout and**<br>• **Were <u>good businesses before COVID 19</u>, and likely will again be good businesses after the vaccine.** | **8/25/2020** | **JETS:**<br>**-2.10%**<br>**PEJ:**<br>**17.54%**<br>**KBE:**<br>**49.67%**<br>**REZ:**<br>**38.39%** | **SPY:**<br>**16.74%** |
| <u>Opportunities in the Electric Vehicle Battery Industry</u><br>**ALB (Albemarle)**<br>**SQM (Sociedad Quimica y Minera De Chile S.A. ADR)**<br>**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><br>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 EV market.</u> | **9/9/2020** | **ALB:**<br>**184.40%**<br>**SQM:**<br>**246.30%**<br>**LIT:**<br>**93.37%** | **SPY:**<br>**18.34%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Election Preview<br>**Trump Wins**<br>**Biden Wins**<br>**No Clear Winner**<br>**(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.<br>But, that interest in the election will now be turbocharged with the surprise passing of Supreme Court Justice Ruth Bader Ginsberg.<br>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<br>**PTON (Peloton)**<br>**LULU (Lululemon)**<br>**BRBR (BellRing Brands)**<br>**BFIT (Global X Health & Wellness Thematic ETF)**<br>**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.**<br>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.<br>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: -76.24%<br>LULU: -17.98%<br>BRBR: -14.73%<br>BFIT: -27.58%<br>MILN: -34.01% | SPY: -17.21% |
| SPACS<br>**PSTH (Pershing Square Tontine Holdings)**<br>**CCIV (Churchill Capital IV)**<br>**SPAQ (Spartain Energy Acquisition Corp)**<br>**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 |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Cyclical Rotation to Value<br><br>**RSP (Invesco S&P 500 Equal Weight ETF)**<br>**VTV (Vanguard Value ETF)**<br>**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: 20.22%**<br>**VTV: 24.00%**<br>**RPV: 40.56%** | **SPY: 12.82%** |
| Four Post Election Tactical Strategies<br>**Idea #1: Electric Vehicles & Clean Energy (LIT/ICLN/ESGV)**<br>**Idea #2: Industrials & Infrastructure Spending (VIS/PAVE)**<br>**Idea #3: Healthcare & Marijuana (VHT/MJ)**<br>**Idea #4: Emerging Markets & China (XSOE)** | *What Specific Sectors and ETFs Can Outperform in a Biden Presidency/Divided U.S. Government?*<br><br>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).<br><br>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<br>**GBTC (Greyscale Bitcoin Trust)**<br>**BLOK (Amplify Transformational Data Sharing ETF)**<br>**ARKW (ARK Next Generation ETF)** | This Alpha issue is focused on a suddenly popular topic: **Bitcoin.**<br><br>Our goal with this issue isn't to sway you one way or the other to invest in Bitcoin.<br><br>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.<br><br>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?<br><br>**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: -49.94%**<br>**BLOK: -34.60%**<br>**ARKW: -63.39%** | **SPY: 6.68%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue |
|---|---|---|---|---|
| **Four Strategies That Outperformed in 2020 and Can Do It Again in 2021**<br><br>**Long Term Pandemic Tech Opportunities (IBUY/XITK)**<br>**New Wave of Online Payments/E-Commerce (IPAY)**<br>**5G Revolution (FIVG)**<br>**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.<br><br>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:**<br>**-60.35%**<br>**XITK:**<br>**-48.19%**<br>**IPAY:**<br>**-35.00%**<br>**FIVG:**<br>**-4.37%**<br>**LIT:**<br>**28.34%** | **SPY:**<br>**5.73%** |
| **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.<br><br>So, in this Alpha issue, we wanted to provide two ETF playbooks: **The expected "Return to Normal" trade, and the Contrarian Scenario.**<br><br>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.<br><br>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)**<br>**First Trust NASDAQ Clean Edge Smart Grind Infrastructure Index Fund (GRID)**<br>**NextEra Energy (NEE)**<br>**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.<br><br>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:**<br>**-4.20%**<br>**NEE:**<br>**10.55%** | **SPY:**<br>**5.73%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **How the "Old Economy" Can Help Us Outperform**<br>**Invescro Dow Jones Industrial Average Dividend ETF (DJD)**<br>**First Trust Morningstar Dividend Leaders Index Fund (FDL)**<br>**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.<br>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:**<br>**9.76%**<br>**FDL:**<br>**24.70%**<br>**RPV:**<br>**21.77%** | **SPY:**<br>**4.34%** |
| **Market Myth Busting** | • **Investment Myth 1: Investing and Politics Go Hand in Hand.**<br>• **Investment Myth 2: Modern Monetary Theory Is A Reason to Get Out Now.**<br>• **Investment Myth 3: Getting Out Because the Market is in a Bubble.**<br>• **Investment Myth 4: Rising Rates Are Going to Wreck My Portfolio.**<br>• **Investment Myth 5: The Falling U.S. Dollar Is Eroding My Purchasing Power.** | **2/9/2021** | | |
| **Inflation Playbook**<br>**Core Inflation Plays (SGOL/PDBC/GNR/RLY)**<br>**U.S. Sector Opportunities (RTM/RGI)**<br>**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.**<br>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:**<br>**49.02%**<br>**GNR:**<br>**11.32%**<br>**RTM:**<br>**9.36%**<br>**JAAA:**<br>**-0.13%** | **SPY:**<br>**2.92%** |
| **ARK Invest ETFs**<br>**ARKK (ARK Innovation ETF)**<br>**ARKG (ARK Genomic Revolution ETF)**<br>**ARKW (ARK Next Generation Internet)**<br>**ARKF (ARK Fintech Innovation ETF)**<br>**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:<br>**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:**<br>**-66.59%**<br>**ARKG:**<br>**-60.77%**<br>**ARKW:**<br>**-66.34%**<br>**ARKF:**<br>**-67.77%**<br>**ARKQ:**<br>**-38.33%** | **QQQ:**<br>**-5.26%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **What Should I Buy on This Tech Decline?**<br>**Invesco S&P 500 Equal Weight Technology ETF (RYT).**<br>**VanEck Vectors Semiconductor ETF (SMH).**<br>**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:**<br>**-3.83%**<br>**SMH:**<br>**-11.16%**<br>**TDIV:**<br>**-5.38%** | **SPY:**<br>**2.17%** |
| **Sector Winners and Losers from the Democratic Policy Agenda**<br>**Global X Millennials Thematic ETF (MILN)**<br>**Vanguard Tax-Exempt Bond ETF (VTEB)**<br>**Global X U.S. Infrastructure Development ETF (PAVE)**<br>**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.<br>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:**<br>**-31.95%**<br>**VTEB:**<br>**-7.56%**<br>**PAVE:**<br>**0.73%**<br>**QCLN:**<br>**-10.05%** | **SPY:**<br>**-1.98%** |
| **Four Small Cap ETFs for the Economic Recovery**<br>**Invesco S&P Small Cap Consumer Discretionary ETF (PSCD)**<br>**First Trust Consumer Staples AlphaDex Fund (FXG)**<br>**Invesco S&P SmallCap 600 Revenue ETF (RWJ)**<br>**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.<br>**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.**<br>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:**<br>**-27.30%**<br>**FXG:**<br>**6.87%**<br>**RWJ:**<br>**-4.78%**<br>**ISCV:**<br>**-5.26%** | **IWM:**<br>**-16.75%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| **The Crypto Craze Updated**<br>**Grayscale Bitcoin Trust (GBTC)**<br>**Grayscale Ethereum Trust (ETHE)**<br>**Coinbase Global (COIN)**<br>**Voyager Digital (VYGVF)** | If you are like me, you have seen interest in the entire crypto space increase over the past several months.<br>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: -65.30%**<br>**ETHE: -64.49%**<br>**COIN: -73.18%**<br>**VYGVF: -98.53% (Closed)** | **SPY: -3.29%** |
| **Fixed Income Playbook in Today's Environment**<br>Strategy 1: Inflation Protection. Quadratic Interest Rate Volatility and Inflation Hedge ETF. (IVOL).<br>Strategy 2: Variable Rate Preferreds (VRP).<br>Strategy 3: Floating Rate Notes (Two ETFs).<br>Strategy 4: Shorten Duration (Four ETFs). | How do clients, especially elderly clients, 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?<br>We want to tackle this problem and provide ETF solutions that can help clients achieve the dual goals of 1) Safety and 2) Real returns over the coming years.<br>To do that, we've divided this Alpha issue into two parts.<br>Part One (today's issue) is focused solely on solutions in the fixed income markets. | **6/2/2021** | **IVOL: -16.70%**<br>**VRP: -13.25%** | **SPY: -6.98%** |
| **Equity Playbook in Today's Environment**<br>Strategy 1: "One-Stop Shop" Inflation Hedge. Horizon Kinetics Inflation Beneficiaries ETF (INFL).<br>Strategy 2: Focus on Dividend Growth. Proshares S&P 500 Dividend Aristocrats ETF (NOBL). iShares Core Dividend Growth ETF (DGRO).<br>Strategy 3: Commodities and Natural Resources. Global X MLP ETF (MLPA). SPDR SSGA Multi-Asset Real Return ETF (RLY). | Today's Alpha issue is **part two of our two-part series on 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.**<br>Today's issue provides ETF solutions for the equity portion of elderly clients' portfolios – ideas that are designed to provide income and ensure positive correlation to rising inflation | **6/15/2021** | **INFL: -1.64%**<br>**NOBL: -4.64%**<br>**DGRO: -3.98%**<br>**MLPA: 1.61%**<br>**RLY: -4.96%** | **SPY: -7.86%** |
| **Cybersecurity**<br>ETFMG Prime Cyber Security ETF and the CIBR: First Trust NASDAQ Cybersecurity ETF (HACK)<br>Global X Cybersecurity ETF (BUG)<br>First Trust Cloud Computing ETF (SKYY) | This issue is focused on Cybersecurity. First, we want to give you an updated primer on the cybersecurity sector, and make sure you know the best ETFs to gain exposure to the likely explosive growth cyber security companies will experience over the coming quarters.<br>Second, we wanted to identify strategies that you, the advisor, can use to minimize the chances your business is attacked and provide solutions if an attack does occur, so you know what to do, and what not to do. | **6/29/2021** | **HACK: -25.70%**<br>**CIBR: -13.59%**<br>**BUG: -13.25%**<br>**SKYY: -38.98%** | **SPY: -8.48%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Capitalizing on mRNA and Other Medical Tech<br>ARK Genomic Revolution ETF (ARKG)<br>Global X Telemedicine & Digital Health ETF (EDOC)<br>ROBO Global Healthcare Technology & Innovation ETF (HTEC)<br>Genomic Revolution Global X Genomics & Biotech ETF (GNOM) | Because of the success of mRNA in producing an effective COVID-19 vaccine at a record pace, along with the demonstrated effectiveness of anti-viral treatments like Remdesivir, we're likely to see a major acceleration in funding, research, and adoption of other cutting edge medical technologies and that means potentially substantial returns for companies with the right exposure. | 7/13/2021 | **ARKG: -59.96%**<br>**EDOC: -35.88%**<br>**HTEC: -38.20%**<br>**GNOM: -42.65%** | **SPY: -9.04%** |
| Five ETFs That Can Make Your Life As An Advisor Easier<br>Vanguard Total World Stock ETF (VT).<br>iShares MSCI ACWI ETF (ACWI).<br>iShares MSCI Global Min Vol Factor ETF (ACWV).<br>iShares MSCI ACWI Low Carbon Target ETF (CRBN). | So how do you bridge the gap between an seven-figure trust and that clients nephew's tiny Roth IRA? Both are important to the overall relationship.<br>You start by syncing up some of the foundational core holdings that make up the bulk of your asset allocation.<br>Specifically, we identify foundational "own everything" ETFs you can use across account sizes to simplify smaller account administration and reduce variety among core ETF holdings, thereby making you more efficient: | 7/27/2021 | **VT: -15.19%**<br>**ACWI: -15.12%**<br>**ACWV: -8.33%**<br>**CRBN: -15.78%** | **SPY: -9.66%** |
| Stagflation Playbook<br>First Trust Dow Jones Internet Index Fund (FDN).<br>Invesco S&P 500 Equal Weight Consumer Staples ETF (RHS).<br>VanECk Vectors Investment Grade Floating Rate ETF (FLTR).<br>Aberdeen Standard Bloomberg All Commodities Strategy K-1 Free ETF (BCI). | This Alpha issue is focused on something we sincerely hope never happens: Stagflation.<br>That's because a stagflationary environment is a very difficult one to successfully invest in as, broadly speaking, it's negative for most stocks, most bonds, and idle cash (purchasing power is eroded through inflation).<br>Positively, stagflation is not the most likely macroeconomic scenario going forward (a stock positive reflation scenario is the most likely future macro set-up). But, stagflation risks are still at multi-decade highs, so the risks can't be totally ignored, either. | 8/24/2021 | **FDN: -44.83%**<br>**RHS: 5.58%**<br>**FLTR: -0.72%**<br>**BCI: 24.59%** | **SPY: -11.57%** |
| Learning to Live with COVID<br>Vaccine Markers (Multiple Stocks & ETFs)<br>Global X Telemedicine & Digital Health ETF (EDOC).<br>Amplify Online Retail ETF (IBUY).<br>VanEck Vectors Morning Star Durable Dividend ETF (DURA). | In this Alpha issue, we examine the strategies and sectors that will benefit from society learning to "live" with COVID over the medium and longer-term, and the inspiration for this issue came from real life.<br>We believe that reality will cause more permanent adoption of some "temporary" pandemic era behaviors, and we believe that should lead to some attractive investment opportunities. | 9/8/2021 | **MRNA: -67.23%**<br>**BBH: -32.93%**<br>**EDOC: -35.81%**<br>**IBUY: -61.08%**<br>**DURA: -4.17%** | **SPY: -11.77%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Hydrogen—The Next Stage of the Green Energy Revolution<br>Plug Power (PLUG)<br>Cummings (CMI)<br>Defiance Next Gen Hydrogen ETF (HDRO) | Hydrogen has long been touted as a source of cleaner fuel for transportation and commercial uses. But it has always seemed like the decades-long play that just needs a little more technology or a breakthrough process to truly realize its untapped potential.<br>But, over the past several months I've been digging into this space, and it started to make more sense from an investment perspective. I quickly realized just how much opportunity is at stake and why this moment in time is pivotal to the hydrogen development cycle. | **9/21/2021** | **PLUG:**<br>**-1.23%**<br>**CMI:**<br>**-0.90%**<br>**HDRO:**<br>**-39.18%** | **SPY:**<br>**-8.92%** |
| Buying Opportunities in "New Tech"<br>Idea 1: Winning Streaming Wars (ROKU/SPOT)<br>Idea 2: Next Evolution in Genetics (NVTA/CRSP)<br>Idea 3: Future of Money (Z/COIN)<br>Idea 4: Work from Anywhere (ZM) | Tech companies in the fields of robotics, fintech, biotech, clean tech, electric vehicles, cryptocurrencies, etc. have seen steep declines from the highs this year. With some of these stocks down more than 55% from the highs, they are now trading at far more attractive valuations than they have in years (and this is even more true following the weakness in the tech sector over the past week!)<br>As such, we wanted to produce an Alpha issue that identifies potential opportunities in this "New Tech" space, as given the declines and the growth potential of some of these firms, the risk is now worth the reward for longer-term focused investors: | **10/05/2021** | **ROKU:**<br>**-78.99%**<br>**SPOT:**<br>**-54.35%**<br>**NVTA:**<br>**-89.03%**<br>**CRSP:**<br>**-38.29%**<br>**Z:**<br>**-61.24%**<br>**COIN:**<br>**-73.61%**<br>**ZM:**<br>**-68.65%** | **SPY:**<br>**-8.78%** |
| Tapping the Wisdom of Financial Celebrity<br>DoubleLine Total Return Fund (DBLTX)<br>DoubleLine Shiller Enhanced CAPE (DSEEX)<br>Guggenheim Total Return Bond Fund Institutional Class (GIBIX).<br>Guggenheim Strategic Opportunities Fund (GOF)<br>WisdomTree U.S. Quality Dividend Growth Fund (DGRW),<br>WisdomTree Emerging Markets es State-Owned Enterprises Fund (XSOE).<br>O'Shares U.S. Quality Dividend ETF (OUSA)<br>O'Shares Global Internet Giants ETF (OGIG) | The dual goal of Sevens Report Alpha is to 1) Furnish you with interesting investment ideas and strategies you can share with clients and prospects and 2) Identify funds and ETFs that can outperform, so with that dual goal in mind we analyzed the fund offerings of some of the most well-known "Market Mavens" that appear in the financial media so that you can turn any mention of these celebrities into an opportunity to impress clients with your knowledge, and possibly find an actionable investment idea.<br>After a thorough search, we found four of these "Mavens" that had funds or ETFs that: 1, Could be attractive to clients and 2. Consistently beat the market.<br>The four "Mavens" we profiled were: Jeffrey Gundlach (Doubleline Capital), Scott Minerd (Guggenheim Investments), Jeremy Siegel (WisdomTree), and Kevin O'Leary (O'Shares).<br>In today's issue, profile two funds from each "Maven." | **10/19/2021** | **DBLTX:**<br>**-9.02%**<br>**DSEEX:**<br>**-15.35%**<br>**GIBIX:**<br>**-12.31%**<br>**GOF:**<br>**-7.43%**<br>**DGRW:**<br>**-3.58%**<br>**XSOE:**<br>**-28.47%**<br>**OUSA:**<br>**-6.05%**<br>**OGIG:**<br>**-52.25%** | **SPY:**<br>**-12.33%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Capitalizing on A New Era of Energy Investment<br>SPDR S&P Oil & Gas Exploration and Production ETF (XOP)<br>Invesco S&P Small Cap Energy ETF (PSCE)<br>First Trust Natural Gas ETF (FCG)<br>Global X MLP ETF (MLPA) | Today's Alpha issue is essentially a "follow up" to our recent Alpha webinar, where we focused on the energy industry and explained, in part because of environmental concerns, that energy prices could be sustainably higher for the foreseeable future.<br>So, in this issue, we profile several energy ETFs that we believe have the most targeted exposure and stand to outperform in this new era of energy, one where a lack of increased production should keep prices high, and where Natural Gas sees sustained increases in demand due to the desire to burn the most "clean" fossil fuel while the world moves further towards renewables. | 11/2/2021 | **XOP: 32.05%**<br>**PSCE: 17.49%**<br>**MLPA: 19.69%** | **SPY: -14.50%** |
| Metaverse Primer<br>Meta Platforms Inc (FB)<br>Roblox Corp (RBLX)<br>NVIDIA Corp (NVDA)<br>Amazon (AMZN)<br>Microsoft (MSFT)<br>Roundhill Ball Metaverse ETF (META) | Many analysts believe the "Metaverse" is the next evolution of the internet, and if that's true the long-term return potential is significant.<br>So, we want to make sure you have the information you need to 1) Discuss the metaverse with any clients or prospects and 2) Identify the stocks and ETFs that stand to benefit from the continued growth of the Metaverse | 11/16/2021 | **Meta: -53.72%**<br>**RBLX: -67.52%**<br>**NVDA: -55.23%**<br>**AMZN: -28.87%**<br>**MSFT: -24.73%**<br>**METV: -50.75%** | **SPY: -15.88%** |
| REITS As An Inflation Hedge<br>Vanguard REIT ETF (VNQ)<br>Pacer Benchmark Data and Infrastructure Real Estate SCTR ETF (SRVR)<br>Pacer Benchmark Industrial Real Estate SCTR ETF (INDS)<br>iShares Residential and Multisector Real Estate ETF (REZ) | According to a study we cited in today's issue, from 1972-2020, during periods considered moderate to high inflation, REITs actually outperformed the S&P 500!<br>And, we're seeing that proved out so far this year, as VNQ, the largest and most diverse REIT ETF, is outperforming the S&P 500 (VNQ is up 26.6% YTD, while the S&P 500 is up 23% YTD).<br>More specialized REITs have performed even better so far in 2021, and that's why, in addition to VNQ, in today's issue we focused on what we consider "REITs for the 21st Century."<br>Here's what I mean:  Because of uncertainty regarding future mall traffic and office demand (due to the ongoing pandemic) we are focused today's Alpha issue on REITs that have exposure to infrastructure and technology including data centers, communication hubs, industrial warehouse distribution centers, and medical-related industries: | 11/30/2021 | **VNQ: -11.48%**<br>**SRVR: -17.10%**<br>**INDS: -17.87%**<br>**REZ: -7.44%** | **SPY: -13.43%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Best Performing COVID Strategies<br>Strategy One: Mega-Cap Tech. XLK/VGT/FDN.<br>Strategy Two: Online Spending. SHOP/IBUY.<br>Strategy Three: Blockchain. BLOK (Amplify Transformational Data Sharing ETF).<br>Strategy Four: Smart-Beta Industrials. PAVE (Global X U.S. Infrastructure Development ETF). | Today's issue focuses on strategies that have outperformed since the pandemic started in March of 2020 and should continue to outperform as the market realizes it's got to "live" with COVID. More specifically, the Omicron variant has again reminded people and markets that COVID is not going away and that we will have flare-ups from variants for the foreseeable future. | **12/14/2021** | **XLK:**<br>**-21.62%**<br>**VGT:**<br>**-23.40%**<br>**FDN:**<br>**-39.31%**<br>**SHOP:**<br>**-77.69%**<br>**IBUY:**<br>**-48.99%**<br>**BLOK:**<br>**-51.18%**<br>**PAVE:**<br>**-9.35%** | **SPY:**<br>**-14.81%** |
| Annual Contrarian Issue<br>Contrarian Investment Idea 1: The China Growth Story Re-Emerges. KraneShares CSI China Internet ETF (KWEB) and WisdomTree China ex-State-Owned Enterprises Fund (CXSE).<br>Contrarian Investment Idea 2: Gold & Silver Miners Dig Up Profits. VanEck Vectors Gold Miners ETF (GDX) and Global X Silver Miners ETF (SIL).<br>Contrarian Investment Idea 3: Investors Flock To Low Volatility Sectors. Utilities Select Sector SPDR (XLU) and PowerShares S&P 500 Low Volatility ETF (SPLV). | Today's Alpha is our annual Contrarian Issue, where we identified some of the worst-performing sectors and factors for 2021 and analyzed them to identify three sectors that we think could be poised for a big turnaround in 2022.<br><br>We have produced this annual Contrarian Issue for the last several years to serve two primary functions. First, I'm a contrarian investor at heart, and I always enjoy scouring what "didn't" work during an investment year to determine whether these relatively cheap sectors or factors present an attractive opportunity, as contrarian investing can lead to outperformance. Second, we like to provide these contrarian ideas so that if a client asks you "What's cheap right now?" or "Are there any opportunities from last year?" you have interesting, well-founded ideas that can impress clients and prospects. | **12/28/2021** | **KWEB:**<br>**-26.47%**<br>**CXSE:**<br>**-26.67%**<br>**GDX:**<br>**-24.35%**<br>**SIL:**<br>**-37.54%**<br>**XLU:**<br>**6.20%**<br>**SPLV:**<br>**-7.29%** | **SPY:**<br>**-17.92%** |
| Practical Crypto Strategies for Clients<br>Greyscale Bitcoin Trust (GBTC)<br>Amplify Transformational Data Sharing ETF (BLOK)<br>ProShares Bitcoin Strategy ETF (BITO) | The push of cryptos into the cultural mainstream in 2022, along with substantial investment gains over the past several years, has resulted in a surge in interest in crypto exposure from investors. And, while there remains a lot of risks associated with crypto trading, the bottom line is that an advisor can only dissuade a client from cryptos for so long before it hurts the relationship.<br><br>Given that, our goal in today's Alpha issue is to highlight some of the best and most responsible strategies to provide clients with crypto exposure without taking an overabundance of risk. | **1/11/2022** | **GBTC:**<br>**-61.51%**<br>**BLOK:**<br>**-47.84%**<br>**BITO:**<br>**-57.15%** | **SPY:**<br>**-16.92%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Weathering Market Volatility with "Quality" ETFs.<br>Quality Idea 1: Financials. First Trust Financials AlphaDex Fund (FXO).<br>Quality Idea 2: Qualitative Value. ValueShares U.S. Quantitative Value ETF (QVAL).<br>Quality Idea 3: Shareholder Yield. Cambria Shareholder Yield ETF (SYLD).<br>Quality Idea 4: Core Value. Invesco S&P 500 Pure Value ETF (RPV). | This Alpha issue is an important complement to what we've been discussing in the regular Sevens Report, namely that we believe the best way to weather this increased volatility in markets is by allocating to "Quality" stocks, sectors, and ETFs.<br>For us, "quality" means those stocks and ETFs with lower relative price-to-earnings (P/E) and price-to-book (P/B) ratios, strong free cash flow, and solid shareholder yield. We believe these stocks and sectors will be the most insulated from the effects of interest rate hikes, possibly slowing growth and other headwinds, and find themselves as high-quality landing spots for investment capital. | 1/25/2022 | **FXO:**<br>**-10.83%**<br>**QVAL:**<br>**-7.87%**<br>**SYLD:**<br>**-7.30%**<br>**RPV:**<br>**-5.14%** | **SPY:**<br>**-9.44%** |
| Finding Value and Opportunity in International ETFs<br>Schwab Fundamental International Large Company Index ETF (FNDF).<br>iShares Edge MSCI Intl Quality Factor ETF (IQLT).<br>Vanguard International High Dividend Yield ETF (VYMI). | We've been talking a lot in the Sevens Report about wanting to allocate towards lower P/E sectors, and the fact is that quality international stocks in developed markets are currently trading at heavy discounts to the S&P 500. We think the combination of low valuations and less-aggressive central banks makes international exposure an important part of a diversified investment strategy going forward. | 2/8/2022 | **FNDF:**<br>**-18.29%**<br>**IQLT:**<br>**-18.71%**<br>**VYMI:**<br>**-17.35%** | **SPY:**<br>**-12.63%** |
| What Would Outperform If Markets Turn Around?<br>SPDR FactSet Innovative Technology ETF (XITK)<br>Vanguard Consumer Discretionary ETF (VCR)<br>iShares Broad USD High Yield Corporate Bond ETF (USHY)<br>SPDR Blackstone Senior Loan ETF (SRLN) | Today's issue was inspired by this thought: ***What if everything works out alright?***<br>Many analysts (including me) are concerned about numerous headwinds hitting the U.S. markets and a potentially volatile trading year. That opinion has been correct so far in 2022, and it's well-reasoned. But it's also a very popular view on the Street right now.<br>So, in today's issue, we identify a playbook to outperform if, simply speaking, everything works out great! | 2/23/2022 | **XITK:**<br>**-26.46%**<br>**VCR:**<br>**-9.65%**<br>**USHY:**<br>**-10.34%**<br>**SRLN:**<br>**-5.99%** | **SPY:**<br>**-7.27%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Bear Market Playbook (What Worked Last Time)<br>MINT (PIMCO Enhanced Short Term Maturity Active ETF)<br>SGOL (Aberdeen Physical Swiss Gold Shares ETF)<br>VNQ (Vanguard REIT ETF)<br>FXG (First Trust Consumer Staples AlphaDEX Fund) | In today's Alpha issue, **we are going to examine what assets and sectors outperformed the last time we had a sustained, multi-year bear market (in the early 2000s).**<br>Now, to be clear, we do not think a bear market is the most likely outcome for this market. If we thought that, we'd be advocating for much more defensive positioning in the Sevens Report.<br>But, at the same time, the current bull market is facing formidable headwinds, and the path for the Fed to successfully remove accommodation without harming the recovery is becoming increasingly narrower.<br>Given that reality, we think it's prudent to review the strategies that worked the last time we had a sustained, multi-year bear market so that we all have a playbook of how to protect client assets, should this unwanted outcome occur. | 3/8/2022 | **MINT:<br>-1.65%<br>SGOL:<br>-17.17%<br>VNQ:<br>-9.94%<br>FXG:<br>1.77%** | **SPY:<br>-6.17%** |
| Russia/Ukraine Ceasefire Playbook<br>EMB (iShares J.P. Morgan USD Emerging Markets Bond ETF)<br>HYEM (VanEck Emerging Markets High Yield Bond ETF)<br>EUFN (iShares MSCI Europe Financials ETF)<br>JETS (U.S. Global Jets ETF)<br>FXE (CurrencyShares Euro Trust) | What happens to markets if there's peace in Russia/Ukraine?<br>That was a question that was emailed to me this morning by a subscriber, and it was incredibly well timed because today's Alpha issue is **focused on identifying potential opportunities in the market for when there is a ceasefire declared in the Russia/Ukraine war.**<br>More broadly, the Russia/Ukraine war is devolving into a stalemate and at some point, there will be a ceasefire. And, given the intense market reactions to the conflict from certain sectors and regions, we think that a ceasefire announcement, whenever it comes, will create potentially substantial medium-and longer-term opportunities in some of the most beat down sectors of the market. | 3/22/2022 | **EMB:<br>-9.70%<br>HYEM:<br>-7.78%<br>EUFN:<br>-18.48%<br>JETS:<br>-17.08%<br>FXE:<br>-10.63%** | **SPY:<br>-12.81%** |
| Finding Opportunities in the New Energy Reality<br>FCG (First Trust Natural Gas ETF)<br>URA (Global X Uranium ETF)<br>BOAT (Sonic Shares Global Shipping ETF)<br>LNG (Cheniere Energy)<br>FLNG (Flex LNG Ltd) | The Russia/Ukraine war has fundamentally altered the flow of energy around the world, as European countries wean themselves off Russian energy imports. This transition will take time and create opportunities across the energy sector, so today's Alpha issue is focused on identifying the strategies, sectors, and stocks that stand to benefit from this seminal shift. | 4/5/2022 | **FCG:<br>6.26%<br>URA:<br>-10.51%<br>BOAT:<br>-11.17%<br>LNG:<br>16.25%<br>FLNG:** | **SPY:<br>-13.04%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Staying Long With Lower Volatility ETFs.<br>USMC (Principal U.S. Mega Cap ETF).<br>SPHD (Invesco S&P 500 High Dividend Low Volatility ETF)<br>XYLD (Global X S&P 500 Covered Call ETF) | I've made it no secret that I'm concerned about the longevity of the rally given the looming Fed tightening, yield curve inversions, high inflation, etc. But, history has shown us clearly that markets can rally, on average, 15% after a yield curve inversion, and that rally can last more than a year.<br>Minimum volatility ETFs can provide general long exposure while also reducing the pain of sudden pullbacks, like we experienced several times in the first quarter. | 4/19/2022 | **USMC:**<br>**-13.20%**<br>**SPHD:**<br>**-10.83%**<br>**XYLD:**<br>**-17.07%** | **SPY:**<br>**-12.29%** |
| Contrarian Bond Strategy<br>Vanguard Intermediate Term Bond ETF (BIV)<br>iShare iBoxx Investment Grade Corporate Bond ETF (LQD)<br>iShares Preferred and Income Securities (PFF) | This Alpha issue is one of the most contrarian issues we've produced since I started Alpha because we examine long opportunities in bond ETFs.<br>The "bearish bond" thesis is well founded and widely adopted given high inflation and looming rate hikes.<br>But there is another outcome that's possible where the economy slows quickly, inflation peaks and recedes, the Fed doesn't hike as much as expected, and today's bond yields become attractive over the medium and longer term.<br>We wanted to provide a bond ETF playbook for that contrarian scenario. | 5/3/2022 | **BIV:**<br>**-2.54%**<br>**LQD:**<br>**-4.66%**<br>**PFF:**<br>**-2.21%** | **AGG:**<br>**-2.80%** |
| Assisting Clients Through a Potential Bear Market<br>Bear Market Statistics<br>Bear Market Psychology<br>Specific Tips for a Bear Market | Recently I've had a clear increase in the number of friends and acquaintances asking if we're entering a bear market and if they should get out of the market.<br>I told them this: History is very clear - Abandoning a long-term investment plan even in bear markets is not the right long-term decision.<br>**So, we wanted to arm you with independent and unique research, talking points, and historical analysis that reinforces that staying the course through volatility is the right solution for long-term outperformance.** | 5/17/2022 | **No recommendations given.** | |
| Bottom Fishing in Beaten Down Stocks<br>Netflix (NFLX)<br>PayPal (PYPL)<br>Ford (F)<br>General Motors (GM)<br>Etsy (ETSY)<br>Penn National Gaming (PENN) | Today's issue is focused on identifying some of the most beaten-down stocks and sectors in the market today, because we know that while sentiment is very negative at the moment, there are contrarian clients who are looking for opportunities and we want to make sure you're prepared with a well-research list of individual stocks and ETFs. Additionally, we included an interactive table of 61 S&P 500 stocks that are trading below 10X earnings, and we also included other metrics such as Market Cap, Dividend Yield, and YTD Total Return. | 6/1/2022 | **NFLX:**<br>**13.14%**<br>**PYPL:**<br>**11.11%**<br>**F:**<br>**12.03%**<br>**GM:**<br>**0.94%**<br>**ETSY:**<br>**28.65%**<br>**PENN:**<br>**-2.85%** | **SPY:**<br>**-4.25%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Bottom Fishing with ARK Fund's Favorite Stocks<br>Zoom (ZM)<br>Tesla Inc. (TSLA)<br>Roku Inc. (ROKU)<br>Block Inc. (SQ)<br>Exact Sciences Group (EXAS) | Today's issue continues with the "Bottom Fishing" theme from our previous Alpha issue, and we're going to cover what is arguably one of the most followed ETFs and fund families in the markets: **ARKK and the ARK Funds.**<br>The inspiration for this issue came from the research we performed for the previous Alpha issue. We learned that ARKK had not only fallen nearly 80% from the early 2021 highs but that ARKK was now trading *at or below* levels from before the pandemic even started. And, if we step back, it's hard to argue that the outlook for many of the biggest holdings in ARKK and across the ARK family of funds have worse business outlooks than before the pandemic even started. | **6/14/2022** | **ZM:**<br>**-24.60%**<br>**TSLA:**<br>**23.67%**<br>**ROKU:**<br>**-14.20%**<br>**SQ:**<br>**8.94%**<br>**EXAS:**<br>**-4.47%** | **SPY:**<br>**4.90%** |
| Five Strategies for a Low Return Environment<br>Strategy One: Effective Client Communication<br>Strategy Two: Dividends<br>Strategy Three: Short Term High Yield Debt<br>Strategy Four: Cash is King<br>Strategy Five: Precious Metals | The average annual return for the S&P 500 has been 15.5% over the past 12 years, far above the longer-term average of just over 9%, **so we think it's prudent for advisors to ensure they have strategies to generate Alpha should annual returns lag the longer-term average for the next few years.**<br>So, in this issue we focused on 1) Techniques to help set the right expectations for clients for a potentially low return environment over the coming years and 2) Specific ETFs that we think can provide solid returns over the coming years amidst increased market volatility. | **6/28/2022** | **NOBL:**<br>**2.32%**<br>**SHYG:**<br>**1.85%**<br>**SGOL:**<br>**-6.51%** | **SPY:**<br>**2.67%** |
| Sectors that Outperformed During Recent Recessions<br>Vanguard Health Care ETF (VHT)<br>IShares U.S. Healthcare Providers ETF (IHF)<br>Vanguard Consumer staples ETF (VDC)<br>Invesco Dynamic Food and Beverage ETF (PBJ) | In this Alpha issue we examined sector performance during recent recessions to determine:<br>• If defensive sectors really do outperform during economic contractions and<br>• Which defensive sectors have the best track record of performance leading up to, during, and after recessions.<br>And, our research for this issue revealed a clear conclusion:<br>**Namely, that defensive sectors broadly and specifically the consumer staples and health care sectors demonstrated consistent patterns of outperformance leading up to, during, and following recessions.** | **7/12/2022** | **VHT:**<br>**-2.56%**<br>**IHF:**<br>**1.60%**<br>**VDC:**<br>**-0.23%**<br>**PBJ:**<br>**2.47%** | **SPY:**<br>**2.58%** |

# Sevens Report Alpha Fund & Stock Ideas

| Fund/Stock | Strategy | Date | Total Return | Benchmark Performance Since Issue Date |
|---|---|---|---|---|
| Strategies for a Peak in Bond Yields<br>First Trust NASDAQ Technology Dividend Index Fund (TDIV)<br>Vanguard REIT ETF (VNQ)<br>Pacer Benchmark Industrial Real Estate SCTR ETF (INDS)<br>Pacer US Cash Cows 100 ETF (COWZ) | Yes, the Fed is set to hike the Fed Funds rate by another 100 – 200 basis points, but the long end of the yield curve is driven by inflation expectations and growth estimates, not directly by Fed rate hikes.<br>So, if inflation is peaking and economic growth is rolling over (which is what the stock bulls are betting on) then longer dated bond yields will also peak, regardless of Fed Funds hikes.<br>As such, we wanted to identify ETFs that have high dividend yields and that can weather economic downturns, as they should outperform as bond yields decline, because happen sooner or later yields will peak (and we'll keep you updated on the movements in the regular Sevens Report). | 7/26/2022 | TDIV: -5.27%<br>VNQ: -2.25%<br>INDS: -2.03%<br>COWZ: 0.16% | SPY: -0.12% |
| The State of the Crypto Market<br>Grayscale Bitcoin Trust (GBTC),<br>Grayscale Ethereum Trust (ETHE).<br>ProShares Bitcoin Strategy ETF (BITO).<br>Amplify Transformational Data Sharing ETF (BLOK). | The cryptocurrency industry and markets have witnessed extreme turmoil so far in 2022, but the longer-term story and investor appeal of cryptocurrencies and blockchain technologies remain generally intact. So, we wanted to **provide an update on the state of the crypto markets and identify quality, actionable investments that have relatively weathered the storm should clients be interested in this segment.** | 8/9/2022 | GBTC: -16.93%<br>ETHE: -7.60%<br>BITO: -18.45%<br>BLOK: -13.96% | SPY: -4.93% |
| Sustainable Investing Revisited<br>Invesco MSCI Sustainable Future ETF (ERTH).<br>iShares Self-Driving EV and Tech ETF (IDRV).<br>SPDR S&P Kensho Clean Power ETF (CNRG). | The funding provided by the Inflation Reduction Act, combined with the higher gas prices and the energy security situation in Europe, has reinforced that the sustainable energy industry isn't just here to stay, **but that it'll continue to actively grow in the coming years.**<br>In past market downturns, the renewable energy sector usually performed very poorly. However, during this market decline, select renewable energy ETFs have handily outperformed the S&P 500 and we think that outperformance underscores the fact that this is becoming a more mature industry. | 8/23/2022 | ERTH: -4.68%<br>IDRV: -6.65%<br>CNRG: -1.81% | SPY: -5.24% |