

SEVENS REPORT *alpha*

February 7, 2023

In Today's Issue

- **Finally an Opportunity in International Stocks?**
International markets have lagged their U.S. counterparts for most of the past decade. But, over a 50-year time frame, international outperformed U.S. markets about half the time, and especially when U.S. returns were low. Now may be the time to ensure adequate international exposure in diversified portfolios, and the following ETFs are good core international holding candidates.
- **International Idea 1: Europe. Vanguard Europe ETF (VGK).** VGK is an all-cap, highly diversified, and broad regional strategy that charges a minuscule expense ratio. It's essentially the VTI of Europe. You can own everything in a single basket without having to parse through individual countries or stocks to achieve the same goal. VGK trades at just an 11.6X P/E and 1.7X Price/Book. *Other ETFs to consider: iShares Core MSCI Europe ETF (IEUR).*
- **International Idea 2: Emerging Markets. iShares Core MSCI Emerging Markets ETF (IEMG).** IEMG is a comprehensive EM ETF that charges a minuscule 0.09% fee and has a broad portfolio of 2,600 stocks. China comprises 31% of the total portfolio, followed by Taiwan (14%), India (14%), South Korea (12%), and Brazil (5%). *Other ETFs to consider: iShares MSCI Emerging Markets Min Vol Factor ETF (EEMV). WisdomTree Emerging Markets ex-State-Owned Enterprises Fund (XSOE).*
- **International Idea 3: Small-Cap International. Schwab Fundamental International Small Company Index ETF (FNDC).** The relative valuation of international small caps to U.S. small caps has reached a level where international small caps have outperformed 86% of the time over the next three years.

Revisiting International Stocks

For years you have heard all the fundamental and structural reasons to own international stocks. From their inherent diversification properties to rock-bottom valuations, and striking performance dynamics. These investments are a foundational tool for any evidence-based investor that wants to own a well-rounded global equity portfolio. The only problem with that logic is that it's grounded in a wide-angle lens of market returns over the last 50 years or more.

The real-world results of international stocks over the last decade have been atrocious when compared to their U.S. counterparts. In fact, international stocks have only outperformed domestic publicly traded companies in two years over the last rolling decade based on data compiled by BlackRock (see image on Page 2).

The reasons for this are varied depending on geographical region. Developed European nations have been fixated on reviving slow-growth economies for years with ultra-low interest rates. They were then hit with the hammer of Covid lockdowns, tourism evaporation, and surging inflation (particularly in the energy sector).

The world's second-largest economy, China, decided to prolong its Covid lockdown for nearly three years to the detriment of its economy, and it imposed anti-capitalistic measures on some of its more prominent tech companies. There has also been a herding in foreign currency markets towards the safety of the U.S. dollar in recent years, which acts as a headwind on international stocks, ETFs, and mutual funds.

Many value-oriented advisors have been salivating over the widening gap between these two corners of the market. Yet no matter what the fundamentals dictate, there just hasn't been that collective turning point where momentum shifts to foreign companies. So much so, in fact, that this has become one of the most under-owned asset classes in portfolios among advisors and clients.

Everyone understands the value proposition, but having to explain why 15% or 20% of your portfolio continually fails to keep pace with the U.S. market is a conversation most are happy to avoid. That's why so many market professionals have side-stepped rebalancing into this asset class consistently or let it slip from their holdings altogether in favor of more reliable returns domestically. I certainly don't blame those that made this decision—whether intentionally or unintentionally.

Yet the risk of prolonging that approach at this juncture is that international stocks are primed for a secular comeback after a decade of underperformance. In fact, BlackRock analyzed the returns of this market segment and concluded the following observations in their research:

Despite lagging in recent years, international stocks have performed strongly throughout history, outperforming U.S. stocks during nearly half of all time periods over the last 50 years. With lower returns forecasted for U.S. stocks over the coming years, international stocks may be primed to outperform.

Historically, international stocks outperformed 96% of the time when U.S. stocks returned less than 6% and 100% of the time when U.S. stocks returned less than 4%.

While the year is still quite young, we have already started to see some green shoots of outperformance in international stocks to kick off 2023. In fact, the MSCI EAFE Index outperformed the S&P 500 Index in the first four weeks of the year to the

tune of 9.06% vs. 6.10% for the large-cap U.S. benchmark. The MSCI Emerging Market Index managed to gain an impressive 11.58%.

That positive relative gap has been driven by the anticipation of slowing inflationary metrics as well as heightened future growth expectations once we reach terminal central bank fiscal tightening.

Professional investors are itching to put money back to work in the market and doing so in areas they feel have long-term trend potential.

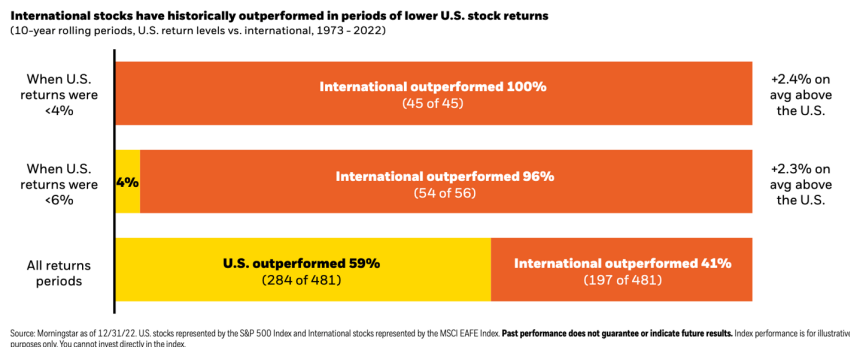
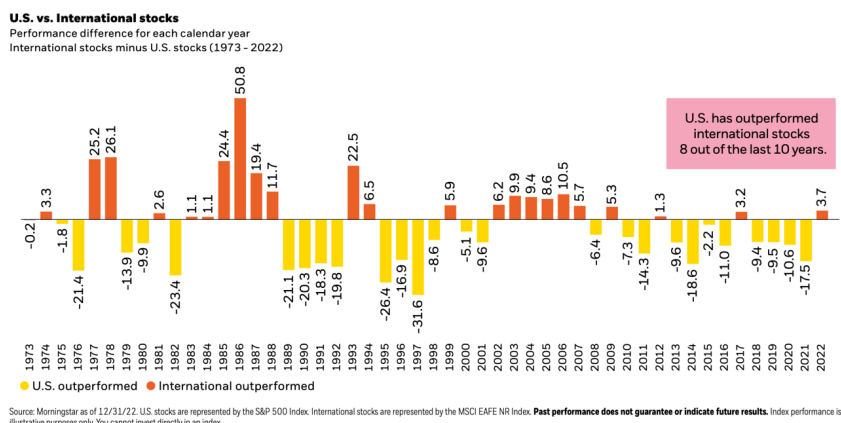
It's likely you are experiencing this same pressure from clients if you are currently overweight cash and short-term bonds as a carryover from 2022. This is a perfect time to evaluate a myriad of fresh investment options and consider enhancing your exposure to international stocks. In the following pages, we detail several best-of-breed solutions to assist with this task and enhance your portfolio alpha opportunities overseas.

Investment Idea 1: Europe

The eurozone has experienced a conflagration of issues over the last decade that has led to stagnation

in economic activity. Soaring energy prices, Brexit turmoil, Covid lockdowns, and geopolitical conflicts are just some of the hurdles this continent has had to overcome

in recent memory. Yet despite those overwhelming negatives, there is some budding optimism that the 20 countries that utilize the euro are seeing an uptick in market activity.



The eurozone's Purchasing Managers Index rose to 50.2 in January, the first signal of expansion since June 2022. Any reading above 50 represents growth. This was mostly fueled by falling energy prices and optimism around the reopening of China's economy. Several prognosticators are now speculating that Europe could ultimately avoid a costly recession or that any downturn could be far less severe than feared. ([source](#))

This developed market region represents one of the more stable opportunities for overseas investment capital as several multi-national conglomerates are domi-

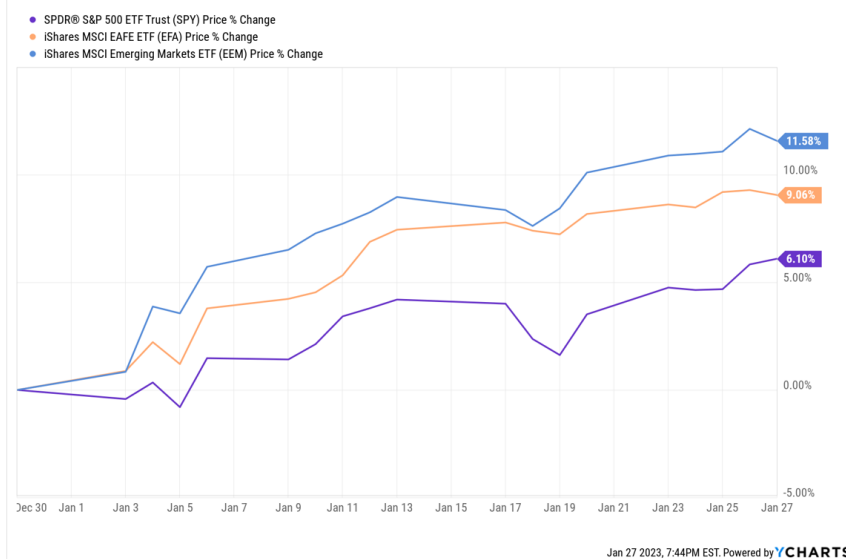
ciled in the eurozone. Portfolios that lean towards blue-chip opportunities would be well suited to seek harbor in large-cap European stocks.

The largest and most heavily traded fund dedicated to this region is the **Vanguard Europe ETF (VGK)** with more than \$15 billion in assets under management. There is really no disputing why this vehicle has grown to be one of the most popular overseas ETFs. It's an all-cap, highly diversified, and broad regional strategy that charges a minuscule expense ratio. It's essentially the VTI of Europe. You can own everything in a single basket without having to parse through individual countries or stocks to achieve the same goal.

The weights of more than 1,300 stocks in the VGK portfolio are determined by a market-capitalization system. Some of its largest holdings include well-known names such as Nestle SA, Roche Holdings AG, ASLM Holding NV, Novo Nordisk, AstraZeneca, and Shell plc.

As you might have guessed, the sector makeup of VGK is far different than the massive tech-heavy

weights of U.S. indices. Financials make up the largest segment of the European index with 17.10% of the total allocation. That's followed by Industrials (16.30%), Health Care (15.20%), Consumer Discretionary (12.10%), and Consumer Staples (11.10%) to round out the top five.



Country exposure to VGK is similarly determined by the allocation of company market cap size rather than factors such as economic output. Top weights include the United Kingdom at 25% of the portfolio followed by France (16.5%), Switzerland (14.6%), Germany (12.20%), and the

Netherlands (6.5%).

The chart of VGK (Pg. 4) shows the same stair-step decline that most equity indexes experienced throughout 2022. However, a low established in the fourth quarter has spurred a countertrend rally that has now pushed this fund back above its 200-day simple moving average. VGK has recaptured much of its 2022 price decline and is once again showing relative momentum befitting an alpha opportunity.

One encouraging fact about this fund is that its underlying fundamentals are still quite cheap in both relative and absolute terms. It sports a price-to-earnings ratio of just 11.6x and a price-to-book ratio of 1.7x. Those ratios indicate that prices are still well in line with historical norms.

VGK is diversified and low-cost enough to be utilized as a core developed international holding with a larger percentage of the portfolio pie. It may also represent an opportunity to complement existing international holdings to enhance your overseas exposure and tilt towards the European region. A move towards this traditional international stock

allocation immediately diversifies your portfolio outside of the U.S. dollar and in line with foreign currencies as another trend we favor in 2023.

If you are more inclined to select a BlackRock ETF over a Vanguard fund, the **iShares Core MSCI Europe ETF (IEUR)** is a perfectly suitable alternative. The fund contains all-cap exposure to nearly 1,000 stocks throughout the European region for an expense of just 0.09% per year. You can't go wrong with this fund as a replacement for VGK and our performance screens have demonstrated almost identical returns between the two over numerous time frames.



potentially unleash a significant upside move throughout this underappreciated market segment.

China is gradually coming to terms with the notion that its economic success in the early 2010s was due to rapid global expansion and innovation in a concentrated basket of stocks. The socialistic policies that stifled its growth in recent years will only lead to regression in that nation's long-term goals. Similarly, India has been on a mission to expand its technology sector and harness one of the world's largest global workforces into an economic behemoth rivaling its northern neighbors.

Investment Idea 2: Emerging Markets

Emerging market stocks have always been synonymous with higher risk when looking to place money into foreign investments. That translates to enhanced volatility overall but that is appropriate for those that want to capture outsized growth in developing nations with significant economic potential.

The hesitation towards any meaningful exposure in emerging markets has been warranted given the negative headlines surrounding nations such as China, Russia, and Saudi Arabia in recent years. There have been persistently difficult economic, regulatory, and geopolitical headwinds that have worked against the publicly traded companies in these countries.

However, it's also fair to say that these problems are well-known and have largely been priced into emerging market stocks. The two-year downtrend is starting to show signs of abatement, which could

All this untapped potential means that emerging market stocks are primed for an opportunistic cycle of favorable growth that may far exceed comparable U.S. metrics. But how do you play this segment with nearly 100 ETFs dedicated to emerging market stocks? The best starting point is to nail down your core equity allocation.

One of the top funds to own for a cornerstone stock allocation is the **iShares Core MSCI Emerging Markets ETF (IEMG)**. It's about as inexpensive as you can get with an all-in management fee of just 0.09% and a broad portfolio of 2,600 stocks.

What this means is that you get exposure to more than just the large-cap universe that dominates traditional asset allocation methodologies. The small- and mid-cap mix that makes up a fair portion of IEMG can provide a meaningful boost to your performance if emerging markets take off this year.

Additionally, the fund now is the second-largest ETF in the EM sphere with more than \$72 billion in total assets and trades millions of shares each day. It would not surprise us if this eventually became the

largest fund in the emerging market universe due to its all-encompassing makeup and ultra-low costs.

China dominates the country's allocation of IEMG with over 31% of the total portfolio. That is followed by Taiwan (14%), India (14%), South Korea (12%), and Brazil (5%) to round out the top five nations. Well-known names such as Taiwan Semiconductor Manufacturing, Tencent Holdings, and Samsung Electronics make up the top holdings in this broadly diversified portfolio.

Like Europe, the emerging market price chart put in a low in late-2022 and has been surging through the first month of the year.

This is due in large part to the announcement that China would shift policies towards a reopening and economic stimulus strategy that is exciting to global investors.

Fund flow data from Bank of America also showed emerging-market debt and equity saw their strongest inflows in almost two years, averaging \$7.1 billion over the first four weeks of 2023. ([source](#))

IEMG is a multi-use investment vehicle for accessing a wide array of emerging market companies. It can be used alongside a developed market fund for taking a "growthier" stance on the global markets or as a stand-alone international holding in more aggressive portfolios that prefer to target these developing regions. Emerging market funds tend to be more volatile than their developed market counterparts. As such, care should be taken to size positions or strategize holdings based on client risk tolerance.

There are also two smart-beta funds we endorse in this sector for those that desire a complementary

holding or to tailor their exposure to unique situations.

The **iShares MSCI Emerging Markets Min Vol Factor ETF (EEMV)** is a fantastic alternative for clients who want exposure to emerging market stocks without the concomitant volatility. The fund selects approximately 300 stocks with the lowest realized volatility over the last 12 months and weights them

based on similar country and allocation targets as the broader MSCI indexes. The result is a diverse basket of EM stocks that have demonstrated shallower valleys and muted peaks in price when compared to its full-throttle peers. This may appeal to con-



servative or income-focused investors that have trepidation about owning foreign holdings and are easily spooked by market fluctuations.

Another top-tier fund to consider is the **WisdomTree Emerging Markets ex-State-Owned Enterprises Fund (XSOE)**. We have written about this fund in the past as a potential complement to a core holding such as IEMG.

The smart-beta screening criteria of XSOE eliminates any quasi-government owned entities within its portfolio. Any stock that has more than 20% state ownership is automatically excluded. That means the 500+ stocks that remain in this fund are run by entrepreneurs, corporate directors, and credible business leaders. The result is these stocks offer more attractive fundamentals (quality, value, ROE, etc.) than their state-owned peers.

What's interesting about the difference between ex-state-owned and state-owned businesses is the "new economy" versus the "old economy" emphasis. The former is filled with businesses in technolo-

gy, consumer discretionary, and communication services. The latter is more commonly dedicated to energy, financials, and materials, legacy industries in many third-world countries. XSOE takes a more progressive approach to emerging market stock selection that has been proven to add alpha over numerous time frames.

Both EEMV and XSOE offer unique ways to slice up the emerging market pie that may appeal to certain portfolios or risk types. These funds can be used in multiple ways to enhance exposure to foreign companies with attractive growth prospects.

Lastly, if there is one fund we implore you to *avoid* it's the notorious **iShares MSCI Emerging Market ETF (EEM)**.

This ETF was one of the first on the block to access emerging market stocks when it launched two decades ago. However, its mind-boggling high 0.68% expense ratio coupled with its outdated index methodology exposes a fund that has fallen behind modern alternatives. Somehow there is still \$26 billion in EEM languishing behind far more attractive choices such as those we highlighted above. Don't be one of those advisors who fall into this trap.

Investment Idea 3: Small-Cap International

Most ETFs in the international stock realm are fine tuned to slice up large market capitalization companies using varying methods. This generates a plethora of index funds or highly tuned smart-beta plays for investors to choose from. However, when we step back and view the secular nature of the next bull market in international stocks, there is a very good chance it's driven by outsized gains in small- and mid-cap stocks.

These smaller and more aggressively positioned companies will stand to experience tremendous benefits from diminishing inflation effects, easing supply chain issues, and an increase in global economic activity.

We recently established the historical trend of U.S. small-cap outperformance coming out of a bear market and/or recession. That same logic also can be applied to international investments. In fact,

Putnam recently released a study highlighting the following data points:

1) The price-to-free cash flow multiple of non-U.S. small caps versus U.S. large caps is in the top decile of attractiveness.

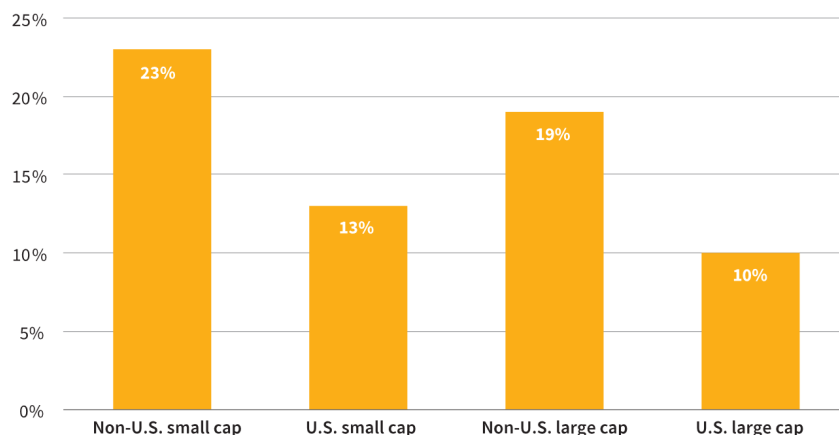
2) In 86% of periods (12 of 14) since 2000, when price-to-free cash flow relative valuations were at similar levels, non-U.S. small caps outperformed over the following three years.

The graphic here highlights average forward three-year returns when non-U.S. small-cap equity was cheapest versus U.S. large-cap equity since December 2000.

This data backs up our assertion that small-cap international stocks are currently undervalued relative to both large-cap U.S. and Non-U.S. peers. Investors who are targeting pure growth would be wise to evaluate this asset class as a potential alpha opportunity that many investors will unwittingly overlook.

Our favorite vehicle to access this market segment is via the **Schwab Fundamental International Small Company Index ETF (FNDC)**.

This smart-beta index fund has nearly \$2.9 billion in assets dedicated to a group of 1,800 small compa-



Sources: Putnam, Worldscope, IDC Pricing

nies traded outside the United States. The “fundamental” metrics this enhanced index fund selects and ranks securities by include adjusted sales, retained operating cash flow, dividends, and share buybacks. The combination of these scores influences the weighting and selection of securities within the basket.

In practice, these essential screening features weed out unprofitable stocks or those whose capital structure is on shaky footing. The result is a tilt toward value and yield factors as compared to a conventional unfiltered index of all eligible securities. The current price-to-

earnings ratio of 9.31x and a price-to-book ratio of 0.89x are extremely attractive fundamental measures in this current environment.

Furthermore, the weighted average market capitalization of the stocks in FNDC is \$3.22 billion. That statistical measurement is on the higher side for a small-cap fund and is clearly influenced by the targeting of higher-revenue enterprises as part of the portfolio construction methodology. The total expense ratio of this ETF is a reasonable 0.39% for access to a truly unique international strategy.

Companies that make up FNDC are primarily domiciled in developed countries such as Japan, the United Kingdom, South Korea, Canada, and Australia. Top sector weights include industrials, consumer discretionary, financials, and materials.

A look at the chart shows that this fund has nearly clawed its way back to the flatline over the last 52-weeks and has been demonstrating clear-cut momentum over the last several months. FNDC climbed 7.90% to start 2023 and is showing tech-

nical signs of strength that fit perfectly with the expectations of a soft landing abroad.

FNDC is a perfect complement to a large-cap diversified core international holding. It works well to tilt a portion of the portfolio towards smaller stocks with the potential to enhance relative performance

within your equity asset allocation.

We are often asked just how much international exposure is reasonable using standard diversified portfolio parameters.

Advisors that are looking to reposition towards international holdings with a moderate conviction

may want to opt for anywhere between 15%-25% of their total equity allocation in this category. That would mean that a 60% stock sleeve would have between 9% and 15% of the total portfolio in one-to-three international funds.

Those that want to create a truly global equity profile may opt to mirror the venerable MSCI All Country World Index, which sports a 60/40 split between U.S. and foreign stocks. That 40% allocation to international means that your upper limit will increase significantly, and you will likely have more opportunities to layer in additional overseas ETFs.

Conclusion

The thesis for international stocks continues to be one of our preferred themes in 2023 given the fundamental and technical factors that are flashing green lights.

The ultimate outcome for this investment segment will be determined by just how much Europe and emerging markets respond to economic data through the remainder of the first quarter.



If inflation continues to cool and business activity sentiment trends higher, look for overseas stocks to flex their muscles through the rest of the year.

Best,

Tom

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Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Opportunity in Long Bonds</u> SPDR Portfolio Long Term Treasury ETF (SPTL). PIMCO Long-Term Credit Bond Fund (PTCIX). VanEck Long Muni ETF (MLN).	This issue focuses on opportunities in the long end of the yield curve, which suffered historic losses in 2022 but is potentially poised to stage a big rebound in 2023 and beyond.	1/24/2023	SPTL: -0.36% PTCIX: 0.48% MLN: 0.53%	SPY: 3.04%
<u>Three Contrarian Ideas to Start 2023</u> ARK Next Generation Internet ETF (ARKW). Vanguard Communication Services ETF (VOX). iShares J.P. Morgan USD Emerging Markets Bond ETF (EMB).	This issue is our annual “contrarian” issue, where we present three contrarian strategies that we think can outperform in 2023 if consensus expectations for the economy, Fed policy, and inflation are proven false.	1/10/2023	ARKW: 28.82% VOX: 12.26% EMB: 1.84%	SPY: 5.13%
<u>Three Strategies that Outperformed in 2022 and Should Outperform Again in 2023.</u> Cambria Shareholder Yield ETF (SYLD). Invesco S&P 500 Pure Value ETF (RPV). PIMCO Enhanced Short Maturity Active ETF (MINT). JP Morgan Ultra-Short Income ETF (JPST). First Trust Consumer Staples AlphaDEX Fund (FXG). First Trust Natural Gas ETF (FCG).	<p>This Alpha issue is our annual “Look Back” issue, where we take time to identify the ideas and themes that worked in 2022, identify some that did not, and address whether we think these performance trends will continue in 2023.</p> <p>Given expectations of economic and earnings recessions along with continued elevated geopolitical risks, <u>we wanted to highlight three strategies that outperformed in 2022 and that we believe are poised to do so again in 2023.</u></p> <p>Finally, obviously every strategy didn’t outperform in 2023 and one in particular that lagged was attempting dip buying in high-growth tech (ARK funds) and crypto ETFs.</p>	12/28/2022	SYLD: 1095% RPV: 13.13% MINT: 0.97% JPST: 0.57% FXG: -0.37% FCG: -1.79%	SPY: 8.98%
<u>Navigating Crypto's 'Lehman Moment'</u>	<p>In this Alpha issue we are trying to cut through the noise and explain 1) The state of the industry post-FTX and 2) Identify ETFs we think are still legitimate options for exposure, so you have quality talking points and viable options for any crypto-related discussions with clients or prospects.</p> <p>We utilized a Q&A format to enhance your knowledge and share a thoughtful approach to the crypto indus-</p>	12/13/2022	N/A	N/A

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Small Cap Stocks</u> iShares Core S&P Small Cap ETF (IJR). Invesco S&P SmallCap 600 Revenue ETF (RWJ). Pacer U.S. Small Cap Cash Cows 100 ETF (CALF).	<p>Very quietly, small-cap stocks have outperformed the S&P 500 by 300 bps and the Nasdaq by 800 bps over the past five months. And, due to multiple factors, small caps may now be poised to provide growth to portfolios over the medium and longer term.</p> <p>That may seem like an odd statement given small caps have lagged for the past decade, and now face a slowing economy and higher rates, which are generally considered negative for small-cap stocks. But, the numbers don't lie: Despite slowing growth and higher rates, small caps have outperformed over the past several months.</p>	11/29/2022	IJR: 6.31% RWJ: 8.94% CALF: 5.04%	SPY: 3.90%
<u>MOAT Stocks</u> VanEck Morningstar Wide Moat ETF (MOAT). Morningstar ESG Wide Moat ETF (MOTE). VanEck Morningstar SMID Moat ETF (SMOT).	<p>This Alpha issue is focused on specific stocks that we think can best withstand the coming economic slow-down, and in doing so help clients outperform.</p> <p>Specifically, as we approach this economic contraction, analysts are rightly advocating for stocks that are less sensitive to economic growth, have strong cash flows, and have low debt ratios, as they should relatively outperform in a slow growth/no growth environment.</p> <p>The moat methodology scores prospective companies via five criteria: Switching Costs, Intangible Assets, Network Effects, Cost Advantage, and Efficient Scale.</p>	11/1/2022	MOAT: 17.98% MOTE: 12.88% SMOT: 16.14%	SPY: 7.27%
<u>Opportunities in Municipal Bonds.</u> JPMorgan Ultra-Short Municipal Income ETF (JMST). SPDR Nuveen Bloomberg High Yield Municipal Bond ETF (HYMB). IQ MacKay Municipal Intermediate ETF (MMIT).	<p>Municipal bonds have been an unloved asset class for the past several years due to very low yields that sent investors to other corners of the fixed income markets. But that has changed during the 2022 bond market rout and yields on munis now are at multi-year highs. With federal funding still in place for pandemic programs, strong tax receipts, and a still-solid U.S. economy, the credit outlook for municipal bonds is stronger than the muni bond price action would imply, and we think that creates a potential opportunity.</p>	10/18/2022	JMST: 1.35% HYMB: 7.22% MMIT: 5.56%	SPY: 11.15%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Protection in a Deeper Bear Market.</u> ProShares Short S&P 500 ETF (SH). ProShares Short QQQ (PSQ). Pacer Trendpilot US Large Cap ETF (PTLC). iShares 0-3 Month Treasury Bond ETF (SGOV).	<p>Specifically, we identify three strategies to protect client portfolios if the lows are materially broken, and we are looking at another 10%-20% decline in the S&P 500. Our goal with these strategies is clear: <u>Minimize the losses and be able to "survive" to take advantage of the ultimate longer-term buying opportunity.</u></p> <p>To be clear, a material break of the lows is not a foregone conclusion, and I hope none of these strategies are ultimately needed. It is possible that over the next several weeks/months we get 1) Better than feared earnings, 2) A decline in inflation via the September CPI, and 3) An eventual Fed pivot and markets find a bottom.</p>	10/4/2022	SHO: 9.21% PSQ: -8.43% PTLC: 2.03% SGOV: 1.27%	SPY: 9.09%
<u>Opportunities in the Nuclear Energy Revival</u> Uranium Mining Stocks. Global X Uranium ETF (URA). Nuclear Utility Stocks. VanEck Uranium + Nuclear Energy ETF (NLR). A Cutting Edge Approach. NuScale Power Corp (SMR).	<p>The Russia/Ukraine war has upset the global energy industry and as the EU and Britain scramble to find enough natural gas to satisfy their needs, nuclear energy emerged as a potential solution not just to the current global energy shortage, but also to satisfy the increased future demand as reliance on fossil fuels declines.</p> <p>More specifically, the Russia/Ukraine war has exposed a significant vulnerability in the EU's energy situation and reduced natural gas flows from Russia have resulted in European countries embracing alternative</p>	9/20/2022	URA: 2.75% NLR: 3.72% SMR: -20.80%	SPY: 7.86%
<u>Repositioning for Another Rollover</u> Invesco S&P 500 Equal Weight Utilities ETF (RYU). Invesco S&P 500 High Dividend Low Volatility ETF (SPHD). The Best-Performing S&P 500 Stocks YTD (Excluding Energy). WisdomTree Floating Rate Treasury Fund (USFR).	<p>We must acknowledge the possibility that the S&P 500 takes out new lows later this year, and the July/August rally was nothing more than a bear market bounce.</p> <p>Given this possibility, we wanted to investigate the sectors, strategies, stocks, and ETFs that outperformed during the first six months of 2022. We hope the analysis in this issue will serve as a potential blueprint for how to outperform if the last four months of 2022 look like the first six months of 2022.</p>	9/7/2022	RYU: -8.07% SPHD: 4.34% USFR: 1.63%	SPY: 4.12%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Sustainable Investing Revisited</u> Invesco MSCI Sustainable Future ETF (ERTH). iShares Self-Driving EV and Tech ETF (IDRV). SPDR S&P Kensho Clean Power ETF (CNRG).	<p>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.</p> <p>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.</p>	8/23/2022	ERTH: -8.38% IDRV: 3.96% CNRG: -6.22%	SPY: -0.45%
<u>The State of the Crypto Market</u> Grayscale Bitcoin Trust (GBTC). Grayscale Ethereum Trust (ETHE). ProShares Bitcoin Strategy ETF (BITO). Amplify Transformational Data Sharing ETF (BLOK).	<p>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.</p>	8/9/2022	GBTC: -15.47% ETHE: -39.60% BITO: 1.41% BLOK: -14.75%	SPY: -0.21%
<u>Strategies for a Peak in Bond Yields</u> First Trust NASDAQ Technology Dividend Index Fund (TDIV). Vanguard REIT ETF (VNQ). Pacer Benchmark Industrial Real Estate SCTR ETF (INDS). Pacer US Cash Cows 100 ETF (COWZ).	<p>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.</p> <p>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.</p> <p>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</p>	7/26/2022	TDIV: 3.27% VNQ: -1.51% INDS: 1.37% COWZ: 12.47%	SPY: 5.93%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<p><u>Sectors that Outperformed During Recent Recessions</u></p> <p>Vanguard Health Care ETF (VHT)</p> <p>iShares U.S. Healthcare Providers ETF (IHF)</p> <p>Vanguard Consumer staples ETF (VDC)</p> <p>Invesco Dynamic Food and Beverage ETF (PBJ)</p>	<p>In this Alpha issue we examined sector performance during recent recessions to determine:</p> <ul style="list-style-type: none"> • If defensive sectors really do outperform during economic contractions and • Which defensive sectors have the best track record of performance leading up to, during, and after recessions. <p>And, our research for this issue revealed a clear conclusion:</p> <p>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.</p>	7/12/2022	<p>VHT: 3.80%</p> <p>IHF: -0.79%</p> <p>VDC: 3.39%</p> <p>PBJ: 5.41%</p>	SPY: 8.71%
<p><u>Five Strategies for a Low Return Environment</u></p> <p>Strategy One: Effective Client Communication</p> <p>Strategy Two: Dividends</p> <p>Strategy Three: Short Term High Yield Debt</p> <p>Strategy Four: Cash is King</p> <p>Strategy Five: Precious Metals</p>	<p>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.</p> <p>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.</p>	6/28/2022	<p>NOBL: 9.66%</p> <p>SHYG: 6.92%</p> <p>SGOL: 2.69%</p>	SPY: 8.76%
<p><u>Bottom Fishing with ARK Fund's Favorite Stocks</u></p> <p>Zoom (ZM)</p> <p>Tesla Inc. (TSLA)</p> <p>Roku Inc. (ROKU)</p> <p>Block Inc. (SQ)</p> <p>Exact Sciences Group (EXAS)</p>	<p>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.</p> <p>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 <i>at or below</i> 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.</p>	6/14/2022	<p>ZM: -27.37%</p> <p>TSLA: -11.59%</p> <p>ROKU: -16.23%</p> <p>SQ: 37.31%</p> <p>EXAS: 82.20%</p>	SPY: 11.19%

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<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Bottom Fishing in Beaten Down Stocks</u> Netflix (NFLX) PayPal (PYPL) Ford (F) General Motors (GM) Etsy (ETSY) Penn National Gaming (PENN)	This 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: 89.05% PYPL: 0.72% F: -1.45% GM: 8.77% ETSY: 79.12% PENN: 4.39%	SPY: 1.52%
<u>Assisting Clients Through a Potential Bear Market</u> Bear Market Statistics Bear Market Psychology 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. 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. 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.	
<u>Contrarian Bond Strategy</u> Vanguard Intermediate Term Bond ETF (BIV) iShare iBoxx Investment Grade Corporate Bond ETF (LQD) 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. The "bearish bond" thesis is well founded and widely adopted given high inflation and looming rate hikes. 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 medi-	5/3/2022	BIV: -2.51% LQD: -2.31% PFF: -0.84%	AGG: -2.99%
<u>Staying Long With Lower Volatility ETFs.</u> USMC (Principal U.S. Mega Cap ETF). SPHD (Invesco S&P 500 High Dividend Low Volatility ETF) 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. Minimum volatility ETFs can provide general long exposure while also reducing the pain of sudden pull-backs, like we experienced several times in the first quarter.	4/19/2022	USMC: -8.42% SPHD: -6.98% XYLD: -17.05%	SPY: -7.78%

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<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Finding Opportunities in the New Energy Reality</u> FCG (First Trust Natural Gas ETF) URA (Global X Uranium ETF) BOAT (Sonic Shares Global Shipping ETF) LNG (Cheniere Energy) 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: -1.45% URA: -14.50% BOAT: -3.01% LNG: 5.93% FLNG: 14.44%	SPY: -7.84%
<u>Russia/Ukraine Cease-fire Playbook</u> EMB (iShares J.P. Morgan USD Emerging Markets Bond ETF) HYEM (VanEck Emerging Markets High Yield Bond ETF) EUFN (iShares MSCI Europe Financials ETF) JETS (U.S. Global Jets ETF) FXE (CurrencyShares Euro Trust)	What happens to markets if there's peace in Russia/Ukraine? 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. 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: -4.65% HYEM: 1.90% EUFN: 6.13% JETS: 0.22% FXE: -3.21%	SPY: -7.51%
<u>Bear Market Playbook (What Worked Last Time)</u> MINT (PIMCO Enhanced Short Term Maturity Active ETF) SGOL (Aberdeen Physical Swiss Gold Shares ETF) VNQ (Vanguard REIT ETF) 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). <u>Now, to be clear, we do not think a bear market is the most likely outcome for this market.</u> If we thought that, we'd be advocating for much more defensive positioning in the Sevens Report. 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.	3/8/2022	MINT: -1.53% SGOL: -9.22% VNQ: -11.34% FXG: 2.81%	SPY: -1.41%

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<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>What Would Outperform If Markets Turn Around?</u> SPDR FactSet Innovative Technology ETF (XITK) Vanguard Consumer Discretionary ETF (VCR) iShares Broad USD High Yield Corporate Bond ETF (USHY) SPDR Blackstone Senior Loan ETF (SRLN)	<p>Today's issue was inspired by this thought: <i>What if everything works out alright?</i></p> <p>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.</p> <p>So, in today's issue, we identify a playbook to outperform if, simply speaking, everything works out great!</p>	2/23/2022	XITK: -17.05% VCR: -8.67% USHY: -8.69% SRLN: -6.91%	SPY: -2.74%
<u>Finding Value and Opportunity in International ETFs</u> Schwab Fundamental International Large Company Index ETF (FNDF). iShares Edge MSCI Intl Quality Factor ETF (IQLT). Vanguard International High Dividend Yield ETF (VYMI).	<p>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.</p>	2/8/2022	FNDF: -4.72% IQLT: -4.85% VYMI: -6.36%	SPY: -7.54%
<u>Weathering Market Volatility with "Quality" ETFs.</u> Quality Idea 1: Financials. First Trust Financials AlphaDex Fund (FXO). Quality Idea 2: Qualitative Value. ValueShares U.S. Quantitative Value ETF (QVAL). Quality Idea 3: Shareholder Yield. Cambria Shareholder Yield ETF (SYLD). Quality Idea 4: Core Value. Invesco S&P 500 Pure Value ETF (RPV).	<p>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.</p> <p>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.</p>	1/25/2022	FXO: 3.55% QVAL: 2.19% SYLD: 6.10% RPV: 8.73%	SPY: -4.01%

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<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Practical Crypto Strategies for Clients</u> Greyscale Bitcoin Trust (GBTC) Amplify Transformational Data Sharing ETF (BLOK) ProShares Bitcoin Strategy ETF (BITO)	<p>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.</p> <p>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.</p>	1/11/2022	GBTC: -61.09% BLOK: -48.79% BITO: -46.59%	SPY: -12.66%
<u>Annual Contrarian Issue</u> 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). Contrarian Investment Idea 2: Gold & Silver Miners Dig Up Profits. VanEck Vectors Gold Miners ETF (GDX) and Global X Silver Miners ETF (SIL). Contrarian Investment Idea 3: Investors Flock To Low Volatility Sectors. Utilities Select Sector SPDR (XLU) and PowerShares S&P 500 Low Volatility ETF (SPLV).	<p>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.</p> <p>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.</p>	12/28/2021	KWEB: -14.06% CXSE: -22.65% GDX: -3.09% SIL: -22.03% XLU: -4.13% SPLV: -7.24%	SPY: -13.98%
<u>Best Performing COVID Strategies</u> Strategy One: Mega-Cap Tech. XLK/VGT/FDN. Strategy Two: Online Spending. SHOP/IBUY. Strategy Three: Blockchain. BLOK (Amplify Transformational Data Sharing ETF). Strategy Four: Smart-Beta Industrials. PAVE (Global X U.S. Infrastructure Development ETF).	<p>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.</p>	12/14/2021	XLK: -16.18% VGT: -18.08% FDN: -34.02% SHOP: -61.62% IBUY: -42.18% BLOK: -52.02% PAVE: 5.85%	SPY: -9.70%

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<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>REITS As An Inflation Hedge</u> Vanguard REIT ETF (VNQ) Pacer Benchmark Data and Infrastructure Real Estate SCTR ETF (SRVR) Pacer Benchmark Industrial Real Estate SCTR ETF (INDS) iShares Residential and Multisector Real Estate ETF (REZ)	<p>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!</p> <p>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).</p> <p>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."</p>	11/30/2021	VNQ: -10.76% SRVR: -20.64% INDS: -15.02% REZ: -12.69%	SPY: -8.18%
<u>Metaverse Primer</u> Meta Platforms Inc (FB) Roblox Corp (RBLX) NVIDIA Corp (NVDA) Amazon (AMZN) Microsoft (MSFT) Roundhill Ball Metaverse ETF (META)	<p>Many analysts believe the "Metaverse" is the next evolution of the internet, and if that's true the long-term return potential is significant.</p> <p>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</p>	11/16/2021	Meta: -45.35% RBLX: -66.50% NVDA: -29.72% AMZN: -41.96% MSFT: -23.64% METV: -49.83%	SPY: -10.85%
<u>Capitalizing on A New Era of Energy Investment</u> SPDR S&P Oil & Gas Exploration and Production ETF (XOP) Invesco S&P Small Cap Energy ETF (PSCE) First Trust Natural Gas ETF (FCG) Global X MLP ETF (MLPA)	<p>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.</p> <p>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</p>	11/2/2021	XOP: 25.60% PSCE: 28.59% MLPA: 26.34%	SPY: -9.43%

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<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Tapping the Wisdom of Financial Celebrity</u> DoubleLine Total Return Fund (DBLTX) DoubleLine Shiller Enhanced CAPE (DSEEX) Guggenheim Total Return Bond Fund Institutional Class (GIBIX). Guggenheim Strategic Opportunities Fund (GOF) WisdomTree U.S. Quality Dividend Growth Fund (DGRW), WisdomTree Emerging Markets es State-Owned Enterprises Fund (XSOE). O'Shares U.S. Quality Dividend ETF (OUSA) O'Shares Global Internet Giants ETF (OGIG)	<p>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.</p> <p>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.</p>	10/19/2021	DBLTX: -9.30% DSEEX: -10.63% GIBIX: -11.13% GOF: -1.45% DGRW: 4.75% XSOE: -24.97% OUSA: 0.81% OGIG: -50.8%	SPY: -7.23%
<u>Buying Opportunities in "New Tech"</u> Idea 1: Winning Streaming Wars (ROKU/SPOT) Idea 2: Next Evolution in Genetics (NVTA/CRSP) Idea 3: Future of Money (Z/COIN) Idea 4: Work from Anywhere (ZM)	<p>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!)</p> <p>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:</p>	10/05/2021	ROKU: -79.62% SPOT: -45.41% NVTA: -90.54% CRSP: -45.69% Z: -47.61% COIN: -68.96% ZM: -69.94%	SPY: -3.40%
<u>Hydrogen—The Next Stage of the Green Energy Revolution</u> Plug Power (PLUG) Cummings (CMI) Defiance Next Gen Hydrogen ETF (HDRO)	<p>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.</p> <p>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</p>	9/21/2021	PLUG: -37.12% CMI: 18.19% HDRO: -42.51%	SPY: -3.59%

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<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Learning to Live with COVID</u> Vaccine Markers (Multiple Stocks & ETFs) Global X Telemedicine & Digital Health ETF (EDOC). Amplify Online Retail ETF (IBUY). VanEck Vectors Morning Star Durable Dividend ETF (DURA).	<p>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.</p> <p>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.</p>	9/8/2021	MRNA: -59.03% BBH: -22.44% EDOC: -33.00% IBUY: -55.40% DURA: 4.72%	SPY: -6.43%
<u>Stagflation Playbook</u> First Trust Dow Jones Internet Index Fund (FDN). Invesco S&P 500 Equal Weight Consumer Staples ETF (RHS). VanEck Vectors Investment Grade Floating Rate ETF (FLTR). Aberdeen Standard Bloomberg All Commodities Strategy K-1 Free ETF (BCI).	<p>This Alpha issue is focused on something we sincerely hope never happens: Stagflation.</p> <p>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).</p> <p>Positively, stagflation is not the most likely macro-economic scenario going forward (a stock positive reflation scenario is the most likely future macro setup). But, stagflation risks are still at multi-decade highs, so the risks can’t be totally ignored, either.</p>	8/24/2021	FDN: -40.18% RHS: 8.69% FLTR: 2.02% BCI: 14.44%	SPY: -6.38%
<u>Five ETFs That Can Make Your Life As An Advisor Easier</u> Vanguard Total World Stock ETF (VT). iShares MSCI ACWI ETF (ACWI). iShares MSCI Global Min Vol Factor ETF (ACWV). iShares MSCI ACWI Low Carbon Target ETF (CRBN).	<p>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.</p> <p>You start by syncing up some of the foundational core holdings that make up the bulk of your asset allocation.</p> <p>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</p>	7/27/2021	VT: -7.69% ACWI: -7.97% ACWV: -5.57% CRBN: -8.70%	SPY: -4.47%
<u>Capitalizing on mRNA and Other Medical Tech</u> ARK Genomic Revolution ETF (ARKG) Global X Telemedicine & Digital Health ETF (EDOC) ROBO Global Healthcare Technology & Innovation ETF (HTEC) Genomic Revolution Global X Genomics & Biotech ETF (GNOM)	<p>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.</p>	7/13/2021	ARKG: -59.54% EDOC: -33.74% HTEC: -31.77% GNOM: -41.28%	SPY: -3.72%

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Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
<u>Cybersecurity</u> ETFMG Prime Cyber Security ETF and the CIBR: First Trust NASDAQ Cybersecurity ETF (HACK) Global X Cybersecurity ETF (BUG) First Trust Cloud Computing ETF (SKYY)	<p>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.</p> <p>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.</p>	6/29/2021	HACK: -24.35% CIBR: -13.25% BUG: -22.15% SKYY: -38.92%	SPY: -4.19%
<u>Equity Playbook in Today's Environment</u> Strategy 1: "One-Stop Shop" Inflation Hedge. Horizon Kinetics Inflation Beneficiaries ETF (INFL). Strategy 2: Focus on Dividend Growth. Proshares S&P 500 Dividend Aristocrats ETF (NOBL). iShares Core Dividend Growth ETF (DGRO). Strategy 3: Commodities and Natural Resources. Global X MLP ETF (MLPA). SPDR SSGA Multi-Asset Real Return ETF (RLY).	<p>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.</p> <p>Today's issue provides ETF solutions for the <u>equity portion of elderly clients' portfolios – ideas that are designed to provide income and ensure positive correlation to rising inflation</u></p>	6/15/2021	INFL: 4.72% NOBL: 0.80% DGRO: 1.52% MLPA: 5.35% RLY: -5.16%	SPY: -3.46%
<u>Fixed Income Playbook in Today's Environment</u> Strategy 1: Inflation Protection. Quadratic Interest Rate Volatility and Inflation Hedge ETF (IVOL). Strategy 2: Variable Rate Preferreds (VRP). Strategy 3: Floating Rate Notes (Two ETFs). Strategy 4: Shorten Duration (Four ETFs).	<p>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?</p> <p>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.</p>	6/2/2021	IVOL: -25.18% VRP: -9.99%	SPY: -2.48%
<u>The Crypto Craze Updated</u> Grayscale Bitcoin Trust (GBTC) Grayscale Ethereum Trust (ETHE) Coinbase Global (COIN) Voyager Digital (VGVF)	<p>If you are like me, you have seen interest in the entire crypto space increase over the past several months.</p> <p>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.</p>	5/18/2021	GBTC: -64.75% ETHE: -76.94% COIN: -68.99% VGVF: -98.53% (Closed)	SPY: 2.07%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<p><u>Four Small Cap ETFs for the Economic Recovery</u></p> <p>Invesco S&P Small Cap Consumer Discretionary ETF (PSCD)</p> <p>First Trust Consumer Staples AlphaDex Fund (FXG)</p> <p>Invesco S&P SmallCap 600 Revenue ETF (RWJ)</p> <p>iShares Morningstar Small-Cap Value ETF (ISCV)</p>	<p>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.</p> <p>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.</p> <p>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.</p>	4/20/2021	<p>PSCD: -10.13%</p> <p>FXG: 9.38%</p> <p>RWJ: 13.07%</p> <p>ISCV: 8.06%</p>	IWM: -8.06%
<p><u>Sector Winners and Losers from the Democratic Policy Agenda</u></p> <p>Global X Millennials Thematic ETF (MILN)</p> <p>Vanguard Tax-Exempt Bond ETF (VTEB)</p> <p>Global X U.S. Infrastructure Development ETF (PAVE)</p> <p>First Trust NASDAQ Clean Edge Green Energy Index Fund (QCLN)</p>	<p>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.</p> <p>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.</p>	4/6/2021	<p>MILN: -26.27%</p> <p>VTEB: -4.10%</p> <p>PAVE: 17.24%</p> <p>QCLN: -17.64%</p>	SPY: 3.55%
<p><u>What Should I Buy on This Tech Decline?</u></p> <p>Invesco S&P 500 Equal Weight Technology ETF (RYT).</p> <p>VanEck Vectors Semiconductor ETF (SMH).</p> <p>First Trust NASDAQ Technology Dividend Index Fund (TDIV).</p>	<p>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.</p>	3/23/2021	<p>RYT: 5.13%</p> <p>SMH: 6.74%</p> <p>TDIV: 3.17%</p>	SPY: 7.95%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>ARK Invest ETFs</u> ARKK (ARK Innovation ETF) ARKG (ARK Genomic Revolution ETF) ARKW (ARK Next Generation Internet) ARKF (ARK Fintech Innovation ETF) ARKQ (ARK Autonomous Technology & Robotics ETF).	<p>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:</p> <p>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.</p>	3/9/2021	ARKK: -65.03% ARKG: -60.27% ARKW: -64.21% ARKF: -62.80% ARKQ: -37.94%	QQQ: -1.41%
<u>Inflation Playbook</u> Core Inflation Plays (SGOL/PDBC/GNR/RLY) U.S. Sector Opportunities (RTM/RGI) Income Opportunities (BKLN/JAAA/STIP)	<p>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.</p>	2/23/2021	PDBC: 40.17% GNR: 26.42% RTM: 20.12% JAAA: 2.84%	SPY: 8.88%
<u>Market Myth Busting</u>	<ul style="list-style-type: none"> Investment Myth 1: Investing and Politics Go Hand in Hand. Investment Myth 2: Modern Monetary Theory Is A Reason to Get Out Now. Investment Myth 3: Getting Out Because the Market is in a Bubble. Investment Myth 4: Rising Rates Are Going to Wreck My Portfolio. Investment Myth 5: The Falling U.S. Dollar Is Eroding My Purchasing Power. 	2/9/2021		
<u>How the “Old Economy” Can Help Us Outperform</u> Invesco Dow Jones Industrial Average Dividend ETF (DJD) First Trust Morningstar Dividend Leaders Index Fund (FDL) Invesco S&P 500 Pure Value ETF (RPV)	<p>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.</p> <p>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.</p>	1/26/2021	DJD: 20.56% FDL: 35.35% RPV: 40.82%	SPY: 10.66%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Older Alpha Fund & Stock Ideas and Performance</u>	Please click here to view the full list of Alpha ideas and performance back to the start of the service n 2017.			