

# SEVENS REPORT *alpha*

*February 22, 2023*

## In Today's Issue

- The rebound in growth and tech so far in 2023 has resulted in “Fear of Missing Out” from investors and some advisors. We believe the outlook for growth and tech remains uncertain, but it’s undeniable that many large-cap tech and tech-related companies are trading at values not seen in years. And if hopes for an economic soft landing come true, then there is a positive case for growth and tech. For advisors who want to increase growth/tech exposure, we have provided three strategies and ETFs that we think can help advisors add broad growth exposure, specific tech sector exposure, and targeted tech industry exposure, so advisors can select the strategy that best fits clients’ needs.
- **Investment Idea 1: Growth Factor Funds.** iShares Morningstar Mid-Cap Growth ETF (IMCG). IMCG stood out because of its superior relative performance and sector diversification while still focusing on the growth factor. Tech exposure is 24% of the ETF, however, the remaining sector dispersions are more balanced among industrials (20%), health care (12%), financials (10%), and consumer discretionary (10%).
- **Investment Idea 2: Sector Opportunities.** iShares Expanded Tech Sector ETF (IGM). IGM provides exposure to tech-oriented companies across three sectors: Technology, consumer discretionary, and communications services, making it a “one stop shop” for highly diversified technology exposure.
- **Investment Idea 3: Industry Level Funds.** VanEck Vectors Semiconductor ETF (SMH). SMH is a \$7.6 billion ETF dedicated to a group of 25 large-cap and globally diverse semiconductor companies with an expense ratio of just 0.35%.

## How to Re-Allocate to Growth Stocks

One of our core contrarian themes heading into 2023 is a focus around the positivity driving a countertrend rally in stocks. The pent-up angst of soaring inflation, rising interest rates, and recession fears led us to believe that the possibility of the Fed engineering a soft landing or even “better-than-feared” data would be a cyclical catalyst for higher prices. Fast forward a few months and that prescient call is starting to gain prominence on Wall Street.

Even the famed Jeremy Siegel recently noted that overall bearishness in late 2022 hit peak levels and the sentiment was overwhelmingly skewed negative. This sets up a classic market phenomenon that is all too common near inflection points. When everyone believes an outcome is certain, it’s often the opposite result that occurs. Siegel was one of the few optimists that set his S&P 500 Index target at a 20% gain to start the year ([source](#)).

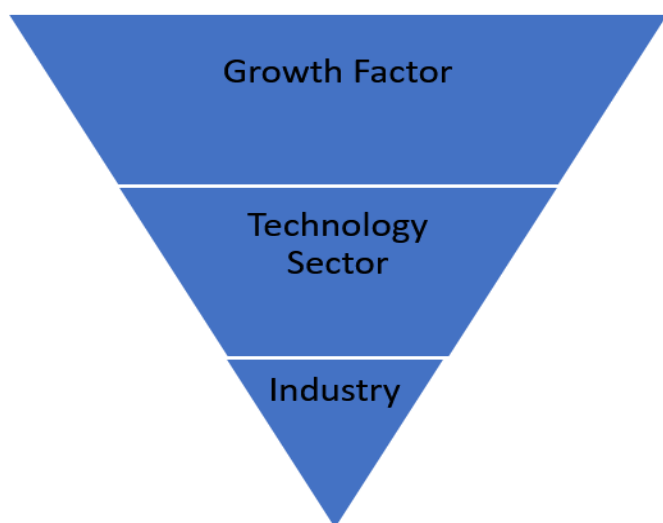
Of course, we all know that would be a nearly unfathomable achievement without the participation of one key sector – technology stocks. To say this segment has experienced its fair share of condemnation over the last 18 months would be an understatement. These bright drivers of innovative products stagnated in the face of rising financing costs, slowing consumer activity, and an overabundance of labor overhead. So much so that 332 publicly traded tech companies have announced more than 100,000 global layoffs just since the start of the year. Last year, 1,024 tech companies laid off a total of 154,336 employees, according to the website Layoffs ([source](#)).

The interesting result of these announcements and expense tightening is that thus far, they have been largely applauded by investors. Over the last several months, we’ve started to see an influx of capital coming back into the technology sector even as companies grapple with mixed financial results, executives slash compensation, and reorganizations are revealed. These strategies will ultimately create more efficient organizations that are focused on a

balance of sensible profitability and reasonable growth. Trimming the fat is a natural progression for any company emerging from the shadow of a growth slump and ultimately returning to dominance.

If you have been following our advice that analogy probably aligns with your client portfolio allocations coming into the year as well. We were early advocates of trimming technology exposure given the palpable economic headwinds stymying growth. However, now that prices have experienced meaningful corrections and macro financial conditions appear to be set to evolve once more, it's worth exploring the plan of re-adding to growth-oriented themes.

Starting to slide your way back into technology stocks may seem like a daunting task after so much trepidation towards this market segment. Nevertheless, we have identified several top strategies you can use to incrementally rebalance your way in this direction without upsetting your portfolio equilibrium. The goal being to slowly begin increasing your allocations in blue-chip tech with complementary exposure to increasingly more nuanced opportunities. When you think about the investment options like a funnel, or inverted triangle, it starts to make sense as to how to layer them in based on



your portfolio targets.

Factor level funds will contain the widest characteristics of diversification with numerous sectors and

industries represented in the basket. These are going to be the easiest funds to transition towards as you begin to step back in the direction of growth stocks. Drilling down to the industry level is going to create a more concentrated group of holdings with similar features and business opportunities. These are generally going to be more strategic holdings with tactical implications that may be more attractive for aggressive risk clients.

Ultimately, if your thesis is that value funds were a temporary port in the storm, then it's time to start building your buy list of attractive growth opportunities before the next major uptrend develops. This way you are prepared to proactively communicate with clients who may become increasingly antsy for additional exposure in an area of the market that is still well off its highs and ripe for a resurgence in momentum.

### **Investment Idea 1: Growth Factor Funds**

Growth factor ETFs have become an increasingly popular fund selection category among advisors over the last 20 years. These funds herd towards technology, consumer discretionary, and healthcare stocks that provided the lion's share of alpha throughout every bull market in recent memory. They became go-to vehicles for tilting your portfolio towards some of the largest and strongest performing companies such as Apple Inc (AAPL), Microsoft Corp (MSFT), and Amazon.com Inc (AMZN).

Several popular selections in this genre include the Vanguard Growth ETF (VUG) and iShares Russell 1000 Growth ETF (IWF). Both provide highly efficient and low-cost exposure to a subset of mega- and large-cap U.S. growth stocks using a traditional market capitalization index methodology. Not surprisingly, the largest sector allocation within these ETFs is information technology with nearly half of the total basket allowance. This is driven by the top-heavy sizing in the aforementioned tech juggernauts.

Either of these funds are an extremely capable solution to stepping back into the realm of growth

stocks. They check all the boxes in terms of their structural components, historical performance, liquidity, and costs. We would not begrudge any market professional who felt these funds are the best solution for dipping a toe back into the growth pool with the comfort of familiarity.

Nevertheless, comfortability is not always where the alpha opportunities lie in wait. To check that box we dug deeper through the mountains of data to find an attractive ETF solution with smart-beta growth characteristics ripe for disruption.

The **iShares Morningstar Mid-Cap Growth ETF (IMCG)** stood out in our research for a variety of reasons that will immediately become apparent in this unveiling. The fund is based on an enhanced index developed by Morningstar to filter for U.S. stocks that generally fall between the 70<sup>th</sup> and 90<sup>th</sup> percentile of available market capitalizations.

Companies are then further evaluated and screened for qualities indicating above-average growth characteristics by Morningstar's equity research team. The result is a highly diversified basket of mid-cap growth stocks with striking business fundamentals and a historical inclination for outperformance.

Like many of its large-cap peers, the IMCG portfolio is still heavily tech focused with 24% of the underlying companies stemming from this sector. However, the remaining sector dispersions are more balanced among industrials (20%), health care (12%), financials (10%), and consumer discretionary (10%). This creates a more equitable dispersion of capital across a wider segment of the U.S. financial markets.

Furthermore, the IMCG portfolio does not excessively overweight any single holding like a tradition-

al market-cap-weighted fund would. No single stock accounts for more than 1% of the total portfolio capital and rebalancing occurs on a quarterly basis. The overall basket of stocks is evaluated and reconstituted on a semi-annual basis.

That highly diversified index methodology is one we find attractive for advisors to utilize for a broad-based rebound in growth stocks. You aren't betting the farm on a few individual companies that may or may not find their footing during the next cyclical bull market. Rather, it's a sensible and even-keeled approach to portfolio management.

Just what kind of stocks are in this intriguing portfolio? Many you are likely familiar with on an instinctual level such as MSCI Inc (MSCI), Block Inc (SQ), Ross Stores Inc (ROST), Marvell Technology (MRVL), and Hershey Foods Inc (HSY). These well-known holdings headline a total basket of 328 stocks and net assets of nearly \$1.4 billion.



The fund also regularly trades more than 150,000 shares per day, which give us confidence in its overall liquidity for advisors that trade in larger size. We are also excited to point out that this fund charges a minimal expense ratio of 0.06% annually.

That's an impressive bargain considering the smart-beta characteristics that underpin this strategy.

Most importantly, the combination of low costs and unique stock selection methodology are demonstrating real-world results near the top of its class. IMCG has meaningfully diverged from its large-cap peers since the market bottom in late-2022 to the tune of a +7% performance differential seen on the one-year chart here. The mid-cap growth fund also

proved to be less volatile than several comparable alternatives throughout last year's ugly price action. Furthermore, it has consistently showed positive performance differentials versus VUG on three- and five-year time frames that align with our long-term equity research approach.

In our experience, mid-cap stocks are one of the most consistently overlooked segments within portfolio construction guidelines. They sport Goldilocks characteristics that sit above the speculative and/or fickle nature of small-cap stocks versus the potential for stagnating growth in mega-cap companies. By the time these stocks reach that mid-cap realm, their business models are typically well-established, and they have the capability to experience growth rates that exceed other corners of the financial markets.

The structural makeup of IMCG is one of its most attractive elements for advisors to utilize within their portfolios. Many clients came into the year heavy on cash, short-term fixed-income, and large-cap value stocks. This fund allows you to target a new segment of U.S. growth stocks with little overlap in your existing holdings. Furthermore, its relatively balanced sector makeup ensures that you aren't going to over allocate to tech and consumer discretionary stocks right at the outset.

It allows you some middle ground in your approach to regaining growth exposure without diving headlong into the deep end straight away. Additionally, this ETF still has a long tail of untapped potential as it is off 23% from its prior all-time highs.

IMCG has the aptitude to be integrated as a core equity solution for those clients that want to start broadening their stock allocation once more. However, it would be foolish to believe that market volatility is fully in the rearview mirror in the early stages of this rebound.

Our recommendation is to set a target allocation and break up the trading into multiple tranches over a set period. That will allow you the opportunity to put additional capital to work at lower prices should we see another significant correction mate-

rialize. On the flip side, if we have truly seen the bottom, you will be steadily increasing your exposure as momentum develops in a sustainable way.

## **Investment Idea 2: Sector Opportunities**

Diving deeper into the next level of our growth funnel brings us to sector-level holdings that, for the sake of this report, are concentrated within the technology realm. Technology stocks have largely become viewed as this generation's "industrial" companies in terms of their revolutionary impact on communication, entertainment, and information. They have become ingrained in our society to the extent that many are considered the most-admired companies in the world.

One thing is for certain: A large percentage of tech stocks generate billions of dollars in revenue and profit annually. The swirling tempest of economic contraction may temporarily disrupt their growth, but ultimately, they have always proven to come roaring back in a prodigious manner. Therefore, supplementing your core growth factor holdings with a sector-level tech fund makes sense for investors with long time horizons and appropriate risk tolerance.

One roadblock to a successful technology sector tool is the classification system that index creators rely on. They simply have a difficult time separating technology from communications, consumer discretionary, or even next-generation financial stocks. Many investors would argue that Amazon is undoubtedly a tech stock. However, it's excluded from top funds such as XLK or VGT because it lives in the consumer discretionary category.

Another similar separation exists for Meta Platforms Inc (META) and Alphabet Inc (GOOGL). Both are classified as communication stocks and regularly exiled from popular tech-focused indexes. It would be ideal to find a landing spot for all these companies to co-exist alongside tech mainstays such as Microsoft, Apple, and Nvidia (NVDA) without having to purchase multiple funds.

Fortunately, BlackRock has solved this problem with the uniquely constructed **iShares Expanded Tech Sector ETF (IGM)**. This \$2.55 billion ETF seeks to own a combination of the technology sector and technology-related companies in the communication and consumer discretionary segments. It's an all-encompassing solution for investors that want to express a wider view of the technology ecosystem.

IGM contains 328 stocks in a market-cap weighted structure that lends emphasis to many of these larger technology-adjacent sectors. The result is that rather than Apple and Microsoft making up half of the portfolio, the top five holdings in IGM account for just 34% of the total basket. This creates a

broader diversification profile in several other blue-chip stocks with attractive growth characteristics. Investors in IGM receive the benefit of exposure to internet-focused companies alongside the hardware and software providers that are the backbone of the tech world.

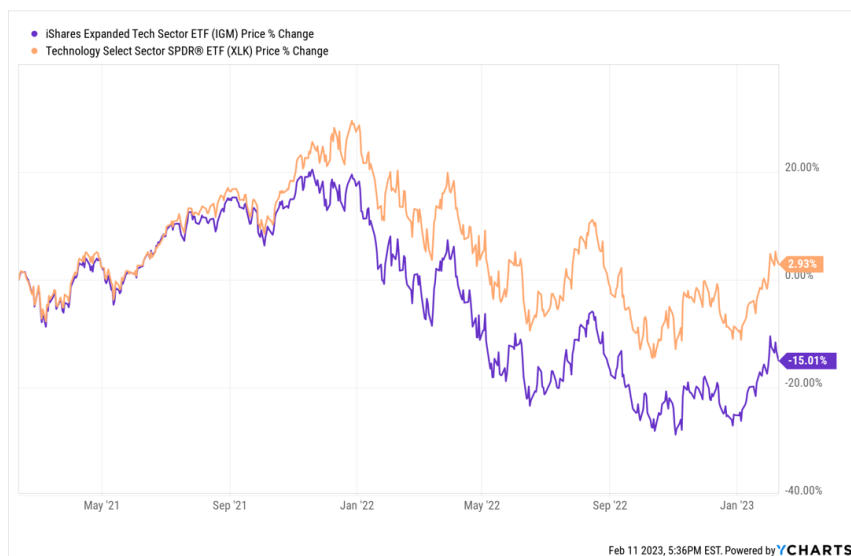
If you have been following along for the last 18 months, it should come as no surprise that internet-focused stocks were re-rated the hardest through the teeth of the 2022 sell-off. That means IGM has underperformed the sector benchmark XLK over this timeframe. Nevertheless, that's exactly the type of discounted opportunity with the propensity to drive alpha during the next growth momentum cycle. Communication stocks in particular have been relative strength leaders in January and have helped close the gap between these two vehicles over the last month.

There is still a tremendous amount of ground to be made up in many of these stocks, and historically it has paid to be a little early to the party rather than

chasing prices higher. IGM can serve as an opportunistic and highly diversified technology investment platform that is more well-rounded than the 75 stocks that make up XLK.

Furthermore, the market capitalization weighting style of this fund ensures that most of the stock exposure is in high-quality companies with proven track records of success. That means you won't be

overly exposed to speculative, high cash-burn stocks that are apt to take longer to recover in a market with tighter credit conditions. IGM certainly bridges this gap well and is an excellent starting point for technology sector exposure as you begin to allocate back to this growth



story.

Another technology sector opportunity we feel strongly about is geared towards clients seeking an income-focus within their portfolios. Historically, technology stocks have always been aligned with growth indexes. However, as many of these successful companies have matured, they have begun to reward shareholders with consistent quarterly dividends.

That means retired investors don't have to be solely relegated to old economy sectors such as energy, financials, consumer staples, and telecommunications to achieve their objectives. Technology stocks can provide both that growth and income component to boost their total portfolio returns.

This is the motivation behind the well-constructed **First Trust NASDAQ Technology Dividend Index Fund (TDIV)**. This exchange-traded fund is a basket of dividend tech stocks that must meet strict smart-beta screening criteria to be considered for inclu-



sion. This includes minimum trading volume, market-cap size, dividend history, and dividend stability characteristics.

The underlying holdings are structured according to a modified dividend value weighting methodology that accounts for the payout ratios of each individual security. The result is a diversified basket of 90+ blue-chip technology and communications stocks with above-average dividend yields and quality fundamentals. This includes everything from Apple and Broadcom (AVGO) to Qualcomm (QCOM), Texas Instruments (TXN), Taiwan Semiconductor (TSM), and more.

The technology dividend index has matched the returns of the technology sector benchmark XLK over the last 12 months. Additionally, TDIV has matched the returns of SPY over the last five years and continues to straddle that line of consistent equity-income that investors have come to rely on.

It stands to reason that a rotation back towards growth themes and the technology sector, in general, will provide the type of tailwind that would favor the TDIV portfolio. It's also worth noting that the current 30-day SEC yield of this ETF is a healthy 2.32% with

income paid quarterly to shareholders. The fund sports an annual expense ratio of 0.50% and has over \$1.6 billion in total assets allocated to its highly liquid group of holdings.

This fund can be utilized to tilt your core equity allocation towards the tech sector without sacrificing yield in the process. It's also a natural fit for clients who understand the blue-chip quality of the stocks that make up this index as many are dominant in traditional market-cap weighted benchmarks. TDIV can help balance the scales within income portfolio

that are typically large-cap value heavy to ensure growth isn't sacrificed in the process.

### **Investment Idea 3: Industry Level Funds**

The tip of the spear in our inverted triangle of growth opportunities also is the most-aggressive approach to equity strategy execution. This is due to the more concentrated nature of the holdings and similar characteristics of their business operations. It's also where you are most apt to capture significant alpha if you can hit the nail on the head with the right investment opportunity.

Our introductory 2023 report on contrarian opportunities pointed out the oversold conditions in the communications sector and how a rebound in this group could materially outpace the broader market. Fast forward several weeks, and we have seen a meaningful jump in the Vanguard Communication

Services ETF (VOX)

that has indicated this strategy might have further room to run.

We encourage you to review that recent report to better understand the factors that will contribute to this growth opportunity re-igniting in 2023.

VOX is a quality example of an industry-level fund that would fit alongside broader factor or sector-type holdings within a diversified growth portfolio.

Another technology industry fund that is showing attractive momentum to kick off 2023 are semiconductor stocks. The extreme demand in semiconductors is being driven by rising household disposable income levels, growing population, increasing urbanization, and advanced electronics in artificial intelligence. Fortune Business Insights forecasts the



global semiconductor market is projected to grow from \$573 billion in 2022 to \$1,380 billion by 2029, at a CAGR of 12.2%. ([source](#)).

Bottom line: semiconductor stocks are well positioned to ride a wave of sales growth in the coming months and years, which investors can leverage to their advantage.

Our preferred way to play this opportunity is through the **VanEck Vectors Semiconductor ETF (SMH)**.

This fund has \$7.6 billion dedicated to a group of 25 large-cap and globally diverse semiconductor companies with an expense ratio of 0.35%. Top holdings in this fund include heavyweights such as Taiwan Semiconductor, Nvidia Corp, Advanced Micro Devices (AMD), and ASML Holdings (ASML). It also contains exposure to U.S.-based Broadcom, Texas Instruments, Qualcomm, and Marvell Technology Group (MRVL).

From a global perspective, SMH is positioned with 76% of the holdings domiciled in the United States and the remaining 24% in international countries. These foreign locations include Taiwan, Netherlands, and Switzerland. Additionally, the portfolio is market-cap weighted as its primary index allocation methodology.

This ETF experienced the same broad-based sell-off that impacted most stocks last year, but it is rapidly making up ground after the market bottomed in October. SMH has now closed the gap with the broader S&P 500 Index on a one-year basis and continues to demonstrate a high degree of relative momentum.

Semiconductor stocks also have proven to be attractive long-term performers as well. The most-recent fund company fact sheet denotes annualized gains of +20.85%, +18.71%, and +22.88% on three-, five-, and 10-year time frames. That's exactly the type of consistent performance advantage investors want to see when evaluating whether an industry-level fund is suitable for their goals.

This fund can be utilized as a tactical opportunity to overweight a portion of the portfolio towards the large-cap segment of the semiconductor industry. Its concentrated portfolio makeup means that this sector may deviate from the broader market and even the overarching tech sector at times. Nevertheless, SMH offers a unique way to gain exposure to old-school tech companies with a relentless de-

demand curve in the current economic climate.

## **Conclusion**

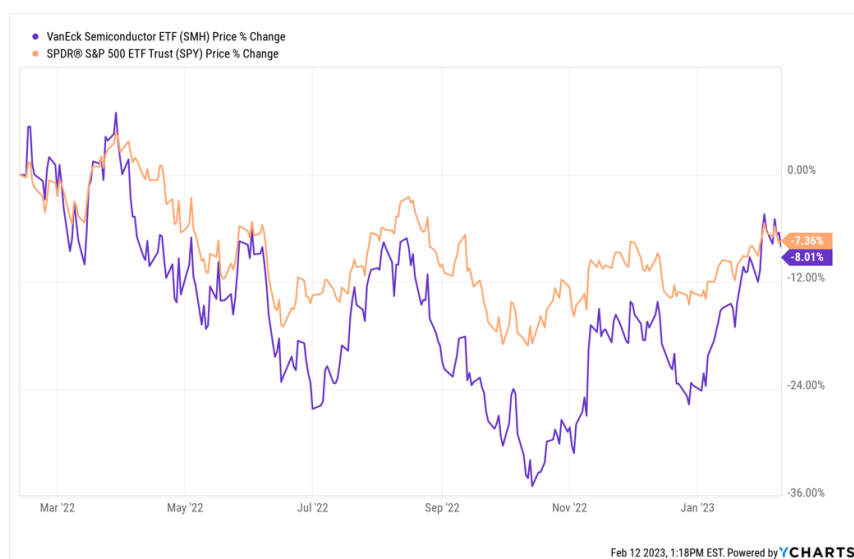
There is no doubt that growth stocks will eventually stage a comeback. The key to participating in that momentum will be to start building your buy list and proactively com-

municating with clients about the plan to transition towards this opportunity.

Our recommendation is to first plan out how these holdings will complement your existing positions or possibly replace those that may eventually start to underperform as conditions evolve. Then begin to incrementally transition your equity allocations in smaller pieces so that the turnover is completed at a moderate pace. This will allow you the flexibility to use time and price to your advantage throughout the remainder 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>
<p>An Opportunity in International Stocks</p> <p>Vanguard Europe ETF (VGK).</p> <p>iShares Core MSCI Emerging Markets ETF (IEMG).</p> <p>Schwab Fundamental International Small Company Index ETF (FNDC).</p>	<p>This issue will focus on the global markets, specifically international stock ETFs that we believe would be good core holdings for adding (or increasing) international exposure in client accounts because, for the first time in a long time, <b>the case can be made that international markets can sustainably outperform U.S. markets.</b></p>	2/07/2023	<p>VGK: 0.71%</p> <p>IEMG: -1.66%</p> <p>FNDC: -0.84%</p>	<p>SPY: -1.91%</p>
<p><b><u>Opportunity in Long Bonds</u></b></p> <p>SPDR Portfolio Long Term Treasury ETF (SPTL).</p> <p>PIMCO Long-Term Credit Bond Fund (PTCIX).</p> <p>VanEck Long Muni ETF (MLN).</p>	<p>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.</p>	1/24/2023	<p>SPTL: -4.10%</p> <p>PTCIX: -3.52%</p> <p>MLN: -2.90%</p>	<p>SPY: 1.76%</p>
<p><b><u>Three Contrarian Ideas to Start 2023</u></b></p> <p>ARK Next Generation Internet ETF (ARKW).</p> <p>Vanguard Communication Services ETF (VOX).</p> <p>iShares J.P. Morgan USD Emerging Markets Bond ETF (EMB).</p>	<p>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.</p>	1/10/2023	<p>ARKW: 22.93%</p> <p>VOX: 5.44%</p> <p>EMB: -1.92%</p>	<p>SPY: 2.29%</p>
<p><b><u>Three Strategies that Outperformed in 2022 and Should Outperform Again in 2023.</u></b></p> <p>Cambria Shareholder Yield ETF (SYLD).</p> <p>Invesco S&amp;P 500 Pure Value ETF (RPV).</p> <p>PIMCO Enhanced Short Maturity Active ETF (MINT).</p> <p>JP Morgan Ultra-Short Income ETF (JPST).</p> <p>First Trust Consumer Staples AlphaDEX Fund (FXG).</p> <p>First Trust Natural Gas ETF (FCG).</p>	<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	<p>SYLD: 7.74%</p> <p>RPV: 8.23%</p> <p>MINT: 1.16%</p> <p>JPST: 0.75%</p> <p>FXG: -0.38%</p> <p>FCG: -5.51%</p>	<p>SPY: 6.07%</p>
<p><b><u>Navigating Crypto's 'Lehman Moment'</u></b></p>	<p>In this Alpha issue we are trying to cut through the noise and explain <b>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.</b></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><b>Small Cap Stocks</b></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><b>Very quietly, small-cap stocks have outperformed the S&amp;P 500 by 300 bps and the Nasdaq by 800 bps over the past five months.</b> 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: 2.61% RWJ: 5.87% CALF: 0.83%	SPY: 1.08%
<u><b>MOAT Stocks</b></u> VanEck Morningstar Wide Moat ETF (MOAT). Morningstar ESG Wide Moat ETF (MOTE). VanEck Morningstar SMID Moat ETF (SMOT).	<p><b>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.</b></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: <b>Switching Costs, Intangible Assets, Network Effects, Cost Advantage, and Efficient Scale.</b></p>	11/1/2022	MOAT: 13.04% MOTE: 11.50% SMOT: 11.48%	SPY: 4.35%
<u><b>Opportunities in Municipal Bonds.</b></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. <b>But that has changed during the 2022 bond market rout and yields on munis now are at multi-year highs.</b> With federal funding still in place for pandemic programs, strong tax receipts, and a still-solid U.S. economy, <b>the credit outlook for municipal bonds is stronger than the muni bond price action would imply, and we think that creates a potential opportunity.</b></p>	10/18/2022	JMST: 1.19% HYMB: 3.94% MMIT: 3.58%	SPY: 8.12%

# 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>
<b><u>Protection in a Deeper Bear Market.</u></b> 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&amp;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: 2.55% PSQ: -5.30% PTLC: -0.28% SGOV: 1.46%	SPY: 6.17%
<b><u>Opportunities in the Nuclear Energy Revival</u></b> 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, <b>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.</b></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 forms of energy production, including nuclear.</p>	9/20/2022	URA: 2.47% NLR: 4.23% SMR: -21.69%	SPY: 6.53%
<b><u>Repositioning for Another Rollover</u></b> 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&amp;P 500 takes out new lows later this year, and the July/August rally was nothing more than a bear market bounce.</p> <p><b>Given this possibility, we wanted to investigate the sectors, strategies, stocks, and ETFs that outperformed during the first six months of 2022.</b> 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: -8.42% SPHD: 0.81% USFR: 1.81%	SPY: 1.30%

# 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>
<b><u>Sustainable Investing Revisited</u></b> 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, <b>but that it'll continue to actively grow in the coming years.</b></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&amp;P 500 and we think that outperformance underscores the fact that this is becoming a more mature industry.</p>	8/23/2022	ERTH: -11.89% IDRV: -0.90% CNRG: -11.07%	SPY: -3.10%
<b><u>The State of the Crypto Market</u></b> 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 <b>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.</b></p>	8/9/2022	GBTC: -16.59% ETHE: -38.56% BITO: 8.19% BLOK: -18.79%	SPY: -2.87%
<b><u>Strategies for a Peak in Bond Yields</u></b> 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 regular Sevens Report).</p>	7/26/2022	TDIV: 0.03% VNQ: -5.71% INDS: -2.48% COWZ: 8.86%	SPY: 3.11%

# 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><b><u>Sectors that Outperformed During Recent Recessions</u></b></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"> <li>• If defensive sectors really do outperform during economic contractions and</li> <li>• Which defensive sectors have the best track record of performance leading up to, during, and after recessions.</li> </ul> <p>And, our research for this issue revealed a clear conclusion:</p> <p><b>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.</b></p>	7/12/2022	<p>VHT: 1.78%</p> <p>IHF: 0.57%</p> <p>VDC: 3.93%</p> <p>PBJ: 6.24%</p>	SPY: 5.83%
<p><b><u>Five Strategies for a Low Return Environment</u></b></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&amp;P 500 has been 15.5% over the past 12 years, far above the longer-term average of just over 9%, <b>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.</b></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: 7.43%</p> <p>SHYG: 4.56%</p> <p>SGOL: 0.66%</p>	SPY: 5.88%
<p><b><u>Bottom Fishing with ARK Fund's Favorite Stocks</u></b></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: <b>ARKK and the ARK Funds.</b></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: -31.69%</p> <p>TSLA: -9.39%</p> <p>ROKU: -11.97%</p> <p>SQ: 19.83%</p> <p>EXAS: 65.73%</p>	SPY: 8.29%

# 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>
<b><u>Bottom Fishing in Beaten Down Stocks</u></b> 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: 74.89% PYPL: -9.06% F: -1.88% GM: 8.51% ETSY: 55.14% PENN: -3.29%	SPY: -1.16%
<b><u>Assisting Clients Through a Potential Bear Market</u></b> 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. <b>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.</b>	5/17/2022	No recommendations given.	
<b><u>Contrarian Bond Strategy</u></b> 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 medium and longer term.	5/3/2022	BIV: -4.87% LQD: -6.07% PFF: -3.20%	AGG: -5.12%
<b><u>Staying Long With Lower Volatility ETFs.</u></b> 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: -10.62% SPHD: -10.11% XYLD: -18.33%	SPY: -10.20%



# 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>
<b><u>Finding Opportunities in the New Energy Reality</u></b> 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: -5.22% URA: -16.48% BOAT: 1.09% LNG: 3.23% FLNG: 28.55%	SPY: -10.24%
<b><u>Russia/Ukraine Cease-fire Playbook</u></b> 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)	<p>What happens to markets if there's peace in Russia/Ukraine?</p> <p>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 <b>focused on identifying potential opportunities in the market for when there is a ceasefire declared in the Russia/Ukraine war.</b></p> <p>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.</p>	3/22/2022	EMB: -8.17% HYEM: -1.24% EUFN: 7.68% JETS: -6.37% FXE: -3.99%	SPY: -9.96%
<b><u>Bear Market Playbook (What Worked Last Time)</u></b> 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)	<p>In today's Alpha issue, <b>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).</b></p> <p><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.</p> <p>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.</p>	3/8/2022	MINT: -1.35% SGOL: -10.84% VNQ: -15.08% FXG: 2.79%	SPY: -4.00%

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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>
<b><u>What Would Outperform If Markets Turn Around?</u></b> 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)	Today's issue was inspired by this thought: <b><i>What if everything works out alright?</i></b>  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.  So, in today's issue, we identify a playbook to outperform if, simply speaking, everything works out great!	2/23/2022	XITK: -20.85% VCR: -11.91% USHY: -11.63% SRLN: -7.34%	SPY: -5.32%
<b><u>Finding Value and Opportunity in International ETFs</u></b> Schwab Fundamental International Large Company Index ETF (FNDF). iShares Edge MSCI Intl Quality Factor ETF (IQLT). 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: -4.36% IQLT: -5.65% VYMI: -6.00%	SPY: -9.94%
<b><u>Weathering Market Volatility with "Quality" ETFs.</u></b> 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).	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.  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: 0.29% QVAL: 0.67% SYLD: 3.35% RPV: 4.19%	SPY: -6.55%

# 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>
<b><u>Practical Crypto Strategies for Clients</u></b> 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: -61.57% BLOK: -50.92% BITO: -42.91%	SPY: -14.93%
<b><u>Annual Contrarian Issue</u></b> 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: -20.47% CXSE: -27.10% GDX: -9.87% SIL: -26.03% XLU: -4.77% SPLV: -7.89%	SPY: -16.20%
<b><u>Best Performing COVID Strategies</u></b> 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: -18.26% VGT: -20.03% FDN: -37.56% SHOP: -69.37% IBUY: -47.67% BLOK: -54.02% PAVE: 3.44%	SPY: -12.05%

# 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>
<b><u>REITS As An Inflation Hedge</u></b> 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&amp;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&amp;P 500 (VNQ is up 26.6% YTD, while the S&amp;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 21<sup>st</sup> Century."</p>	11/30/2021	VNQ: -14.48% SRVR: -24.06% INDS: -18.25% REZ: -14.31%	SPY: -10.55%
<b><u>Metaverse Primer</u></b> 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: -49.62% RBLX: -67.40% NVDA: -30.70% AMZN: -46.59% MSFT: -24.57% METV: -49.15%	SPY: -13.16%
<b><u>Capitalizing on A New Era of Energy Investment</u></b> 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 towards renewables.</p>	11/2/2021	XOP: 22.32% PSCE: 22.27% MLPA: 25.03%	SPY: -11.77%

# 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>
<b><u>Tapping the Wisdom of Financial Celebrity</u></b> 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: -10.60% DSEEX: -12.03% GIBIX: -12.82% GOF: -4.13% DGRW: 3.16% XSOE: -27.25% OUSA: -1.82% OGIG: -53.22%	SPY: -9.54%
<b><u>Buying Opportunities in "New Tech"</u></b> 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: -78.48% SPOT: -46.32% NVTA: -92.54% CRSP: -54.00% Z: -49.19% COIN: -73.71% ZM: -71.53%	SPY: -5.88%
<b><u>Hydrogen—The Next Stage of the Green Energy Revolution</u></b> 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 cycle.</p>	9/21/2021	PLUG: -44.06% CMI: 18.13% HDRO: -45.85%	SPY: -6.01%

# 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>
<b><u>Learning to Live with COVID</u></b> 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: -60.61% BBH: -24.30% EDOC: -35.55% IBUY: -59.24% DURA: 4.60%	SPY: -7.59%
<b><u>Stagflation Playbook</u></b> 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: -43.22% RHS: 10.01% FLTR: 2.09% BCI: 15.32%	SPY: -8.73%
<b><u>Five ETFs That Can Make Your Life As An Advisor Easier</u></b> 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 efficient:</p>	7/27/2021	VT: -9.52% ACWI: -9.73% ACWV: -6.04% CRBN: -10.15%	SPY: -6.83%
<b><u>Capitalizing on mRNA and Other Medical Tech</u></b> 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: -64.18% EDOC: -36.47% HTEC: -35.57% GNOM: -45.57%	SPY: -6.09%



# Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
<b><u>Cybersecurity</u></b> 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: -12.87% BUG: -23.65% SKYY: -40.70%	SPY: -6.46%
<b><u>Equity Playbook in Today's Environment</u></b> 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 <b>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.</b></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: 1.57% NOBL: -1.17% DGRO: -0.14% MLPA: 2.41% RLY: -5.63%	SPY: -5.75%
<b><u>Fixed Income Playbook in Today's Environment</u></b> 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: -25.32% VRP: -11.78%	SPY: -4.82%
<b><u>The Crypto Craze Updated</u></b> Grayscale Bitcoin Trust (GBTC) Grayscale Ethereum Trust (ETHE) Coinbase Global (COIN) Voyager Digital (VYGVF)	<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 <b>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.</b></p>	5/18/2021	GBTC: -65.15% ETHE: -76.56% COIN: -73.58% VYGVF: -98.53% (Closed)	SPY: -0.32%

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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>
<p><b><u>Four Small Cap ETFs for the Economic Recovery</u></b></p> <p>Invesco S&amp;P Small Cap Consumer Discretionary ETF (PSCD)</p> <p>First Trust Consumer Staples AlphaDex Fund (FXG)</p> <p>Invesco S&amp;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><b>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.</b></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: -12.14%</p> <p>FXG: 9.36%</p> <p>RWJ: 9.88%</p> <p>ISCV: 6.16%</p>	IWM: -11.64%
<p><b><u>Sector Winners and Losers from the Democratic Policy Agenda</u></b></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: -29.23%</p> <p>VTEB: -6.33%</p> <p>PAVE: 14.80%</p> <p>QCLN: -22.16%</p>	SPY: 1.09%
<p><b><u>What Should I Buy on This Tech Decline?</u></b></p> <p>Invesco S&amp;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 <b>solid, proven tech companies that aren't trading at sky-high valuations</b> 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: 2.34%</p> <p>SMH: 3.45%</p> <p>TDIV: 0.07%</p>	SPY: 5.42%

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<b><u>ARK Invest ETFs</u></b> ARKK (ARK Innovation ETF) ARKG (ARK Genomic Revolution ETF) ARKW (ARK Next Generation Internet) ARKF (ARK Fintech Innovation ETF) ARKQ (ARK Autonomous Technology & Robotics ETF).	I wanted this Alpha issue to provide an updated “deep dive” into the ARK Invest ETF offerings, because even considering their huge returns over the past few years, I still believe now what I believed when we first recommended them:  <b>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.</b>	3/9/2021	ARKK: -67.21% ARKG: -64.87% ARKW: -65.58% ARKF: -65.63% ARKQ: -40.07%	QQQ: -4.22%
<b><u>Inflation Playbook</u></b> Core Inflation Plays (SGOL/PDBC/GNR/RLY) U.S. Sector Opportunities (RTM/RGI) Income Opportunities (BKLN/JAAA/STIP)	Today’s issue is focused on inflation because suddenly accelerating inflation could be a game-changer for many investors and advisors, <b>and we want to arm you with the best-in-class tools to combat inflationary effects in your portfolios.</b>  Point being, higher inflation is almost certainly coming in the future, and <b>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.</b>	2/23/2021	PDBC: 41.96% GNR: 24.75% RTM: 15.55% JAAA: 3.20%	SPY: 6.25%
<b><u>Market Myth Busting</u></b>	<ul style="list-style-type: none"> <li>Investment Myth 1: Investing and Politics Go Hand in Hand.</li> <li>Investment Myth 2: Modern Monetary Theory Is A Reason to Get Out Now.</li> <li>Investment Myth 3: Getting Out Because the Market is in a Bubble.</li> <li>Investment Myth 4: Rising Rates Are Going to Wreck My Portfolio.</li> <li>Investment Myth 5: The Falling U.S. Dollar Is Eroding My Purchasing Power.</li> </ul>	2/9/2021		
<b><u>How the “Old Economy” Can Help Us Outperform</u></b> Invesco Dow Jones Industrial Average Dividend ETF (DJD) First Trust Morningstar Dividend Leaders Index Fund (FDL) Invesco S&P 500 Pure Value ETF (RPV)	Looking for value in “Old Economy” stocks is a strategy that prioritizes stocks that are still well off their all-time highs, have proven and sustainable business models, and many of which pay hefty dividends.  Additionally, these industries are as familiar and comfortable as a warm blanket to your mature, high net worth client base and these investment ideas are perfect for the tech skeptics that prioritize value characteristics, low leverage, and high dividends.	1/26/2021	DJD: 19.63% FDL: 33.88% RPV: 36.53%	SPY: 9.29%

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<u>Older Alpha Fund &amp; Stock Ideas and Performances</u>	Please <a href="#">click here</a> to view the full list of Alpha ideas and performance back to the start of the service in 2017.			