

# SEVENS REPORT

## alpha

March 21, 2023

### In Today's Issue

- Defined Outcome Funds, or “Buffered ETFs,” are fairly new and unique investment products designed to capture upside in an underlying index (e.g. the S&P 500) while limiting losses through the use of options strategies. Given recent bank failures and rising recession fears, these strategies should see increased demand this year. As such, we wanted to profile: 1) How these ETFs work, 2) How they can fit into client portfolios and 3) Identify some specific ETFs we think are “best of breed.”
- **Investment Idea 1: Innovator S&P 500 Power Buffer ETF - April (PAPR).** This fund has a 12-month defined period that will begin April 1, 2023. Its starting buffer is 15% and the starting cap will be determined at the fund reset date on April 1st.
- **Investment Idea 2: Innovator Growth-100 Power Buffer ETF - October (NOCT) or FT Cboe Vest Nasdaq-100® Buffer ETF - September (QSPT).** These are defined outcome ETFs tracking QQQ with a moderate buffer that could be effective choices for replacing existing tech-heavy equity holdings based on risk tolerance and investment objectives. Both ETFs can be presented to clients with specified buffer and cap percentages explained in detail.
- **Investment Idea 3: Innovator U.S. Equity Ultra Buffer ETF - June (UJUN) or FT Cboe Vest U.S. Equity Deep Buffer ETF - June (DJUN).** These are defined outcome ETFs tracking SPY with a large buffer and would be a sensible fit for maximum downside protection for clients with lower risk tolerances and more conservative investment objectives. Both options can be presented to clients with specified buffer and cap percentages explained in detail.

### Implementing Defined Outcome ETFs

The prolonged bear market has exacerbated investor anxiety, and the angst has only grown of late thanks to the threat of more bank failures, persistent inflation, an uncertain economic picture, and the very real possibility of an impending recession.

The commonly held belief is that the Federal Reserve's rate hike strategy will squeeze corporate profits, elevate unemployment, and ultimately crank down on domestic output. Lower stock and bond prices are a natural outcome of this technique as investors discount future returns across the entire financial spectrum. The issue is not that the Fed's strategy is not working, but rather, that it's taking longer to produce results than many investors in today's markets are accustomed to.

Most of the down cycles in recent memory have largely been resolved in six months or less. That is why everyone has been accustomed to riding them out with merely a mild annoyance. But the current macroeconomic headwinds are proving to be more stubborn than anticipated, which is why fresh ideas to proactively keep clients engaged are so important to long-term relationship success. These factors are leading advisors to evaluate unconventional ways to mitigate potential losses without completely giving up on long-term favorable return dynamics in risk assets.

Selling and moving to cash has been touted as a potential panacea to the equity and fixed-income volatility. Money market funds now are paying more than they have in decades, which makes the risk-free return on capital attractive for those that are focused on the “right now.” The caveat is that once we are over the hump, both stocks and bonds are likely to explode higher much faster than clients or advisors can react in real-world conditions. Getting back into the market with size and strategy is far more difficult than exiting it for temporary relief.

Another popular option to alleviate uncertainty is to purchase an insurance product such as an annuity. According to [recent statistics](#), annuity sales hit a

record \$310 billion in 2022, surpassing the prior 2008 annual record by 17%. Why are annuities back in vogue?

Rising interest rates make them intrinsically more attractive with the added provision of guaranteed outcomes that play into the fear component of bear market psychology. Retirees and other investors are far more susceptible to being sold products such as these when account values are down and the outlook (as driven by the financial media) looks bleak.

Yet what if there was a way to offer clients a level of protection on the downside with *some* continued upside participation in risk asset prices? For many that would strike the right balance of keeping portfolios actively engaged in the market without turning assets into cash or signing them over to an insurance company. They get to keep control of their money while partially eliminating the anxiety of volatility that can wear on even the best of us.

That Goldilocks strategy is the genesis behind “Defined Outcome ETFs,” also commonly known as “Buffered ETFs.”

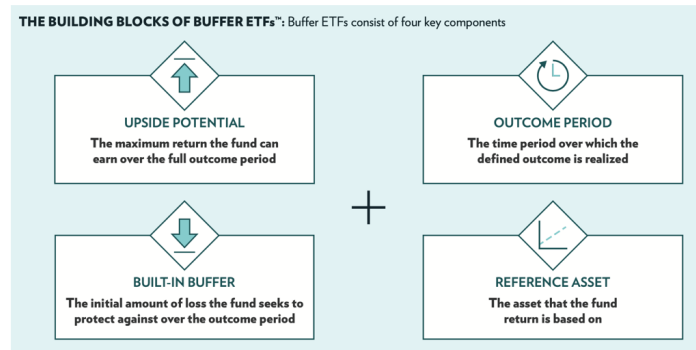
These innovative funds exploded in popularity in 2022 as advisors plowed billions of dollars into relatively new ETFs and open-ended mutual funds. It’s easy to see why when we dug further into their relative performance and trading history during what was a very tumultuous period for investors.

In this issue, we dive deep into what these funds are, how they operate, and how advisors can sensibly implement them in client portfolios. Our goal is to provide you with additional tools to offer clients that will provide enhanced peace of mind to those on the more conservative end of the risk spectrum.

## What Are Defined Outcome ETFs?

The first thing to know about these unique investment products is they are inherently more complex than traditional stock or bond funds. The sage minds at [wealthmanagement.com](https://wealthmanagement.com) succinctly described these investments with the following mis-

*Defined Outcome ETFs seek to provide investors with known ranges of future investment returns prior to investing. These options-based, forward-looking investment strategies provide investors with exposure to a benchmark with a known range of upside growth potential and downside, including risk mitigation features such as a “buffer,” or a floor against loss, over a predefined period of time called the “outcome period.” Defined Outcome ETFs reset either annually or quarterly and can be held indefinitely. They are similar to legacy structured products, but the ETF wrapper provides tax-efficiency, transparency, and liquidity while negating the credit risk structured products can carry.*



(Source: Innovatoretf.com “Buffer Investor Guide”)

There are four key building blocks for all buffered ETFs to be effective. They must start with a **referenced asset class** or index such as the S&P 500 that the return is based on. It must include the **defined upside**

**potential**, or the maximum returns an investor can receive over the full outcome period. A **built-in buffer**, or amount of loss that the underlying options strategy initially protects against. And finally, an **outcome period**, which is the time frame over which the results are realized. These are commonly set using 12-month periods after which the upside cap and downside buffer are reset.

In real-world practice, these downside buffers and upside caps are created using put and call options to collar the returns. Mathematical models are utilized to create offsetting hedges that allow the fund to track the underlying risk asset along a specific guide path.

The very first buffered ETF was launched in 2018 and several complementary investment products have followed suit with the successful model generating positive results. As we all know, sometimes these strategies look good on an excel spreadsheet, but don't translate cohesively when they are introduced into the markets. Defined Outcome ETFs have been successfully trading for more than four years and collectively house more than \$20 billion in market-wide assets.

### How Do the Buffers and Caps Work?

Understanding how the buffers and caps work is a critical element in defining which type of strategy is most appropriate for your client's investment objectives. These strategies are most easily illuminated using examples in comparison to the sample market index returns.

Buffer levels of 9%, 15%, and 30% are most commonly utilized throughout the available investment products trading today. But what does that mean?

Let's say the S&P 500 Index falls 35% in the stated 12-month outcome period. A 9% buffer means the fund's potential downside is 26%. The 15% buffer would potentially realize a 20% loss and the 30% buffer would produce a drop of just 5%. Essentially, the higher the buffer percentage, the more downside protection you are purchasing. A higher buffer

percentage will generally mean an opportunity cost of a lower upside cap.

The application of the upside cap functions in a similar way. At the start of each period, the available options cost determines what the upside cap of the fund will be. If the maximum upside cap on a fund is 15% and the market rises 7%, then you are likely

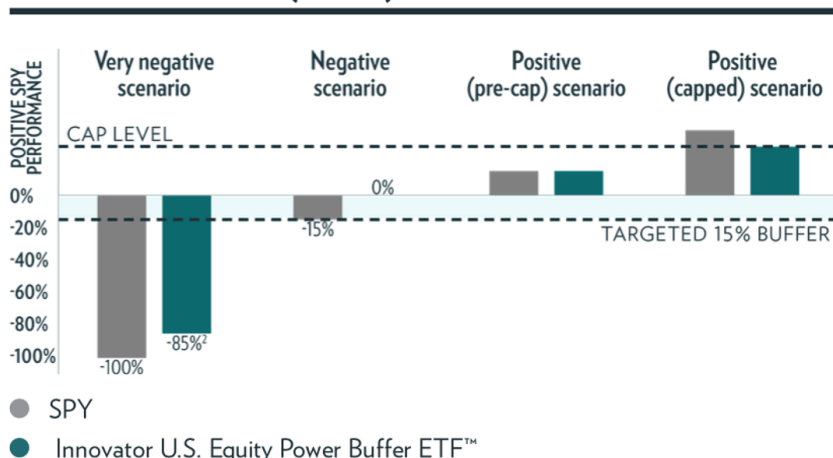
to realize the full 7% market returns for that year. However, if the market rises 25%, then you are only going to receive the maximum upside return of 15%. The fund will essentially trade sideways once it reaches the full upside return potential.

The illustration here demonstrates how these caps and buffers work to produce more consistent outcomes outside the extremes. Years with lesser negative returns are mitigated by the options hedge, while investors receive the full positive market returns in years that don't exceed the cap.

The inherent risk in these strategies are the outlier periods where market returns are significantly skewed to the upside or downside. The downside protections do not fully cap your losses to a certain amount. They simply reduce your total downside exposure. Similarly, a period of extreme upside price action will mean that investors will not fully participate in the return of the market index beyond the cap.

Both the buffer and the cap are noted on the fund company websites and updated regularly in the service of clear transparency for investors. They report both the original percentage at the start of the outcome period as well as the remaining percentage at the current market price and date.

**MARKET SCENARIOS (1 YEAR)**



## Understanding the Outcome Period

To fully realize the benefits of any defined outcome ETF, it's important to begin your journey as close to the start of any outcome period as possible. That is why many ETF sponsors have created funds that correspond to each month of the calendar year. Innovator ETFs is one of the foremost fund sponsors in this style and has an expansive lineup of products to meet varying buffer percentages, underlying indexes, and months of the year.

For instance, if you wanted to purchase a 15% buffered ETF to track the S&P 500 Index at the start of April, you may consider the **Innovator S&P 500 Power Buffer ETF - April (PAPR)**. This fund has a 12-month defined period that will begin April 1, 2023, and goes to March 31, 2024. Its starting buffer is 15% and the starting cap will be determined at the fund reset date on April 1<sup>st</sup>.

It's important to note that purchasing a fund at a midpoint in the outcome period may potentially lead to an entirely different result for those shareholders. Similarly, selling these products before the full period has been realized will mean they won't have the opportunity to achieve their stated objective.

A sound trading method with these funds is to plan your purchase to correspond with the first available open market date in a new month. Then identify the corresponding fund that tracks the desired index and buffer characteristics you wish to own. It's recommended that you intend to hold these funds for the entire outcome period (or longer) to achieve the most satisfactory results.

An important factor to consider is these funds don't "mature" like certain defined maturity bond ETFs or ETNs that liquidate to cash at the end of their holding period. Defined Outcome ETFs simply reset with new underlying options at the start of the new period. That means they can be held indefinitely as core portfolio building blocks for investors that desire this more structured risk approach.

## Who Uses Defined Outcome ETFs And How Can They Be Implemented?

A defined outcome ETF is a multifaceted tool that is most often employed by professional investment advisors on behalf of their clients. These are generally not considered to be retail trading vehicles for several reasons:

- These vehicles require an enhanced knowledge of options, probable market return dynamics, and risk tolerance than most retail investors grasp.
- They are generally more expensive than conventional index-based ETFs.
- Their benefits are realized only when held for long periods of time and not traded based on market conditions or personal whims.

Anyone can ultimately purchase these products just like any other open-ended ETF. However, they are most appropriate to be implemented by a qualified investment advisor that can integrate them into a well-diversified portfolio.

Examples of situations where these funds may be appropriate are for retirees or pre-retirees that are concerned about market volatility impacting their nest egg. These investors are more likely to experience peace of mind that a portion of their hard-earned assets have a measure of protection and are willing to forgo a ration of potential upside for that type of insurance.

Another style of investor with a propensity to gravitate towards defined outcome ETFs are those with a conservative risk tolerance. Even younger investors may be spooked by market volatility and not be able to stomach seeing their account values fluctuate by double-digit percentages annually. They may find solace in a more stable investment vehicle with certain guardrails that can mitigate full stock market index risk.

It may also be appropriate for investors that are easing their way back into the markets with a high concentration of cash or during an uncertain period. While the expectation should be set that these

are designed to be held for a longer period, it may give them more confidence to put money to work to achieve their growth goals.

### **How Do I Match a Buffered ETF to My Clients' Risk Tolerance?**

The nature of the variables that advisors must select with defined outcome ETFs means that there is an expansive menu of funds to choose from. There are currently more than 160 ETFs that track indexes such as SPY, QQQ, IWM, EFA, EEM, GLD, and TLT. When you consider that multiple buffer levels, calendar start dates, and fund sponsors are also involved, it can seem like a head-scratching exercise to choose the right fund. Fortunately, we can help narrow the funnel very quickly to assist with your security selection conundrum.

The first step is knowing where to find the available ETFs for comparison and research purposes. The two largest fund sponsors in this space are Innovator ETFs and First Trust Portfolios, which both offer a database to assist with this process. Below are links to their respective website platforms:

[Innovator ETFs – Buffered ETF List](#)

[First Trust Portfolios – Buffered ETF List](#)

It should be noted that we don't have a preference on which fund company to utilize. That decision should be driven by the structural factors of the defined outcome process in addition to common ETF traits such as expense ratio, liquidity, size, and historical data.

Once you have identified a client or portfolio type that would benefit from these funds, the choice of which index to track and what buffer percentage to use are critical factors to success.

Based on existing fund data, most assets in defined outcome ETFs are clustered in the 15% buffer range. That makes sense on several levels. Advisors want to tread in the middle ground between not having enough downside protection versus being overly cautious with a wide buffer and ultimately trading that for a much lower upside cap.

Clients who are extremely skittish of volatility may benefit from a 30% buffer, but ultimately must be educated that the tradeoff will be lower upside po-

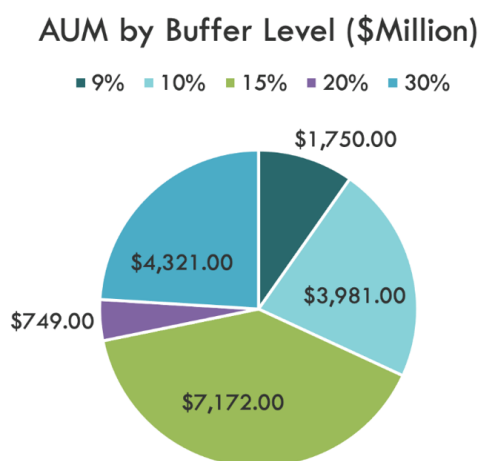
tential under an extremely positive market scenario. Similarly, those who are only using a 9% or 10% buffer may not ultimately realize significant benefits from the downside protection unless they own these funds in size during a modest downturn in the market.

The choice of which underlying index to

utilize should ultimately come down to how these assets will be integrated into the existing portfolio holdings. Most advisors and their clients will naturally gravitate towards SPY as the broad-based equity market benchmark. However, there may be situations where the tech-heavy NASDAQ-100 Index or even an international stock allocation in EFA will provide complementary exposure to suit individual circumstances.

Let's use some hypothetical examples to illustrate this process:

Client "A" is a 45-year-old moderate growth investor that works in the financial sector and has a high



Source Bloomberg LP, 11/30/2022, Note 30% Buffer includes 25% & 30% Buffer Level

(Picture credit: wealthmanagement.com)



concentration of his total portfolio in company stock. He's recently expressed concerns about the markets and his career in your August quarterly meeting. That is leading him down the path of a more conservative approach with his advisor-managed assets.

After a review of his positions, you determine that a core allocation to a defined outcome ETF tracking QQQ with a moderate buffer would be a perfect fit to replace existing tech-heavy equity holdings. The soonest available date to allocate is in early September. Planning ahead, you consider the **Innovator Growth-100**

**Power Buffer ETF - October (NOCT)** or **FT Cboe Vest Nasdaq -100® Buffer ETF - September (QSPT)**

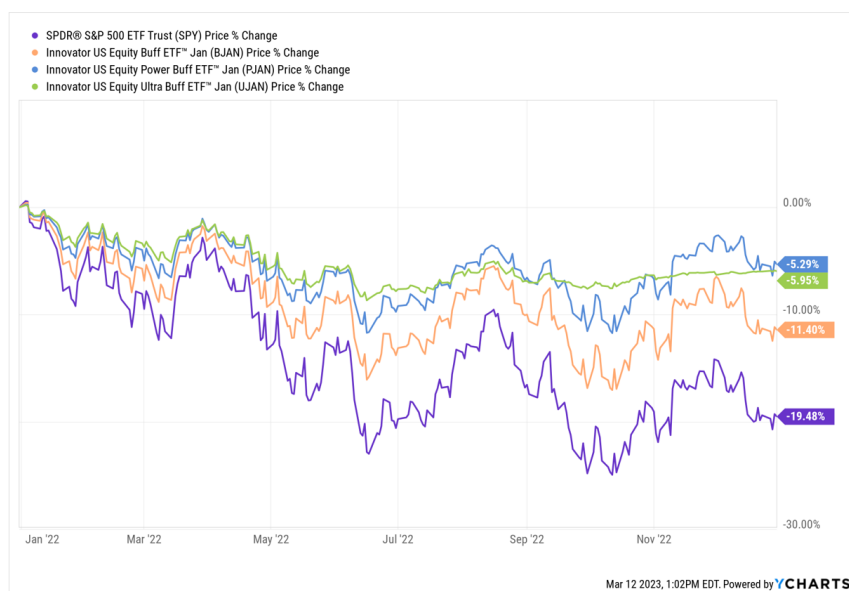
as two potential options that would fit this risk tolerance and investment objectives. Both options can be presented to the client with specified buffer and cap percentages explained in detail.

Client "B" is an 80-year-old conservative risk tolerance retiree who lives on a fixed income. The combination of high inflation and market volatility over the last two years has spooked her, and she is considering turning over her portfolio to an annuity instead of waiting for the recovery in their portfolio. This despite knowing that having flexibility in their assets is paramount to her financial goals.

After a review of her positions, you determine that a core allocation to a defined outcome ETF tracking SPY with a large buffer would be a sensible fit for maximum downside protection. The soonest available date to allocate is in early June. Looking ahead, you consider the **Innovator U.S. Equity Ultra Buffer**

**ETF - June (UJUN)** or **FT Cboe Vest U.S. Equity Deep Buffer ETF - June (DJUN)** as two potential options that would fit this risk tolerance and investment objectives. Both options can be presented to the client with specified buffer and cap percentages explained in detail.

In both scenarios, the index type and buffer percentages narrow the funnel to determine the funds that would be most appropriate. The starting outcome period based on your planned entry point then identifies an even more focused group of tools that would dictate the final fund selection.



### How Do These Funds Perform Overall?

All these risk models sound tantalizing at face value, but the real test is how they perform in both positive and negative market scenarios. Fortunately, we just experienced both of those outcomes in

back-to-back years of 2021 and 2022 to provide the perspective necessary to evaluate the efficacy of these funds.

For the sake of consistency, we utilized the performance of SPY versus the Innovator ETFs with 9%, 15%, and 30% buffers from 1/1/2022 to 12/31/2022. The results, as demonstrated in the chart here, came out nearly exactly what you would expect in real-world trading conditions. The 15% and 30% buffers did extremely well in mitigating downside losses in a year that SPY fell 19.48%. The 9% buffer realized approximately half of the downside as the main index over this same time frame.

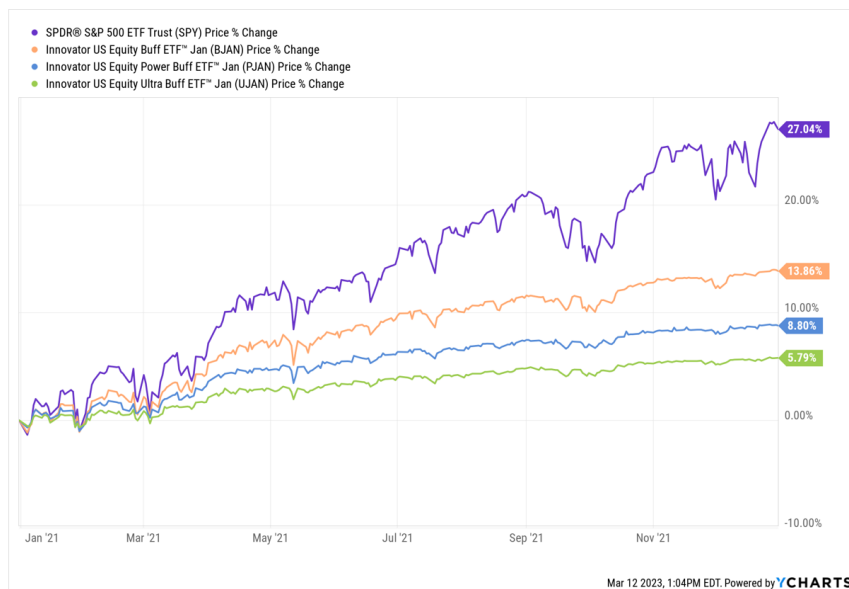
It should also be noted that small variances in the outcomes of the defined outcome ETFs versus the actual tracking index can be attributed to fund ex-

penses, trading friction, and dividends. Those are standard disclosures that are found throughout the fund sponsor's legal jargon.

When we use these same funds to track the performance of the index in an extremely positive year, it becomes apparent how the cap functions to limit upside potential.

SPY rose 27.04% from 1/1/2021 to 12/31/2021,

which is notably an extreme outlier year in equity market returns. This triggered the upside caps in these funds with the 30% buffer ETF rising just 5.79%. The 15% buffer ETF jumped 8.80% and the 9% buffer ETF gained 13.86% as depicted in the chart here.



The returns in both scenarios met our expectations and provided an appreciation that these ETFs can create the defined outcome they promote in varying environments. Overall, there was far less volatility using these funds than in the broader market during those polarizing time frames. That will be an attractive feature for clients who prefer a steady path of growth in their investment accounts.

## Conclusion

The rising popularity of defined outcome ETFs is easily conveyed by their surging asset levels and trading volumes. Advisors are putting more client assets to work in these tools to promote stability and reasonable diversification strategies.

It goes without saying these investment vehicles will achieve the most favorable results in bear markets and be less favorable in bull markets. Nevertheless, they can be utilized as all-season core hold-

ings under several scenarios to reduce overall portfolio volatility.

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>
<b><u>Artificial Intelligence Primer</u></b> Global X Artificial Intelligence & Technology ETF (AIQ). First Trust Cloud Computing ETF (SKYY). Defiance Quantum ETF (QTUM).	This Alpha issue provides an important overview of the AI space and these ETFs will allow investors to get exposure to the entire AI value chain, so they can benefit as the technology evolves and implementation grows.	3/7/2023	AIQ: 0.57% SKYY: -2.01% QTUM: 0.25%	SPY: -1.70%
<b><u>Three Strategies to Re-Allocate to Growth (and Tech)</u></b> iShares Morningstar Mid-Cap Growth ETF (IMCG). iShares Expanded Tech Sector ETF (IGM). VanEck Vectors Semiconductor ETF (SMH).	I dedicated this Alpha issue to growth ETFs that I think are good candidates for allocations if an advisor does want to add growth exposure. Specifically, <b>I have detailed three strategies and ETFs that I 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 their client's needs.</b>	2/22/2023	IMCG: -5.45% IGM: 4.08% SMH: 6.86%	SPY: -1.77%
<b><u>An Opportunity in International Stocks</u></b> Vanguard Europe ETF (VGK). iShares Core MSCI Emerging Markets ETF (IEMG). Schwab Fundamental International Small Company Index ETF (FNDC).	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>	2/07/2023	VGK: -5.99% IEMG: -6.64% FNDC: -5.54%	SPY: -5.71%
<b><u>Opportunity in Long Bonds</u></b> 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: 0.00% PTCIX: -2.85% MLN: -1.40%	SPY: -2.17%
<b><u>Three Contrarian Ideas to Start 2023</u></b> 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: 23.03% VOX: 5.39% EMB: -1.21%	SPY: 1.00%



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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>Three Strategies that Outperformed in 2022 and Should Outperform Again in 2023.</u></b> 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>	12/28/2022	SYLD: -1.14% RPV: -5.40% MINT: 1.17% JPST: 1.12% FXG: -4.43% FCG: -11.27%	SPY: 4.72%
<b><u>Navigating Crypto's 'Lehman Moment'</u></b>	<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
<b><u>Small Cap Stocks</u></b> 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>	11/29/2022	IJR: -4.74% RWJ: -5.44% CALF: -4.78%	SPY: -0.58%
<b><u>MOAT Stocks</u></b> 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 slowdown, 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>	11/1/2022	MOAT: 12.24% MOTE: 5.16% SMOT: 3.12%	SPY: 3.04%

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<b><u>Opportunities in Municipal Bonds.</u></b> JPMorgan Ultra-Short Municipal Income ETF (JMST). SPDR Nuveen Bloomberg High Yield Municipal Bond ETF (HYMB). IQ MacKay Municipal Intermediate ETF (MMIT).	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>	10/18/2022	JMST: 1.73% HYMB: 3.93% MMIT: 5.10%	SPY: 6.76%
<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).	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>	10/4/2022	SHO: -3.11% PSQ: -8.18% PTLC: -2.53% SGOV: 1.83%	SPY: 4.85%
<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).	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>  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.	9/20/2022	URA: -11.25% NLR: -2.75% SMR: -34.92%	SPY: 2.40%
<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).	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.  <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.	9/7/2022	RYU: -9.52% SPHD: -5.61% USFR: 2.13%	SPY: 0.03%

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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>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: -19.32% IDRV: -11.29% CNRG: -15.91%	SPY: -4.69%
<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: 10.49% ETHE: -36.04% BITO: 19.61% BLOK: -19.75%	SPY: -4.46%
<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.</p>	7/26/2022	TDIV: 0.95% VNQ: -11.73% INDS: -4.94% COWZ: 2.70%	SPY: 1.81%

# 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>Sectors that Outperformed During Recent Recessions</u></b> Vanguard Health Care ETF (VHT) iShares U.S. Healthcare Providers ETF (IHF) Vanguard Consumer staples ETF (VDC) Invesco Dynamic Food and Beverage ETF (PBJ)	<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	VHT: -1.05% IHF: -5.23% VDC: 2.51% PBJ: 2.40%	SPY: 4.50%
<b><u>Five Strategies for a Low Return Environment</u></b> Strategy One: Effective Client Communication Strategy Two: Dividends Strategy Three: Short Term High Yield Debt Strategy Four: Cash is King Strategy Five: Precious Metals	<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	NOBL: 4.04% SHYG: 4.75% SGOL: 8.57%	SPY: 4.55%
<b><u>Bottom Fishing with ARK Fund's Favorite Stocks</u></b> Zoom (ZM) Tesla Inc. (TSLA) Roku Inc. (ROKU) Block Inc. (SQ) Exact Sciences Group (EXAS)	<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	ZM: -36.25% TSLA: -17.45% ROKU: -17.30% SQ: 23.58% EXAS: 71.59%	SPY: 6.84%

# 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: 57.55% PYPL: -12.31% F: -9.93% GM: -10.76% ETSY: 31.55% PENN: -12.08%	SPY: -2.48%
<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: -2.31% LQD: -3.98% PFF: -10.23%	AGG: -3.07%
<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: -10.22% SPHD: -16.17% XYLD: -19.45%	SPY: -11.74%

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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>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: -11.30% URA: -24.33% BOAT: 0.70% LNG: 4.64% FLNG: 23.79%	SPY: -11.47%
<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: -7.50% HYEM: -1.48% EUFN: -3.58% JETS: -14.28% FXE: -3.19%	SPY: -11.19%
<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: -1.67% SGOL: -3.83% VNQ: -20.64% FXG: -1.38%	SPY: -5.67%



# 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>What Would Outperform If Markets Turn Around?</u></b></p> <p>SPDR FactSet Innovative Technology ETF (XITK)</p> <p>Vanguard Consumer Discretionary ETF (VCR)</p> <p>iShares Broad USD High Yield Corporate Bond ETF (USHY)</p> <p>SPDR Blackstone Senior Loan ETF (SRLN)</p>	<p>Today's issue was inspired by this thought: <i><b>What if everything works out alright?</b></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	<p>XITK: -23.53%</p> <p>VCR: -15.27%</p> <p>USHY: -11.75%</p> <p>SRLN: -9.65%</p>	SPY: -6.93%
<p><b><u>Finding Value and Opportunity in International ETFs</u></b></p> <p>Schwab Fundamental International Large Company Index ETF (FNDF).</p> <p>iShares Edge MSCI Intl Quality Factor ETF (IQLT).</p> <p>Vanguard International High Dividend Yield ETF (VYMI).</p>	<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&amp;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	<p>FNDF: -8.33%</p> <p>IQLT: -8.06%</p> <p>VYMI: -11.16%</p>	SPY: -11.15%
<p><b><u>Weathering Market Volatility with "Quality" ETFs.</u></b></p> <p>Quality Idea 1: Financials. First Trust Financials AlphaDex Fund (FXO).</p> <p>Quality Idea 2: Qualitative Value. ValueShares U.S. Quantitative Value ETF (QVAL).</p> <p>Quality Idea 3: Shareholder Yield. Cambria Shareholder Yield ETF (SYLD).</p> <p>Quality Idea 4: Core Value. Invesco S&amp;P 500 Pure Value ETF (RPV).</p>	<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	<p>FXO: -18.75%</p> <p>QVAL: -5.19%</p> <p>SYLD: -5.47%</p> <p>RPV: -9.14%</p>	SPY: -7.80%

# 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 this 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: -49.10% BLOK: -51.34% BITO: -36.84%	SPY: -16.39%
<b><u>Annual Contrarian Issue</u></b> KraneShares CSI China Internet ETF (KWEB) WisdomTree China ex-State-Owned Enterprises Fund (CXSE) VanEck Vectors Gold Miners ETF (GDX) Global X Silver Miners ETF (SIL) Utilities Select Sector SPDR (XLU) PowerShares S&P 500 Low Volatility ETF (SPLV)	<p>This 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: -24.14% CXSE: -32.66% GDX: -0.16% SIL: -20.70% XLU: -5.28% SPLV: -10.55%	SPY: -17.75%
<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>This 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: -14.80% VGT: -17.22% FDN: -37.83% SHOP: -68.18% IBUY: -52.36% BLOK: -54.41% PAVE: -2.44%	SPY: -13.34%

# 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: -20.19% SRVR: -26.46% INDS: -20.31% REZ: -20.82%	SPY: -11.86%
<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: -42.90% RBLX: -63.23% NVDA: -14.58% AMZN: -45.47% MSFT: -19.07% METV: -47.36%	SPY: -14.42%
<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: 13.54% PSCE: 9.01% MLPA: 20.90%	SPY: -13.06%

# 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: -8.89% DSEEX: -18.39% GIBIX: -11.73% GOF: -8.27% DGRW: 1.17% XSOE: -30.49% OUSA: -3.52% OGIG: -53.26%	SPY: -10.98%
<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: -79.93% SPOT: -44.55% NVTA: -95.39% CRSP: -56.67% Z: -53.32% COIN: -69.14% ZM: -73.61%	SPY: -7.29%
<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: -58.09% CMI: 8.86% HDRO: -52.05%	SPY: -7.49%

# 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: -64.53% BBH: -27.94% EDOC: -39.21% IBUY: -63.95% DURA: -1.33%	SPY: -11.16%
<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: -43.47% RHS: 6.75% FLTR: 1.05% BCI: 10.38%	SPY: -10.16%
<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: -12.30% ACWI: -11.92% ACWV: -7.07% CRBN: -12.62%	SPY: -8.34%
<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: -67.35% EDOC: -38.82% HTEC: -38.95% GNOM: -49.04%	SPY: -7.59%

# 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>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: -26.40% CIBR: -14.04% BUG: -24.91% SKYY: -42.35%	SPY: -8.36%
<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: -2.03% NOBL: -4.74% DGRO: -3.80% MLPA: -0.97% RLY: -9.54%	SPY: -7.67%
<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: -18.39% VRP: -19.86%	SPY: -6.75%
<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: -54.07% ETHE: -75.53% COIN: -69.06% VYGVF: -98.53% (Closed)	SPY: -1.97%



# Sevens Report Alpha Fund & Stock Ideas

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<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: -20.95%</p> <p>FXG: 4.92%</p> <p>RWJ: -1.85%</p> <p>ISCV: -6.53%</p>	IWM: -18.41%
<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: -31.79%</p> <p>VTEB: -4.80%</p> <p>PAVE: 8.10%</p> <p>QCLN: -29.84%</p>	SPY: -0.54%
<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: 1.07%</p> <p>SMH: 9.35%</p> <p>TDIV: 0.85%</p>	SPY: 3.73%

# Sevens Report Alpha Fund & Stock Ideas

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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).	<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><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></p>	3/9/2021	ARKK: -68.66% ARKG: -67.94% ARKW: -65.74% ARKF: -65.67% ARKQ: -42.24%	QQQ: -1.33%
<b><u>Inflation Playbook</u></b> 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, <b>and we want to arm you with the best-in-class tools to combat inflationary effects in your portfolios.</b></p> <p><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></p>	2/23/2021	PDBC: 33.90% GNR: 16.47% RTM: 7.04% JAAA: 2.48%	SPY: 4.58%
<b><u>Market Myth Busting</u></b>	<ul style="list-style-type: none"> <li><b>Investment Myth 1: Investing and Politics Go Hand in Hand.</b></li> <li><b>Investment Myth 2: Modern Monetary Theory Is A Reason to Get Out Now.</b></li> <li><b>Investment Myth 3: Getting Out Because the Market is in a Bubble.</b></li> <li><b>Investment Myth 4: Rising Rates Are Going to Wreck My Portfolio.</b></li> <li><b>Investment Myth 5: The Falling U.S. Dollar Is Eroding My Purchasing Power.</b></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)	<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: 11.78% FDL: 21.16% RPV: 15.02%	SPY: 5.06%

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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.			