

# SEVENS REPORT

## *alpha*

*May 31, 2023*

### In Today's Issue

- Cash now yields around 5% or more, thanks to historic Fed rate hikes. But despite that attractive opportunity, many clients are concerned about the safety of money market funds and other high-yielding cash alternatives due to a variety of factors, including: Bad memories of the financial crisis, regional bank failures, debt ceiling drama (although that is thankfully fading) and general macro anxiety. Today's Alpha issue will help you address and overcome client concerns, so clients can feel comfortable allocating to money market funds and other cash alternatives to enjoy decades high yields on cash and little to no principle risk!
- **Myth Busting the Past.** We explain what caused the Reserve Primary Fund's NAV to drop below \$1.00 back in September 2008, and explain what changes have been made to duration, diversity, and liquidity to make money market funds much stronger than they were back then!
- **Helping Clients Understand the Role of Money Market Funds.** Even money market funds yielding 5% aren't a long term wealth solution, but they can provide solid near-term returns and achieve key portfolio goals: Diversification, liquidity, safety, and income. Clients understanding of how to use money market funds will help in their adoption.
- **What Type of Money Market Fund Is Best?** Non-transaction fees and money market funds that serve as a core settlement options are both cost effective and easy to integrate.
- **Sensible Money Market Fund Alternatives.** We profile five short-term debt ETFs yielding between 4.5%-5.0% with liquidity and safety comparable to money market funds.

### Keys to Successful Cash Management

One of the hallmarks of the new economic environment advisors are navigating in 2023 is the risk-free rate of return on idle capital. It feels as if it's been decades since money market funds, CDs, and short-term Treasuries have paid any meaningful returns comparable to stocks or bonds. Having cash on hand used to be a short-term landing spot in between investments or a way to shelter capital during intermittent bear markets. The last thing any of us have been thinking about in recent memory is how to maximize your earning potential with this stable asset class.

The Fed's mission to stamp out inflation has allowed money market rates to rocket into the 4.50-5.00% range, which represents a substantial value proposition given the meandering performance of risk assets. That's why many advisors I speak with at this moment are more attentive than ever to positioning clients to benefit from this opportunity. Particularly as several trading platforms and bank-oriented brokerages often default to cash sweep vehicles instead of true interest-earning money market funds. Failing to suitably position excess capital appropriately could cost your clients thousands of dollars in monthly income.

Not only is it important to identify best-of-breed opportunities in this arena, but also to overcome lingering anxiety about money market stability that some clients may harbor. Investors that lived through the 2007-2008 financial crisis were intimidated with headlines of money funds "breaking the buck" as a risk factor. We want to use this report to highlight the facts of that black swan period and debunk any money fund myths that may still be lingering.

Furthermore, several brokerages still tag their money funds with hardcore risk statements that flash boldly before investors purchase their shares. That often keeps hesitant capital tucked away in these next-to-zero-interest cash sweep vehicles (which allows the bank to lend that money to *their* clients rather than paying you a proper income stream).

Our goal in this issue is to successfully re-introduce these vehicles to your clients as a safe and stable wealth compounding tool.

This target is especially timely as an avalanche of capital has sought out the security of money markets in Q1, 2023. The graphic here shows gigantic inflows to stable value funds relative to all other conventional asset classes over the first three months of the year.

That trend is unlikely to abate given the increasing probabilities of a recessionary outcome and general conservative positioning in sentiment indicators.

The objective of this report is to answer the following questions:

- Are money market funds safe?
- What are objective reasons for advisors to use money market funds?
- What type of money funds should you select for clients?
- Where are some of the best comparable alternatives for advisors that can't allocate to a true money market fund?

In the following pages, we delve into the secrets of cash management and shed some additional light on the opportunities you should be implementing for clients with excess cash on hand. In today's market it is critical to keep these allocations liquid, income producing, and protected to the most reasonable extent possible.

## **Addressing The Safety of Money Market Funds**

One of the scariest moments in history for investors was the announcement that the \$62 billion Reserve Primary Fund broke the sacred one-dollar NAV in September 2008. This was during the teeth of the

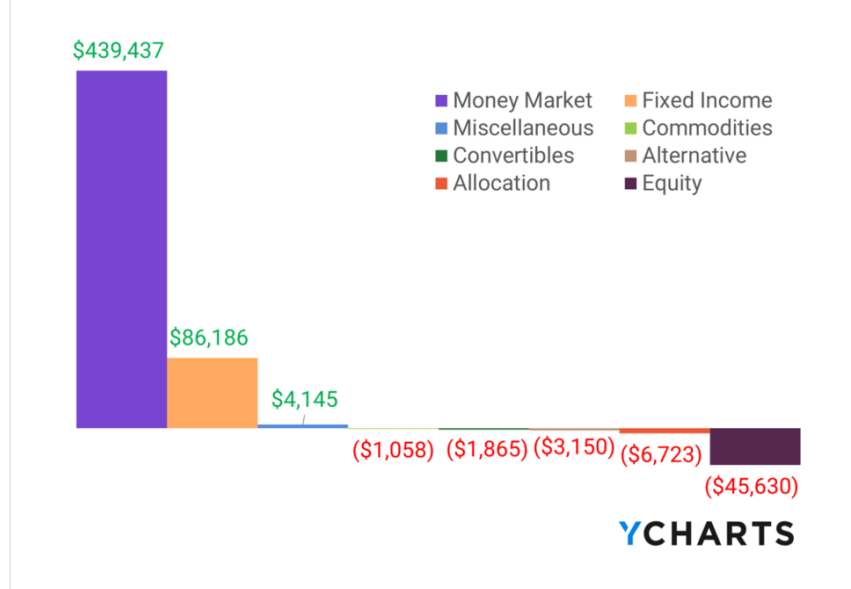
credit crisis and was ultimately spurred by the collapse of Lehman Brothers that same month. The Reserve Primary Fund had 1.5% of its assets in Lehman commercial paper, which was enough to send the NAV of the money fund spiraling to 97 cents per share. That event ultimately drove a massive redemption spree (i.e., bank run) that caused the money fund to temporarily

halt redemptions.

This breakdown led to widespread distrust for the money market fund industry as well as important repercussions for investors in today's financial landscape. It should first be noted that even though the Reserve Primary Fund was technically known as a retail money market fund, it was almost entirely used by institutional investors. Very few Main Street investors experienced any fallout from this event and ultimately the Federal Reserve ended up temporarily guaranteeing all money fund deposits to restore faith in the financial system.

Furthermore, a panel of experts recommended several important reforms to money market funds that the SEC adopted in 2010. These included:

**Q1 2023 Asset Flows:  
Broad Category  
Mutual Funds & ETFs (\$M)**



- The Weighted Average Maturity (WAM) for money market funds reduced from 90 days to 60 days.
- Liquidity buffers introduced for taxable money market funds (a minimum 10% of assets must be cash, Treasury securities, or securities that convert to cash in one day; a minimum 30% of assets must be cash, Treasury securities, or certain government securities with remaining maturities of 60 days or less, or securities that convert to cash within one week.)
- Tighter restrictions on the amount of higher-risk, second-tier securities a money fund can hold (now a maximum limit of 3% from the former limit of 5%; and a maximum limit of 0.5% to any single issuer, from a prior limit of 1%.) Investment in second-tier securities is restricted to maturities of 45 days or less. ([source](#))

The outcome of these reforms was multi-faceted and similar to the style of risk management that investment advisors implement every day. **Duration** of the underlying holdings was limited to reduce interest rate risk. **Diversification** was enhanced to distribute credit risk. **Liquidity** was bolstered by mandating specific sector requirements. All of which made money funds safer and more stable than their pre-financial-crisis disposition. The SEC then issued additional rules in 2014 that were designed to reduce the risk of investor runs in money market funds while preserving their structural benefits.

The bottom line is that lessons learned during the Great Financial Crisis have been substantively addressed to increase the reliability of these tools. Furthermore, outside of this one outlier event, money market funds have historically done exactly what they are designed to do—provide a stable value, one-dollar-NAV solution for investors to rely on during times of instability in the financial markets. Their subsequent objective is to earn a risk-free rate of return on capital that is entrusted to their care.

Now, can we say that there is zero chance another money fund breaks the buck in the future? Of course not. The only certainties in life are death and

taxes. However, the probabilities dictate it would take a massive outlier event on a scale unheard of in history to lead to this negative outcome. The reality is that if this eventuality did occur, there would be enormous government intervention to stabilize confidence in the financial system. The solidity of these assets is far too important to the success of our economic future.

### **How to Successfully Utilize Money Funds**

We have become so accustomed over the years to cash paying nothing that it's almost a foreign concept to evaluate its returns versus other asset classes. Nevertheless, that math is exactly what clients are going to be calculating as they compare their allocations to stocks and bonds versus what they can achieve by owning a money market fund. The reality is that a risk-free asset paying nearly 5% with monthly distributions is a viable candidate for consideration in a broadly diversified investment portfolio.

The first step in this process is to acknowledge that money funds are not going to be a panacea for long-term wealth building efforts. That responsibility will still fall on stocks, bonds, real estate, and commodities as powerful compounding tools. These risk assets are going to surpass the returns of money markets over intermediate- to long-term periods and should not be wholly abandoned for the sake of fear or short-term economic pressures.

Nevertheless, there are several scenarios where it makes sense to stockpile additional capital in the money market to benefit your clients.

**Portfolio Diversification** – The entire point of diversification is to own numerous uncorrelated asset classes with price patterns that diverge from each other. Abundant studies have shown this method lowers total portfolio volatility and enhances long-term returns. Money market funds should be another facet of your overarching diversification strategy. Particularly now that they are paying a meaningful yield to bolster your inflation-fighting toolkit.

Their stable value will help offset the daily fluctuations in other assets and mitigate downside risk.

**Liquidity** – Every financial expert recommends having a portion of your total financial picture in liquid assets to access in an emergency. Most savers interpret this mandate by squirreling away money in checking or savings accounts at banks paying next to nothing. A money market account at your brokerage can provide a similar level of liquidity with access to funds that can be achieved in a matter of one or two days if needed. A potential strategy to consider is splitting an existing bank savings account to keep partial cash on hand and allow the other half to grow in a money market account. That way your money is working for you and not for the bank.

**Safety** – Clients who are well into their retirement years or that are psychologically predisposed to risk avoidance may emphasize safety as a primary portfolio objective. That likely means they have far less exposure to stocks and intermediate- to long-duration bonds than your average risk tolerance profile. It also means you need to work harder to source methods of income-producing assets that feature capital stability. Money market funds now fall into this category and are certifiable alternatives to short-duration bonds and CDs. The flattening yield curve means that it may make sense to shift capital from maturing bonds or CDs to money markets rather than rolling them over again. It will provide the client with better liquidity, similar yield, and another layer of diversification if you have ladders of these conventional investments already in place.

**Income** – Recent signals from policy makers, along with the prevailing market consensus, is the Federal Reserve is unlikely to cut rates this year unless a major turn of events unfolds. That means income from money market funds will probably remain relatively steady over at least the next six months. Any incremental dollars that can be placed in these funds will bolster total portfolio returns and act as an inflation-fighting mechanism. That's a high-confidence outcome for a stable asset class that clients can rely on in contrast to the unpredictability

of dividend paying stocks, fixed-income, and alternative income sources.

How to purchase and redeem money market funds is another key component to a successful outcome as well. If you custodian your assets at an investment brokerage such as Fidelity or Vanguard, then your default cash settlement option is going to be one of their core money market funds. It's likely you selected a core fund when you setup each of your client accounts depending on whether they are taxable or non-taxable. This situation is ideal because you don't have to worry about trading in and out of this fund. It's automatically done for you as a structural component of their trading platform and provides maximal cash management efficiency.

Advisors and investors that custodian their assets at a banking institution will find this cash management process to be slightly trickier. Firms such as Charles Schwab, TD Ameritrade (soon to merge with Schwab), JPMorgan, and other similar institutions are going to default your trades into a cash sweep vehicle. You then must manually purchase shares of a non-transaction-fee money market fund from their menu of offerings.

We recommend that you check with your custodian to see if they have systems in place to automate this process. However, it may ultimately come down to vigilance on your part in actively moving money to these vehicles whenever excess cash is available and not intended for another near-term investment opportunity.

Our recommendation for both scenarios is to take some time to browse the menu of core and non-transaction-fee money market funds at your custodian. Refamiliarize yourself with the current yields, costs, size, minimums, and makeup of each fund. That way you are armed with data to make an evidence-based decision on the best fund for each individual client or portfolio type. It may surprise you how this analysis can uncover hidden value by sourcing an appropriate money fund based on objective factors.

## What Type of Money Market Fund Is Best?

The type of money market fund you select is going to be largely driven by the list of options at your custodian. Every situation is truly unique. For some that may include a small handful of three to five options that are differentiated by factors such as retail versus institutional or taxable versus non-taxable. Some advisors may have access to a wider array of choices if their trading platform allows numerous fund companies to list their money market funds.

A couple of key factors to consider when selecting a money market fund:

- You always want to select a non-transaction-fee fund. It's virtually guaranteed you have at least one available and that factor alone may quickly shorten the list.
- The best choice is going to be a money market fund that you can designate as your core settlement option when selling positions in the portfolio. This takes away the need to constantly shift cash around manually.
- Double tax-free income from state-specific money market funds (i.e. CA or NY) can be an attractive option for taxable accounts. However, these funds can sometimes carry higher fees, have less liquidity, and may pay a sub-par taxable equivalent yield. Be sure to compare these factors before choosing a municipal money market fund over a taxable counterpart.
- Be wary of any money market fund yielding more or less than the current 4.50-5.00% standard. That's the benchmark range that you should be targeting. A higher yield means they are taking more risk (duration or credit) and it

might not even be classified as a true money market fund. A lower yield means it's charging an exorbitant fee, or the fund is sandbagging the management in some other way. Either is a red flag.

- The safest money market funds are going to be those that are dominated by holding repurchase agreements. Repos, as they're also known, are

Ticker	Fund Name	Min Invest	Exp Ratio	7-Day Yield
SPAXX	Fidelity Government Money Market Fund	\$ 1	0.43%	4.50%
SPRXX	Fidelity Money Market Fund	\$ 1	0.43%	4.56%
IPPXX	Invesco Premier Portfolio Instl	\$ 1,000	0.18%	4.91%
MJLXX	JP Morgan Liquid Assets Money Market Fund	\$ 1,000	0.58%	4.57%
SWVXX	Schwab Value Advtg Money Fund Inv	\$ 1	0.34%	4.68%
PRRXX	T. Rowe Price Government Money Fund	\$ 2,500	0.31%	4.50%
PRTXX	T. Rowe Price U.S. Treasury Money Fund	\$ 2,500	0.30%	4.54%
VMFXX	Vanguard Federal Money Market Fund	\$ 3,000	0.11%	4.77%
VUSXX	Vanguard Treasury Money Market Fund	\$ 3,000	0.09%	4.64%

Source: Forbes - May 2023

overnight loans to the Federal Reserve, backed by U.S. Treasury. The Fed buys them back the next day at a slightly higher price. That price premium is their implicit interest

rate. Other common holdings in money market funds include U.S. Treasury Notes, municipal bonds, and CDs.

The table here shows many popular money market funds and some of their statistical data that may aid in your selection process. Each has billions of dollars in assets under management and has an established track record of success. The table is sorted alphabetically by name.

The type of money market fund that is best for your clients is an individualistic exercise that should include a thorough review of your options. The choice will become abundantly clear once you have vetted the available universe and considered the factors outlined above.

## What Are Some Sensible Alternatives to Money Market Funds?

There are no doubt going to be those clients who push back against the strategy of holding an above-average allocation to money market funds. Similarly, there may be portfolio constraints or investment directives that disqualify accounts from gaining meaningful exposure to these types of funds. That is why it is great to have additional options at hand

to deliberately allocate to similar alternatives that seek income and stability in a low-cost ETF wrapper.

The only objective qualifier is that the following tools are NOT money market funds. They may hold similar securities and act in parallel ways. However, they are not designed to replicate the stalwart one-dollar NAV that conventional money market funds are obligated to deliver. There will be capital fluctuation of these investments over time. Furthermore, there may be trading fees associated with these funds if your brokerage has not fully adopted a zero-fee stance.

With those caveats out of the way, we can turn to highlight one of the best-of-breed solutions to this steady fixed-income methodology. Access to this is easily obtained via the **iShares 0-3 Month Treasury Bond ETF (SGOV)**. This low-cost index fund owns a slice of the Treasury Bill market with maturities of less than three months. That translates to many of the same high-quality debt securities that are owned by government money funds to generate their income streams.

The ultra-short-term duration means that the Treasury Bill portfolio is quick to see its income stream jump as the Fed continues to raise rates. Over the last year, investors have experienced steadily increasing rewards as new maturities are added to the portfolio with higher net crediting rates. Additionally, this ultra-short-term government bond basket will be predisposed to a slower decline in yields as compared to money market funds when the Fed starts cutting rates. That will allow additional incremental income to seep into shareholders' coffers when we eventually reach that next policy change.

Other benefits to the SGOV portfolio include its deep well of liquidity, \$10.40 billion in total assets, and a minuscule 0.05% net expense ratio. This means there is very little management fee drag on the portfolio and more net performance or income is delivered to shareholders than comparable investment vehicles. The current 30-day SEC yield of

SGOV is a healthy 4.85% with income paid monthly to shareholders.

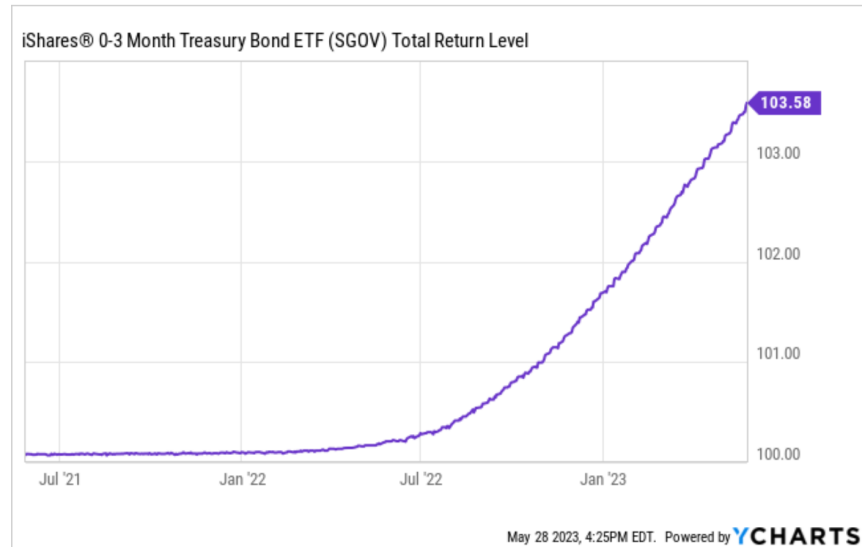
The two-year chart here shows the performance of this ETF with dividends reinvested as the Fed's rate hike strategy has taken effect. Our recommendation, if your brokerage allows it,

is to have the income from this type of fund reinvested monthly. That creates a similar effect as a conventional money market fund and allows the benefits of compounding to take over.

SGOV can be utilized as a holding spot for cash sitting on the sidelines. It also can be a potential replacement for short and intermediate-term bond funds failing to offer higher relative yield in exchange for interest rate sensitivity.

The bottom line is that you should be utilizing tools such as this as part of a broader strategic cash management or fixed-income replacement solution over the next six-to-12 months. It will also give clients confidence that their money is being invested in income-earning vehicles rather than sitting idly on the sidelines.

Two additional funds to consider that are very similar to SGOV are the **SPDR Bloomberg 1-3 Month T-Bill ETF (BIL)** and the **Invesco Treasury Collateral ETF (CLTL)**. Both are invested exclusively in ultra-short duration government bonds. BIL sports a 30-day SEC yield of 4.66%, while CLTL bolsters that to





4.76%. Each has slightly different index characteristics and fund company dynamics that may play a part in the choice between these peers.

It's also worth noting that if you wanted to form a small ladder of duration sensitivity, State Street does offer a complimentary vehicle in the **SPDR Bloomberg 3-12 Month T-Bill ETF (BILS)**. This fund rounds out the remaining one year of maturity from a maximum of three months which is the upper limit of the BIL portfolio. The 30-day SEC yield of this portfolio is currently 4.72% as of this report. BILS is going to be more sensitive to interest rate fluctuations but maybe one to consider shifting to as the Fed starts cutting rates or as a way of locking in a slightly different maturity allocation in Treasury Bills.

Finally, for those clients who are wary about an over concentration of wealth in Treasuries, there are ultra-short-term vehicles that target other fixed-income sectors as well. The **PGIM Ultra Short Bond ETF (PULS)** is one example of a \$4.5 billion portfolio with a 5-Star Morningstar rating in its category. This fund is an actively managed basket of debt primarily made up of corporates, asset-backed securities, and commercial MBS. Over 80% of the nearly 300 portfolio holdings are "A" rated and above.

The effective duration of the PULS portfolio is 0.20 years, which means it's less sensitive to interest rate fluctuations than many of its peers. Furthermore, its 4.94% 30-day SEC yield can provide a little more juice than a comparable Treasury-only alternative. You also receive the diversification benefits and active management that are traditionally alpha generators in the fixed-income space. A fund of this nature would pair well alongside one of the aforementioned ETFs as a complementary option for covering a broader swatch of the available market.

## Conclusion

Fortifying your cash management arsenal should be a top priority for all advisors in 2023 as savers are now being rewarded more than at any time in the last decade and a half.

We have likely reached or are close to the upper limit of the Fed's rate hike agenda, which means it's time to take advantage of every incremental dollar in available yield while you can.

Your portfolios will ultimately benefit from the compounding effect of this interest as you wait for an opportune moment to allocate to additional risk assets.

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>Uncorrelated Investing Opportunities</u></b> IQ Merger Arbitrage ETF (MNA). iMGP DBi Managed Futures Strategy ETF (DBMF). Core Alternative ETF (CCOR).	We wanted to focus this Alpha issue on uncorrelated strategies and ETFs that can provide income and alpha along with true diversification for a market that's likely to become increasingly volatile in the coming months.	5/16/2023	MNA: -0.70% DBMF: 0.90% CCOR: -2.97%	SPY: 2.45%
<b><u>Contrarian Opportunity - Identifying Quality Commercial Real Estate ETFs</u></b> SPDR Dow Jones REIT ETF (RWR). Fundamental Income Net Lease Real Estate ETF (NETL). A Dedicated List of Office REITs.	This Alpha issue speaks to our contrarian leanings, as we are going to look for <b>potential contrarian opportunities in the commercial real estate ETF space.</b>	5/02/2023	RWR: -0.87% NETL: -2.25%	VNQ: -1.97%
<b><u>Is Gold in a New Bull Market?</u></b> abrdn Physical Gold Shares ETF (SGOL), SPDR Gold MiniShares Trust, (GLDM), VanEck Vectors Gold Miners ETF (GDX), abrdn Physical Silver Shares ETF (SIVR), iShares MSCI Global Silver and Metals Miners ETF (SLVP), abrdn Physical Precious Metals Basket Shares ETF (GLTR).	<p>This issue will focus on the best ways to gain exposure to precious metals and miners, because gold has quietly traded to within striking distance of its all-time high, and with global unrest, a falling U.S. dollar, and a potential dovish pivot from the Fed, <b>the outlook for a gold bull market is as good as it's been in years.</b></p> <p>We focused on examining what parts of the gold and precious metals space performed best during previous gold bull markets and identified our preferred ETFs to gain exposure to gold, other precious metals, and precious metals miners.</p>	4/18/2023	SGOL: -2.11% GLDM: -2.14% GDX: -12.07% SIVR: -7.86% SLVP: -14.53% GLTR: -4.97%	SPY: 1.46%
<b><u>Two Strategies for the Regional Banking Crisis</u></b> Invesco KBW Bank ETF (KBWB). iShares U.S. Financial Services ETF (IYG). Pacer Trendpilot US Large Cap ETF (PTLC).	<p>The eruption of the regional bank crisis has created a potentially binary outcome, whereby either the crisis fades and the extreme declines in banks and financials is an attractive buying opportunity, or the crisis gets worse and drags down the entire market.</p> <p><b>This Alpha issue examines each scenario and identifies strategies that will help us navigate either outcome.</b></p>	4/04/2023	KBWB: -2.49% IYG: 0.47% PTLC: 2.85%	SPY: 2.86%



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<b><u>Defined Outcome and Buffered ETFs</u></b> Innovator S&P 500 Power Buffer ETF - April (PAPR). Innovator Growth-100 Power Buffer ETF - October (NOCT) or FT Cboe Vest Nasdaq-100® Buffer ETF - September (QSPT). Innovator U.S. Equity Ultra Buffer ETF - June (UJUN) or FT Cboe Vest U.S. Equity Deep Buffer ETF - June (DJUN).	This Alpha issue focuses on Defined Outcome Funds, or “Buffered ETFs,” which are fairly new and certainly unique investment products designed to capture upside in an underlying index (like 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.	3/21/2023	PAPR: 2.51% NOCT: 5.66% QSPT: 9.15% UJUN: 2.91% DJUN: 5.02%	SPY: 5.34%
<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: 15.44% SKYY: 12.04% QTUM: 11.74%	SPY: 5.90%
<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: -1.35% IGM: 21.89% SMH: 27.15%	SPY: 5.88%
<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: 0.62% IEMG: -3.81% FNDC: -2.45%	SPY: 1.60%
<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: -3.66% PTCIX: -4.47% MLN: -1.43%	SPY: 5.44%

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<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: 26.46% VOX: 16.68% EMB: 0.14%	SPY: 7.96%
<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).	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.  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>	12/28/2022	SYLD: -3.81% RPV: -4.52% MINT: 2.38% JPST: 1.58% FXG: -1.56% FCG: -8.76%	SPY: 11.97%
<b><u>Navigating Crypto's 'Lehman Moment'</u></b>	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>	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).	<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.	11/29/2022	IJR: -5.03% RWJ: -5.28% CALF: -3.14%	SPY: 7.20%

# Sevens Report Alpha Fund & Stock Ideas

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<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>This Alpha issue is focused on specific stocks that we think can best withstand the coming economic slow-down, and in doing so help clients outperform.</p> <p>Specifically, as we approach this economic contraction, analysts are rightly advocating for stocks that are less sensitive to economic growth, have strong cash flows, and have low debt ratios, as they should relatively outperform in a slow growth/no growth environment.</p>	11/1/2022	MOAT: 20.05% MOTE: 10.04% SMOT: 5.13%	SPY: 10.16%
<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: 1.86% HYMB: 4.97% MMIT: 4.50%	SPY: 14.14%
<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: 2.03% PSQ: -19.55% PTLC: 4.91% SGOV: 2.76%	SPY: 12.07%
<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: -8.42% NLR: -0.57% SMR: -42.12%	SPY: 10.29%

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<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: -12.17% SPHD: -8.12% USFR: 3.26%	SPY: 6.92%
<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: -18.11% IDRV: -6.95% CNRG: -16.25%	SPY: 1.87%
<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: -1.32% ETHE: -32.16% BITO: 12.33% BLOK: -12.57%	SPY: 2.11%
<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>	7/26/2022	TDIV: 9.66% VNQ: -12.93% INDS: -5.27% COWZ: 2.54%	SPY: 8.83%

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<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: -0.38%</p> <p>IHF: -7.15%</p> <p>VDC: 3.51%</p> <p>PBJ: 4.37%</p>	SPY: 11.70%
<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: 4.56%</p> <p>SHYG: 6.82%</p> <p>SGOL: 7.65%</p>	SPY: 11.76%
<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: -39.42%</p> <p>TSLA: -9.39%</p> <p>ROKU: -22.88%</p> <p>SQ: -3.18%</p> <p>EXAS: 121.50%</p>	SPY: 14.37%

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<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: 103.30% PYPL: -26.18% F: 2.87% GM: -11.76% ETSY: 3.09% PENN: -20.70%	SPY: 4.39%
<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: -3.04% LQD: -4.70% PFF: -9.38%	AGG: -4.17%
<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: -1.30% SPHD: -19.27% XYLD: -17.24%	SPY: -5.52%



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<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)	<p>The Russia/Ukraine war has fundamentally altered the flow of energy around the world, as European countries wean themselves off Russian energy imports.</p> <p>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.</p>	4/5/2022	FCG: -8.44% URA: -25.16% BOAT: -7.30% LNG: -0.22% FLNG: 15.78%	SPY: -5.21%
<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: -6.19% HYEM: -2.75% EUFN: 3.76% JETS: -10.88% FXE: -2.92%	SPY: -4.90%
<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: -1.23% SGOL: -4.62% VNQ: -22.35% FXG: 1.25%	SPY: 0.96%

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<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: -15.68% VCR: -9.40% USHY: -10.55% SRLN: -8.71%	SPY: -0.37%
<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: -4.21% IQLT: -3.84% VYMI: -7.46%	SPY: -4.90%
<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: -18.45% QVAL: -7.75% SYLD: -8.02% RPV: -8.45%	SPY: -1.29%

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<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	<b>GBTC:</b> -54.54% <b>BLOK:</b> -47.13% <b>BITO:</b> -41.10%	<b>SPY:</b> -10.50%
<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	<b>KWEB:</b> -33.71% <b>CXSE:</b> -38.93% <b>GDX:</b> -2.25% <b>SIL:</b> -27.60% <b>XLU:</b> -8.52% <b>SPLV:</b> -11.45%	<b>SPY:</b> -11.85%
<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	<b>XLK:</b> -0.48% <b>VGT:</b> -4.25% <b>FDN:</b> -29.97% <b>SHOP:</b> -56.35% <b>IBUY:</b> -53.93% <b>BLOK:</b> -50.47% <b>PAVE:</b> 0.26%	<b>SPY:</b> -7.11%

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<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: -21.01% SRVR: -28.83% INDS: -20.59% REZ: -19.71%	SPY: -5.54%
<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: -22.22% RBLX: -65.85% NVDA: 34.62% AMZN: -31.60% MSFT: -0.60% METV: -40.86%	SPY: -8.29%
<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: 14.13% PSCE: 5.51% MLPA: 26.84%	SPY: -6.83%

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<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: -10.71% DSEEX: -14.88% GIBIX: -13.08% GOF: -6.84% DGRW: 6.29% XSOE: -28.49% OUSA: -0.31% OGIG: -47.35%	SPY: -4.55%
<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: -81.22% SPOT: -34.56% NVTA: -96.01% CRSP: -37.70% Z: -48.80% COIN: -75.01% ZM: -74.84%	SPY: -0.69%
<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: -66.41% CMI: -0.66% HDRO: -56.87%	SPY: -0.76%

# Sevens Report Alpha Fund & Stock Ideas

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<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: -70.15% BBH: -27.74% EDOC: -40.97% IBUY: -64.76% DURA: 0.80%	SPY: -4.32%
<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 set-up). But, stagflation risks are still at multi-decade highs, so the risks can’t be totally ignored, either.</p>	8/24/2021	FDN: -36.32% RHS: 7.76% FLTR: 3.56% BCI: 7.30%	SPY: -3.63%
<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: -7.11% ACWI: -6.66% ACWV: -4.71% CRBN: -7.64%	SPY: -1.64%
<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: -62.85% EDOC: -40.43% HTEC: -38.28% GNOM: -47.20%	SPY: -0.87%



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<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: -20.29% CIBR: -7.32% BUG: -18.36% SKYY: -33.12%	SPY: -1.73%
<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: -3.90% NOBL: -4.22% DGRO: -2.40% MLPA: 1.75% RLY: -11.41%	SPY: -0.97%
<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: -22.01% VRP: -15.66%	SPY: 0.01%
<b><u>The Crypto Craze Updated</u></b> Grayscale Bitcoin Trust (GBTC) Grayscale Ethereum Trust (ETHE) Coinbase Global (COIN) Voyager Digital (VGVF)	<p>If you are like me, you have seen interest in the entire crypto space increase over the past several months.</p> <p>So, we wanted to take this Alpha issue <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: -58.70% ETHE: -74.39% COIN: -74.82% VGVF: -98.53% (Closed)	SPY: 5.12%

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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.			