

SEVENS REPORT

alpha

May 2, 2023

In Today's Issue

- **Identifying Quality Commercial Real Estate ETFs.** Commercial real estate is one of the most “hated” industries in the markets right now, and there are plenty of reasons for that sentiment, e.g. high interest rates, reduced bank lending, and residual behavior changes from the pandemic. Yet despite these headwinds, commercial real estate has provided solid long-term returns, and while we don't think a bottom is “in,” the near universal negativity towards this space has peaked our interest, and we wanted to identify quality CRE ETFs to keep on your radar screen for possible contrarian opportunities.
- **SPDR Dow Jones REIT ETF (RWR).** RWR has a 20-year history and only allocates to companies that have direct exposure to the underlying real estate. That excludes management and financing industries and that means more office, industrial, and retail commercial real estate exposure than VNQ. RWR is trading at 2019 levels and touts a 3.75% yield.
- **Fundamental Income Net Lease Real Estate ETF (NETL).** Net leases are a subset of the REIT space whereby tenants pay most of the operating expenses of a property, in addition to rent. Net leases are usually more stable and for a longer duration than typical commercial leases. NETL uses a proprietary screening process and has identified 22 companies that have net lease agreements. NETL has outperformed VNQ on both a one-year (-14% to -23%) and three-year (53% to 27%) time frame.
- **A List of Office REITs.** Of all the REITs, sentiment seems most negative for pure-play office REITs, yet we think there is opportunity there over the longer term because we do not think offices are going away. We've compiled a list of office REITs we think offer quality exposure to this REIT segment.

Prepping A Contrarian Play in Commercial Real Estate

One of the natural consequences of the Fed's move to combat inflation by raising interest rates is the shockwave throughout the real estate sector. Nearly all real estate transactions are governed by the ability to not only secure financing, but also to lock in a satisfactory interest rate to make the transaction viable. That fundamental cornerstone has led many market prognosticators to maintain a negative outlook on commercial real estate. As the U.S. economy flirts with what many believe will be a recessionary environment, this sector has been dubbed the “next shoe to drop” in finance circles.

The thesis is logical when you examine it at the macro level. Rising financing costs have already lowered the attractiveness of commercial real estate as a viable cash flow generator. That's further exacerbated by a potential slowdown in the economy that is likely to hit Main Street businesses. That means a narrower pool of financially healthy tenants. Then throw in several regional banks being on shaky footing, which is going to lead to tighter lending standards. That recipe is one of stark contrast to where we were just a short year ago.

The chart on Page 2 from the FRED economic data index demonstrates how commercial real estate prices have recently dropped from historic highs, with many predicting that this is just the start of a more pernicious downtrend.

It's also fascinating to see how this is playing out in the public markets. Real estate investment trusts, or REITs, have been under pressure since the market peaked in early 2022. The Vanguard Real Estate ETF (VNQ) is one of the most widely followed indexes in this sector and is currently 25% off its all-time high. The fund hit a low in October of last year with the broader market and has since regained a portion of its cyclical drawdown.

The fascinating part about investing is how all of this plays out from a psychological standpoint. Many investors are going to outright avoid the real

estate sector in fear that it will take years for it to recover, and that more downside is likely to be realized.

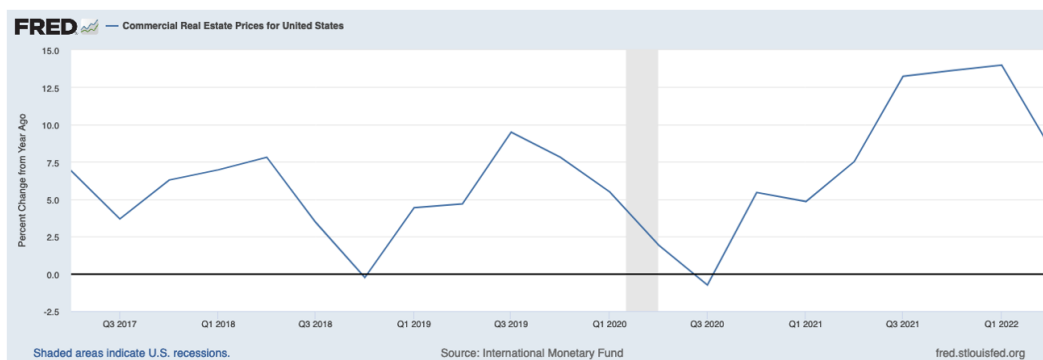
That's an entirely reasonable thesis, particularly when an index such as VNQ is currently mired in a textbook

downtrend that market technicians would drool over. The fundamental headwinds, which are being regularly flouted in the financial media, will also make savvy investors pause when deciding if the benefits and risks align favorably.

Yet the other side of this coin is that the stock market is a discounting mechanism that focuses on future returns rather than historical precedent. For many of us, our view of the world is that we are more likely to return to a pre-pandemic economic environment with lower rates and swelling asset prices. Then it stands to reason that a resurgence in the commercial real estate sector would follow. Possibly after we have some kind of crisis moment in the financial sector that pressures the Fed to start once again cutting interest rates.

Think about it this way. The real estate sector is currently sitting 25% off its highs. Another bout of volatility combined with general negative sentiment could easily push that another 10-15% lower. That could potentially set up a "buy when there is blood in the streets" moment for real estate that we don't come across very often. It is these moments that need to be seized upon at op-

portune inflection points to maximize your alpha-generating potential.



The purpose of this issue is to build out your buy list for this type of event so that you are prepared and know

how to strategize the best ways to integrate this sector back into your portfolios. Some of you may already have some real estate exposure but may want to add to it at a favorable moment or shift your allocation to a more favorable holding after reading our research. This asset class has proven to have favorable portfolio diversification, income generation, and performance benefits that we want you to be prepared to take advantage of when the timing is right.

Investment Idea 1: Upsizing Your Exposure to Commercial REITs

The great thing about investing in a widely diversified index fund such as VNQ is that you own a little bit of everything. The fund contains exposure to

virtually every corner of the real estate market from office space to retail, telecommunications, multi-family housing, data centers, industrial, specialty markets, and more. It functions as a great way to monitor the entire sector outright as a bellwether index. Furthermore, it can be suitably

used as a core holding for smaller accounts that may only want to own a single, low-cost sector position that covers everything.



The downside to this strategy is that you can't target opportunistic segments within real estate to any meaningful degree. It all blends together in the soup of stocks that make up the underlying portfolio basket.

It also isn't necessarily the best way to maximize a particular factor such as company size, dividend payouts, or quality fundamentals. To achieve that purpose, we must turn to a specialty fund with a varying index construction methodology.

The drumbeat for the death of commercial real estate has been steadily getting louder over the last several months. That pulse of market sentiment spells opportunity for those with

a contrarian mindset that this segment is likely to experience the heaviest near-term losses and come roaring back in stride. That is why we chose to spotlight this industry sub-group as a potential for outsized returns under a recovery scenario.

One of the best funds to achieve this targeted exposure is the **SPDR Dow Jones REIT ETF (RWR)**. This unique index fund has been in existence for more than two decades, so it's survived multiple bear markets over its lifetime. What makes this fund distinct is that it excludes any associated companies that are not directly tied to the value of the underlying real estate.

This means that real estate management, financing, and other associated industries are not included in its portfolio. It's considered more of a pure play on REITs in the publicly traded commercial and residential real estate sectors.

The result of this unique screening criteria is to significantly upsize the exposure to industrial/office and retail segments of the sector compared to a

benchmark such as VNQ. Those two groups make up 52% of the 111 stocks in the RWR portfolio, which is by far the most exposure of all the comparable funds we screened.

The structural makeup of RWR is impressive as well. The fund sports more than \$1.4 billion in assets and charges a reasonable 0.25% expense ratio to administer this investment pool. Its top holdings in-

clude well-known names such as Prologis Inc, Equinix Inc, Public Storage, Realty Income Corp, and Simon Property Group. The market-cap-weighted nature of the portfolio means that the top stocks account for the lion's share of the ongoing performance.



A look at the chart of RWR shows a similar trend as VNQ in the price pattern of this sector fund. RWR has modestly underperformed VNQ on both a three- and five-year lookback, which we view as a positive in this instance. The deviation from the index shows this fund has alpha-generating potential and enough variance in its underlying holdings to set itself apart. Furthermore, a resurgence in the commercial real estate segment of the market is likely to significantly benefit RWR over its more broadly diversified peers.

Another advantage of the RWR portfolio construction is the healthy dividend yield. The fund currently sports a 30-day yield of 3.75% with income paid quarterly to shareholders. That metric falls in the upper quartile of all real estate ETFs currently trading today.

RWR can be implemented into client portfolios in numerous ways. Its large, diversified, and low-cost structure allows for this fund to be utilized as a single sector holding for both growth and income portfolios. Growth investors will likely see this as an

opportunistic way to capitalize on an out-of-favor sector of the market with explosive upside potential when the Fed starts cutting rates. Additionally, income investors are going to view this as a way to bolster their total portfolio yields in conjunction with capital appreciation potential.

The real estate sector in general often tracks differently than the broader stock market as measured by the S&P 500 Index. That means RWR can provide much needed diversification benefits that will reduce volatility over long time frames.

Investment Idea 2: Invest in Net Lease REITs

The traditional model of real estate investing has always been to target numerous types of properties that generate a certain level of free cash flow above operating costs. Often this aligns with multi-tenant units with a high degree of management involved to service the portfolio of properties.

But what if you could target a specific kind of attractive lease segment rather than a commercial property type? That's the impetus behind the unique structure of the **Fundamental Income Net Lease Real Estate ETF (NETL)**. This fund just celebrated its four-year anniversary and has flown relatively under the radar throughout its relatively short lifespan.

It operates by using a proprietary index to identify publicly traded REITs with minimum market float, trading volume, and financial quality. It only targets a specific type of company for property type and tenants that can be identified as net lease operators. The index is evaluated and reconstituted quarterly and is market-cap weighted.

For those that may not be familiar with real estate terminology, the fund sponsor website did an excellent job explaining just what a net lease structure is and how it benefits property owners:

A net lease is a type of lease agreement made between the property owner and the tenant in which the tenant is responsible for paying both the rent and most, if not all, the

property expenses. The most common net lease is a "triple-net lease", where the tenant pays rent "net" of all the expenses of a property, namely, (1) property taxes, (2) insurance, and (3) maintenance. Property owners benefit from the consistency of receiving rental revenue paid by the tenant without the responsibility for managing the property or paying expenses that can change over time. In addition, net leases generally have long initial lease terms of 10 years or more providing predictability to the property owner.

All types of properties are net leased to companies including properties used to generate revenue and profits like restaurants, convenience stores or drug stores, distribution centers used by the businesses or other logistics-focused companies to move goods from production to customers, manufacturing facilities to make the goods, and corporate headquarters. When you invest in the net lease sector, you are investing in the backbone of American business.

Collectively, the Net Lease Sector, as defined by the Fundamental Income Net Lease Real Estate Index, includes 22 companies which own more than 28,000 properties across all 50 states leased to tenants operating in a variety of industries.

One of the reasons the net lease concept is so attractive is because I have witnessed its success firsthand. I have a close friend who runs a successful catering company in Southern California that leases numerous stand-alone wedding venues in that region.

As you probably guessed, the lease types are all long-term net lease arrangements whereby he is contractually responsible for all aspects of the rent, maintenance, insurance, and taxes for a specified period. Every lease has annual bump ups in base rent (great for inflation), as well as some profit share in the ongoing operations of that location for the landlord (mutual upside).

What a deal for the property owner! They essentially have a qualified tenant paying them to maintain their asset on a long-term, predetermined deal with meaningful upside in their favor. The tenant also typically pays for any upgrades they deem to add value to the property with the owner's consent. In most circumstances, the only thing the owner has to worry about is sending the rent statement over monthly. It's a win-win for both sides.

Below are some interesting facts from the 22 companies that make up the underlying NETL portfolio as of December 31, 2022:

- \$150 billion market capitalization with \$14 billion in annualized revenue
- 28,715 properties with 99.2% occupancy rate
- 12.0 years weighted average remaining lease term
- 12.9x equity cash flow multiple
- 3.7% average borrowing rate

Top holdings within the NETL portfolio include Stag Industrial, VICI Properties, Realty Income Corp, National Retail Properties, and WP Carey Inc. Many of these holdings are some of the largest and most well-established names in the commercial real estate sector.

The high degree of profitability combined with low intrinsic operating costs means that these net lease REITs can pass a great deal of their profits on to shareholders in the form of dividends. NETL currently pays a very attractive 30-day SEC yield of 5.24% with income paid monthly to shareholders. That consistent dividend stream will be appealing to income clients that are looking to lock in above-average cash flow that hits their accounts on a regular schedule.

The performance of this fund has been impressive when compared to a conventional benchmark such as VNQ. NETL has returned -14.07% over the last 52 weeks as compared to -23.18% for VNQ. That gap widens to a comparative total return of +53.24% versus +27.61% on a three-year lookback. Overall, the net lease companies have demonstrated lower volatility and more attractive performance variance since the inception of the fund.

The caveats to investing in NETL should also be noted. The fund charges a spirited 0.60% expense ratio to manage its unique portfolio style. While on the high side when compared to a plain-vanilla index fund, that cost burden is not overly taxing for a smart-beta sector position.

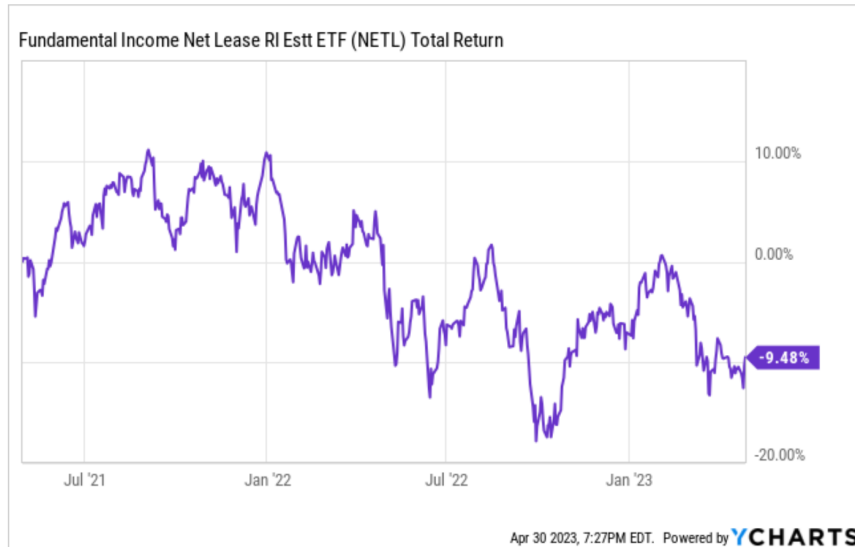
Furthermore, investors must be cognizant of the fact that NETL has just \$95 million in total assets with inconsistent daily trading volume. The underlying

holdings are fortunately quite liquid and traded in large quantities. Therefore, limit orders are an essential trading mechanism that must be utilized to ensure proper fills on the buy and sell side.

Lastly, the concentrated nature of the 22 holdings in the NETL portfolio

should not be overlooked. This ETF is not designed to capture the entire swath of the real estate market as a broad diversification platform. It is very much a targeted tool that should be utilized in conjunction with a strategic directive that both the client and advisor understand in advance.

This fund would pair well with a conventional broad-based sector holding such as RWR or can be used specifically to enhance total portfolio income in a unique segment of the real estate market. Either situation will provide a solid foundation of alpha



opportunity that many clients are seeking in this unpredictable market.

Investment Idea 3: A Tour Of Office REITs

The original thesis behind this report was to build out a suitable watch list of strategic real estate investments that are trading well off their highs. No single category within this sector defines that objective more than office REITs, many of which are trading at large discounts to the S&P 500 as well as the general real estate benchmarks.

That prompted us to create a watch list of stocks for advisors to utilize as part of their own diligence process or for use in unique analytical methods. The table here should assist in your efforts to build out a shopping list of commercial office REITs.

If this sector ultimately rebounds as the interest rate and economic cycles begin to shift once more, it stands to reason this group will come roaring back with velocity.

The screening parameters for this table start with the available universe of objectively classified and publicly traded office REITs domiciled in the United States. We then filtered it by stocks sporting a market capitalization of greater than \$500 million to weed out smaller and more unpredictable entities. The result is a comprehensive list of commercial REITs with wide variation in characteristics that can be analyzed for opportunistic fundamental or technical attributes.

Several key metrics to note in this table that are unique to the REIT sector include the following terms with definitions sourced from Investopedia.

Funds from Operations: Refers to the figure used by real estate investment trusts (REITs) to define the cash flow from their operations. Real estate companies use FFO as a measurement of operating performance. FFO is calculated by adding depreciation, amortization, and losses on sales of assets to earnings and then subtracting any gains on sales of assets and any interest income.

FFO Per Share: The FFO-per-share ratio should be used in lieu of earnings per share (EPS) when evaluating REITs and other similar investment trusts.

Payout Ratio: The payout ratio is a financial metric showing the proportion of earnings a company pays its shareholders in the form of dividends, expressed as a percentage of the company's total earnings.

Symbol	Name	Mkt Cap (\$M)	Ent Value (\$M)	Funds frm Ops (TTM)	FFO/Share (TTM)	YTD TR %	1-Yr TR %	3-Yr TR %	5-Yr TR %	Dividend Yield	Payout Ratio
ARE	Alexandria Real Estate Equities Inc	21,539	34,584	1,599	9.89	-13.74%	-35.48%	-8.25%	18.06%	3.84%	145%
BXP	Boston Properties Inc	8,174	23,961	1,773	11.28	-21.46%	-56.62%	-32.70%	-46.68%	7.52%	81%
KRC	Kilroy Realty Corp	3,525	7,655	618	5.27	-20.82%	-57.62%	-44.13%	-48.40%	7.11%	106%
CUZ	Cousins Properties Inc	3,169	5,519	463	3.08	-14.96%	-44.20%	-16.55%	-25.10%	6.12%	115%
VNO	Vornado Realty Trust	2,924	11,807	165	0.86	-25.60%	-60.94%	-49.28%	-68.90%	9.42%	-135%
OFC	Corporate Office Properties Trust	2,515	4,800	293	2.60	-12.70%	-16.90%	-0.24%	3.05%	4.96%	71%
HIW	Highwoods Properties Inc	2,403	5,696	452	4.20	-16.93%	-45.80%	-25.02%	-31.57%	8.76%	134%
EQC	Equity Commonwealth	2,259	(197)	56	0.49	-0.93%	-4.54%	-11.69%	16.21%	0.00%	323%
DEI	Douglas Emmett Inc	2,212	8,848	458	2.61	-18.50%	-57.84%	-50.34%	-58.20%	7.47%	203%
ESBA	Empire State Realty OP LP	1,608	3,605	285	1.06	-8.57%	-30.87%	-21.34%	-60.55%	2.36%	61%
FISK	Empire State Realty OP LP	1,572	3,569	285	1.06	-12.65%	-31.96%	-25.34%	-61.48%	2.41%	61%
JBG	JBG SMITH Properties	1,569	4,279	318	2.67	-27.50%	-48.31%	-51.18%	-53.72%	6.54%	126%
SLG	SL Green Realty Corp	1,550	7,700	46	0.68	-26.66%	-65.10%	-34.04%	-66.83%	13.53%	-164%
OGCP	Empire State Realty OP LP	1,521	3,518	285	1.06	-14.46%	-34.88%	-30.24%	-62.64%	2.49%	61%
DEA	Easterly Government Properties Inc	1,265	2,675	131	1.44	-0.62%	-27.47%	-39.15%	-10.09%	7.61%	347%
PGRE	Paramount Group Inc	933	5,183	208	0.94	-26.35%	-55.96%	-41.71%	-62.91%	7.21%	-201%
KBSR	KBS Real Estate Invest Trust III Inc	892	2,424	48	0.32	-10.10%	-10.10%	N/A	N/A	1.28%	-90%
HPP	Hudson Pacific Properties Inc	801	6,192	351	2.44	-39.26%	-75.41%	-69.34%	-76.77%	17.61%	-496%
PDM	Piedmont Office Realty Trust Inc	797	2,766	362	2.93	-28.10%	-58.99%	-51.94%	-51.78%	13.02%	71%
BDN	Brandywine Realty Trust	683	2,727	177	1.03	-30.36%	-65.21%	-45.83%	-63.61%	19.10%	231%

Source: Ycharts.com as of 4/23/23

Conclusion

Investing in a sector with a murky future is always a sticky topic for advisors and clients because there is always that risk that things can get a lot worse before they get better. That is certainly the case in this instance as we could easily see more volatility throughout the real estate sector before a true cyclical bottom is put in.

Yet, whenever I speak with advisors and subscribers, their consistent notes of regret are always about how they should have been earlier to an emergent theme rather than jumping in once half the move has already been made.

There is no way to perfectly time this market with any consistency. It's far more logical to remain true to your stated portfolio objectives and ruthlessly enforce proven techniques to maintain the trust of your clients.

If that objective coincides with market-wide diversification, active management, or income generation, then owning a slice of the real estate market should be high on your priority list.

The funds and stocks listed in this report can help you shape just the right allocation to that theme to make for an effective investment as the economic winds change.

Best,

Tom

Disclaimer: Sevens Report Alpha is protected by federal and international copyright laws. Kinsale Trading, LLC is the publisher of the newsletter and owner of all rights therein, and retains property rights to the newsletter. The Newsletter may not be forwarded, copied, downloaded, stored in a retrieval system or otherwise reproduced or used in any form or by any means without express written permission from Kinsale Trading LLC. The information contained in Sevens Report Alpha is not necessarily complete and its accuracy is not guaranteed. Neither the information contained in Sevens Report Alpha or any opinion expressed in Sevens Report Alpha constitutes a solicitation for the purchase of any future or security referred to in the Newsletter. The Newsletter is strictly an informational publication and does not provide individual, customized investment or trading advice to its subscribers. SUBSCRIBERS SHOULD VERIFY ALL CLAIMS AND COMPLETE THEIR OWN RESEARCH AND CONSULT A REGISTERED FINANCIAL PROFESSIONAL BEFORE INVESTING IN ANY INVESTMENTS MENTIONED IN THE PUBLICATION. INVESTING IN SECURITIES, OPTIONS AND FUTURES IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK, AND SUBSCRIBERS MAY LOSE MONEY TRADING AND INVESTING IN SUCH INVESTMENTS.

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Is Gold in a New Bull Market?</u> 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, the outlook for a gold bull market is as good as it's been in years.</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: -1.07% GLDM: -1.11% GDX: -2.87% SIVR: -1.10% SLVP: -3.68% GLTR: -1.87%	SPY: 0.70%
<u>Two Strategies for the Regional Banking Crisis</u> 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>This Alpha issue examines each scenario and identifies strategies that will help us navigate either outcome.</p>	4/04/2023	KBWB: 1.05% IYG: 3.42% PTLC: 1.74%	SPY: 2.07%
<u>Defined Outcome and Buffered ETFs</u> 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).	<p>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.</p>	3/21/2023	PAPR: 1.69% NOCT: 2.61% QSPT: 3.23% UJUN: 2.15% DJUN: 3.55%	SPY: 4.53%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Artificial Intelligence Primer</u> 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: 4.69% SKYY: -1.84% QTUM: 0.09%	SPY: 5.14%
<u>Three Strategies to Re-Allocate to Growth (and Tech)</u> 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, 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.	2/22/2023	IMCG: -1.97% IGM: 9.44% SMH: 6.41%	SPY: 5.04%
<u>An Opportunity in International Stocks</u> 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, the case can be made that international markets can sustainably outperform U.S. markets.	2/07/2023	VGK: 5.15% IEMG: -2.66% FNDC: 0.90%	SPY: 0.84%
<u>Opportunity in Long Bonds</u> SPDR Portfolio Long Term Treasury ETF (SPTL). PIMCO Long-Term Credit Bond Fund (PTCIX). VanEck Long Muni ETF (MLN).	This issue focuses on opportunities in the long end of the yield curve, which suffered historic losses in 2022 but is potentially poised to stage a big rebound in 2023 and beyond.	1/24/2023	SPTL: -2.10% PTCIX: -0.33% MLN: -0.89%	SPY: 4.61%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Three Contrarian Ideas to Start 2023</u> ARK Next Generation Internet ETF (ARKW). Vanguard Communication Services ETF (VOX). iShares J.P. Morgan USD Emerging Markets Bond ETF (EMB).	This issue is our annual “contrarian” issue, where we present three contrarian strategies that we think can outperform in 2023 if consensus expectations for the economy, Fed policy, and inflation are proven false.	1/10/2023	ARKW: 15.59% VOX: 13.12% EMB: 0.29%	SPY: 7.12%
<u>Three Strategies that Outperformed in 2022 and Should Outperform Again in 2023.</u> Cambria Shareholder Yield ETF (SYLD). Invesco S&P 500 Pure Value ETF (RPV). PIMCO Enhanced Short Maturity Active ETF (MINT). JP Morgan Ultra-Short Income ETF (JPST) First Trust Consumer Staples AlphaDEX Fund (FXG). First Trust Natural Gas ETF (FCG).	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: 0.76% RPV: 0.54% MINT: 1.48% JPST: 1.11% FXG: 2.40% FCG: -2.61%	SPY: 11.06%
<u>Navigating Crypto's 'Lehman Moment'</u>	In this Alpha issue we are trying to cut through the noise and explain 1) The state of the industry post-FTX and 2) Identify ETFs we think are still legitimate options for exposure, so you have quality talking points and viable options for any crypto-related discussions with clients or prospects.	12/13/2022	N/A	N/A
<u>Small Cap Stocks</u> iShares Core S&P Small Cap ETF (IJR). Invesco S&P SmallCap 600 Revenue ETF (RWJ). Pacer U.S. Small Cap Cash Cows 100 ETF (CALF).	Very quietly, small-cap stocks have outperformed the S&P 500 by 300 bps and the Nasdaq by 800 bps over the past five months. And, due to multiple factors, small caps may now be poised to provide growth to portfolios over the medium and longer term.	11/29/2022	IJR: -4.41% RWJ: -3.01% CALF: -3.43%	SPY: 6.43%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>MOAT Stocks</u> VanEck Morningstar Wide Moat ETF (MOAT). Morningstar ESG Wide Moat ETF (MOTE). VanEck Morningstar SMID Moat ETF (SMOT).	<p>This Alpha issue is focused on specific stocks that we think can best withstand the coming economic slow-down, and in doing so help clients outperform.</p> <p>Specifically, as we approach this economic contraction, analysts are rightly advocating for stocks that are less sensitive to economic growth, have strong cash flows, and have low debt ratios, as they should relatively outperform in a slow growth/no growth environment.</p>	11/1/2022	MOAT: 18.69% MOTE: 10.07% SMOT: 6.49%	SPY: 9.28%
<u>Opportunities in Municipal Bonds.</u> JPMorgan Ultra-Short Municipal Income ETF (JMST). SPDR Nuveen Bloomberg High Yield Municipal Bond ETF (HYMB). IQ MacKay Municipal Intermediate ETF (MMIT).	<p>Municipal bonds have been an unloved asset class for the past several years due to very low yields that sent investors to other corners of the fixed income markets. But that has changed during the 2022 bond market rout and yields on munis now are at multi-year highs. With federal funding still in place for pandemic programs, strong tax receipts, and a still-solid U.S. economy, the credit outlook for municipal bonds is stronger than the muni bond price action would imply, and we think that creates a potential opportunity.</p>	10/18/2022	JMST: 2.01% HYMB: 4.87% MMIT: 5.15%	SPY: 13.25%
<u>Protection in a Deeper Bear Market.</u> ProShares Short S&P 500 ETF (SH). ProShares Short QQQ (PSQ). Pacer Trendpilot US Large Cap ETF (PTLC). iShares 0-3 Month Treasury Bond ETF (SGOV).	<p>Specifically, we identify three strategies to protect client portfolios if the lows are materially broken, and we are looking at another 10%-20% decline in the S&P 500. Our goal with these strategies is clear: <u>Minimize the losses and be able to "survive" to take advantage of the ultimate longer-term buying opportunity.</u></p>	10/4/2022	SHO: -0.76% PSQ: -12.60% PTLC: 3.92% SGOV: 1.97%	SPY: 11.22%
<u>Opportunities in the Nuclear Energy Revival</u> Uranium Mining Stocks. Global X Uranium ETF (URA). Nuclear Utility Stocks. VanEck Uranium + Nuclear Energy ETF (NLR). A Cutting Edge Approach. NuScale Power Corp (SMR).	<p>The Russia/Ukraine war has upset the global energy industry and as the EU and Britain scramble to find enough natural gas to satisfy their needs, nuclear energy emerged as a potential solution not just to the current global energy shortage, but also to satisfy the increased future demand as reliance on fossil fuels declines.</p> <p>More specifically, the Russia/Ukraine war has exposed a significant vulnerability in the EU's energy situation and reduced natural gas flows from Russia have resulted in European countries embracing alternative forms of energy production, including nuclear.</p>	9/20/2022	URA: -7.26% NLR: 2.83% SMR: -34.10%	SPY: 9.21%

Sevens Report Alpha Fund & Stock Ideas

Fund/Stock	Strategy	Date	Total Return	Benchmark Performance Since Issue Date
Repositioning for Another Rollover Invesco S&P 500 Equal Weight Utilities ETF (RYU). Invesco S&P 500 High Dividend Low Volatility ETF (SPHD). The Best-Performing S&P 500 Stocks YTD (Excluding Energy). WisdomTree Floating Rate Treasury Fund (USFR).	<p>We must acknowledge the possibility that the S&P 500 takes out new lows later this year, and the July/August rally was nothing more than a bear market bounce.</p> <p>Given this possibility, we wanted to investigate the sectors, strategies, stocks, and ETFs that outperformed during the first six months of 2022. We hope the analysis in this issue will serve as a potential blueprint for how to outperform if the last four months of 2022 look like the first six months of 2022.</p>	9/7/2022	RYU: -6.45% SPHD: -1.34% USFR: 2.89%	SPY: 6.11%
Sustainable Investing Revisited Invesco MSCI Sustainable Future ETF (ERTH). iShares Self-Driving EV and Tech ETF (IDRV). SPDR S&P Kensho Clean Power ETF (CNRG).	<p>The funding provided by the Inflation Reduction Act, combined with the higher gas prices and the energy security situation in Europe, has reinforced that the sustainable energy industry isn't just here to stay, but that it'll continue to actively grow in the coming years.</p> <p>In past market downturns, the renewable energy sector usually performed very poorly. However, during this market decline, select renewable energy ETFs have handily outperformed the S&P 500 and we think that outperformance underscores the fact that this is becoming a more mature industry.</p>	8/23/2022	ERTH: -18.57% IDRV: -9.23% CNRG: -14.98%	SPY: 1.08%
The State of the Crypto Market Grayscale Bitcoin Trust (GBTC). Grayscale Ethereum Trust (ETHE). ProShares Bitcoin Strategy ETF (BITO). Amplify Transformational Data Sharing ETF (BLOK).	<p>The cryptocurrency industry and markets have witnessed extreme turmoil so far in 2022, but the longer-term story and investor appeal of cryptocurrencies and blockchain technologies remain generally intact. So, we wanted to provide an update on the state of the crypto markets and identify quality, actionable investments that have relatively weathered the storm should clients be interested in this segment.</p>	8/9/2022	GBTC: 10.59% ETHE: -30.40% BITO: 15.53% BLOK: -15.18%	SPY: 1.33%
Strategies for a Peak in Bond Yields 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: 4.67% VNQ: -8.92% INDS: -1.73% COWZ: 7.45%	SPY: 7.97%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<p><u>Sectors that Outperformed During Recent Recessions</u></p> <p>Vanguard Health Care ETF (VHT)</p> <p>iShares U.S. Healthcare Providers ETF (IHF)</p> <p>Vanguard Consumer staples ETF (VDC)</p> <p>Invesco Dynamic Food and Beverage ETF (PBJ)</p>	<p>In this Alpha issue we examined sector performance during recent recessions to determine:</p> <ul style="list-style-type: none"> • If defensive sectors really do outperform during economic contractions and • Which defensive sectors have the best track record of performance leading up to, during, and after recessions. <p>And, our research for this issue revealed a clear conclusion:</p> <p>Namely, that defensive sectors broadly and specifically the consumer staples and health care sectors demonstrated consistent patterns of outperformance leading up to, during, and following recessions.</p>	7/12/2022	<p>VHT: 5.12%</p> <p>IHF: -1.20%</p> <p>VDC: 9.87%</p> <p>PBJ: 9.89%</p>	SPY: 10.82%
<p><u>Five Strategies for a Low Return Environment</u></p> <p>Strategy One: Effective Client Communication</p> <p>Strategy Two: Dividends</p> <p>Strategy Three: Short Term High Yield Debt</p> <p>Strategy Four: Cash is King</p> <p>Strategy Five: Precious Metals</p>	<p>The average annual return for the S&P 500 has been 15.5% over the past 12 years, far above the longer-term average of just over 9%, so we think it's prudent for advisors to ensure they have strategies to generate Alpha should annual returns lag the longer-term average for the next few years.</p> <p>So, in this issue we focused on 1) Techniques to help set the right expectations for clients for a potentially low return environment over the coming years and 2) Specific ETFs that we think can provide solid returns over the coming years amidst increased market volatility.</p>	6/28/2022	<p>NOBL: 10.53%</p> <p>SHYG: 6.76%</p> <p>SGOL: 8.89%</p>	SPY: 10.87%
<p><u>Bottom Fishing with ARK Fund's Favorite Stocks</u></p> <p>Zoom (ZM)</p> <p>Tesla Inc. (TSLA)</p> <p>Roku Inc. (ROKU)</p> <p>Block Inc. (SQ)</p> <p>Exact Sciences Group (EXAS)</p>	<p>Today's issue continues with the "Bottom Fishing" theme from our previous Alpha issue, and we're going to cover what is arguably one of the most followed ETFs and fund families in the markets: ARKK and the ARK Funds.</p> <p>The inspiration for this issue came from the research we performed for the previous Alpha issue. We learned that ARKK had not only fallen nearly 80% from the early 2021 highs but that ARKK was now trading <i>at or below</i> levels from before the pandemic even started. And, if we step back, it's hard to argue that the outlook for many of the biggest holdings in ARKK and across the ARK family of funds have worse business outlooks than before the pandemic even started.</p>	6/14/2022	<p>ZM: -42.32%</p> <p>TSLA: -26.76%</p> <p>ROKU: -23.68%</p> <p>SQ: 1.69%</p> <p>EXAS: 69.12%</p>	SPY: 13.39%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Bottom Fishing in Beaten Down Stocks</u> Netflix (NFLX) PayPal (PYPL) Ford (F) General Motors (GM) Etsy (ETSY) Penn National Gaming (PENN)	This issue is focused on identifying some of the most beaten-down stocks and sectors in the market today, because we know that while sentiment is very negative at the moment, there are contrarian clients who are looking for opportunities and we want to make sure you're prepared with a well-research list of individual stocks and ETFs. Additionally, we included an interactive table of 61 S&P 500 stocks that are trading below 10X earnings, and we also included other metrics such as Market Cap, Dividend Yield, and YTD Total Return.	6/1/2022	NFLX: 67.64% PYPL: -7.67% F: -2.03% GM: -11.04% ETSY: 21.58% PENN: -4.33%	SPY: 3.46%
<u>Assisting Clients Through a Potential Bear Market</u> Bear Market Statistics Bear Market Psychology Specific Tips for a Bear Market	Recently I've had a clear increase in the number of friends and acquaintances asking if we're entering a bear market and if they should get out of the market. I told them this: History is very clear - Abandoning a long-term investment plan even in bear markets is not the right long-term decision. So, we wanted to arm you with independent and unique research, talking points, and historical analysis that reinforces that staying the course through volatility is the right solution for long-term outperformance.	5/17/2022	No recommendations given.	
<u>Contrarian Bond Strategy</u> Vanguard Intermediate Term Bond ETF (BIV) iShare iBoxx Investment Grade Corporate Bond ETF (LQD) iShares Preferred and Income Securities (PFF)	This Alpha issue is one of the most contrarian issues we've produced since I started Alpha because we examine long opportunities in bond ETFs. The "bearish bond" thesis is well founded and widely adopted given high inflation and looming rate hikes. But there is another outcome that's possible where the economy slows quickly, inflation peaks and recedes, the Fed doesn't hike as much as expected, and today's bond yields become attractive over the medium and longer term.	5/3/2022	BIV: -2.03% LQD: -3.49% PFF: -6.73%	AGG: -3.21%
<u>Staying Long With Lower Volatility ETFs.</u> USMC (Principal U.S. Mega Cap ETF). SPHD (Invesco S&P 500 High Dividend Low Volatility ETF) XYLD (Global X S&P 500 Covered Call ETF)	I've made it no secret that I'm concerned about the longevity of the rally given the looming Fed tightening, yield curve inversions, high inflation, etc. But, history has shown us clearly that markets can rally, on average, 15% after a yield curve inversion, and that rally can last more than a year. Minimum volatility ETFs can provide general long exposure while also reducing the pain of sudden pull-backs, like we experienced several times in the first quarter.	4/19/2022	USMC: -4.35% SPHD: -12.84% XYLD: -17.52%	SPY: -6.33%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Finding Opportunities in the New Energy Reality</u> FCG (First Trust Natural Gas ETF) URA (Global X Uranium ETF) BOAT (Sonic Shares Global Shipping ETF) LNG (Cheniere Energy) FLNG (Flex LNG Ltd)	The Russia/Ukraine war has fundamentally altered the flow of energy around the world, as European countries wean themselves off Russian energy imports. This transition will take time and create opportunities across the energy sector, so today's Alpha issue is focused on identifying the strategies, sectors, and stocks that stand to benefit from this seminal shift.	4/5/2022	FCG: -2.73% URA: -21.66% BOAT: 0.97% LNG: 9.95% FLNG: 30.42%	SPY: -6.08%
<u>Russia/Ukraine Cease-fire Playbook</u> EMB (iShares J.P. Morgan USD Emerging Markets Bond ETF) HYEM (VanEck Emerging Markets High Yield Bond ETF) EUFN (iShares MSCI Europe Financials ETF) JETS (U.S. Global Jets ETF) FXE (CurrencyShares Euro Trust)	What happens to markets if there's peace in Russia/Ukraine? That was a question that was emailed to me this morning by a subscriber, and it was incredibly well timed because today's Alpha issue is focused on identifying potential opportunities in the market for when there is a ceasefire declared in the Russia/Ukraine war. More broadly, the Russia/Ukraine war is devolving into a stalemate and at some point, there will be a ceasefire. And, given the intense market reactions to the conflict from certain sectors and regions, we think that a ceasefire announcement, whenever it comes, will create potentially substantial medium-and longer-term opportunities in some of the most beat down sectors of the market.	3/22/2022	EMB: -6.04% HYEM: -1.25% EUFN: 7.68% JETS: -11.29% FXE: -0.61%	SPY: -5.78%
<u>Bear Market Playbook (What Worked Last Time)</u> MINT (PIMCO Enhanced Short Term Maturity Active ETF) SGOL (Aberdeen Physical Swiss Gold Shares ETF) VNQ (Vanguard REIT ETF) FXG (First Trust Consumer Staples AlphaDEX Fund)	In today's Alpha issue, we are going to examine what assets and sectors outperformed the last time we had a sustained, multi-year bear market (in the early 2000s). <u>Now, to be clear, we do not think a bear market is the most likely outcome for this market.</u> If we thought that, we'd be advocating for much more defensive positioning in the Sevens Report. But, at the same time, the current bull market is facing formidable headwinds, and the path for the Fed to successfully remove accommodation without harming the recovery is becoming increasingly narrower.	3/8/2022	MINT: -1.75% SGOL: -3.50% VNQ: -18.81% FXG: 5.32%	SPY: 0.06%

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>
<u>What Would Outperform If Markets Turn Around?</u> SPDR FactSet Innovative Technology ETF (XITK) Vanguard Consumer Discretionary ETF (VCR) iShares Broad USD High Yield Corporate Bond ETF (USHY) SPDR Blackstone Senior Loan ETF (SRLN)	Today's issue was inspired by this thought: <i>What if everything works out alright?</i> 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: -24.81% VCR: -11.44% USHY: -10.02% SRLN: -8.32%	SPY: -1.29%
<u>Finding Value and Opportunity in International ETFs</u> Schwab Fundamental International Large Company Index ETF (FNDF). iShares Edge MSCI Intl Quality Factor ETF (IQLT). Vanguard International High Dividend Yield ETF (VYMI).	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: -1.46% IQLT: -0.61% VYMI: -4.04%	SPY: -5.79%
<u>Weathering Market Volatility with "Quality" ETFs.</u> Quality Idea 1: Financials. First Trust Financials AlphaDex Fund (FXO). Quality Idea 2: Qualitative Value. ValueShares U.S. Quantitative Value ETF (QVAL). Quality Idea 3: Shareholder Yield. Cambria Shareholder Yield ETF (SYLD). Quality Idea 4: Core Value. Invesco S&P 500 Pure Value ETF (RPV).	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: -14.37% QVAL: -2.26% SYLD: -3.65% RPV: -3.46%	SPY: -2.22%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Practical Crypto Strategies for Clients</u> Greyscale Bitcoin Trust (GBTC) Amplify Transformational Data Sharing ETF (BLOK) ProShares Bitcoin Strategy ETF (BITO)	<p>The push of cryptos into the cultural mainstream in 2022, along with substantial investment gains over the past several years, has resulted in a surge in interest in crypto exposure from investors. And, while there remains a lot of risks associated with crypto trading, the bottom line is that an advisor can only dissuade a client from cryptos for so long before it hurts the relationship.</p> <p>Given that, our goal in 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: -48.80% BLOK: -48.71% BITO: -39.17%	SPY: -11.34%
<u>Annual Contrarian Issue</u> 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: -26.51% CXSE: -32.72% GDX: 8.62% SIL: -18.50% XLU: -2.12% SPLV: -5.72%	SPY: -12.74%
<u>Best Performing COVID Strategies</u> Strategy One: Mega-Cap Tech. XLK/VGT/FDN. Strategy Two: Online Spending. SHOP/IBUY. Strategy Three: Blockchain. BLOK (Amplify Transformational Data Sharing ETF). Strategy Four: Smart-Beta Industrials. PAVE (Global X U.S. Infrastructure Development ETF).	<p>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: -9.79% VGT: -12.76% FDN: -36.19% SHOP: -64.30% IBUY: -51.89% BLOK: -51.95% PAVE: 0.41%	SPY: -7.99%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<p><u>REITS As An Inflation Hedge</u></p> <p>Vanguard REIT ETF (VNQ)</p> <p>Pacer Benchmark Data and Infrastructure Real Estate SCTR ETF (SRVR)</p> <p>Pacer Benchmark Industrial Real Estate SCTR ETF (INDS)</p> <p>iShares Residential and Multisector Real Estate ETF (REZ)</p>	<p>According to a study we cited in today's issue, from 1972-2020, during periods considered moderate to high inflation, REITs actually outperformed the S&P 500!</p> <p>And, we're seeing that proved out so far this year, as VNQ, the largest and most diverse REIT ETF, is outperforming the S&P 500 (VNQ is up 26.6% YTD, while the S&P 500 is up 23% YTD).</p> <p>More specialized REITs have performed even better so far in 2021, and that's why, in addition to VNQ, in today's issue we focused on what we consider "REITs for the 21st Century."</p>	11/30/2021	<p>VNQ: -17.47%</p> <p>SRVR: -25.18%</p> <p>INDS: -17.62%</p> <p>REZ: -16.29%</p>	SPY: -6.49%
<p><u>Metaverse Primer</u></p> <p>Meta Platforms Inc (FB)</p> <p>Roblox Corp (RBLX)</p> <p>NVIDIA Corp (NVDA)</p> <p>Amazon (AMZN)</p> <p>Microsoft (MSFT)</p> <p>Roundhill Ball Metaverse ETF (META)</p>	<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	<p>Meta: -30.74%</p> <p>RBLX: -68.86%</p> <p>NVDA: -5.74%</p> <p>AMZN: -41.70%</p> <p>MSFT: -8.69%</p> <p>METV: -46.71%</p>	SPY: -9.21%
<p><u>Capitalizing on A New Era of Energy Investment</u></p> <p>SPDR S&P Oil & Gas Exploration and Production ETF (XOP)</p> <p>Invesco S&P Small Cap Energy ETF (PSCE)</p> <p>First Trust Natural Gas ETF (FCG)</p> <p>Global X MLP ETF (MLPA)</p>	<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	<p>XOP: 21.54%</p> <p>PSCE: 13.38%</p> <p>MLPA: 25.84%</p>	SPY: -7.75%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Tapping the Wisdom of Financial Celebrity</u> DoubleLine Total Return Fund (DBLTX) DoubleLine Shiller Enhanced CAPE (DSEEX) Guggenheim Total Return Bond Fund Institutional Class (GIBIX). Guggenheim Strategic Opportunities Fund (GOF) WisdomTree U.S. Quality Dividend Growth Fund (DGRW), WisdomTree Emerging Markets es State-Owned Enterprises Fund (XSOE). O'Shares U.S. Quality Dividend ETF (OUSA) O'Shares Global Internet Giants ETF (OGIG)	<p>The dual goal of Sevens Report Alpha is to 1) Furnish you with interesting investment ideas and strategies you can share with clients and prospects and 2) Identify funds and ETFs that can outperform, so with that dual goal in mind we analyzed the fund offerings of some of the most well-known "Market Mavens" that appear in the financial media so that you can turn any mention of these celebrities into an opportunity to impress clients with your knowledge, and possibly find an actionable investment idea.</p> <p>After a thorough search, we found four of these "Mavens" that had funds or ETFs that: 1, Could be attractive to clients and 2. Consistently beat the market.</p>	10/19/2021	DBLTX: -8.78% DSEEX: -13.80% GIBIX: -11.35% GOF: -1.24% DGRW: 7.01% XSOE: -27.99% OUSA: 2.36% OGIG: -52.84%	SPY: -5.39%
<u>Buying Opportunities in "New Tech"</u> Idea 1: Winning Streaming Wars (ROKU/SPOT) Idea 2: Next Evolution in Genetics (NVTA/CRSP) Idea 3: Future of Money (Z/COIN) Idea 4: Work from Anywhere (ZM)	<p>Tech companies in the fields of robotics, fintech, biotech, clean tech, electric vehicles, cryptocurrencies, etc. have seen steep declines from the highs this year. With some of these stocks down more than 55% from the highs, they are now trading at far more attractive valuations than they have in years (and this is even more true following the weakness in the tech sector over the past week!)</p> <p>As such, we wanted to produce an Alpha issue that identifies potential opportunities in this "New Tech" space, as given the declines and the growth potential of some of these firms, the risk is now worth the reward for longer-term focused investors:</p>	10/05/2021	ROKU: -81.48% SPOT: -39.74% NVTA: -94.63% CRSP: -51.61% Z: -48.84% COIN: -78.36% ZM: -76.03%	SPY: -1.57%
<u>Hydrogen—The Next Stage of the Green Energy Revolution</u> Plug Power (PLUG) Cummings (CMI) Defiance Next Gen Hydrogen ETF (HDRO)	<p>Hydrogen has long been touted as a source of cleaner fuel for transportation and commercial uses. But it has always seemed like the decades-long play that just needs a little more technology or a breakthrough process to truly realize its untapped potential.</p> <p>But, over the past several months I've been digging into this space, and it started to make more sense from an investment perspective. I quickly realized just how much opportunity is at stake and why this moment in time is pivotal to the hydrogen development cycle.</p>	9/21/2021	PLUG: -65.72% CMI: 12.33% HDRO: -55.79%	SPY: -1.68%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Learning to Live with COVID</u> Vaccine Markers (Multiple Stocks & ETFs) Global X Telemedicine & Digital Health ETF (EDOC). Amplify Online Retail ETF (IBUY). VanEck Vectors Morning Star Durable Dividend ETF (DURA).	<p>In this Alpha issue, we examine the strategies and sectors that will benefit from society learning to “live” with COVID over the medium and longer-term, and the inspiration for this issue came from real life.</p> <p>We believe that reality will cause more permanent adoption of some “temporary” pandemic era behaviors, and we believe that should lead to some attractive investment opportunities.</p>	9/8/2021	MRNA: -68.58% BBH: -25.96% EDOC: -37.62% IBUY: -63.52% DURA: 3.74%	SPY: -5.25%
<u>Stagflation Playbook</u> First Trust Dow Jones Internet Index Fund (FDN). Invesco S&P 500 Equal Weight Consumer Staples ETF (RHS). VanEck Vectors Investment Grade Floating Rate ETF (FLTR). Aberdeen Standard Bloomberg All Commodities Strategy K-1 Free ETF (BCI).	<p>This Alpha issue is focused on something we sincerely hope never happens: Stagflation.</p> <p>That’s because a stagflationary environment is a very difficult one to successfully invest in as, broadly speaking, it’s negative for most stocks, most bonds, and idle cash (purchasing power is eroded through inflation).</p> <p>Positively, stagflation is not the most likely macro-economic scenario going forward (a stock positive reflation scenario is the most likely future macro 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: -41.94% RHS: 14.57% FLTR: 2.40% BCI: 12.52%	SPY: -4.52%
<u>Five ETFs That Can Make Your Life As An Advisor Easier</u> Vanguard Total World Stock ETF (VT). iShares MSCI ACWI ETF (ACWI). iShares MSCI Global Min Vol Factor ETF (ACWV). iShares MSCI ACWI Low Carbon Target ETF (CRBN).	<p>So how do you bridge the gap between an seven-figure trust and that clients nephew’s tiny Roth IRA? Both are important to the overall relationship.</p> <p>You start by syncing up some of the foundational core holdings that make up the bulk of your asset allocation.</p> <p>Specifically, we identify foundational “own everything” ETFs you can use across account sizes to simplify smaller account administration and reduce variety among core ETF holdings, thereby making you more efficient:</p>	7/27/2021	VT: -6.56% ACWI: -6.33% ACWV: -1.63% CRBN: -7.45%	SPY: -2.57%
<u>Capitalizing on mRNA and Other Medical Tech</u> ARK Genomic Revolution ETF (ARKG) Global X Telemedicine & Digital Health ETF (EDOC) ROBO Global Healthcare Technology & Innovation ETF (HTEC) Genomic Revolution Global X Genomics & Biotech ETF (GNOM)	<p>Because of the success of mRNA in producing an effective COVID-19 vaccine at a record pace, along with the demonstrated effectiveness of anti-viral treatments like Remdesivir, we’re likely to see a major acceleration in funding, research, and adoption of other cutting edge medical technologies and that means potentially substantial returns for companies with the right exposure.</p>	7/13/2021	ARKG: -66.32% EDOC: -37.33% HTEC: -35.47% GNOM: -47.20%	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</u>
<u>Cybersecurity</u> ETFMG Prime Cyber Security ETF and the CIBR: First Trust NASDAQ Cybersecurity ETF (HACK) Global X Cybersecurity ETF (BUG) First Trust Cloud Computing ETF (SKYY)	<p>This issue is focused on Cybersecurity. First, we want to give you an updated primer on the cybersecurity sector, and make sure you know the best ETFs to gain exposure to the likely explosive growth cyber security companies will experience over the coming quarters.</p> <p>Second, we wanted to identify strategies that you, the advisor, can use to minimize the chances your business is attacked and provide solutions if an attack does occur, so you know what to do, and what not to do.</p>	6/29/2021	HACK: -27.28% CIBR: -16.48% BUG: -27.73% SKYY: -41.47%	SPY: -2.67%
<u>Equity Playbook in Today's Environment</u> Strategy 1: "One-Stop Shop" Inflation Hedge. Horizon Kinetics Inflation Beneficiaries ETF (INFL). Strategy 2: Focus on Dividend Growth. Proshares S&P 500 Dividend Aristocrats ETF (NOBL). iShares Core Dividend Growth ETF (DGRO). Strategy 3: Commodities and Natural Resources. Global X MLP ETF (MLPA). SPDR SSGA Multi-Asset Real Return ETF (RLY).	<p>Today's Alpha issue is part two of our two-part series on how elderly clients can achieve safety and modest real returns in an environment where yields and inflation are rising and most real bond returns over the coming years will be negative.</p> <p>Today's issue provides ETF solutions for the <u>equity portion of elderly clients' portfolios – ideas that are designed to provide income and ensure positive correlation to rising inflation</u></p>	6/15/2021	INFL: 1.70% NOBL: 1.25% DGRO: 1.01% MLPA: 3.07% RLY: -5.77%	SPY: -1.90%
<u>Fixed Income Playbook in Today's Environment</u> Strategy 1: Inflation Protection. Quadratic Interest Rate Volatility and Inflation Hedge ETF. (IVOL). Strategy 2: Variable Rate Preferreds (VRP). Strategy 3: Floating Rate Notes (Two ETFs). Strategy 4: Shorten Duration (Four ETFs).	<p>How do clients, especially elderly clients, achieve safety and modest real returns in an environment where yields and inflation are rising and most real bond returns over the coming years will be negative?</p> <p>We want to tackle this problem and provide ETF solutions that can help clients achieve the dual goals of 1) Safety and 2) Real returns over the coming years.</p>	6/2/2021	IVOL: -20.27% VRP: -14.90%	SPY: -0.94%
<u>The Crypto Craze Updated</u> Grayscale Bitcoin Trust (GBTC) Grayscale Ethereum Trust (ETHE) Coinbase Global (COIN) Voyager Digital (VGVF)	<p>If you are like me, you have seen interest in the entire crypto space increase over the past several months.</p> <p>So, we wanted to take this Alpha issue to provide an updated primer on the crypto industry and ensure you have got the advisor-focused research you need to turn any crypto-related client or prospect conversations into opportunities to grow your business.</p>	5/18/2021	GBTC: -53.70% ETHE: -73.35% COIN: -78.15% VGVF: -98.53% (Closed)	SPY: 4.12%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<p><u>Four Small Cap ETFs for the Economic Recovery</u></p> <p>Invesco S&P Small Cap Consumer Discretionary ETF (PSCD)</p> <p>First Trust Consumer Staples AlphaDex Fund (FXG)</p> <p>Invesco S&P SmallCap 600 Revenue ETF (RWJ)</p> <p>iShares Morningstar Small-Cap Value ETF (ISCV)</p>	<p>Much of the “economic reopening trade” has been focused on large travel and leisure companies, and many of those names have seen huge gains over the past year. But they are now saddled with massive debts and ballooning capital structures that could be headwinds on investor returns going forward.</p> <p>Many smaller stocks, however, were able to utilize government programs (PPP and others) to recapitalize healthily over the past year and those that have survived to this point are now in an extremely favorable position to capture future opportunities as the economy reopens.</p> <p>So, we want to make sure you know which ETFs can give you exposure to quality small-cap companies that are 1) Financially sound, 2) Exited the pandemic with their business intact, 3) Stand to benefit from an acceleration in the economy, and 4) Could see earnings surge as the economic reopening continues.</p>	4/20/2021	<p>PSCD: -17.66%</p> <p>FXG: 12.41%</p> <p>RWJ: 0.41%</p> <p>ISCV: -4.71%</p>	IWM: -16.65%
<p><u>Sector Winners and Losers from the Democratic Policy Agenda</u></p> <p>Global X Millennials Thematic ETF (MILN)</p> <p>Vanguard Tax-Exempt Bond ETF (VTEB)</p> <p>Global X U.S. Infrastructure Development ETF (PAVE)</p> <p>First Trust NASDAQ Clean Edge Green Energy Index Fund (QCLN)</p>	<p>Throughout most of the first quarter, markets embraced Democrat control of the government because it meant massive stimulus, and that expectation has been met. However, now the focus is turning to less growth-friendly policies, including potentially higher taxes and increased regulation. While these policies will impact the markets broadly, they’ll also impact specific sectors even more than the broad markets.</p> <p>So, we want to arm you with the tools for identifying and deploying to areas of the market that should experience positive effects during this political environment, and know which sectors stand to get hurt given potential policies from Washington.</p>	4/6/2021	<p>MILN: -27.00%</p> <p>VTEB: -4.56%</p> <p>PAVE: 11.36%</p> <p>QCLN: -34.46%</p>	SPY: 5.61%
<p><u>What Should I Buy on This Tech Decline?</u></p> <p>Invesco S&P 500 Equal Weight Technology ETF (RYT)</p> <p>VanEck Vectors Semiconductor ETF (SMH)</p> <p>First Trust NASDAQ Technology Dividend Index Fund (TDIV)</p>	<p>If a client comes to you and asks, “What Should I Buy on this Tech Decline?” we want to make sure you have a set of ETFs that provide exposure to solid, proven tech companies that aren’t trading at sky-high valuations because for the last several decades buying core, large cap tech stocks on any sustained underperformance has been a very profitable long-term strategy.</p>	3/23/2021	<p>RYT: 1.84%</p> <p>SMH: 8.14%</p> <p>TDIV: 4.57%</p>	SPY: 10.11%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>ARK Invest ETFs</u> ARKK (ARK Innovation ETF) ARKG (ARK Genomic Revolution ETF) ARKW (ARK Next Generation Internet) ARKF (ARK Fintech Innovation ETF) ARKQ (ARK Autonomous Technology & Robotics ETF).	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: That these ETFs are “one-stop shopping” for investors get targeted exposure to the leading edge of the technology growth curve, and that investors should have exposure to the technologies in which ARK ETFs invest because the long term return potential is extreme.	3/9/2021	ARKK: -70.39% ARKG: -67.01% ARKW: -67.86% ARKF: -66.27% ARKQ: -43.11%	QQQ: 4.66%
<u>Inflation Playbook</u> Core Inflation Plays (SGOL/PDBC/GNR/RLY) U.S. Sector Opportunities (RTM/RGI) Income Opportunities (BKLN/JAAA/STIP)	Today’s issue is focused on inflation because suddenly accelerating inflation could be a game-changer for many investors and advisors, and we want to arm you with the best-in-class tools to combat inflationary effects in your portfolios. I wanted to take this Alpha issue to provide a clear, decisive “Inflation Playbook” that we can keep and reference for when statistical inflation starts to accelerate.	2/23/2021	PDBC: 38.65% GNR: 22.01% RTM: 12.14% JAAA: 3.36%	SPY: 11.02%
<u>Market Myth Busting</u>	<ul style="list-style-type: none"> Investment Myth 1: Investing and Politics Go Hand in Hand. Investment Myth 2: Modern Monetary Theory Is A Reason to Get Out Now. Investment Myth 3: Getting Out Because the Market is in a Bubble. Investment Myth 4: Rising Rates Are Going to Wreck My Portfolio. Investment Myth 5: The Falling U.S. Dollar Is Eroding My Purchasing Power. 	2/9/2021		
<u>How the “Old Economy” Can Help Us Outperform</u> Invescro Dow Jones Industrial Average Dividend ETF (DJD) First Trust Morningstar Dividend Leaders Index Fund (FDL) Invesco S&P 500 Pure Value ETF (RPV)	Looking for value in “Old Economy” stocks is a strategy that prioritizes stocks that are still well off their all-time highs, have proven and sustainable business models, and many of which pay hefty dividends. Additionally, these industries are as familiar and comfortable as a warm blanket to your mature, high net worth client base and these investment ideas are perfect for the tech skeptics that prioritize value characteristics, low leverage, and high dividends.	1/26/2021	DJD: 18.93% FDL: 29.30% RPV: 22.44%	SPY: 12.05%

Sevens Report Alpha Fund & Stock Ideas

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