

SEVENS REPORT

alpha

July 25, 2023

In Today's Issue

- **ETFs for the No Landing Scenario.** If the economy stays resilient for the remainder of 2023, then knowing what to own may mean the difference between seizing opportunity in certain market sectors, and missing that opportunity. In a No Landing scenario, the likely biggest opportunity is in under-owned cyclical sectors with strong fundamentals and meaningful upside potential. In the following report, we break down several fresh ideas to capitalize on these trends and give your clients options to participate in this robust economic activity.
- **Investment Idea 1: Rotate into Cyclical.** JPMorgan **Active Value ETF (JAVA)**. This ETF can act as a core value equity holding with a tilt towards cyclical sectors. JAVA is actively managed, allocates to a basket of 150 stocks and has top exposure to financials (25%), health care (16%), industrials (12.6%), and energy (7.7%). Those weightings are meaningfully above those of a comparable benchmark such as the Russell 1000 Value Index, providing more cyclical exposure.
- **Investment Idea 2: Small-Cap Value.** **Avantis U.S. Small Cap Value ETF (AVUV)**. This 5-Star Morningstar rated fund targets cyclical sectors and stocks in smaller publicly traded companies. Over a three-year time period, AVUV has massively outperformed the S&P 500 and Russell 2000, rising 90% compared to 45% and 39%, respectively.
- **Investment Idea 3: High Yield Bonds.** **iShares Broad USD High Yield Corporate Bond ETF (USHY)**. USHY targets companies lower on the credit spectrum compared to the HYG benchmark, resulting in a 30-day SEC yield of 8.50%, duration of 3.6 years and similar option adjusted spreads of 360-370 basis points.

Owning the 'No Landing' Scenario

One of the economic scenarios we have been talking about regularly in our daily *Sevens Report* is the vaunted "No Landing" thesis. Essentially, this outcome assumes that the economy doesn't slow down, and that the job market remains resilient while inflation cools. This would entail a massive effort by consumers to backstop economic activity and an easing of Federal Reserve monetary policy to bolster global liquidity. The resulting benefits of which would be a broadening out of the market rally and likely a push to new all-time highs in broad-based equity indices.

Does this sound farfetched from where we stood six months ago? If so, you may not be the only one who feels that way, especially with so many indicators flashing warning signs. Yet we are seeing surprising resilience throughout the U.S. economic engine that may assuage fears of a prolonged recession.

For instance, Amazon Prime Day resulted in a record \$12.70 billion spent across the web with Amazon reporting its largest single day of sales in company history. Additionally, JPMorgan recently reported strong second quarter fiscal results with its leader Jamie Dimon proclaiming "...consumer balance sheets remain healthy, and consumers are spending, albeit a little more slowly. Labor markets have softened somewhat, but job growth remains strong." ([source](#))

Furthermore, a check on inflation is showing signs that the Fed's rate hike agenda is impacting growth in the consumer price index (CPI) as it was intended. The CPI rose just 0.20% in June and was only up 3% from a year ago, marking the lowest level since March 2021. The chart on Page 2 shows y-o-y CPI levels falling dramatically towards the Fed's intended target range of 2%, which bodes well for a shift in Fed policy to holding or easing.

The combination of these data points and positive commentary may give investors a spark of hope that this rally has further legs. Yet knowing what to own may mean the difference between taking ad-

vantage of this opportunity and watching it pass you by. What we mean by that is a no landing scenario is going to involve more than just the magnificent seven stocks that accounted for the lion's share of gains in the first half of 2023.

The massive boost behind Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla, and Meta Platforms cannot be overlooked. These tech behemoths rode the wave of artificial intelligence (AI) frenzy to tremendous gains and helped pull the rest of the market along with them.

While that has been beneficial for investors who have owned these stocks or market-weighted indexes with higher concentrations, there must now be an evaluation phase where you weigh the factors that would drive future gains. If we start to see indications

that AI is fading from the headlines or user interest is temporarily dwindling, that is going to act as a discounting mechanism on the tech sector overall.

Where we see the biggest opportunity for structural growth is in under-owned cyclical sectors with strong fundamentals and meaningful upside potential. In the following report we will break down several fresh ideas to capitalize on these trends and give your clients options to participate in this robust economic activity. That way you are ready to rotate towards areas of the market demonstrating attractive value as the rally expands.

Investment Idea 1: Rotate into Cyclical

Rotating out of a sector such as technology that is on a hot streak is no easy task. It is even more vexing when an overwhelming majority of diversified index-based ETFs have high concentrations of this

sector as a core component of their makeup. Yet if we are going to see a broadening out of the rally to include a wider base of stocks, it starts to make sense to look closer at your portfolio components to determine if changes are necessary. You may find that as much as 25-30% of your equity holdings are once again allocated to tech stocks and that a sensible redistribution of capital is a prudent action step to mitigate concentration risk.

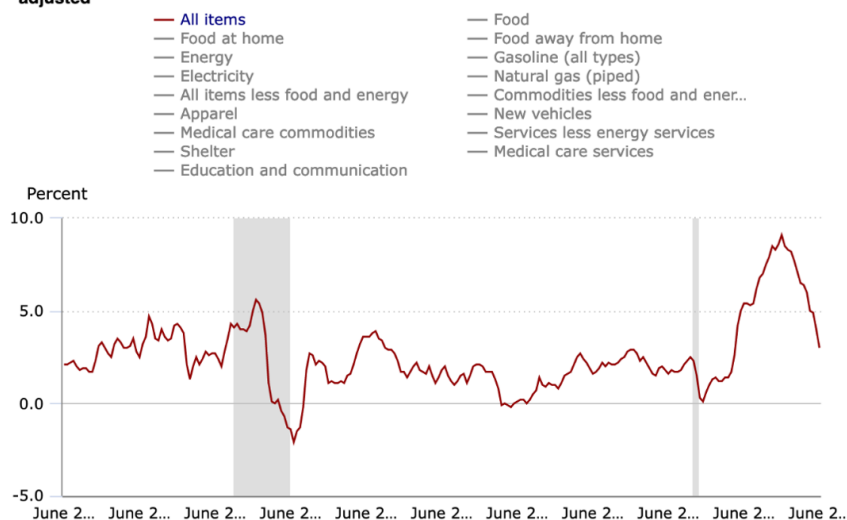
In our opinion, the sectors that will benefit the most from the no landing thesis are cyclical categories such as industrials, materials, and financials. These conventional value stocks have underperformed the broad market benchmarks on a year-to-date basis and are primed to benefit if we see a rotation out of growth that needs

to find a new home. Furthermore, the fundamentals that drive these cyclical sectors are likely to see beneficial tailwinds from widespread economic activity that will bolster their future earnings outlook.

Some specialized portfolios may opt to transition to individual sector holdings such as XLF, XLI, or XLB to customize their exposure to each category. There is certainly nothing wrong with that strategy if you are accustomed to managing several tactical positions in your client accounts. Each offers highly diversified, liquid, and low-cost exposure to the opportunities we are targeting.

Nevertheless, if your goal is to simplify and diversify, we have identified an attractive core holding to do the work for you. The **JPMorgan Active Value ETF (JAVA)** debuted in late 2021 as an active investment strategy designed to deliver a pure value style equity portfolio. The fund is managed by a team of

12-month percentage change, Consumer Price Index, selected categories, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.

four portfolio experts with average industry experience nearing three decades.

What makes JAVA unique is that it takes an active share approach to its portfolio construction methodology that emphasizes the sectors we are targeting. The basket of more than 150 stocks has top exposure to financials (25%), health care (16%), industrials (12.6%), and energy (7.7%). Those weightings are meaningfully above those of a comparable benchmark such as the Russell 1000 Value Index. Furthermore, it has minimized its exposure to the technology, real estate, and communications sector as compared to its peer group.

The result is a highly diverse group of well-known, large-cap stocks such as Bank of America, Wells Fargo, Bristol-Myers Squibb, Berkshire Hathaway, and Exxon Mobil in its top holdings. No single company accounts for more than 3% of the basket, which allows broader emphasis among the entire group of stocks. Furthermore, each holding is subject to a fundamental, bottom-up analysis that screens for attractive valuations within its sector group.

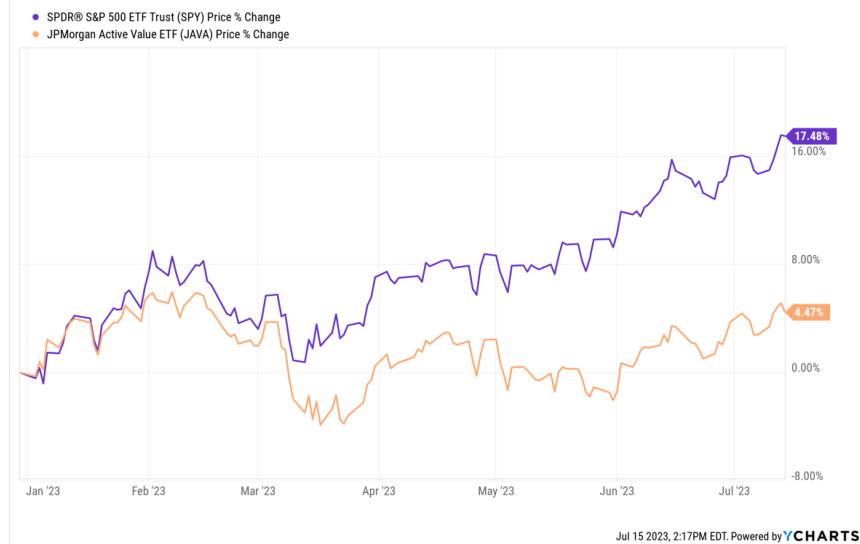
A look at the chart here shows a marked divergence from the broader S&P 500 Index since the start of 2023. This is expected considering the minimal tech exposure this fund has compared to the large-cap bellwether. That's exactly the gap we are seeking to exploit in a potential reversion to the mean for value stocks. A rotation out of technology, communications, and consumer discretionary (internet retail) stocks would bode well for momentum to swing towards the cyclical companies within the JAVA portfolio.

The fund currently sports an expense ratio of 0.44% and total assets of nearly \$500 million. Additionally,

its 30-day SEC yield is listed at 1.85% with income paid quarterly to shareholders. Average daily trading volume for this ETF also exceeds 100,000 shares per day, which should allow for smooth transitions in all account sizes.

JAVA also targets key sectors within the U.S. economy with strong fundamentals and room to run on the upside. It owns a truly diversified base of large-

cap holdings with enough active shares to be an attractive alpha generator versus a conventional index benchmark. That being said, JAVA isn't so esoteric that it would become dislocated from the machinations of the broader stock market. It's treading that fine line between



the two extremes.

Advisors can utilize this holding as a core value equity tilt towards cyclical sectors that we expect to outperform under a no landing scenario. Those who are looking to own indexes with less exposure to the technology theme should also consider this ETF as an opportunistic way to balance or diversify their risk profile. Either strategy will provide benefits to the client as this sector rotation event begins to take a stronger effect.

Another option to consider in this same category is a large-cap value fund with a dividend-focused methodology. The **Schwab U.S. Dividend Equity ETF (SCHD)** tracks the Dow Jones U.S. Dividend 100 Index, which selects stocks based on the quality and sustainability of dividends in addition to the fundamental strength of the company.

The 100 stocks that comprise the index are allocated towards several of the sectors we are targeting such as industrials (18%), health care (16%), financials (14%), and consumer staples (13%). Tech

stocks make up approximately 12% of the SCHD portfolio, but they are primarily in the networking and equipment industries rather than the high growth AI theme.

Several of the largest companies represented in the SCHD basket include Broadcom Inc, United Parcel Service, Texas Instruments, Home Depot, and PepsiCo Inc. The \$48 billion in assets committed to these 100 total holdings currently generates a 30-day SEC yield of 3.59% with income paid quarterly to shareholders. That's an attractive yield in this market for income hungry clients who prioritize dividends as a core portfolio objective.

Furthermore, SCHD has shown a similar divergence from the broader stock market in the first half of 2023 that emphasizes its untapped performance potential. The fund is still underwater on a year-to-date basis but has also demonstrated minimal volatility and is continuing to crank out that above-average dividend yield for shareholders.

A large and diversified fund such as SCHD would perfectly fill the role of a core dividend equity holding for income portfolios that need more stock exposure. Moreover, its miniscule 6 basis points expense ratio will satisfy even the most cost-conscious clients and it currently sports a 5-Star Morningstar rating.

Overall, it's difficult to argue with the passive, tax-efficient investment strategy that targets sustainable income-producing companies with sound fundamentals at this stage of the market cycle. Those that are going to have the most success with this fund will recognize the opportunity a rotation to value will bring their portfolios and how these stocks will benefit from that momentum swing.

Investment Idea 2: Small-Cap Value

One of the segments of the U.S. economy that has demonstrated alpha characteristics in nearly every post-recession rally are small-cap stocks. These smaller corporate entities felt the pinch of soaring inflation, higher interest rates, and tightening lending standards. All headwinds that came to fruition to help stymie growth and perpetuate a largely U-shaped trading range over the last 18 months.

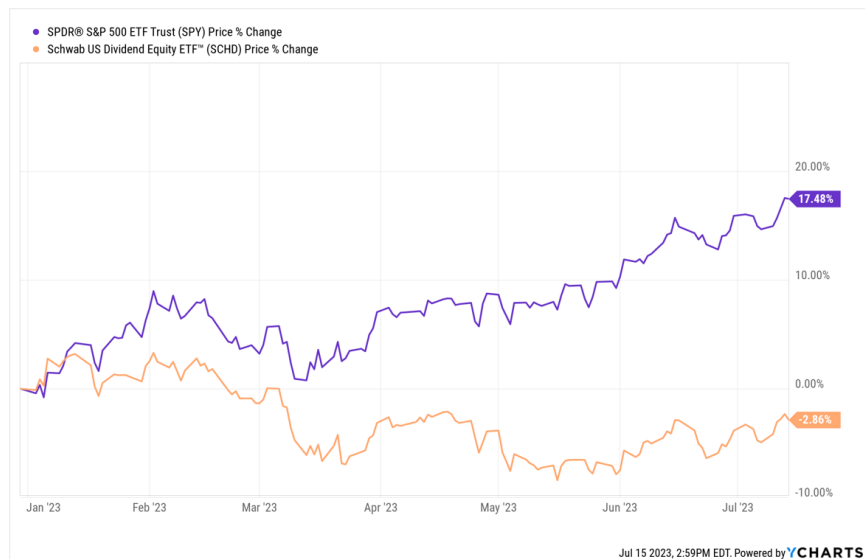
Nevertheless, small caps also stand poised to benefit from a no landing scenario in which these economic forces moderate and market tailwinds build in their favor. Even on a very recent one-month basis we have noted a curious negative correlation between IWM and QQQ. There are several instances where these indexes are moving in opposite directions

on a day-by-day basis, which supports our thesis that small caps can rally even if we see a falloff in large-cap tech momentum.

So how do you play this opportunity? By identifying a 5-Star Morningstar rated fund targeting strong fundamentals and cyclical sectors

in smaller publicly traded companies. Those characteristics are indicative of the \$6.2 billion under management in the **Avantis U.S. Small Cap Value ETF (AVUV)**. This fund debuted in 2019 and has quickly become one of the top-performing small-cap funds over its nearly four-year tenure.

AVUV is an actively managed strategy that seeks to outperform the Russell 2000 Value Index through its security selection and allocation choices. According to the fund's stated objectives, it's designed to pursue the benefits associated with indexing (diversification, low turnover, transparency of exposures), but with the ability to add value by making investment decisions using information in current



prices. The team of seasoned portfolio managers accomplishes this task by investing in U.S. small-cap companies trading at low valuations and with higher profitability ratios.

AVUV currently holds more than 730 U.S. stocks with a weighted average market cap of approximately \$3 billion. One of the advantages of the active strategy is the ability to overweight or underweight certain sectors to unlock alpha potential. This is most notable when we analyze its current top allocations to financials (25%), consumer discretionary (20%), industrials (17%), energy (16%), and materials (7%). In our deep dive through the fund's holdings, we identified that a majority of the consumer discretionary exposure is targeted to homebuilder stocks, which have experienced a renaissance of late.

On a year-to-date basis, AVUV is noticeably underperforming the tech-heavy large-cap SPY by a margin of +6.66% versus +17.48% through July 14.

That's to be expected considering its minimal exposure to the AI theme that has bolstered the market so far this year. Nevertheless, what impressed us about this fund was widening the lens to a three-year lookback.

In that instance we saw significant out-performance versus both SPY and the

more comparable Russell 2000 Value Index. AVUV absolutely trounced both benchmarks and has demonstrated remarkable performance on both relative and absolute measures as noted in the chart here.

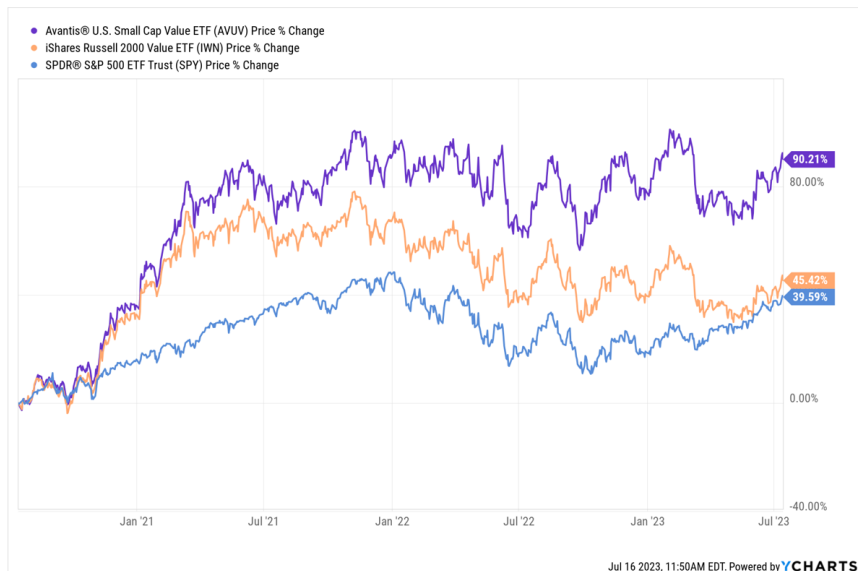
The combination of a stellar track record, low expense ratio (25 basis points), and high liquidity make AVUV one of the premiere small-cap value funds in its category. Investors who will have the

most success with this ETF are seeking to shift a portion of their portfolio away from large-cap, tech-dominated holdings to areas with higher relative growth potential. Furthermore, the sector weightings of this fund align with the thesis of broadening momentum in cyclical areas of the economy. Those that need a fundamentally sound small-cap holding would be well suited to evaluate this opportunity for inclusion in client portfolios.

Investment Idea 3: High Yield Bonds

High yield bonds were caught up in the 2022 swoon as the combination of falling equity valuations and rising interest rates hit this asset class with a sledgehammer. Junk bond benchmarks fell anywhere between 15-20% from high to low last year and exacerbated turmoil for income investors who love these high dividend producing tools.

Fast forward to the rally in risk assets over the first half of 2023, and we see high yield bonds once again participating in a momentum-driven market. The combination of moderating inflationary statistics, stabilizing rates in the middle of the curve, and the ability to capture some of the best yields in decades has investors salivating over these bonds.



We view a no landing scenario as a Goldilocks-style environment for this asset class that would continue to support higher prices and stable credit conditions. As always, the key to success will hinge on selecting a best-of-breed solution to capitalize on the right opportunity.

Most advisors will turn to the benchmark in the ETF world for high yield bonds via the iShares iBoxx \$ High Yield Corporate Bond ETF (HYG). This behe-

moth is one of the most well-known vehicles to access high dividend yields and has been a mainstay in income portfolios due to its liquidity and diversified nature.

If you are familiar with the qualities that make HYG attractive, then you are going to love a next-generation ETF from BlackRock that features several key upgrades.

The **iShares Broad USD High Yield Corporate Bond ETF (USHY)** debuted nearly five years ago and has rapidly accumulated more than \$9 billion in assets during this short period. The fund takes a well-rounded approach to its portfolio construction methodology by widening the scope of its eligible security pool to include smaller issuers as well as longer-duration holdings. It advertises itself as the broadest high yield bond ETF with more than 1,800 underlying holdings derived from a wide gamut of below investment-grade U.S. companies.

The enhanced diversification qualities of USHY mean that its holdings are slightly tilted lower on the credit spectrum than the benchmark HYG. This means that the fund is going to be more credit sensitive rather than interest rate sensitive on an apples-to-apples basis. That bodes well for the type of Goldilocks economic environment that would generate alpha in high yield bonds.

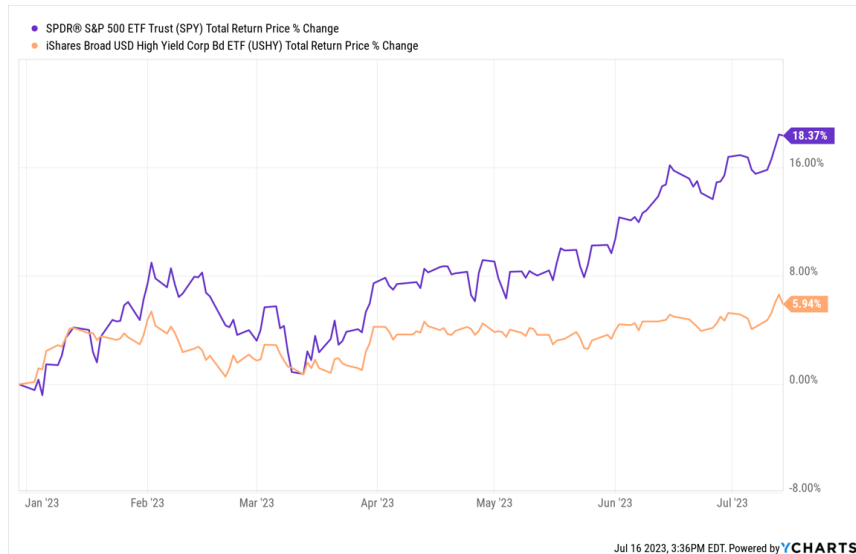
As you can probably expect, this credit offset increases the income derived from the aggregate holdings as well. USHY sports a 30-day SEC yield of 8.50% with income paid monthly to shareholders. Furthermore, both funds sport a modest effective duration of 3.6 years and similar option adjusted spreads of 360-370 basis points.

Another factor that will surely contribute to the long-term outperformance of USHY is its much lower cost. The fund carries a net expense ratio of 0.15%, which is nearly 70% lower than the 0.48% expense ratio of HYG. That makes it suitable for a true core allocation that even the most cost-sensitive client can be proud of.

It should come as no surprise that this high yield ETF has been trading with a steady upward trend through the first half of the year. The strength of the stock market and easing inflationary fears have been the primary drivers of this low-volatility upside bias. Furthermore, optimistic investors will be encouraged by the opportunity to purchase USHY at a meaningful discount to its prior highs.

The steady monthly dividends produced by USHY

are at or near some of their highest levels in the last decade, which means new investors are being paid handsomely for the risk they are taking as compared to owning investment-grade bonds. For the sake of comparison, the 30-day SEC yield of LQD is currently listed at



5.24% or -38% lower than USHY.

This high yield ETF is suitable to be used as a meaningful allocation for growth-oriented clients that are seeking more capital appreciation potential in their portfolios through a differentiated asset class other than stocks. It can also be implemented sensibly for income clients that want to enhance the total yield of their retirement accounts as a core holding.

Position sizing will largely depend on risk tolerance levels as you review the existing holdings that will complement this fund. As a more tactical fixed-income position, it would generally range anywhere between 5-15% of the total portfolio.

Conclusion

No matter what your base thesis is for the market in the second half of 2023, it's important to see all sides of the trade and be nimble enough to adjust to evolving conditions. That may mean rotating out of some beloved tech stocks or adding fresh exposure if you are under allocated to the market.

The funds we have outlined in this issue can provide a unique portfolio dynamic that will enhance your alpha-generating potential. Starting to talk with clients more about these vehicles will provide a stepping stone to implementing them when the timing is right.

Best,

Tom

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Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Home Builders & Housing</u> iShares US Home Construction ETF (ITB). Invesco Dynamic Building & Construction ETF (PKB). The Hoya Capital Housing ETF (HOMZ).	In this Alpha issue, we highlight best-of-breed strategies to own homebuilder and home improvement stocks to capitalize on this secular opportunity.	7/11/2023	ITB: 2.61% PKB: 2.66% HOMZ: 1.30%	SPY: 2.12%
<u>AI Tools for Advisors</u> Chatbots and Virtual Assistants. Sales and Marketing Tools. Copywriting and Illustrations.	This Alpha report serves as a “Part Three” of our series on Artificial Intelligence (AI) and focuses on specific AI platforms that you can begin using today that can make your practice more efficient and reduce costs. This is basically the “business alpha” issue that explains how AI can help you better run the business side of your practice!	6/27/2023	N/A	N/A
<u>Artificial Intelligence Primer Part Two</u> Global X Artificial Intelligence & Technology ETF (AIQ), First Trust Cloud Computing ETF (SKYY), Defiance Quantum ETF (QTUM), TrueShares Technology, AI, and Deep Learning ETF (LRNZ). WisdomTree Artificial Intelligence and Innovation Fund (WTAI).	This second AI Alpha issue will focus more on what this technology can actually do (and how it can be used) and updates the universe of AI-focused ETFs and stocks. Specifically, we cut through some of the noise of the biggest AI predictions (it’ll replace entire industries, potentially replace people, etc.) and instead focus on practical applications and how that could impact corporate profitability and the markets, and in doing so arm you with practical insight and knowledge on AI for client and prospect discussions.	6/13/2023	AIQ: 2.95% SKYY: 1.97% QTUM: 0.44% LRNZ: -0.28% WTAI: -0.87%	SPY: 4.39%
<u>Utilizing High Returns on Cash</u> iShares 0-3 Month Treasury Bond ETF (SGOV) SPDR Bloomberg 1-3 Month T-Bill ETF (BIL). Invesco Treasury Collateral ETF (CLTL). SPDR Bloomberg 3-12 Month T-Bill ETF (BILS). PGIM Ultra Short Bond ETF (PULS).	This issue will help you address and overcome those client concerns and provide a list of high quality, high yielding cash alternative ETFs, 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!	5/31/2023	SGOV: 0.79% BIL: 0.75% CLTL: 0.34% BILS: 0.73% PULS: 0.93%	SPY: 9.09%
<u>Uncorrelated Investing Opportunities</u> 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: -0.13% DBMF: 3.01% CCOR: -1.73%	SPY: 11.11%

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>Contrarian Opportunity - Identifying Quality Commercial Real Estate ETFs</u> 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 potential contrarian opportunities in the commercial real estate ETF space.	5/02/2023	RWR: 9.21% NETL: 5.95%	VNQ: 7.74%
<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).	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. 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.	4/18/2023	SGOL: -2.21% GLDM: -2.24% GDX: -9.41% SIVR: -3.10% SLVP: -11.45% GLTR: -4.59%	SPY: 10.02%
<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).	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. This Alpha issue examines each scenario and identifies strategies that will help us navigate either outcome.	4/04/2023	KBWB: 12.64% IYG: 14.13% PTLC: 11.12%	SPY: 11.49%
<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).	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: 6.65% NOCT: 8.46% QSPT: 14.68% UJUN: 6.11% DJUN: 8.97%	SPY: 14.22%
<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: 26.27% SKYY: 21.97% QTUM: 17.00%	SPY: 14.85%

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 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: 8.32% IGM: 29.42% SMH: 31.00%	SPY: 14.77%
<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 (FNDX).	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: 6.34% IEMG: 3.19% FNDX: 0.17%	SPY: 10.18%
<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: -3.42% PTCIX: -1.60% MLN: 1.18%	SPY: 14.31%
<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: 53.31% VOX: 24.10% EMB: 4.00%	SPY: 17.12%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Three Strategies that Outperformed in 2022 and Should Outperform Again in 2023.</u> Cambria Shareholder Yield ETF (SYLD). Invesco S&P 500 Pure Value ETF (RPV). PIMCO Enhanced Short Maturity Active ETF (MINT). JP Morgan Ultra-Short Income ETF (JPST). First Trust Consumer Staples AlphaDEX Fund (FXG). First Trust Natural Gas ETF (FCG).	<p>This Alpha issue is our annual “Look Back” issue, where we take time to identify the ideas and themes that worked in 2022, identify some that did not, and address whether we think these performance trends will continue in 2023.</p> <p>Given expectations of economic and earnings recessions along with continued elevated geopolitical risks, <u>we wanted to highlight three strategies that outperformed in 2022 and that we believe are poised to do so again in 2023.</u></p>	12/28/2022	SYLD: 9.90% RPV: 6.45% MINT: 3.43% JPST: 2.29% FXG: 3.31% FCG: 6.38%	SPY: 21.44%
<u>Navigating Crypto's 'Lehman Moment'</u>	<p>In this Alpha issue we are trying to cut through the noise and explain 1) The state of the industry post-FTX and 2) Identify ETFs we think are still legitimate options for exposure, so you have quality talking points and viable options for any crypto-related discussions with clients or prospects.</p>	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).	<p>Very quietly, small-cap stocks have outperformed the S&P 500 by 300 bps and the Nasdaq by 800 bps over the past five months. And, due to multiple factors, small caps may now be poised to provide growth to portfolios over the medium and longer term.</p>	11/29/2022	IJR: 5.15% RWJ: 5.42% CALF: 11.39%	SPY: 16.25%
<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 slowdown, 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: 31.62% MOTE: 17.82% SMOT: 16.55%	SPY: 19.50%

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>Opportunities in Municipal Bonds.</u></p> <p>JPMorgan Ultra-Short Municipal Income ETF (JMST).</p> <p>SPDR Nuveen Bloomberg High Yield Municipal Bond ETF (HYMB).</p> <p>IQ MacKay Municipal Intermediate ETF (MMIT).</p>	<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.</p> <p>But that has changed during the 2022 bond market rout and yields on munis now are at multi-year highs.</p> <p>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	<p>JMST: 2.62%</p> <p>HYMB: 7.94%</p> <p>MMIT: 6.29%</p>	SPY: 23.80%
<p><u>Protection in a Deeper Bear Market.</u></p> <p>ProShares Short S&P 500 ETF (SH).</p> <p>ProShares Short QQQ (PSQ).</p> <p>Pacer Trendpilot US Large Cap ETF (PTLC).</p> <p>iShares 0-3 Month Treasury Bond ETF (SGOV).</p>	<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	<p>SHO: -0.15%</p> <p>PSQ: -24.22%</p> <p>PTLC: 13.35%</p> <p>SGOV: 3.58%</p>	SPY: 21.63%
<p><u>Opportunities in the Nuclear Energy Revival</u></p> <p>Uranium Mining Stocks. Global X Uranium ETF (URA).</p> <p>Nuclear Utility Stocks. VanEck Uranium + Nuclear Energy ETF (NLR).</p> <p>A Cutting Edge Approach. NuScale Power Corp (SMR).</p>	<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	<p>URA: 0.57%</p> <p>NLR: 9.55%</p> <p>SMR: -44.73%</p>	SPY: 19.17%

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<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u>Repositioning for Another Rollover</u> Invesco S&P 500 Equal Weight Utilities ETF (RSPU). 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	RSPU: -5.8% SPHD: -0.44% USFR: 4.09%	SPY: 16.04%
<u>Sustainable Investing Revisited</u> Invesco MSCI Sustainable Future ETF (ERTH). iShares Self-Driving EV and Tech ETF (IDRV). SPDR S&P Kensho Clean Power ETF (CNRG).	<p>The funding provided by the Inflation Reduction Act, combined with the higher gas prices and the energy security situation in Europe, has reinforced that the sustainable energy industry isn't just here to stay, but that it'll continue to actively grow in the coming years.</p> <p>In past market downturns, the renewable energy sector usually performed very poorly. However, during this market decline, select renewable energy ETFs have handily outperformed the S&P 500 and we think that outperformance underscores the fact that this is becoming a more mature industry.</p>	8/23/2022	ERTH: -10.10% IDRV: 9.86% CNRG: -11.05%	SPY: 10.15%
<u>The State of the Crypto Market</u> Grayscale Bitcoin Trust (GBTC). Grayscale Ethereum Trust (ETHE). ProShares Bitcoin Strategy ETF (BITO). Amplify Transformational Data Sharing ETF (BLOK).	<p>The cryptocurrency industry and markets have witnessed extreme turmoil so far in 2022, but the longer-term story and investor appeal of cryptocurrencies and blockchain technologies remain generally intact. So, we wanted to provide an update on the state of the crypto markets and identify quality, actionable investments that have relatively weathered the storm should clients be interested in this segment.</p>	8/9/2022	GBTC: 31.50% ETHE: -14.48% BITO: 8.85% BLOK: 9.48%	SPY: 10.41%
<u>Strategies for a Peak in Bond Yields</u> First Trust NASDAQ Technology Dividend Index Fund (TDIV). Vanguard REIT ETF (VNQ). Pacer Benchmark Industrial Real Estate SCTR ETF (INDS). Pacer US Cash Cows 100 ETF (COWZ).	<p>Yes, the Fed is set to hike the Fed Funds rate by another 100 – 200 basis points, but the long end of the yield curve is driven by inflation expectations and growth estimates, not directly by Fed rate hikes.</p> <p>So, if inflation is peaking and economic growth is rolling over (which is what the stock bulls are betting on) then longer dated bond yields will also peak, regardless of Fed Funds hikes.</p>	7/26/2022	TDIV: 16.93% VNQ: -4.36% INDS: -1.86% COWZ: 15.94%	SPY: 18.07%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<p><u>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: 7.04%</p> <p>IHF: 1.21%</p> <p>VDC: 9.15%</p> <p>PBJ: 7.25%</p>	SPY: 21.19%
<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: 14.90%</p> <p>SHYG: 9.45%</p> <p>SGOL: 7.54%</p>	SPY: 21.25%
<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>This 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: -34.51%</p> <p>TSLA: 19.52%</p> <p>ROKU: -2.64%</p> <p>SQ: 25.69%</p> <p>EXAS: 155.80%</p>	SPY: 23.99%

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>
<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: 121.30% PYPL: -11.21% F: 13.41% GM: 3.55% ETSY: 18.63% PENN:	SPY: 13.19%
<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: -3.54% LQD: -3.83% PFF: -7.41%	AGG: -4.25%
<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: 6.05% SPHD: -12.80% XYLD: -16.32%	SPY: 2.04%

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)	<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: 6.74% URA: -13.93% BOAT: 1.40% LNG: 14.82% FLNG: 19.21%	SPY: 2.81%
<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)	<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 focused on identifying potential opportunities in the market for when there is a ceasefire declared in the Russia/Ukraine war.</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: -2.57% HYEM: 1.13% EUFN: 13.23% JETS: 5.21% FXE: 0.55%	SPY: 3.14%
<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)	<p>In this 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).</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: -1.06% SGOL: -4.75% VNQ: -15.71% FXG: 5.95%	SPY: 9.14%

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<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<p><u>What Would Outperform If Markets Turn Around?</u></p> <p>SPDR FactSet Innovative Technology ETF (XITK)</p> <p>Vanguard Consumer Discretionary ETF (VCR)</p> <p>iShares Broad USD High Yield Corporate Bond ETF (USHY)</p> <p>SPDR Blackstone Senior Loan ETF (SRLN)</p>	<p>This issue was inspired by this thought: <i>What if everything works out alright?</i></p> <p>Many analysts (including me) are concerned about numerous headwinds hitting the U.S. markets and a potentially volatile trading year. That opinion has been correct so far in 2022, and it's well-reasoned. But it's also a very popular view on the Street right now.</p> <p>So, in today's issue, we identify a playbook to outperform if, simply speaking, everything works out great!</p>	2/23/2022	<p>XITK: -6.83%</p> <p>VCR: 2.16%</p> <p>USHY: -9.02%</p> <p>SRLN: -7.14%</p>	<p>SPY: 7.67%</p>
<p><u>Finding Value and Opportunity in International ETFs</u></p> <p>Schwab Fundamental International Large Company Index ETF (FNDF).</p> <p>iShares Edge MSCI Intl Quality Factor ETF (IQLT).</p> <p>Vanguard International High Dividend Yield ETF (VYMI).</p>	<p>We've been talking a lot in the Sevens Report about wanting to allocate towards lower P/E sectors, and the fact is that quality international stocks in developed markets are currently trading at heavy discounts to the S&P 500. We think the combination of low valuations and less-aggressive central banks makes international exposure an important part of a diversified investment strategy going forward.</p>	2/8/2022	<p>FNDF: 3.14%</p> <p>IQLT: 0.65%</p> <p>VYMI: -0.28%</p>	<p>SPY: 3.15%</p>
<p><u>Weathering Market Volatility with "Quality" ETFs.</u></p> <p>Quality Idea 1: Financials. First Trust Financials AlphaDex Fund (FXO).</p> <p>Quality Idea 2: Qualitative Value. ValueShares U.S. Quantitative Value ETF (QVAL).</p> <p>Quality Idea 3: Shareholder Yield. Cambria Shareholder Yield ETF (SYLD).</p> <p>Quality Idea 4: Core Value. Invesco S&P 500 Pure Value ETF (RPV).</p>	<p>This Alpha issue is an important complement to what we've been discussing in the regular Sevens Report, namely that we believe the best way to weather this increased volatility in markets is by allocating to "Quality" stocks, sectors, and ETFs.</p> <p>For us, "quality" means those stocks and ETFs with lower relative price-to-earnings (P/E) and price-to-book (P/B) ratios, strong free cash flow, and solid shareholder yield. We believe these stocks and sectors will be the most insulated from the effects of interest rate hikes, possibly slowing growth and other headwinds, and find themselves as high-quality landing spots for investment capital.</p>	1/25/2022	<p>FXO: -5.35%</p> <p>QVAL: 4.79%</p> <p>SYLD: 4.89%</p> <p>RPV: 2.25%</p>	<p>SPY: 7.06%</p>

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)	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.	1/11/2022	GBTC: -39.42% BLOK: -33.82% BITO: -42.60%	SPY: -3.29%
<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: -22.03% CXSE: -36.01% GDX: 0.51% SIL: -25.67% XLU: -3.30% SPLV: -5.97%	SPY: -4.71%
<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).	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.	12/14/2021	XLK: 5.87% VGT: 2.18% FDN: -24.36% SHOP: -51.22% IBUY: -42.00% BLOK: -38.00% PAVE: 15.35%	SPY: 0.75%

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>REITS As An Inflation Hedge</u> Vanguard REIT ETF (VNQ) Pacer Benchmark Data and Infrastructure Real Estate SCTR ETF (SRVR) Pacer Benchmark Industrial Real Estate SCTR ETF (INDS) iShares Residential and Multisector Real Estate ETF (REZ)	<p>According to a study we cited in today's issue, from 1972-2020, during periods considered moderate to high inflation, REITs actually outperformed the S&P 500!</p> <p>And, we're seeing that proved out so far this year, as VNQ, the largest and most diverse REIT ETF, is outperforming the S&P 500 (VNQ is up 26.6% YTD, while the S&P 500 is up 23% YTD).</p> <p>More specialized REITs have performed even better so far in 2021, and that's why, in addition to VNQ, in today's issue we focused on what we consider "REITs for the 21st Century."</p>	11/30/2021	VNQ: -13.37% SRVR: -24.35% INDS: -17.73% REZ: -11.98%	SPY: 2.49%
<u>Metaverse Primer</u> Meta Platforms Inc (FB) Roblox Corp (RBLX) NVIDIA Corp (NVDA) Amazon (AMZN) Microsoft (MSFT) Roundhill Ball Metaverse ETF (META)	<p>Many analysts believe the "Metaverse" is the next evolution of the internet, and if that's true the long-term return potential is significant.</p> <p>So, we want to make sure you have the information you need to 1) Discuss the metaverse with any clients or prospects and 2) Identify the stocks and ETFs that stand to benefit from the continued growth of the Metaverse</p>	11/16/2021	Meta: -15.05% RBLX: -65.92% NVDA: 49.19% AMZN: -26.91% MSFT: 3.18 METV: -36.74%	SPY: -0.51%
<u>Capitalizing on A New Era of Energy Investment</u> SPDR S&P Oil & Gas Exploration and Production ETF (XOP) Invesco S&P Small Cap Energy ETF (PSCE) First Trust Natural Gas ETF (FCG) Global X MLP ETF (MLPA)	<p>This 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: 33.77% PSCE: 33.28% MLPA: 34.40%	SPY: 1.08%

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: -10.09% DSEEX: -6.48% GIBIX: -11.97% GOF: -2.11% DGRW: 15.41% XSOE: -23.02% OUSA: 7.62% OGIG: -42.76%	SPY: 3.60%
<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: -76.17% SPOT: -28.02% NVTA: -95.10% CRSP: -45.53% Z: -37.83% COIN: -59.25% ZM: -72.79%	SPY: 7.80%
<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: -52.66% CMI: 23.78% HDRO: -53.85%	SPY: 7.67%

Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<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: -70.10% BBH: -24.14% EDOC: -37.51% IBUY: -56.02% DURA: 8.24%	SPY: 3.39%
<u>Stagflation Playbook</u> First Trust Dow Jones Internet Index Fund (FDN). Invesco S&P 500 Equal Weight Consumer Staples ETF (RSPS). VanEck Vectors Investment Grade Floating Rate ETF (FLTR). Aberdeen Standard Bloomberg All Commodities Strategy K-1 Free ETF (BCI).	<p>This Alpha issue is focused on something we sincerely hope never happens: Stagflation.</p> <p>That’s because a stagflationary environment is a very difficult one to successfully invest in as, broadly speaking, it’s negative for most stocks, most bonds, and idle cash (purchasing power is eroded through inflation).</p> <p>Positively, stagflation is not the most likely macro-economic scenario going forward (a stock positive reflation scenario is the most likely future macro setup). But, stagflation risks are still at multi-decade highs, so the risks can’t be totally ignored, either.</p>	8/24/2021	FDN: -31.11% RSPS: 11.58% FLTR: 4.97% BCI: 18.07%	SPY: 4.54%
<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: 0.18% ACWI: 0.51% ACWV: -0.38% CRBN: -0.68%	SPY: 6.72%
<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: -57.34% EDOC: -37.54% HTEC: -34.72% GNOM: -46.98%	SPY: 7.56%

Sevens Report Alpha Fund & Stock Ideas

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<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.			