

SEVENS REPORT

alpha

August 8, 2023

In Today's Issue

- **Bond Market Roadmap:** "What should clients do with their bond holdings?" That question was the inspiration for this Alpha issue, and it's a timely one given the Fed's done (or almost done) with rate hikes. Our answer to that question depends on your opinion about the path of economic growth.
- We see three possible paths for the economy over the coming months: **Soft landing:** No recession, job growth, consumer strength, credit is sound, inflation recedes. **Hard landing:** Recession, job shrinkage, consumer contraction, credit crunch, inflation resumes. **Unknown landing:** No strong opinion about how the economy will shake out. In today's issue, we identify ETFs that should outperform in each scenario, so you have a "roadmap" to help you successfully navigate the bond market, regardless of what happens to the economy.
- **Economic View 1: Soft landing.** Take on more risk for more return. Lower-quality, higher-yielding bond ETFs. iShares Broad USD High Yield Corporate Bond ETF (USHY). Principal Active High Yield ETF (YLD). SPDR Blackstone Senior Loan ETF (SRLN). Franklin Senior Loan ETF (FLBL).
- **Economic View 2: Hard landing.** Capture as much low-risk yield as possible, focus on longer duration and higher quality. SPDR Portfolio Long Term Treasury ETF (SPTL). Vanguard Long-Term Bond ETF (BLV).
- **Economic View 3: Unknown landing.** Get paid to wait until either a hard or soft landing becomes more apparent. Maintain liquidity and safety and capture as much yield as possible. iShares 0-3 Month Treasury Bond ETF (SGOV). SPDR Bloomberg 1-3 Month T-Bill ETF (BIL). Invesco Treasury Collateral ETF (CLTL).

What to Do with Fixed Income

The recent announcement that the Federal Reserve is hiking interest rates to their highest level in 22 years was widely anticipated throughout the financial market spectrum. The quarter-point increase brought the fed funds rate to a target range of 5.25-5.50% with markets now pricing in a better-than-even chance there won't be any more moves this year.

Federal Reserve Chairman Jerome Powell indicated that further decisions on interest rates would be taken on a "meeting-by-meeting" basis and the risk asset markets responded favorably to that news. Of course, we expect any future interest rate decisions to continue the data-dependent progression the Fed has adamantly stuck with. This bodes well for investors to have some level of confidence in the plateau of interest rate hikes to allow for the economic impact of these policy decisions to take effect.

The economic landscape we now find ourselves in is far different from the initiation of the tightening process that began back in March 2022. At that time, fixed-income was one of the most overbought asset classes on the planet with minuscule income characteristics and paltry expectations for future returns. However, it now has undergone a comprehensive reset period that has allowed for price and yield dynamics to align to some of the most favorable levels of the last two decades.

As an advisor, your responsibility is to be on the lookout for opportunities and risks to deftly tread the fine line between these opposing forces. That is why it's a perfect opportunity to evaluate your fixed-income exposure and align it with your expectations of U.S. economic growth. That way you are not only communicating a cohesive narrative to clients, but also backing up your stance throughout your asset allocation profile.

In our opinion, there are three primary conclusions investment advisors can draw from the current data points:

- **Soft landing:** No recession, job growth, consumer strength, credit is sound, inflation recedes.
- **Hard landing:** Recession, job shrinkage, consumer contraction, credit crunch, inflation resumes.
- **Unknown landing:** No strong opinion about how the economy will shake out.

Your viewpoint should ultimately shape how you deploy client capital within your fixed-income sleeve to effectively manage these risks. Alternatively, it can allow you to overweight one scenario more than another and to blend a combination of investments to express a weighted probability outlook. In this issue, we highlight best-of-breed solutions to accomplish this task and to set your clients up for success in this new bond market era.

Economic View 1: Soft Landing

One of the ways we can strategically allocate capital for a soft-landing scenario is to overweight credit sensitive securities. Under this economic setup, we can expect to see risk assets flourish as stock prices, high-yield bonds, emerging market debt, and senior loans all experience a tailwind of supportive momentum. A soft landing will allow for below investment grade companies to functionally refinance near-term maturing debt, minimize credit downgrades, as well as alleviate risks of widespread defaults. Additionally, many of these riskier fixed-income assets are trading at some of the most attractive levels in decades with above-average yields that investors can lock in for long-term success.

In our last *Sevens Report Alpha* issue, we highlighted a top-performing high yield index bond fund for this very scenario in the **iShares Broad USD High Yield Corporate Bond ETF (USHY)**. This tool is one

of the best ways for investors to gain highly diversified, liquid, tax-efficient and low-cost access to a wide array of junk bonds from U.S. companies. We continue to advocate for this position as a fundamental building block of any soft-landing scenario.

We also recognize there are many advisors that prefer the alpha-proven track records of active management within the fixed-income space to capitalize on sector, credit, and interest rate opportunities.

Those pockets of value are often where savvy managers can exploit fundamental dislocations that generate meaningful returns above a benchmark index. That is exactly what the portfolio management team of the **Principal Active High Yield ETF**

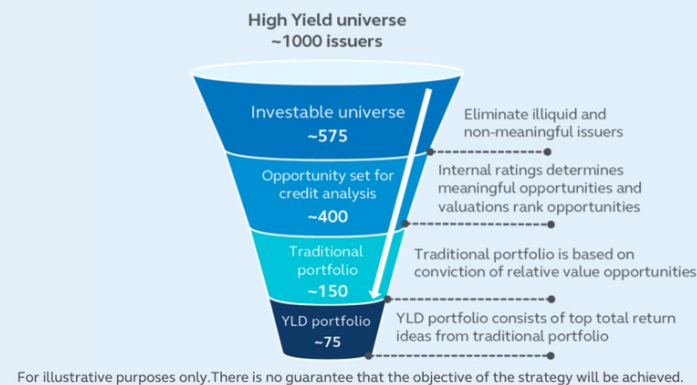
(YLD) has managed to achieve over multiple bullish and bearish periods within the fixed-income world.

This 4-Star Morningstar rated ETF takes a benchmark-agnostic approach to seek attractive high yield opportunities using quantitative tools, proprietary research, and exit strategies to adjust portfolio risk dynamics. The seasoned management team brings more than two decades of average experience in high yield, fixed income analysis and portfolio idea generation capabilities. In practice, this translates to narrowing the funnel of investable securities to the highest conviction ideas in a portfolio of 80-120 fixed-coupon and senior loan investments.

The more-focused YLD portfolio also demonstrates characteristics that diverge from both the sector makeup and credit quality of conventional high yield benchmarks. For instance, its current group of holdings is weighted higher on the credit quality spectrum with less relative exposure to the debt of communications and capital goods companies. It also has the capability to carry above-average exposure to cash/money market positions if the portfolio

Alpha generation through concentrated security selections

Guided by our forward-looking internal ratings system, our concentrated portfolio consists of our high conviction, total return ideas.



managers feel it's necessary to pull back on the risk scale.

This active strategy has translated well in the real world as the total return of YLD has meaningfully outperformed the iShares iBoxx \$ High Yield Corp Bond ETF (HYG) on one-, three-, and five-year time frames. The chart here depicts the three-year performance gap that has developed between these two funds.

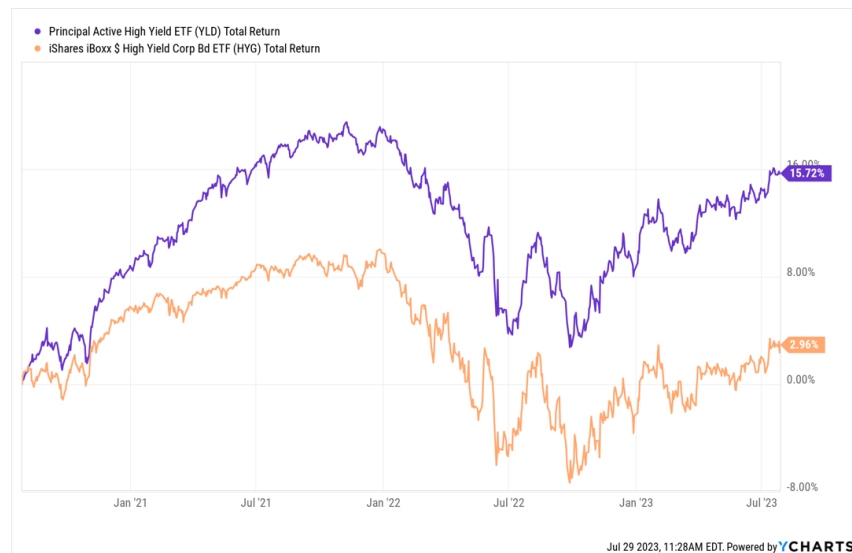
One encouraging item to note on this comparative chart is the broadening strength that YLD achieved during the post-COVID rally that bolstered risk assets. This demonstrates the ability of the active managers to create alpha during these bullish periods for high yield bonds.

Other portfolio characteristics of note here include the average effective maturity of 6.94 years, turnover ratio of 14.40%, 30-day SEC yield of 7.26%, and net expense ratio of 0.39%. That low expense ratio is quite striking given the truly active properties and unique portfolio positioning this fund manages to achieve. Income is also distributed monthly to shareholders just like almost all conventional fixed-income ETFs.

The one factor that may cause some to hesitate with this fund is its total asset size stands at just \$107 million with choppy average daily trading volume. That means any trades executed in YLD should be completed using limit orders to mitigate risks of a bad fill on the buy or sell side. Fortunately, the underlying holdings within the fund are quite liquid and the historical pattern of premium/discounts has largely remained in a steady channel.

Investors that will have the most success with this ETF are going to value the active share and poten-

tial for market-beating returns that its portfolio objective dictates. It would be best suited to complement an existing diversified index fund such as USHY to broaden your portfolio exposure to the high yield theme while seeking a more strategic investment approach. Position sizing should be governed by client risk tolerance and portfolio objectives to determine the most beneficial allocation that meets their unique criteria.



Another high yield category that will experience favorable effects from continued widespread economic growth is senior loans. Often referred to with terminology ranging from leveraged loans to floating rate notes and bank loans, these debt instru-

nally issued by companies with a below investment grade rating and carry floating coupon rates. The coupon payment is typically indexed to a widely followed interest rate index, such as the 3-month LIBOR.

One of the advantages of these floating rate securities is that coupon floors exist, so as rates fall, investors still receive a respectable income stream. However, as interest rates rise, the commensurate coupon rate can also rise, which can increase the market-to-market value of the security. Lastly, the effective duration is typically tied to the security's reset rate, which is typically no longer than 60-90 days.

The shakeup in the credit markets over the last 12 months has seen a flood of outflows from these funds as billions of dollars have sought the safety of cash or higher credit quality debt. Nevertheless, a survey of the economic landscape has us salivating at the above-average yields and appealing risk characteristics senior loans offer if the stock market continues to trend higher.

We have long been fans of the **SPDR Blackstone Senior Loan ETF (SRLN)** as an actively managed solution in this space. The fund has consistently matched or outperformed native sector benchmarks over multiple time frames and has climbed to the top of the mountain with more than \$4.6 billion in assets under management. Recent characteristics for this portfolio include 438 holdings, average days to reset of 27, a 30-day SEC yield of 9.36%, and an expense ratio of 0.70%. On a year-to-date basis, SRLN has notched a total return of 6.44% and just hit new 52-week highs alongside the general rising tide in U.S. corporate high yield.

This fund continues to be a dependable source of income and capital appreciation for advisors and clients that have stuck with it through the 2022 bear market. Nevertheless, those that are evaluating senior loan funds for new allocations or want to broaden their exposure to this

segment may be intrigued by another actively managed fund that is building an impressive track record.

The **Franklin Senior Loan ETF (FLBL)** just recently celebrated its five-year anniversary with more than \$200 million in assets under management. This fund differentiates itself by evaluating structured credit based on the probability of default and loss given default. The experienced management team is tasked with seeking high levels of current income with capital preservation as a secondary objective. As such, they are nimble in their execution of this portfolio and rigorous with their security selection methodology.

The ETF basket holds approximately 200 floating rate and senior loan investments with an average days-to-reset of 63 and an effective duration of 0.14

years. Its 30-day SEC yield of 9.51% is comparable to that of SRLN with income paid monthly to shareholders. The minimal effective duration has allowed FLBL to have its effective yield trend higher as base interest rates have gravitated north of 5%.

What impressed us about this fund is its relative performance within the senior loan investment space. The fund is currently the top-performing ETF on a year-to-date basis and has opened a wide lead over its competition on both three- and five-year time frames. The most recent sharp uptick in momentum for this portfolio indicates the management team has deftly navigated the credit cycle and

is continuing to add meaningful value for shareholders.

Another feather in the cap of FLBL is its moderate expense ratio of 0.45%, which is the lowest of any ETF in the category (index or active). That diminishment in net portfolio costs will help drive positive

relative returns for investors that prioritize this key factor.

FLBL is diversified and liquid enough to be used as a standalone fund to gain access to the senior loan sector of the bond market or it can be paired alongside an established vehicle like SRLN to function as a complementary holding. That decision may ultimately come down to how large of an allocation you are seeking to establish and how the remaining portfolio components are allocated.

Aggressive income-focused investors may opt for larger position sizes and more risk-heavy investments as they seek to prioritize monthly dividends. Other portfolios with a growth and income focus may want to balance out their conventional equity exposure with a floating rate income tool to diversi-



fy their asset allocation. FLBL should be on your short list of funds to evaluate for potential inclusion in either scenario.

Economic View 2: Hard Landing

The other side of the economic probability spectrum is the bearish scenario whereby the U.S. falls into a protracted recession that hits all corners of the financial markets. This hard landing setup is likely to conjure widespread depreciation across stocks, commodities, and credit-sensitive fixed income groups. It would then drive a full speed “flight to quality” as investors herd into Treasuries, municipal bonds, and investment grade corporates.

The market expectations will then shift to the Fed intervening by cutting interest rates more quickly than anticipated. This policy response has historically re-ignited the growth engine of the U.S. economy under previous cycles of contraction or hardship. That will then depress the short end of the yield curve and force more dollars to chase yield in high-quality bond sectors as opposed to languishing in money markets. That momentum will bode well for the highest credit quality fixed income on the long end of the yield curve.

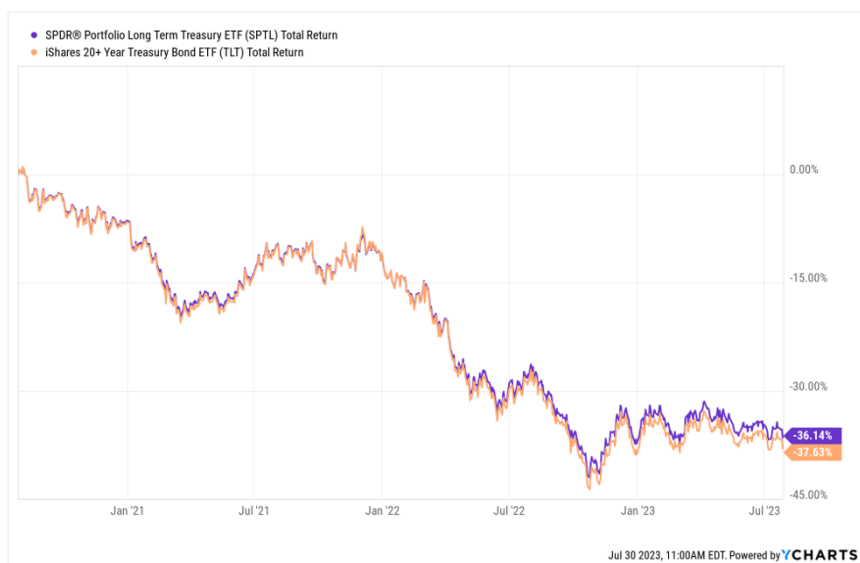
One of the best ways to extend your fixed-income duration and immediately gain access to a top-tier Treasury portfolio is via the **SPDR Portfolio Long Term Treasury ETF (SPTL)**. This low-cost ETF seeks to offer precise, comprehensive exposure to U.S. Treasuries with remaining maturities of 10 or more years. Approximately one-third of the SPTL portfolio is allocated to maturities of 15-20 years, with the remaining two-thirds targeting 20-30 years in depth. The result is a highly liquid and diversified

basket of bonds that is ultra-sensitive to fluctuations on the long end of the U.S. Treasury yield curve.

The three-year chart of this ETF shows how impactful the trend in interest rates has been on this fund. SPTL has notched a total return of -36% over that time frame as fixed-income investors have herded towards short-duration securities. The expectation is that momentum will start to shift back to the upside for long-duration Treasuries under the auspices of a true recessionary economic environment.

SPTL currently encompasses \$6.9 billion in assets

and charges a rock-bottom expense ratio of 0.06%, making it one of the most liquid, low-cost, and tax efficient vehicles for ETF investors to own in this space. The current 30-day SEC yield of this fund is 4.09% with distributions paid monthly to shareholders.



That 4.09% yield may appear paltry in comparison to other fixed-income alternatives at present. However, it bears repeating that owning this fund is not solely a play on monthly income. Its inherent value proposition is going to be fundamentally skewed towards capital appreciation potential if intermediate- and long-term Treasury yields start to collapse once again. Those double-digit percentage losses it experienced over the last three years could just as easily turn into double-digit percentage gains under a widespread flight-to-quality event. That’s where its real tactical potential lies in integrating into a well-diversified portfolio.

Many long-time market veterans will question how this fund stacks up against the well-known iShares 20+ Year Treasury Bond ETF (TLT). The answer is

they have many similar qualities. The reason we prefer SPTL is that it charges less than half the expense ratio of TLT and has exposure to nearly twice the amount of underlying bonds. The lower cost and more diversified nature give a slight edge to SPTL in our book. These qualities have also translated to a modest performance advantage to the SPDR fund on one-, three-, and five-year time frames as well.

Love the idea of long-term bonds, but don't want to put all your eggs in the Treasury basket? Another high-quality opportunity in this genre is the **Van-guard Long-Term Bond ETF (BLV)**. This \$5.8 billion portfolio owns nearly 3,000 bonds of primarily investment grade fixed-income securities with an average effective maturity of 22.8 years. This makeup includes U.S. domiciled government and corporate bonds with high-quality credit ratings and long-term duration characteristics. The fund is roughly 50/50 weighted between the two dominant sector groups.

The addition of meaningful corporate debt and complementary government/agency fixed-income provides an assertive boost to total portfolio income as well. BLV currently sports a 30-day SEC yield of 4.81% with income paid monthly to shareholders. Additionally, this ETF has designated a rock-bottom 0.04% expense ratio, making it one of the lowest cost passively indexed bond portfolios currently trading today.

Clients that will have the most success with these bond funds are going to understand the value of owning high-quality fixed income to act as a shock absorber if we see an economic contraction in the United States. These aren't necessarily tools to be held as long-term core holdings unless you are

building a niche bond ladder or some other very specific use case. For most investors, they should be categorized as key strategic positions to capitalize on a falling interest rate trend. It's also a bonus that these funds are trading at some of their most attractive valuations in years after experiencing a substantial reset in the fixed-income markets.

Economic View 3: Unknown Landing

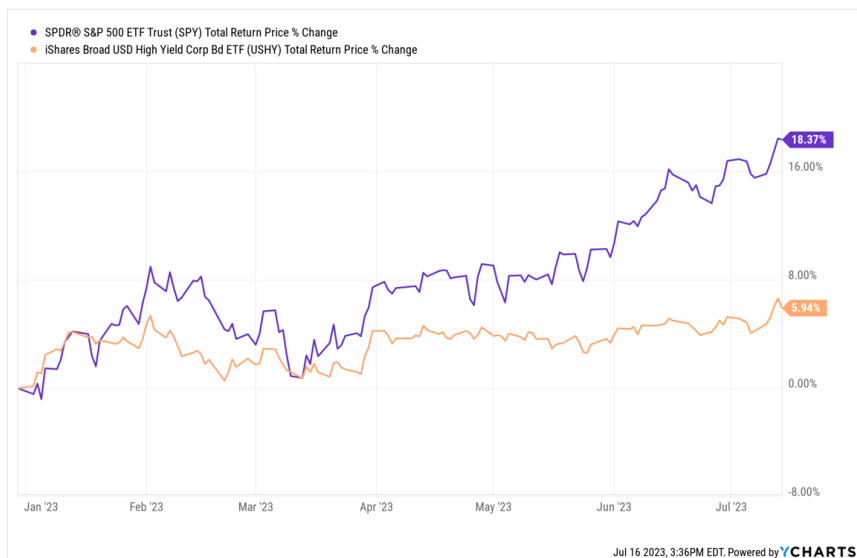
As advisors, we are often asked by clients or peers what our expectations are for specific market or economic outcomes. Everyone assumes that we will have a very focused and single-minded response that is supported by heavily researched material. However, there are also situations where conflicting data or nuanced views can't be distilled into a specific outcome.

Sometimes you just don't have a strong intuition about what card will ultimately fall and this current period might be one of those instances.

In our opinion, the best option for advisors to consider if you don't have a strong view on a hard or soft landing is to simply stay put

in money markets with most of your fixed-income capital. Let's face it, money markets are now paying respectable yields in the 4.75-5.00% range with the recent Fed rate hike likely to push them north of 5% in the coming weeks. That is a viable solution for capital at rest if you don't want to take on incremental interest rates or credit risk.

In the May 31 *Sevens Report Alpha* issue, we addressed numerous ways for advisors to utilize money market funds in their client portfolios. This included several key talking points on why these funds are safe and how to convince clients that maintaining an edge on inflation means that they



should be storing excess cash in these vehicles. You can download a copy of this report here for reference if you don't have it readily available. [Sevens Report Alpha - Cash](#)

One item we didn't address in this May report, but that has become a more prevalent question for advisors in recent months, is whether a money market or CD is a better option for generating risk-free income.

One of the quirks of the yield curve at present is that 6-9-month CD rates are paying similar yields as money market funds. Yet there are decisive reasons why clients should still opt for the liquidity of their brokerage accounts at this juncture:

Compounding: With a CD you are essentially locked into a defined outcome over a specific period (often referred to as APY). The difference with similar rates in money markets is that the interest is paid monthly, so your principal compounds over time with all other factors being equal. Never underestimate the power of compounding.

Liquidity: CDs lock you up for a predetermined period of time where you can't access that capital without being penalized. Conversely, you can always access your funds in a money market account if unexpected expenses arise or even better investment opportunities present themselves.

Interest Rate Trend: With a money market fund you are automatically going to see your yield increase as the Fed raises rates. That's been the case since March 2022 and the most-recent July hike is going to continue that tradition.

Ultimately, it makes more sense to stick with a money market fund until we start to see a change in the

trend of interest rates. When the Fed does decide to ultimately cut interest rates again, it will make more sense to lock in that defined outcome in CDs as yields on free-floating instruments will begin to tail off.

Another cash-management alternative is to stash capital in ETFs that own ultra-short-term Treasury bills. Several examples we have recommended in the past include:

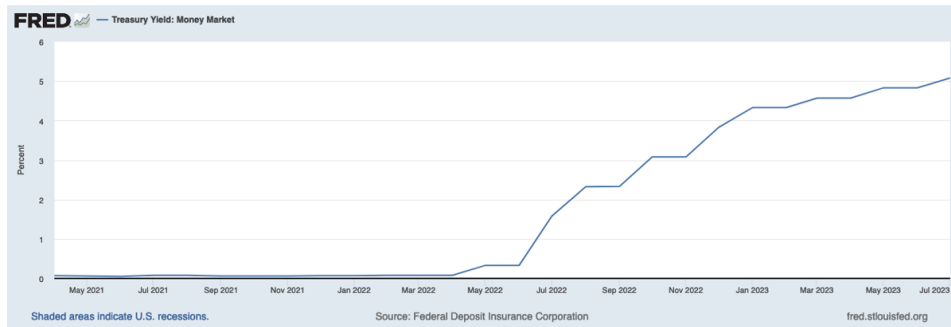
- iShares 0-3 Month Treasury Bond ETF (SGOV)
- SPDR Bloomberg 1-3 Month T-Bill ETF (BIL)
- Invesco

Treasury Collateral ETF (CLTL)

These low-cost index funds own a slice of the Treasury bond market with maturities of less than three months. That translates to many of the same high-quality debt securities that are owned by government money funds to generate their income streams. Each has slightly different index characteristics and fund company dynamics that may play a part in the choice between these peers.

Many advisors are going to take a wait-and-see approach to their fixed-income allocations using these tools. The key to executing this effectively is proactive communication with clients about why you are choosing this path and what triggers would propel you to shift more strategically to credit or interest-rate sensitive holdings. That way they understand your logic and will be more inclined to wait in money markets or ultra-short-term Treasuries for a while longer.

The good news is that savers now are being rewarded handsily and they will continue to see their account values grow with little-to-no risk of principal.



Conclusion

Although we laid out this report in three distinct sections, it should be emphasized that your bond allocations do not have to follow an all-or-nothing approach. You can utilize these tools in moderate doses to tilt the portfolio towards one outcome or another without pushing all your chips towards a single outcome.

It's probable that you own a core allocation to intermediate-term bonds as a permanent placeholder. You can then supplement that exposure with a strategic emphasis on adding higher income or interest rate sensitivity to the portfolio. That way you are continuing to diversify and shape the portfolio towards your specific view of domestic economic growth (or lack thereof).

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>No Landing Scenario</u> JPMorgan Active Value ETF (JAVA) Avantis U.S. Small Cap Value ETF (AVUV) iShares Broad USD High Yield Corporate Bond ETF (USHY) | <p>In this Alpha report I want to go deeper and identify specific ETFs that we think can be the best performers should cyclical continue to outperform.</p> <p>So, our goal in this issue is simple: Provide you with a shopping list of cyclical ETFs that should outperform if there is No Landing, so you can easily add cyclical sector and factor exposure to client portfolios.</p> | 7/25/2023 | JAVA: -1.13% AVUV: 1.86% USHY: -0.01% | SPY: -1.17% |
| <u>Home Builders & Housing</u> iShares US Home Construction ETF (ITB) Invesco Dynamic Building & Construction ETF (PKB) The Hoya Capital Housing ETF (HOMZ) | <p>In this Alpha issue, we highlight best-of-breed strategies to own homebuilder and home improvement stocks to capitalize on this secular opportunity.</p> | 7/11/2023 | ITB: 4.89% PKB: 5.58% HOMZ: 0.98% | SPY: 1.76% |
| <u>AI Tools for Advisors</u> Chatbots and Virtual Assistants. Sales and Marketing Tools. Copywriting and Illustrations. | <p>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!</p> | 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) | <p>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.</p> <p>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.</p> | 6/13/2023 | AIQ: 2.30% SKYY: 2.15% QTUM: 0.72% LRNZ: -4.48% WTAI: -2.91% | SPY: 3.51% |
| <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) | <p>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!</p> | 5/31/2023 | SGOV: 1.00% BIL: 0.96% CLTL: 0.95% BILS: 0.93% PULS: 1.25% | SPY: 8.15% |

Sevens Report Alpha Fund & Stock Ideas

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|--|--|-------------|---|---|
| <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: -0.10% DBMF: 4.02% CCOR: -1.35% | SPY: 10.16% |
| <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: 5.94% NETL: 1.69% | VNQ: 4.43% |
| <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: -3.47% GLDM: -3.47% GDX: -14.96% SIVR: -8.15% SLVP: -17.37% GLTR: -7.22% | SPY: 9.14% |
| <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: 12.40% IYG: 13.16% PTLC: 10.33% | SPY: 10.62% |
| <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: 6.41% NOCT: 8.65% QSPT: 14.44% UJUN: 5.57% DJUN: 8.22% | SPY: 13.33% |

Sevens Report Alpha Fund & Stock Ideas

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| <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: 25.26% SKYY: 22.19% QTUM: 17.33% | SPY: 13.91% |
| <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: 6.60% IGM: 29.42% SMH: 32.30% | SPY: 13.84% |
| <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: 4.54% IEMG: 2.16% FNDC: 2.91% | SPY: 9.24% |
| <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: -8.19% PTCIX: -4.10% MLN: -1.66% | SPY: 13.36% |
| <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: 48.95% VOX: 27.12% EMB: 2.91% | SPY: 16.12% |

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>Three Strategies that Outperformed in 2022 and Should Outperform Again in 2023.</u></p> <p>Cambria Shareholder Yield ETF (SYLD)</p> <p>Invesco S&P 500 Pure Value ETF (RPV)</p> <p>PIMCO Enhanced Short Maturity Active ETF (MINT)</p> <p>JP Morgan Ultra-Short Income ETF (JPST)</p> <p>First Trust Consumer Staples AlphaDEX Fund (FXG)</p> <p>First Trust Natural Gas ETF (FCG)</p> | <p>This Alpha issue is our annual “Look Back” issue, where we take time to identify the ideas and themes that worked in 2022, identify some that did not, and address whether we think these performance trends will continue in 2023.</p> <p>Given expectations of economic and earnings recessions along with continued elevated geopolitical risks, <u>we wanted to highlight three strategies that outperformed in 2022 and that we believe are poised to do so again in 2023.</u></p> | 12/28/2022 | <p>SYLD: 10.96%</p> <p>RPV: 5.99%</p> <p>MINT: 3.75%</p> <p>JPST: 2.59%</p> <p>FXG: 3.54%</p> <p>FCG: 10.80%</p> | <p>SPY: 20.39%</p> |
| <p><u>Navigating Crypto's 'Lehman Moment'</u></p> | <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 |
| <p><u>Small Cap Stocks</u></p> <p>iShares Core S&P Small Cap ETF (IJR)</p> <p>Invesco S&P SmallCap 600 Revenue ETF (RWJ)</p> <p>Pacer U.S. Small Cap Cash Cows 100 ETF (CALF)</p> | <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 | <p>IJR: 5.63%</p> <p>RWJ: 6.67%</p> <p>CALF: 14.47%</p> | <p>SPY: 15.24%</p> |
| <p><u>MOAT Stocks</u></p> <p>VanEck Morningstar Wide Moat ETF (MOAT)</p> <p>Morningstar ESG Wide Moat ETF (MOTE)</p> <p>VanEck Morningstar SMID Moat ETF (SMOT)</p> | <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 | <p>MOAT: 29.82%</p> <p>MOTE: 15.00%</p> <p>SMOT: 15.00%</p> | <p>SPY: 18.50%</p> |

Sevens Report Alpha Fund & Stock Ideas

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|--|---|-------------|--|---|
| <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) | 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. | 10/18/2022 | JMST: 2.58% HYMB: 5.84% MMIT: 4.99% | SPY: 22.73% |
| <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) | Specifically, we identify three strategies to protect client portfolios if the lows are materially broken, and we are looking at another 10%-20% decline in the S&P 500. Our goal with these strategies is clear: <u>Minimize the losses and be able to "survive" to take advantage of the ultimate longer-term buying opportunity.</u> | 10/4/2022 | SHO: -3.00% PSQ: -23.71% PTLC: 12.54% SGOV: 3.79% | SPY: 20.53% |
| <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) | 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. | 9/20/2022 | URA: 3.40% NLR: 10.44% SMR: -45.10% | SPY: 17.76% |
| <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) | 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. 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. | 9/7/2022 | RSPU: -10.91% SPHD: -1.52% USFR: 4.33% | SPY: 14.97% |

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> |
|--|---|-------------|---|---|
| <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) | 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. | 8/23/2022 | ERTH: -11.64% IDRV: 6.62% CNRG: -18.99% | SPY: 9.12% |
| <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) | 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. | 8/9/2022 | GBTC: 32.47% ETHE: -12.40% BITO: 5.17% BLOK: 4.22% | SPY: 9.39% |
| <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: 16.54% VNQ: -7.39% INDS: -6.00% COWZ: 17.95% | SPY: 16.99% |
| <u>Sectors that Outperformed During Recent Recessions</u> Vanguard Health Care ETF (VHT) iShares U.S. Healthcare Providers ETF (IHF) Vanguard Consumer staples ETF (VDC) Invesco Dynamic Food and Beverage ETF (PBJ) | <p>In this Alpha issue we examined sector performance during recent recessions to determine:</p> <ul style="list-style-type: none"> 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. | 7/12/2022 | VHT: 4.82% IHF: 0.82% VDC: 9.03% PBJ: 6.07% | SPY: 20.07% |
| <u>Five Strategies for a Low Return Environment</u> Strategy One: Effective Client Communication Strategy Two: Dividends Strategy Three: Short Term High Yield Debt Strategy Four: Cash is King Strategy Five: Precious Metals | 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. | 6/28/2022 | NOBL: 14.34% SHYG: 9.08% SGOL: 6.22% | SPY: 20.13% |

Sevens Report Alpha Fund & Stock Ideas

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| <u>Bottom Fishing with ARK Fund's Favorite Stocks</u> Zoom (ZM) Tesla Inc. (TSLA) Roku Inc. (ROKU) Block Inc. (SQ) Exact Sciences Group (EXAS) | 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. | 6/14/2022 | ZM: -35.75% TSLA: 12.41% ROKU: 17.38% SQ: 5.56% EXAS: 127.70% | SPY: 22.84% |
| <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: 126.10% PYPL: -21.80% F: 5.42% GM: -2.71% ETSY: 3.41% PENN: -21.99% | SPY: 12.11% |
| <u>Assisting Clients Through a Potential Bear Market</u> Bear Market Statistics Bear Market Psychology Specific Tips for a Bear Market | In this Alpha issue 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. | 5/3/2022 | BIV: -4.68% LQD: -6.01% PFF: -7.99% | AGG: -5.65% |
| <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 pullbacks, like we experienced several times in the first quarter. | 4/19/2022 | USMC: 4.78% SPHD: -14.09% XYLD: -16.36% | SPY: 1.10% |

Sevens Report Alpha Fund & Stock Ideas

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|---|--|-------------|--|---|
| <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: 11.19% URA: -11.19% BOAT: 6.69% LNG: 17.38% FLNG: 25.41% | SPY: 1.81% |
| <u>Russia/Ukraine Ceasefire 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. | 3/22/2022 | EMB: -3.62% HYEM: 1.15% EUFN: 12.07% JETS: -0.88% FXE: -0.11% | SPY: 2.09% |
| <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 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). <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. | 3/8/2022 | MINT: -1.17% SGOL: -5.92% VNQ: -18.41% FXG: 6.24% | SPY: 8.03% |
| <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) | This 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. | 2/23/2022 | XITK: -8.30% VCR: 3.21% USHY: -9.95% SRLN: -7.70% | SPY: 6.54% |
| <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: 1.42% IQLT: -1.15% VYMI: -1.90% | SPY: 2.07% |

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> |
|---|--|-------------|---|---|
| <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: -4.36% QVAL: 9.06% SYLD: 6.10% RPV: 1.86% | SPY: 5.94% |
| <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: -39.04% BLOK: -36.98% BITO: -44.69% | SPY: -4.29% |
| <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) | 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. | 12/28/2021 | KWEB: -20.76% CXSE: -32.46% GDX: -5.50% SIL: -29.53% XLU: -9.28% SPLV: -8.17% | SPY: -5.69% |
| <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: 2.45% VGT: -1.17% FDN: -24.22% SHOP: -57.58% IBUY: -41.62% BLOK: -40.96% PAVE: 17.27% | SPY: -0.27% |

Sevens Report Alpha Fund & Stock Ideas

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|---|---|-------------|--|---|
| <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) | More specialized REITs have performed even better so far in 2021, and that's why, in addition to VNQ, in today's issue we focused on what we consider "REITs for the 21 st Century." | 11/30/2021 | VNQ: -16.03% SRVR: -25.80% INDS: -21.21% REZ: -15.25% | SPY: 1.45% |
| <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: -7.94% RBLX: -67.85% NVDA: 48.17% AMZN: -19.86% MSFT: -1.43% METV: -38.17% | SPY: -1.51% |
| <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) | 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. | 11/2/2021 | XOP: 40.12% PSCE: 39.44% MLPA: 30.15% | SPY: 0.05% |
| <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: -11.20% DSEEX: -6.52% GIBIX: -12.72% GOF: 0.48% DGRW: 13.75% XSOE: -23.76% OUSA: 5.64% OGIG: -48.21% | SPY: 2.56% |

Sevens Report Alpha Fund & Stock Ideas

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|--|---|-------------|---|---|
| <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: -71.46% SPOT: -37.37% NVTA: -95.63% CRSP: -52.23% Z: -35.76% COIN: -64.72% ZM: -73.25% | SPY: 6.71% |
| <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: -58.28% CMI: 13.81% HDRO: -57.64% | SPY: 6.59% |
| <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: -74.42% BBH: -26.11% EDOC: -38.95% IBUY: -55.48% DURA: 5.47% | SPY: 2.16% |
| <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> | 8/24/2021 | FDN: -31.04% RSPS: 10.67% FLTR: 5.33% BCI: 16.03% | SPY: 3.48% |

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>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: -0.96% ACWI: -0.83% ACWV: -1.91% CRBN: -1.82% | SPY: 5.58% |
| <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: -61.64% EDOC: -39.04% HTEC: -37.60% GNOM: -51.48% | SPY: 6.41% |
| <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: -17.28% CIBR: -4.73% BUG: -19.08% SKYY: -27.70% | SPY: 5.15% |
| <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>This 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>This 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: 5.28% NOBL: 4.26% DGRO: 4.16% MLPA: 4.41% RLY: -6.69% | SPY: 5.94% |

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> |
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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. | | | |