

# SEVENS REPORT

## *alpha*

September 6, 2023

### In Today's Issue

- If the economy is entering a period of higher-for-longer rates and elevated inflation, then history clearly shows that a structural allocation to commodities can boost long-term performance. To that point, a study by PIMCO found the best performing asset allocation during the entire 1970s (a period potentially similar to today) included structural commodity allocations while a separate study from Schroders found that during periods of elevated inflation, a 10% commodity allocation boosts overall portfolio performance by 0.3%. Bottom line, in a higher rate/elevated inflation world, commodities are essential to long-term outperformance.
- **Strategy 1: Broad-Based Commodity Exposure.** **Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF (PDBC).** PDBC tracks a diverse basket of 14 heavily traded commodity futures, while charging a palatable expense ratio of 0.59%, and avoiding the K-1 tax headache. It's our preferred "one stop shop" for commodity exposure.
- **Strategy 2: A Tactical Path to Commodity Allocation.** **abrdn Physical Precious Metals Basket Shares ETF (GLTR).** **ProShares K-1 Free Crude Oil Strategy ETF (OILK).** Direct precious metals and energy allocations reflect a popular tactical approach for clients who want to be more targeted in commodity allocations. GLTR and OILK are our preferred ETFs for direct precious metals and oil exposure.
- **Strategy 3: Capitalizing on Growth in Rare Earths.** **VanEck Rare Earth/Strategic Metals ETF (REMX).** REMX provides exposure to companies actively sourcing and producing rare earth minerals, which are needed to power many of the technologies that we enjoy daily (and whose usage we are seeing expand).

### The Bullish Thesis for Commodities

One of the potential economic outcomes that is still in play over the next six months is a soft landing or no landing scenario. That would be the ultimate bullish thesis for risk assets as the substantial wealth on the sidelines flows back into the financial markets. Remember that money market assets have recently hit a new all-time high of \$5.57 trillion as global investors flee the uncertainty of stocks and bonds in favor of guaranteed risk-free returns. That strategy can work for a short period of time but will ultimately lead to sub-par performance as financial markets continue to work through their cyclical progression.

Of course, that soft landing environment would take several crucial elements to materialize in a way that is net positive for investors. The first of which is that we must avoid an economic recession here in the United States. It also stands to reason that China would have to pull itself together and continue to foster growth throughout its manufacturing, technology, and services markets. Finally, we are likely to experience an interest rate environment that is "higher for longer" and would act as an outright headwind on fixed income.

These conditions would favor inflationary assets such as stocks, real estate, and commodities as meaningful drivers of portfolio returns. It's that latter asset that we want to highlight in this issue due to the substantial number of questions we have recently received from subscribers. Specifically, there has been keen interest in how to position clients to benefit from sectors such as precious metals, agriculture, energy, and rare earth minerals. Each of these areas requires specific knowledge of the investment landscape, pitfalls to avoid, and best-of-breed vehicles to capitalize on growth opportunities.

Furthermore, we want to delve into the benefits of commodities from a diversification standpoint. It's vital to understand how these assets fit into the context of a diverse portfolio makeup as well as how their uncorrelated returns can ultimately work

in your favor. Often clients love the idea of these tools as an inflationary hedge but don't understand why they fail to follow price trends that mirror stocks or bonds. That leads to them buying or selling at the wrong times and ultimately missing out on substantial benefits along the way.

Position sizing is another key element of this equation that we will touch on numerous times as well. An allocation to commodities may be constrained by client risk targets or portfolio objectives. However, there are numerous ways that these allocations can contribute to lower account-level volatility, increase diversification, and enhance long-term return expectations. In the following pages, we dive deep into the benefits of this sector and how advisors can navigate the numerous investment options available today.

## How Commodities Impact Portfolio Returns

Commodities have always been closely associated with mantras such as "inflation fighting," "portfolio hedge" or "volatility dampener," but they are one of the most consistently under owned assets in investor portfolios. This is because their benefits are often touted as situational rather than structural.

That means investors buy them for a short-term period or macroeconomic event rather than viewing them as an all-weather component of their diversified portfolio. Yet the benefits of

these tools can be far ranging for those with a long-term mindset and disciplined portfolio approach.

What makes commodities so valuable as a diversification tool is their uncorrelated price returns. PIMCO recently released a report noting the correlation of annual returns between the S&P 500 Index and the Bloomberg Commodity Index between

1976 and 2023 is just 0.24. Furthermore, the commodity index was negatively correlated to global bonds and positively correlated with inflation over that time frame.

This tells us that commodities by their nature are influenced by unique

economic drivers not found in other areas of the global financial markets. Particularly when above-average inflation drivers are present. That hasn't been the case over the last 15 years, which is why this asset class has underperformed conventional alternatives and many are underweight this group.

The "why" becomes clear when you look back at asset class returns over recent history. PIMCO's research team produced the chart here denoting optimized asset allocation

structures broken up in five-year increments. As you can see, the commodity allocation was absent between 2006 and 2020 due to the dearth of inflationary forces and above-average returns in stocks and bonds. However, in

numerous other periods, it was demonstrated that even a modest allocation to commodities led to op-

Figure 1: Correlation of annual returns from 1976 to 2023

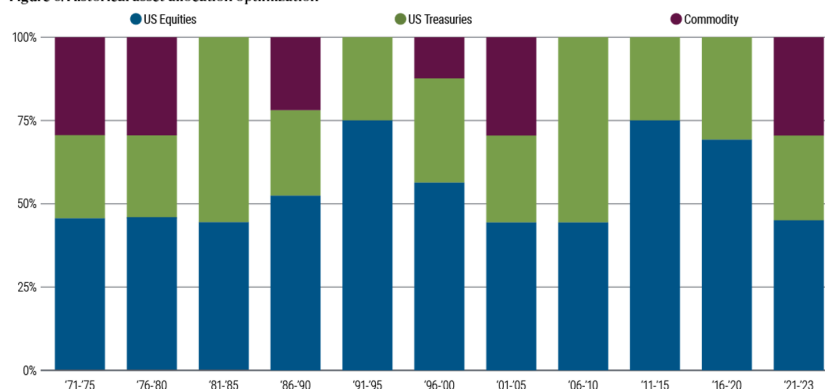
Asset	Commodity	U.S. Equities	Global Bonds	U.S. Inflation
Commodity	-	0.24	-0.27	0.43
U.S. Equities	0.24	-	0.19	-0.06
Global Bonds	-0.27	0.19	-	-0.19
U.S. Inflation	0.43	-0.06	-0.19	-

As of 31/03/2023

Charts are provided for illustrative purposes and are not indicative of the past or future performance of any PIMCO product. Past performance is not a guarantee or a reliable indicator of future results.

Source: Bloomberg, PIMCO. Notes: Commodity are represented by the Bloomberg Commodity Index. U.S. Equities are represented by the S&P 500 index. Global Bonds are represented by the Bloomberg Barclays Global Aggregate Index (data available starting in 1976). U.S. Inflation is represented by the U.S. Consumer price index. Correlation computed using year-over-year (yoy) returns observed monthly. For commodities, equities and bonds we calculate simple annual returns of monthly data. U.S. inflation is simply the yoy change in monthly inflation.

Figure 6: Historical asset allocation optimization



Source: PIMCO. Optimized based on realized 5-year returns, volatility and correlation. Volatility is constrained to 10% for each optimization, except for the 1981-1985 sample (11%) as well as the 2021-2023 sample (12%). Selected full sample optimal portfolio is the one which matches the volatility level of a 60 US equities / 40 US Treasuries portfolio over this time (about 10% volatility). Average allocation takes the resulting averages to each asset over the 10 five-year samples and one 26-month sample. All statistics based on monthly total returns back to 1970. US Equities: S&P 500 index; US Treasuries: 10-Year Treasury Index (Bloomberg and GFD pre-1980); Commodities: Bloomberg Commodity Index. Hypothetical example for illustrative purposes only. Past performance is not a guarantee or a reliable indicator of future results.

timized portfolio results. Based on this historical data, it's clear that commodities tend to outperform when other asset classes are struggling.

The utilization of a commodity allocation within the context of a diversified portfolio can provide a multitude of advantages as compared to a conventional stock and bond-only makeup. The low correlation between these opposing asset classes translates to lower total portfolio volatility and enhanced total returns.

Just how enhanced? Investment management firm Schroders crunched the numbers to provide additional perspective.

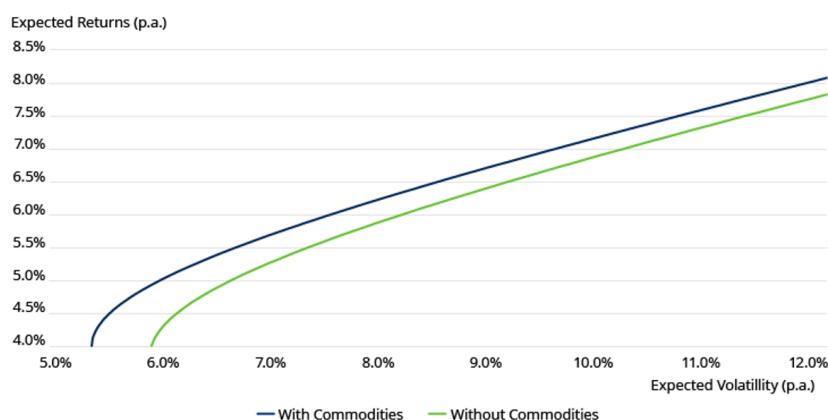
Their research indicates that a 10% allocation to commodities with an expected volatility of 10% generated expected annualized returns of +7.2% versus +6.9% without a commodity allocation.

The Schroders research report concluded with the following missive:

*Commodities have been irrelevant after almost 15 years of insignificance in the multi-asset portfolio construction process, as inflation remained well under control. More recent history in the past year shows that inflation can, and most probably will, be an issue. Our analysis shows that commodities*

*are a better hedge than bonds in inflationary environments, and multi-asset investors should re-consider commodities as a strategic holding in portfolios. An arbitrary 10% allocation to commodities could provide a pickup of ~0.3% expected returns for portfolios with 10% expected volatility.*

Figure 11.

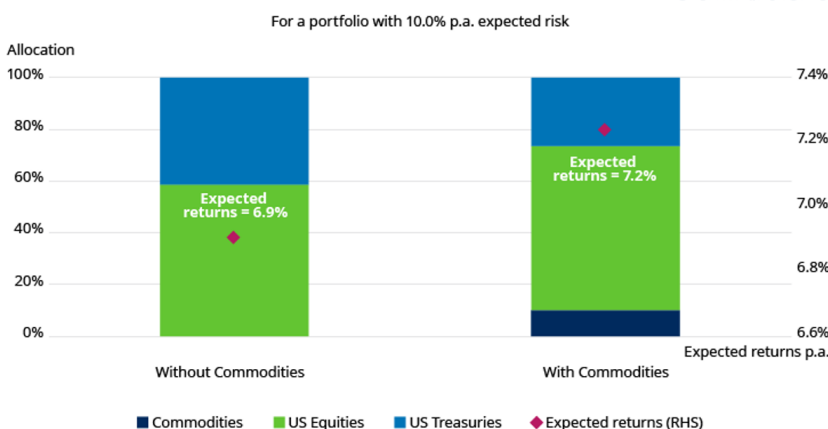


Schroders

While on the surface this doesn't appear to be a pronounced advantage in relative terms, it's important to remember just how quickly those small variations add up. Annualized compounding can convert that relative improvement into a

pronounced alpha element over intermediate to long-term time frames. Put simply, just a small 10% allocation to commodities can have a meaningful impact on your total portfolio returns.

Figure 12.



Schroders

## Investment Idea 1: A Broad-Based Approach

Most advisors will want to maximize their exposure to this asset class with a single investment vehicle that provides a high level of diversification, low cost, and tax efficiency.

That way they don't

have to worry about selecting individual holdings or rebalancing multiple positions frequently to remain in line with portfolio targets. Additionally, there can be advantages in outsourcing the design and imple-

mentation of your commodity basket to experts in this field with significant experience.

Our preferred vehicle for this task has long been the venerable **Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF (PDBC)**. This ETF was launched in 2014 and has swiftly become the go-to spot for investors to park their commodity allocation with \$5.2 billion in total assets.

The strength of PDBC is that it tracks a diverse basket of 14 heavily traded commodity futures, while charging a palatable expense ratio of 0.59%, and avoiding the K-1 tax headache. The result is a highly diversified and liquid investment vehicle with an emphasis on optimizing rolling futures contracts within its portfolio. The fund is dominantly weighted towards the energy space with 51% of its exposure,

followed by agriculture at 24%, industrial metals at 13% and precious metals at 12%. These weights are rebalanced on an annual basis.

A look at the chart here denotes how PDBC has held up over the last three years versus stocks and bonds. The outsized allocation to energy has clearly been a factor in above-average returns as inflationary pressures spiked throughout 2022. The price pattern has since consolidated into a sideways trading channel in 2023 with more recent signals suggestive of another uptrend starting to develop. That technical price action bodes well should inflationary trends remain stubbornly persistent as Fed Chair Jerome Powell indicated in prepared remarks at the annual Jackson Hole economic summit.

PDBC represents an attractive way for clients to maintain exposure to a broad-based commodity theme in a market-cap weighted structure. Inte-

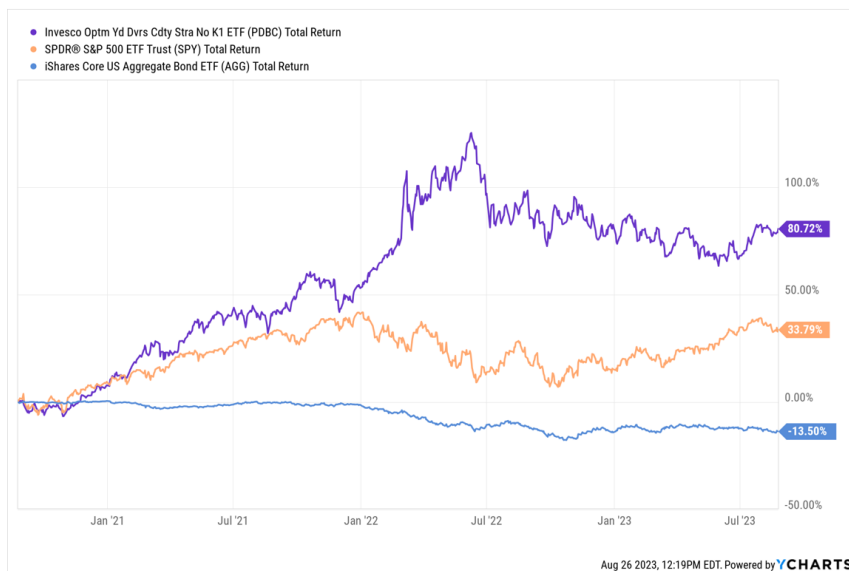
grating this fund into your portfolios makes sense if you are contemplating how to offset risks to stocks and bonds to smooth out volatility. Most sensible allocation goals should target a range of 5%-15% depending on client goals and risk parameters. In many portfolio models, this allocation is swapped for bonds or cash as a way of offsetting adverse inflationary effects.

Another option to consider in this space is an actively managed portfolio that is designed to strategically balance risk and reward using a proven investment process. That objective is propagated successfully in the 4-Star Morningstar rated **First Trust Global Tactical Commodity Strategy Fund (FTGC)**.

This \$2.76 billion portfolio is sub-advised by an in-house portfolio

management team at First Trust Advisors L.P. and its structural makeup is tactfully similar to PDBC in that it avoids K-1 tax forms. The managers of the FTGC portfolio are focused solely on improving returns through risk management, security selection, and active monthly rebalancing of holdings based on market conditions. According to fund company literature, the commodity futures selected for the portfolio are those with a realized volatility profile that the advisor believes is far more stable than traditional portfolio construction approaches.

The practical application of this method is represented in the differentiated sector holdings of FTGC versus PDBC. At present the fund's largest allocation is to agriculture (36%), followed by energy (32%), precious metals (14%), industrial metals (12%), and livestock (2.50%). One of the more interesting aspects of this active ETF is that it can target between 10-35 liquid futures contracts, making its underlying





holdings often more diversified than its benchmark counterpart.

The varied portfolio makeup and progressive risk management tactics used in FTGC have largely translated to a standard of outperformance versus PDBC over a five-year time frame. The active strategy is outperforming by a measure of +52.93% versus +45.66% in the Invesco index fund during this period. However, it should be noted that there are stints when PDBC has gained an edge on its competition – particularly when energy prices are leaders of commodity price inflation.

One item of note in the FTGC statistical makeup is that the expense ratio of 0.95% is on the high side for an ETF in today's marketplace. Nevertheless, this fund has managed to

earn its management fee through its superior performance capabilities. Actively managed funds typically earn a premium versus their index counterparts due to management costs and this fund is no exception.

One of the foremost advantages of this ETF is its overall flexibility. It can be utilized either as a standalone core holding within the commodity field or as a complement to an index fund to target a differentiated approach. Its highly diversified makeup allows for capturing nearly every corner of the commodity markets while staying true to a balanced portfolio methodology that prioritizes risk management. Investors who will have the most success with this ETF are those that believe in the expertise of active management and are comfortable owning a strategy that is attempting to outperform a conventional benchmark.

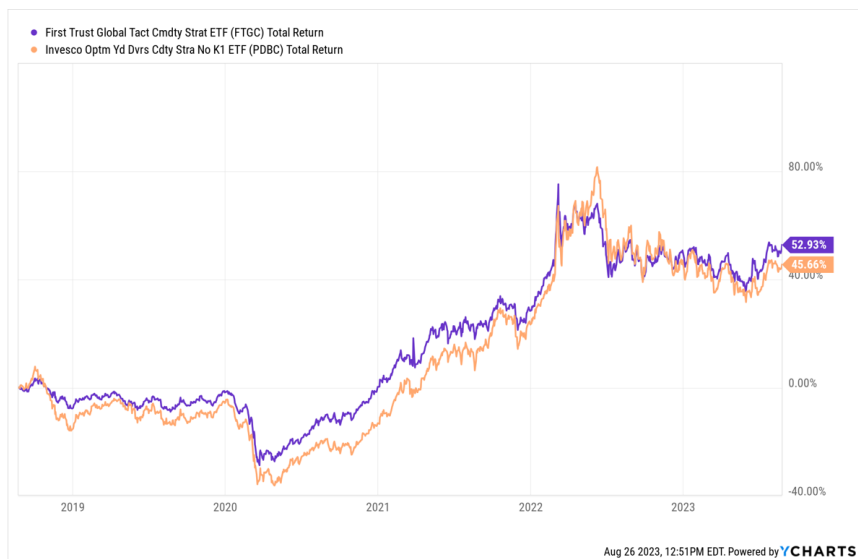
## **Investment Idea 2: A Tactical Path to Commodity Allocation**

A more advanced step in the roadmap to a commodity allocation is designing your own tactical exposure profile using multiple ETFs in each subcategory. This allows you enhanced control in sizing your allocation to energy, precious metals, industrial metals, and agriculture rather than relying on a single fund to hold the entire basket. This path can be an attractive option for advisors that want to

emphasize just certain parts of the commodity market or that take a more active approach to their risk management practices.

### **Precious Metals**

In April, we did a full run down of the precious metals sector that is available for you to download



[here](#). The summation of this research highlighted the following funds as sensible tools to utilize in building out your precious metals segment of the portfolio:

- Gold: abrdn Physical Gold Shares ETF (SGOL)
- Silver: abrdn Physical Silver Shares ETF (SIVR)
- Diversified Precious Metals: abrdn Physical Precious Metals Basket Shares ETF (GLTR)

Each of these strategies offers best-of-breed exposure to areas of the precious metals commodity market that are heavily traded daily. They allow you to integrate your allocation using low-cost tools for those portfolios that want to boost their presence beyond that of a diversified basket.

A typical position size for precious metals in the diversified funds mentioned in the previous section ranges between 12%-15%. These individual ETFs can allow you to press that percentage much higher if your in-house research or your client preferences

tend to favor gold and silver above other commodities choices.

## Energy

Those that have followed the energy sector for any length of time are probably aware of how difficult it can be for ETFs to accurately track the spot price of WTI crude oil, natural gas, or gasoline futures daily. The structural deficiencies of existing funds such as USO and UNG have been widely covered in the financial media for decades. Suffice it to say, they suffer from issues that include shareholder tax consequences, monthly futures contract roll, uneconomical trading spreads, and other minutiae that make for an inefficient tracking vehicle.

Fortunately, there has been progress in tackling some of these concerns via the debut of a unique oil futures

tracking platform from a sound fund sponsor. The **ProShares K-1 Free Crude Oil Strategy ETF (OILK)** debuted in 2016 to track the performance of the Bloomberg Commodity Balanced WTI Crude Oil Index. This fund owns equal-weight exposure to three separate WTI oil futures contracts that are re-balanced and reset at semi-annual intervals. Its most attractive quality for ETF investors is that it is organized as an open-ended trust that avoids any K-1 tax consequences at year-end. Currently the fund has over \$100 million under management and charges an expense ratio of 0.71% with monthly distributions to shareholders.

The OILK literature goes out of its way to note that this fund is not designed to track the near-term WTI crude futures contract daily. Rather, it takes a balanced approach to moving with the general trend of crude oil based on its multiple underlying holdings.

This has proven to be largely successful as we overlaid a chart of OILK versus the Bloomberg WTI Crude Oil Index over a three-year time frame. You can see how close the correlation has been between the ETF and a comparable benchmark during this period.

OILK can allow you to successfully access a key segment of the commodity market to size and trade your energy exposure according to unique portfolio targets. Some advisors may choose to overweight or underweight this segment based on their outlook for the economy.



Given that energy is always going to have a large exposure size in diversified commodity ETFs, this flexibility can provide the ability to manage risk and opportunities more appropriately to your clients' needs.

## Agriculture

Like its energy peers, accurately tracking agricultural futures contracts is hamstrung by the legacy method of publicly traded partnerships such as DBA that saddle you with a K-1 tax form. That makes this fund virtually untradeable for advisors that will have to deal with the fallout from clients when tax time rolls around. However, there are two potential alternatives that we are highlighting for the sake of consistency.

The drawback to both is that they are relatively new with very little assets under management and spotty daily trading volume. That makes us hesitant to endorse them as viable portfolio options without seeing a significant boost in popularity. Nevertheless, they are worth keeping on your radar if your goal is to ultimately build out a tactical commodity sleeve within your client portfolios. Highlights for each fund include the following:

### Teucrium Agriculture Strategy No K-1 ETF (TILL)

- Agriculture holdings: 25% each in corn, soybean, sugar, and wheat
- Rebalanced: monthly
- 1099 Tax Treatment
- Inception: 5/16/22
- AUM: \$6.6 million
- Exp Ratio: 0.89%

### Invesco Agriculture Commodity Strategy No K-1 ETF (PDBA)

- Agriculture holdings: 11 (mkt-cap weighted)
- Index: DBIQ Diversified Agriculture Excess Return Index
- 1099 Tax Treatment
- Inception: 8/24/22
- AUM: \$11.1 million
- Exp Ratio: 0.59%

Being that both funds have barely celebrated their one-year anniversaries, there is still optimism for more capital to shift towards their superior structure. PDBA is one we are closely watching to see if it can migrate dollars from the more costly and inefficient DBA on the same fund platform. The smart money typically follows this path as we have seen with numerous other commodity funds in the last half decade.

Teucrium may be notable to those who follow the progress of commodity ETFs as the fund sponsor is one of the market trend setters in this sector. Their most recent offering in TILL is a next-generation product with significant potential to lure investor capital away from legacy funds. Its equal-weighted portfolio is both easy to understand and efficient for exposure to the most heavily traded futures in the agriculture markets.

The agriculture sector typically makes up between 25%-35% of a diversified commodity basket. That means those who opt for owning an agriculture-specific fund can use that allocation as a benchmark to overweight or underweight appropriately.

### Investment Idea 3: Capitalizing on Strategic Opportunities

Often there is a portfolio or client need that steps outside the realm of traditional commodity exposure and into the territory of a strategic opportunity. This may be driven by a structural economic theme such as the transition from fossil fuels to renewable energy or by a unique interest in a particular niche of the commodity realm. In both circumstances we are regularly asked about the investment opportunities in rare earth minerals and how to capitalize on them effectively.

Many of you are probably wondering just what are rare earth minerals and what are their real-world use cases today? A [report published by CNBC](#) succinctly described these elements in a 2021 missive:

*Rare earth metals are actually more abundant than their name suggests but extracting, processing and refining are tricky for a myriad of technical and environmental reasons. These 17 elements — which are subdivided into the light rare earths and heavy rare earths subsets based on their atomic weights — exist in natural deposits globally.*

*Heavy rare earths are often harder to source. They include metals like dysprosium and terbium, which play a critical role in defense, technology, and electric vehicles. Neodymium and praseodymium are some of the most sought-after light rare earth elements crucial in products such as motors, turbines, and medical devices. Demand for them exploded in recent years with the growth of technology and will continue to climb amid the ongoing race to create a large electric vehicle market.*

These rare minerals are becoming increasingly vital for advanced technologies that we rely on every day with a consistently expanding appetite for more resources. This leads us towards a strategic invest-

ment opportunity that may be attractive for some of your more aggressive growth clients.

The **VanEck Rare Earth/Strategic Metals ETF (REMX)** debuted in 2010 and has amassed over \$500 million in total assets via its unique niche in the natural resources market. This fund is intended to track the overall performance of companies involved in producing, refining, and recycling of rare earth and strategic metals and minerals.

It should be noted that REMX does not contain any exposure to the underlying commodities themselves, but rather the companies engaged in their extraction and refinement.

That translates to a basket of 34 global stocks that are primarily located in Australia and China. These two countries equally represent 70% (35% each) of the domicile from the underlying mining and refining stocks that make up the index. The United States, Canada, and Brazil round out the top five of this dedicated materials fund. REMX also tilts heavily towards midcap stocks with approximately 60% of the portfolio. Large-cap stocks make up 34%, followed by small-cap stocks at 6%.

What makes REMX so fascinating is not only is it one of the only viable investment vehicles tracking these stocks, but how they have translated into unique portfolio returns. The chart here compares the total return of REMX versus a global natural resources benchmark in GNR as well as the commodity-specific benchmark PDBC.

As you can see, the volatility of this fund has been enhanced by its outsized exposure to smaller companies in overseas markets. Yet its growth capabilities are undeniable as we saw an explosion of strength from 2021 through early 2022

as inflationary forces contributed to substantial momentum.

REMX may be appropriate for investors that are seeking speculative or aggressive exposure to a niche area of the commodity markets. Investors that will have the most success with this fund are comfortable owning a high-volatility position and want to participate in the growth of this key materials industry.

Risk should be managed via smaller position sizing to appropriately match client expectations to the focused basket of unique holdings. Its tactical nature would be well suited to be paired alongside a conventional commodity allocation as a suitable diversification strategy.

## Conclusion

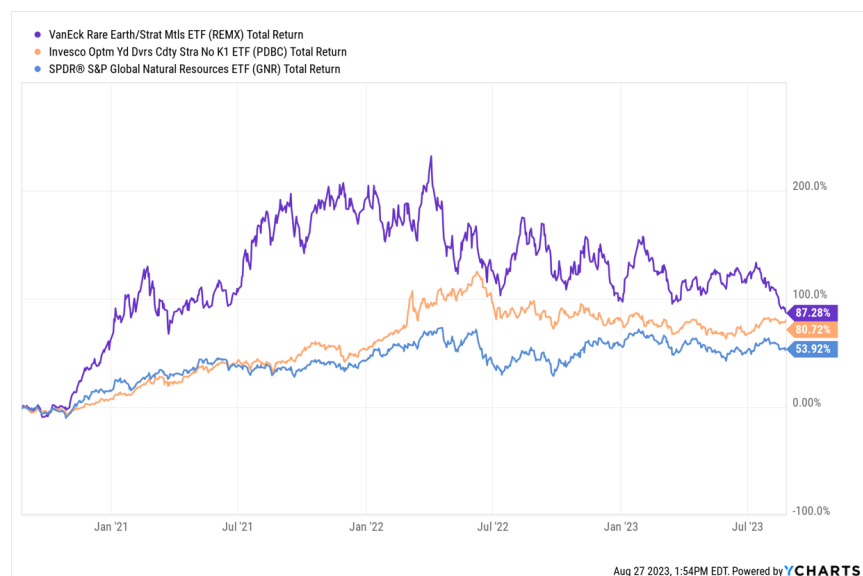
With so many options to choose from there are countless ways for advisors to integrate commodities into client portfolios productively. However, it's vital to continue to educate account holders about the uncorrelated nature of these investments and how they are intended to add value over the long run.

That way they are prepared as these funds experi-

ence cycles of price action that dislocate from stocks and bonds. It's that very feature that creates true diversification and produces above-average returns in a balanced portfolio.

There are still a lot of questions to be answered about the state of the global economy over the

next 12 months. However, it's becoming increasingly likely that the bullish case for commodities continues to be present. That will pull even more dol-





lars towards this alternative asset class and likely bolster net returns to shareholders.

Best,

Tom

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# Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<b><u>Value and Opportunity in Emerging Markets (Excluding China)</u></b> Columbia EM Core Ex-China ETF (XCEM) WisdomTree India Earnings ETF (EPI) iShares MSCI Emerging Markets Small-Cap ETF (EEMS)	This Alpha issue will focus on a part of the market where we think there's medium-and-longer term opportunity: Emerging markets ex-China.	8/22/2023	XCEM: 1.14% EPI: 4.29% EEMS: 3.21%	SPY: 2.74%
<b><u>Bond Market Roadmap</u></b> 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) SPDR Portfolio Long Term Treasury ETF (SPTL) Vanguard Long-Term Bond ETF (BLV) iShares 0-3 Month Treasury Bond ETF (SGOV) SPDR Bloomberg 1-3 Month T-Bill ETF (BIL) Invesco Treasury Collateral ETF (CLTL)	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 this issue, we identify nine 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.	8/08/2023	USHY: 0.23% YLD: 0.78% SRLN: 1.36% FLBL: 1.42% SPTL: -2.65% BLV: -2.11% SGOV: 0.41% BIL: 0.40% CLTL: -0.24% (Closed)	SPY: 0.23%
<b><u>No Landing Scenario</u></b> JPMorgan Active Value ETF (JAVA) Avantis U.S. Small Cap Value ETF (AVUV) iShares Broad USD High Yield Corporate Bond ETF (USHY)	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.  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.	7/25/2023	JAVA: -3.19% AVUV: -1.53% USHY: 0.51%	SPY: -1.22%
<b><u>Home Builders &amp; Housing</u></b> 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: -1.71% PKB: 0.30% HOMZ: -2.69%	SPY: 1.67%

# 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>
<b><u>AI Tools for Advisors</u></b> 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 <b>focuses on specific AI platforms that you can begin using today that can make your practice more efficient and reduce costs.</b> 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
<b><u>Artificial Intelligence Primer Part Two</u></b> 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 <b>what this technology can actually do (and how it can be used) and updates the universe of AI-focused ETFs and stocks.</b>  Specifically, we cut through some of the noise of the biggest AI predictions (it'll replace entire industries, potentially replace people, etc.) and <b>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.</b>	6/13/2023	AIQ: 3.34% SKYY: 5.96% QTUM: 0.82% LRNZ: -1.85% WTAI: -4.24%	SPY: 3.36%
<b><u>Utilizing High Returns on Cash</u></b> 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: 1.42% BIL: 1.38% CLTL: 1.34% (Closed) BILS: 1.34% PULS: 1.68%	SPY: 8.01%
<b><u>Uncorrelated Investing Opportunities</u></b> IQ Merger Arbitrage ETF (MNA) iMGP DBi Managed Futures Strategy ETF (DBMF) Core Alternative ETF (CCOR)	We wanted to focus this Alpha issue on uncorrelated strategies and ETFs that can provide income and alpha along with true diversification for a market that's likely to become increasingly volatile in the coming months.	5/16/2023	MNA: 1.22% DBMF: 4.92% CCOR: -2.50%	SPY: 10.05%
<b><u>Contrarian Opportunity - Identifying Quality Commercial Real Estate ETFs</u></b> SPDR Dow Jones REIT ETF (RWR) Fundamental Income Net Lease Real Estate ETF (NETL) A Dedicated List of Office REITs.	This Alpha issue speaks to our contrarian leanings, as we are going to look for <b>potential contrarian opportunities in the commercial real estate ETF space.</b>	5/02/2023	RWR: 2.58% NETL: -0.21%	VNQ: 1.51%

# 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><b>Is Gold in a New Bull Market?</b></u> abrdn Physical Gold Shares ETF (SGOL) SPDR Gold MiniShares Trust, (GLDM) VanEck Vectors Gold Miners ETF (GDX) abrdn Physical Silver Shares ETF (SIVR) iShares MSCI Global Silver and Metals Miners ETF (SLVP) abrdn Physical Precious Metals Basket Shares ETF (GLTR)	<p>This issue will focus on the best ways to gain exposure to precious metals and miners, because gold has quietly traded to within striking distance of its all-time high, and with global unrest, a falling U.S. dollar, and a potential dovish pivot from the Fed, <b>the outlook for a gold bull market is as good as it's been in years.</b></p> <p>We focused on examining what parts of the gold and precious metals space performed best during previous gold bull markets and identified our preferred ETFs to gain exposure to gold, other precious metals, and precious metals miners.</p>	4/18/2023	SGOL: -3.93% GLDM: -3.92% GDX: -17.45% SIVR: -6.66% SLVP: -20.46% GLTR: -7.04%	SPY: 8.98%
<u><b>Two Strategies for the Regional Banking Crisis</b></u> Invesco KBW Bank ETF (KBWB) iShares U.S. Financial Services ETF (IYG) Pacer Trendpilot US Large Cap ETF (PTLC)	<p>The eruption of the regional bank crisis has created a potentially binary outcome, whereby either the crisis fades and the extreme declines in banks and financials is an attractive buying opportunity, or the crisis gets worse and drags down the entire market.</p> <p><b>This Alpha issue examines each scenario and identifies strategies that will help us navigate either outcome.</b></p>	4/04/2023	KBWB: 3.73% IYG: 9.58% PTLC: 10.33%	SPY: 10.44%
<u><b>Defined Outcome and Buffered ETFs</b></u> Innovator S&P 500 Power Buffer ETF - April (PAPR) Innovator Growth-100 Power Buffer ETF - October (NOCT) or FT Cboe Vest Nasdaq-100® Buffer ETF - September (QSPT) Innovator U.S. Equity Ultra Buffer ETF - June (UJUN) or FT Cboe Vest U.S. Equity Deep Buffer ETF - June (DJUN)	<p>This Alpha issue focuses on Defined Outcome Funds, or "Buffered ETFs," which are fairly new and certainly unique investment products designed to capture upside in an underlying index (like the S&amp;P 500) while limiting losses through the use of options strategies. Given recent bank failures and rising recession fears, these strategies should see increased demand this year.</p>	3/21/2023	PAPR: 6.96% NOCT: 9.55% QSPT: 16.75% UJUN: 6.29% DJUN: 8.58%	SPY: 13.14%
<u><b>Artificial Intelligence Primer</b></u> Global X Artificial Intelligence & Technology ETF (AIQ) First Trust Cloud Computing ETF (SKYY) Defiance Quantum ETF (QTUM)	<p>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.</p>	3/7/2023	AIQ: 26.76% SKYY: 26.75% QTUM: 17.44%	SPY: 13.76%
<u><b>Three Strategies to Re-Allocate to Growth (and Tech)</b></u> iShares Morningstar Mid-Cap Growth ETF (IMCG) iShares Expanded Tech Sector ETF (IGM) VanEck Vectors Semiconductor ETF (SMH)	<p>I dedicated this Alpha issue to growth ETFs that I think are good candidates for allocations if an advisor does want to add growth exposure. Specifically, <b>I have detailed three strategies and ETFs that I think can help advisors add broad growth exposure, specific tech sector exposure, and targeted tech industry exposure, so advisors can select the strategy that best fits their client's needs.</b></p>	2/22/2023	IMCG: 4.95% IGM: 32.25% SMH: 33.91%	SPY: 13.68%

# Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<b><u>An Opportunity in International Stocks</u></b> Vanguard Europe ETF (VGK) iShares Core MSCI Emerging Markets ETF (IEMG) Schwab Fundamental International Small Company Index ETF (FNDC)	This issue will focus on the global markets, specifically international stock ETFs that we believe would be good core holdings for adding (or increasing) international exposure in client accounts because, for the first time in a long time, <b>the case can be made that international markets can sustainably outperform U.S. markets.</b>	2/07/2023	VGK: 1.02% IEMG: -0.13% FNDC: 0.92%	SPY: 9.10%
<b><u>Opportunity in Long Bonds</u></b> SPDR Portfolio Long Term Treasury ETF (SPTL) PIMCO Long-Term Credit Bond Fund (PTCIX) VanEck Long Muni ETF (MLN)	This issue focuses on opportunities in the long end of the yield curve, which suffered historic losses in 2022 but is potentially poised to stage a big rebound in 2023 and beyond.	1/24/2023	SPTL: -9.77% PTCIX: -4.69% MLN: -2.49%	SPY: 13.19%
<b><u>Three Contrarian Ideas to Start 2023</u></b> ARK Next Generation Internet ETF (ARKW) Vanguard Communication Services ETF (VOX) iShares J.P. Morgan USD Emerging Markets Bond ETF (EMB)	This issue is our annual “contrarian” issue, where we present three contrarian strategies that we think can outperform in 2023 if consensus expectations for the economy, Fed policy, and inflation are proven false.	1/10/2023	ARKW: 42.85% VOX: 24.88% EMB: 1.50%	SPY: 15.99%
<b><u>Three Strategies that Outperformed in 2022 and Should Outperform Again in 2023.</u></b> Cambria Shareholder Yield ETF (SYLD) Invesco S&P 500 Pure Value ETF (RPV) PIMCO Enhanced Short Maturity Active ETF (MINT) JP Morgan Ultra-Short Income ETF (JPST) First Trust Consumer Staples AlphaDEX Fund (FXG) First Trust Natural Gas ETF (FCG)	<p>This Alpha issue is our annual “Look Back” issue, where we take time to identify the ideas and themes that worked in 2022, identify some that did not, and address whether we think these performance trends will continue in 2023.</p> <p>Given expectations of economic and earnings recessions along with continued elevated geopolitical risks, <u>we wanted to highlight three strategies that outperformed in 2022 and that we believe are poised to do so again in 2023.</u></p>	12/28/2022	SYLD: 9.73% RPV: 0.73% MINT: 4.26% JPST: 2.94% FXG: -0.53% FCG: 15.95%	SPY: 20.27%
<b><u>Navigating Crypto's 'Lehman Moment'</u></b>	In this Alpha issue we are trying to cut through the noise and explain 1) <b>The state of the industry post-FTX</b> and 2) <b>Identify ETFs we think are still legitimate options for exposure, so you have quality talking points and viable options for any crypto-related discussions with clients or prospects.</b>	12/13/2022	N/A	N/A
<b><u>Small Cap Stocks</u></b> iShares Core S&P Small Cap ETF (IJR) Invesco S&P SmallCap 600 Revenue ETF (RWJ) Pacer U.S. Small Cap Cash Cows 100 ETF (CALF)	<b>Very quietly, small-cap stocks have outperformed the S&amp;P 500 by 300 bps and the Nasdaq by 800 bps over the past five months.</b> And, due to multiple factors, small caps may now be poised to provide growth to portfolios over the medium and longer term.	11/29/2022	IJR: 0.78% RWJ: 1.49% CALF: 10.76%	SPY: 15.16%



# Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<b><u>MOAT Stocks</u></b> VanEck Morningstar Wide Moat ETF (MOAT) Morningstar ESG Wide Moat ETF (MOTE) VanEck Morningstar SMID Moat ETF (SMOT)	<p><b>This Alpha issue is focused on specific stocks that we think can best withstand the coming economic slowdown, and in doing so help clients outperform.</b></p> <p>Specifically, as we approach this economic contraction, analysts are rightly advocating for stocks that are less sensitive to economic growth, have strong cash flows, and have low debt ratios, as they should relatively outperform in a slow growth/no growth environment.</p>	11/1/2022	MOAT: 27.45% MOTE: 15.19% SMOT: 12.66%	SPY: 16.37%
<b><u>Opportunities in Municipal Bonds.</u></b> JPMorgan Ultra-Short Municipal Income ETF (JMST) SPDR Nuveen Bloomberg High Yield Municipal Bond ETF (HYMB) IQ MacKay Municipal Intermediate ETF (MMIT)	<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><b>But that has changed during the 2022 bond market rout and yields on munis now are at multi-year highs.</b> With federal funding still in place for pandemic programs, strong tax receipts, and a still-solid U.S. economy, <b>the credit outlook for municipal bonds is stronger than the muni bond price action would imply, and we think that creates a potential opportunity.</b></p>	10/18/2022	JMST: 2.81% HYMB: 5.94% MMIT: 4.66%	SPY: 22.62%
<b><u>Protection in a Deeper Bear Market.</u></b> ProShares Short S&P 500 ETF (SH) ProShares Short QQQ (PSQ) Pacer Trendpilot US Large Cap ETF (PTLC) iShares 0-3 Month Treasury Bond ETF (SGOV)	<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&amp;P 500. Our goal with these strategies is clear: <u>Minimize the losses and be able to "survive" to take advantage of the ultimate longer-term buying opportunity.</u></p>	10/4/2022	SHO: -8.97% PSQ: -24.22% PTLC: 12.54% SGOV: 4.23%	SPY: 20.42%
<b><u>Opportunities in the Nuclear Energy Revival</u></b> Uranium Mining Stocks. Global X Uranium ETF (URA) Nuclear Utility Stocks. VanEck Uranium + Nuclear Energy ETF (NLR) A Cutting Edge Approach. NuScale Power Corp (SMR)	<p>The Russia/Ukraine war has upset the global energy industry and as the EU and Britain scramble to find enough natural gas to satisfy their needs, <b>nuclear energy emerged as a potential solution not just to the current global energy shortage, but also to satisfy the increased future demand as reliance on fossil fuels declines.</b></p>	9/20/2022	URA: 12.72% NLR: 18.47% SMR: -53.49%	SPY: 18.91%
<b><u>Repositioning for Another Rollover</u></b> 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&amp;P 500 takes out new lows later this year, and the July/August rally was nothing more than a bear market bounce.</p> <p><b>Given this possibility, we wanted to investigate the sectors, strategies, stocks, and ETFs that outperformed during the first six months of 2022.</b> We hope the analysis in this issue will serve as a potential blueprint for how to outperform if the last four months of 2022 look like the first six months of 2022.</p>	9/7/2022	RSPU: -14.73% SPHD: -3.95% USFR: 4.74%	SPY: 14.88%

# Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<b><u>Sustainable Investing Revisited</u></b> Invesco MSCI Sustainable Future ETF (ERTH) iShares Self-Driving EV and Tech ETF (IDRV) SPDR S&P Kensho Clean Power ETF (CNRG)	The funding provided by the Inflation Reduction Act, combined with the higher gas prices and the energy security situation in Europe, has reinforced that the sustainable energy industry isn't just here to stay, <b>but that it'll continue to actively grow in the coming years.</b>	8/23/2022	ERTH: -15.66% IDRV: -0.28% CNRG: -21.95%	SPY: 9.05%
<b><u>The State of the Crypto Market</u></b> Grayscale Bitcoin Trust (GBTC) Grayscale Ethereum Trust (ETHE) ProShares Bitcoin Strategy ETF (BITO) Amplify Transformational Data Sharing ETF (BLOK)	We wanted to <b>provide an update on the state of the crypto markets and identify quality, actionable investments that have relatively weathered the storm should clients be interested in this segment.</b>	8/9/2022	GBTC: 28.99% ETHE: -12.80% BITO: -7.17% BLOK: -5.74%	SPY: 9.31%
<b><u>Strategies for a Peak in Bond Yields</u></b> First Trust NASDAQ Technology Dividend Index Fund (TDIV) Vanguard REIT ETF (VNQ) Pacer Benchmark Industrial Real Estate SCTR ETF (INDS) Pacer US Cash Cows 100 ETF (COWZ)	<p>Yes, the Fed is set to hike the Fed Funds rate by another 100 – 200 basis points, but the long end of the yield curve is driven by inflation expectations and growth estimates, not directly by Fed rate hikes.</p> <p>So, if inflation is peaking and economic growth is rolling over (which is what the stock bulls are betting on) then longer dated bond yields will also peak, regardless of Fed Funds hikes.</p>	7/26/2022	TDIV: 19.13% VNQ: -9.84% INDS: -7.53% COWZ: 17.90%	SPY: 16.91%
<b><u>Sectors that Outperformed During Recent Recessions</u></b> Vanguard Health Care ETF (VHT) iShares U.S. Healthcare Providers ETF (IHF) Vanguard Consumer staples ETF (VDC) Invesco Dynamic Food and Beverage ETF (PBJ)	<p>In this Alpha issue we examined sector performance during recent recessions to determine:</p> <ul style="list-style-type: none"> <li>If defensive sectors really do outperform during economic contractions and</li> <li>Which defensive sectors have the best track record of performance leading up to, during, and after recessions.</li> </ul>	7/12/2022	VHT: 4.09% IHF: -4.99% VDC: 4.17% PBJ: 1.05%	SPY: 20.00%
<b><u>Five Strategies for a Low Return Environment</u></b> Strategy One: Effective Client Communication Strategy Two: Dividends Strategy Three: Short Term High Yield Debt Strategy Four: Cash is King Strategy Five: Precious Metals	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: 11.17% SHYG: 9.75% SGOL: 5.73%	SPY: 20.06%

# Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<u><b>Bottom Fishing with ARK Fund's Favorite Stocks</b></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: <b>ARKK and the ARK Funds.</b>	6/14/2022	ZM: -29.80% TSLA: 15.81% ROKU: 11.70% SQ: -2.37% EXAS: 123.70%	SPY: 22.79%
<u><b>Bottom Fishing in Beaten Down Stocks</b></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: 133.10% PYPL: -22.99% F: -1.25% GM: -12.07% ETSY: -9.19% PENN: -28.67%	SPY: 12.07%
<u><b>Assisting Clients Through a Potential Bear Market</b></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><b>Contrarian Bond Strategy</b></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: -5.81% LQD: -7.15% PFF: -8.86%	AGG: -6.57%
<u><b>Staying Long With Lower Volatility ETFs.</b></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: 6.08% SPHD: -16.47% XYLD: -18.05%	SPY: 1.04%

# Sevens Report Alpha Fund & Stock Ideas

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<b><u>Finding Opportunities in the New Energy Reality</u></b> FCG (First Trust Natural Gas ETF) URA (Global X Uranium ETF) BOAT (Sonic Shares Global Shipping ETF) LNG (Cheniere Energy) FLNG (Flex LNG Ltd)	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: 16.35% URA: -2.79% BOAT: 4.54% LNG: 20.61% FLNG: 21.40%	SPY: 1.79%
<b><u>Russia/Ukraine Ceasefire Playbook</u></b> EMB (iShares J.P. Morgan USD Emerging Markets Bond ETF) HYEM (VanEck Emerging Markets High Yield Bond ETF) EUFN (iShares MSCI Europe Financials ETF) JETS (U.S. Global Jets ETF) FXE (CurrencyShares Euro Trust)	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 <b>focused on identifying potential opportunities in the market for when there is a ceasefire declared in the Russia/Ukraine war.</b>	3/22/2022	EMB: -4.96% HYEM: 0.81% EUFN: 7.39% JETS: -8.71% FXE: -2.36%	SPY: 2.12%
<b><u>Bear Market Playbook (What Worked Last Time)</u></b> MINT (PIMCO Enhanced Short Term Maturity Active ETF) SGOL (Aberdeen Physical Swiss Gold Shares ETF) VNQ (Vanguard REIT ETF) FXG (First Trust Consumer Staples AlphaDEX Fund)	In this Alpha issue, <b>we are going to examine what assets and sectors outperformed the last time we had a sustained, multi-year bear market (in the early 2000s).</b>  <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: -1.13% SGOL: -6.35% VNQ: -20.49% FXG: 2.00%	SPY: 8.06%
<b><u>What Would Outperform If Markets Turn Around?</u></b> SPDR FactSet Innovative Technology ETF (XITK) Vanguard Consumer Discretionary ETF (VCR) iShares Broad USD High Yield Corporate Bond ETF (USHY) SPDR Blackstone Senior Loan ETF (SRLN)	This issue was inspired by this thought: <b><i>What if everything works out alright?</i></b>  Many analysts (including me) are concerned about numerous headwinds hitting the U.S. markets and a potentially volatile trading year. That opinion has been correct so far in 2022, and it's well-reasoned. But it's also a very popular view on the Street right now.	2/23/2022	XITK: -7.53% VCR: 1.11% USHY: -9.92% SRLN: -7.18%	SPY: 6.59%
<b><u>Finding Value and Opportunity in International ETFs</u></b> Schwab Fundamental International Large Company Index ETF (FNDF) iShares Edge MSCI Intl Quality Factor ETF (IQLT) Vanguard International High Dividend Yield ETF (VYMI)	We've been talking a lot in the Sevens Report about wanting to allocate towards lower P/E sectors, and the fact is that quality international stocks in developed markets are currently trading at heavy discounts to the S&P 500. We think the combination of low valuations and less-aggressive central banks makes international exposure an important part of a diversified investment strategy going forward.	2/8/2022	FNDF: -0.01% IQLT: -3.23% VYMI: -3.64%	SPY: 2.14%

# Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<b><u>Weathering Market Volatility with "Quality" ETFs.</u></b> Quality Idea 1: Financials. First Trust Financials AlphaDex Fund (FXO) Quality Idea 2: Qualitative Value. ValueShares U.S. Quantitative Value ETF (QVAL) Quality Idea 3: Shareholder Yield. Cambria Shareholder Yield ETF (SYLD) Quality Idea 4: Core Value. Invesco S&P 500 Pure Value ETF (RPV)	This Alpha issue is an important complement to what we've been discussing in the regular Sevens Report, namely that we believe the best way to weather this increased volatility in markets is by allocating to "Quality" stocks, sectors, and ETFs.  For us, "quality" means those stocks and ETFs with lower relative price-to-earnings (P/E) and price-to-book (P/B) ratios, strong free cash flow, and solid shareholder yield. We believe these stocks and sectors will be the most insulated from the effects of interest rate hikes, possibly slowing growth and other headwinds, and find themselves as high-quality landing spots for investment capital.	1/25/2022	FXO: -8.57% QVAL: 10.36% SYLD: 4.93% RPV: -3.19%	SPY: 6.01%
<b><u>Practical Crypto Strategies for Clients</u></b> 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: -40.63% BLOK: -43.00% BITO: -51.09%	SPY: -4.24%
<b><u>Annual Contrarian Issue</u></b> KraneShares CSI China Internet ETF (KWEB) WisdomTree China ex-State-Owned Enterprises Fund (CXSE) VanEck Vectors Gold Miners ETF (GDX) Global X Silver Miners ETF (SIL) Utilities Select Sector SPDR (XLU) PowerShares S&P 500 Low Volatility ETF (SPLV)	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: -23.78% CXSE: -35.76% GDX: -8.49% SIL: -31.08% XLU: -13.00% SPLV: -11.24%	SPY: -5.70%
<b><u>Best Performing COVID Strategies</u></b> Strategy One: Mega-Cap Tech. XLK/VGT/FDN Strategy Two: Online Spending. SHOP/IBUY Strategy Three: Blockchain. BLOK (Amplify Transformational Data Sharing ETF) Strategy Four: Smart-Beta Industrials. PAVE (Global X U.S. Infrastructure Development ETF)	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: 6.11% VGT: 1.71% FDN: -22.82% SHOP: -51.01% IBUY: -44.10% BLOK: -46.60% PAVE: 14.63%	SPY: -0.25%



# Sevens Report Alpha Fund & Stock Ideas

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<b><u>REITS As An Inflation Hedge</u></b> Vanguard REIT ETF (VNQ) Pacer Benchmark Data and Infrastructure Real Estate SCTR ETF (SRVR) Pacer Benchmark Industrial Real Estate SCTR ETF (INDS) iShares Residential and Multisector Real Estate ETF (REZ)	More specialized REITs have performed even better so far in 2021, and that's why, in addition to VNQ, in today's issue we focused on what we consider "REITs for the 21 <sup>st</sup> Century."	11/30/2021	VNQ: -18.15% SRVR: -26.98% INDS: -22.49% REZ: -18.98%	SPY: 1.44%
<b><u>Metaverse Primer</u></b> Meta Platforms Inc (FB) Roblox Corp (RBLX) NVIDIA Corp (NVDA) Amazon (AMZN) Microsoft (MSFT) Roundhill Ball Metaverse ETF (META)	<p>Many analysts believe the "Metaverse" is the next evolution of the internet, and if that's true the long-term return potential is significant.</p> <p>So, we want to make sure you have the information you need to 1) Discuss the metaverse with any clients or prospects and 2) Identify the stocks and ETFs that stand to benefit from the continued growth of the Metaverse</p>	11/16/2021	Meta: -12.41% RBLX: -75.32% NVDA: 60.31% AMZN: -22.74% MSFT: -0.05% METV: -40.02%	SPY: -1.50%
<b><u>Capitalizing on A New Era of Energy Investment</u></b> SPDR S&P Oil & Gas Exploration and Production ETF (XOP) Invesco S&P Small Cap Energy ETF (PSCE) First Trust Natural Gas ETF (FCG) Global X MLP ETF (MLPA)	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: 47.86% PSCE: 47.11% MLPA: 37.59%	SPY: 0.07%
<b><u>Tapping the Wisdom of Financial Celebrity</u></b> DoubleLine Total Return Fund (DBLTX) DoubleLine Shiller Enhanced CAPE (DSEEX) Guggenheim Total Return Bond Fund Institutional Class (GIBIX) Guggenheim Strategic Opportunities Fund (GOF) WisdomTree U.S. Quality Dividend Growth Fund (DGRW), WisdomTree Emerging Markets es State-Owned Enterprises Fund (XSOE). O'Shares U.S. Quality Dividend ETF (OUSA) O'Shares Global Internet Giants ETF (OGIG)	<p>The dual goal of Sevens Report Alpha is to 1) Furnish you with interesting investment ideas and strategies you can share with clients and prospects and 2) Identify funds and ETFs that can outperform, so with that dual goal in mind we analyzed the fund offerings of some of the most well-known "Market Mavens" that appear in the financial media so that you can turn any mention of these celebrities into an opportunity to impress clients with your knowledge, and possibly find an actionable investment idea.</p> <p>After a thorough search, we found four of these "Mavens" that had funds or ETFs that: 1. Could be attractive to clients and 2. Consistently beat the market.</p>	10/19/2021	DBLTX: -11.37% DSEEX: -7.37% GIBIX: -12.81% GOF: -1.67% DGRW: 12.95% XSOE: -25.85% OUSA: 5.52% OGIG: -42.59%	SPY: 2.57%

# Sevens Report Alpha Fund & Stock Ideas

<u>Fund/Stock</u>	<u>Strategy</u>	<u>Date</u>	<u>Total Return</u>	<u>Benchmark Performance Since Issue Date</u>
<b><u>Buying Opportunities in “New Tech”</u></b> Idea 1: Winning Streaming Wars (ROKU/SPOT) Idea 2: Next Evolution in Genetics (NVTA/CRSP) Idea 3: Future of Money (Z/COIN) Idea 4: Work from Anywhere (ZM)	<p>Tech companies in the fields of robotics, fintech, biotech, clean tech, electric vehicles, cryptocurrencies, etc. have seen steep declines from the highs this year. With some of these stocks down more than 55% from the highs, they are now trading at far more attractive valuations than they have in years (and this is even more true following the weakness in the tech sector over the past week!)</p> <p>As such, we wanted to produce an Alpha issue that identifies potential opportunities in this “New Tech” space, as given the declines and the growth potential of some of these firms, the risk is now worth the reward for longer-term focused investors:</p>	10/05/2021	ROKU: -72.85% SPOT: -29.30% NVTA: -96.66% CRSP: -51.09% Z: -38.92% COIN: -67.85% ZM: -70.73%	SPY: 6.73%
<b><u>Hydrogen—The Next Stage of the Green Energy Revolution</u></b> Plug Power (PLUG) Cummings (CMI) Defiance Next Gen Hydrogen ETF (HDRO)	<p>Hydrogen has long been touted as a source of cleaner fuel for transportation and commercial uses. But it has always seemed like the decades-long play that just needs a little more technology or a breakthrough process to truly realize its untapped potential.</p> <p>But, over the past several months I’ve been digging into this space, and it started to make more sense from an investment perspective. I quickly realized just how much opportunity is at stake and why this moment in time is pivotal to the hydrogen development cycle.</p>	9/21/2021	PLUG: -67.70% CMI: 12.09% HDRO: -61.08%	SPY: 6.58%
<b><u>Learning to Live with COVID</u></b> Vaccine Markers (Multiple Stocks & ETFs) Global X Telemedicine & Digital Health ETF (EDOC) Amplify Online Retail ETF (IBUY) VanEck Vectors Morning Star Durable Dividend ETF (DURA)	<p>In this Alpha issue, we examine the strategies and sectors that will benefit from society learning to “live” with COVID over the medium and longer-term, and the inspiration for this issue came from real life.</p> <p>We believe that reality will cause more permanent adoption of some “temporary” pandemic era behaviors, and we believe that should lead to some attractive investment opportunities.</p>	9/8/2021	MRNA: -73.38% BBH: -23.55% EDOC: -44.63% IBUY: -57.50% DURA: 4.85%	SPY: 3.16%
<b><u>Stagflation Playbook</u></b> 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: -29.85% RSPS: 4.06% FLTR: 5.88% BCI: 17.79%	SPY: 3.49%

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<u>Older Alpha Fund &amp; Stock Ideas and Performances</u>	Please <a href="#">click here</a> to view the full list of Alpha ideas and performance back to the start of the service in 2017.			