Money Manager Sees Market Downward Trends, Still Optimistic

The Issachar Fund (LIONX, BRI and ESG) is still 100% in cash as of Sunday, Nov. 1, 2020. LIONX has been in cash since Thursday, Oct. 22, seeking to avoid life-changing losses. My job for the last 30 plus years has been to manage risk, so when my perception of risk increases, I follow my signals and discipline, looking for reasons to sell. I am not trying to just survive in the market; I am trying to prosper. It is never too late to do the right thing. (There is no guarantee that any investment will achieve its objectives, generate positive returns or avoid losses.)

All major stock market indexes are in downtrends trading below their 50-day moving averages. That tells me that risk is likely rising rapidly. I see leading stocks rise on light volume while declining on above-average volume, and this heavy distribution tells me that “big money” may be raising cash. Maybe the “smart money” does not like the election uncertainty, and they are locking in gains ahead of a potential uncertain election outcome—who knows? I feel the warning signs are too great to ignore, and I would rather miss an opportunity than lose money. I may be defensively positioned, but I remain mentally positive and optimistic. My buy list is building, but I am finding fewer growth stocks with accelerating earnings and sales displaying low risk buy points. I believe there may be opportunities in the making for those with the physical and mental capital to take advantage of when the time is right. Patience is key.

Defense can be your best offense! In my opinion, it is not what you make in a bull market that counts—it is what you keep in a bear market. It does little good to rack up gains in a bull market if one sits through a buy and hold strategy in a bear market. I am not saying we are in a bear market, but we could be. I have sell rules or “lines in the sand,” and I have developed and follow a sell discipline. I believe it is easy to buy, but profitable selling requires rules and discipline to follow the rules. However, the market does not care what I think or where my break-even lines are. The market will do its best to take what I have, so I must do my best to manage and then grow all assets entrusted to me.

Bottom Line: Leading growth stock prices are falling, and risk indicators appear to be rising. LIONX went to an all cash position two Thursdays ago. I believe the market may be declining because a stimulus deal could not be reached along with plenty of election uncertainty. I feel the market will be pricing in the election results shortly, and I expect to take advantage of new opportunities as I find them. The stock market is ripe for a V-shaped recovery, but it could also turn down with a vengeance. Either way, I plan to take my cues from the leading growth stocks and position LIONX accordingly. Peace and patience are gifts from God, and God is love. Never forget that God loves His children as a Father loves His son or daughter, and His grace is always looking for ways to bless you. Thanks for your time. Amen!

“‘For My thoughts are not your thoughts, nor are your ways My ways,’ says the LORD. For as the heavens are higher than the earth, so are My ways higher than your ways, and My thoughts than your thoughts'” (Isa. 55:8-9).

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LIONX *is a BRI/ESG, tactical, alternative, mutual fund actively managed like a hedge fund.*

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