THE National Investor

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Tuesday a.m. -- Nov. 29, 2022

Good morning, Chris,

As most of you already know, in part from my touting in recent months his tremendous new documentary entitled **Grid Down, Power Up**, I have known David Tice for quite a long time. Most *investors* remember him as the long-time portfolio manager of the old Prudent Bear Fund, which Tice sold (great timing, when it was in the most demand!) not long after the crash in 2008.

But he has also been for a while now the Senior Adviser to today's new ETF recommendation; this one, much more a "buy and hold" one for those who are more interested in such a strategy, and less so in following our more frequent (in 2022, for sure, and likely going forward) trades into both sides of the market via the ETFs we've used for that purpose:

NEW *FUND* RECOMMENDATION:
AdvisorShares Ranger Equity Bear ETF (NYSEArca-HDGE)

Encouraged to do so by Tice, I spent a fair bit of time yesterday buttoning up my understanding of this fund in a discussion with portfolio manager Brad Lamensdorf, who shares those duties with old Tice hand John Del Vecchio. **Quickly confirmed for me was the dynamism that Tice has added to the previously-existing equation, rendering this very actively-managed fund as pretty much the best of a present-ay handful of such products.**

I encourage you to spend some time at the Advisor Shares site dedicated to this fund, **RIGHT HERE**.

Specifically, you'll get a good nuts & bolts overview **RIGHT HERE**.

What I appreciated about my discussion with Lamensdorf is that HDGE is FAR from a fund run by an opinion or preconceived notions that everything is bearish and must turn out that way investment-wise.

This fund's job is twofold:

1. To reduce overall portfolio volatility, with HDGE as a part of a well-balanced portfolio. We know, happily so, how much we have benefitted from our occasional more active trades into ETFs this year, nicely mitigating losses elsewhere and giving us a slightly positive Y-T-D overall portfolio performance.

2. To deliver a positive performance in its own right, both by finding the right short opportunities in equity markets and by also dialing back on its net short positions if it looks as if the overall market is going to rally.

As but one example of this: Lamensdorf described for me yesterday how it wasn't many weeks ago that the fund built up a considerable cash position; *but that in just the last few trading days he's gone almost 100% net short again* (and for much the same reasons why I added back a couple short ETFs yesterday.) Regularly, HDGE will go to 30-50% cash (it *can* go as high as 80%) so as not to get *really* shellacked in a big bear market rally.

On the downside (for the overall market) **I was interested to learn more details about *what kinds* of stocks HDGE shorts**. Some might be surprised to learn part of this answer; Lamensdorf explained why the fund generally has avoided the higher-profile meme stocks, for instance, as the more massive and emotional flows of money into some of these are something he does not want to have to deal with. *But aside from that, he broke his "prospects list" down into three categories:*

---> Very high price-to-sales "concept stocks"

---> Companies that massage their financials more than most, borrowing good performance from the future and leaving themselves vulnerable for later disappointment

---> Companies with negative cash flows and/or high leverage (two names in that category he shared were Hanes Brands and Tempurpedic; companies that *added* leverage during the Plannedemic rather than hunkering down.)

Imminently, as I get done editing it, you'll read my newest Special Report, "The Art of Finding Story Stocks in a Bear Market." ***There is a lot of thematic overlap between that, and how this new environment we're moving more into will also provide good fodder for HDGE as it looks one-by-one for companies to short*****.**

Both Lamensdorf and I are of a mind that not only is there more downside to go for the overall market (he intimated a mind set that more of a fair value for the S&P 500 in the end is in the area of 2,500-3,000; you'll recall that I a while back expressed 2,800-3,000, so great minds do think alike!) but that *the duration time-wise* is going to be for far longer than the average investor wants to contemplate.

As we just added several % back via SQQQ and EDZ we are going to start off relatively tame here: **Conservative investors should put 15% of a portfolio to work here; Aggressive/Growth ones 10%, *for now*.** The reason for these numbers is that we are far more likely to treat HDGE as a "buy and hold" vehicle and not trade in and out as with the others we've used. So aside from this from time to time, we'll continue advocating more % exposure for more Aggressive Members -- *and will soon be augmenting that as well with out new more active trading service.*

All the best,

Chris Temple

Editor/Publisher

Don't forget that you can follow my thoughts, focus and all pretty much *daily* ! ! !

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