The Fed Is Back in the Game! Time to Get Back In?

The Issachar Fund (LIONX, BRI, ESG), is 30% invested in 15 growth stocks as of Sunday, Aug. 23, 2020. Listen to this episode of *Biblical Stock Market Updates* for more information.

It looks like the market wants to head higher as the S&P 500 Index sailed past its all-time high line of resistance last week, so I dipped my toe back in the water with a 30% allocation. I am purchasing growth stocks with increasing earnings and sales, and favorable technical chart patterns that also appear to have strong institutional sponsorship. When a stock has favorable institutional ownership, historically they have been buyers if the stock price drops near its 50-day moving average. This is what happened in many of the growth stock leaders last week as they traded near lines of support.

The big boys stepped in and purchased some of their favorite growth stocks, and now these stocks appear to be in a position to resume their leadership role. I plan to keep adding to LIONX positions because I believe the risk has currently diminished, and it may be time to get back in the game. I am an active risk manager who seeks to be invested when the market is rewarding LIONX for taking risks. However, many large institutions cannot go in and out of stocks because they are simply too big. Their activity would likely create big price swings, so they tend to move slowly. Being nimble with only $46 million in LIONX can be an advantage over larger multibillion funds that are required to stay fully invested in a correction or bear market. LIONX is liquid like a mutual fund, but I manage it like a hedge fund seeking to maximize our gains and avoid life-changing losses. (*There is no guarantee that any investment will achieve its objectives, generate positive returns or avoid losses.)*

The Fed Is Back in the Game

The Fed is back in the game, as it increased its balance sheet by $53 billion last week. That is good news to me since its balance sheet increased by only $36 billion in the prior five weeks combined. This confirms to me that the Fed was tapping the brakes in the five weeks prior, but now its foot is back on the gas pedal, and I expect the stock market to respond accordingly.

It Is All About Liquidity

Stock fundamentals influence investor perception that drives decision-making that ultimately drives them to buy stocks. However, if liquidity is scarce, there is less money in circulation, and stock prices are less likely to experience bubble euphoria. I believe we are in a period of extreme liquidity created by a Fed that will do what it takes to revive America, seeking to avoid a recession and/or depression ahead of a major election. I believe the wind is now at our backs, and it will push us forward into November. I see this as a wave of liquidity that will lift many sea-worthy ships.

Bottom line: There may be more gas left in the stock market tank, so I plan to do more buying this week. I believe the Fed has our back and has stepped on the gas by increasing its balance sheet of liquidity, to which the market is addicted. This balance sheet money expansion tends to lift many boats. Risk appears to have subsided, and I like what I am seeing in the market. If I am wrong, I will do what is necessary to right the ship. May God's grace and peace overwhelm you.

"Grace to you and peace from God our Father and from the Lord Jesus Christ" (2 Cor. 1:2).

Click here for the LIONX 2nd Quarter Fact Sheet.

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Investors should carefully consider the investment objectives, risks, charges, and expenses of the Issachar Fund. This and other important information about the Fund are contained in the prospectus, which can be obtained by calling 1-866-787-8355 or visiting . The prospectus should be read carefully before investing. The Issachar Fund is distributed by Northern Lights Distributors, LLC., member FINRA/SIPC. Horizon Capital Management Inc., (HCM) is not affiliated with Northern Lights Distributors, LLC. Important Risk Information: Mutual Funds involve risks including the possible loss of principal. An investment in the Fund may not be appropriate for all investors. The Fund may hold cash positions when the Adviser feels that the market is not producing returns greater than the short-term cash investments in which the Fund may invest. There is a risk that the sections of the market in which the Fund invests will begin to rise or fall rapidly and the Fund will not be able to sell stocks quickly enough to avoid losses or reinvest its cash positions into areas of the advancing market quickly enough to capture the initial returns of changing market conditions. The Adviser's judgment about the attractiveness, value, and potential appreciation of particular asset classes and securities in which the Fund invests may prove to be incorrect and may not produce the desired results. Past performance is no guarantee of future results. For more information on LIONX, please visit . NLD Review Code 3943-NLD-8/24/2020