

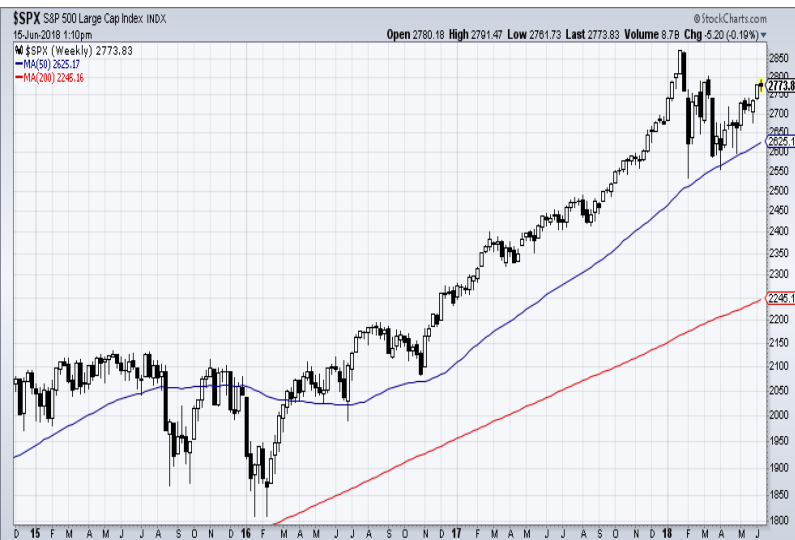
# BILLS ASSET MANAGEMENT

## BAM MARKET NOTE

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Looking at a weekly chart of the S&P, you can see the broad index of large cap companies started a weak uptrend in April that has accelerated over the last two weeks. The increased participation of this widely followed index is welcome news for the bulls. Last week's gains were consolidated this week as the market yawned over the North Korean summit, the Fed meeting, and the intelligence IG report. This morning's China tariff approvals by the White House has brought a little weakness and profit-taking but nothing out of the ordinary. For the week, the S&P traded sideways.



Comparing the weekly chart of the S&P with the weekly chart of the Russell 2000, it is obvious the small caps are leading the market. In fact, absent a late-day sell off, the Russell will end the week with its 7<sup>th</sup> straight up week. Technology shares (not shown) have begun to reassert their leadership as the NASDAQ is up nearly 1.30% for the week. Leadership from these two aggressive areas of the market bode well for future gains.

## Our Point

It is difficult to find much to complain about with the current market. Leadership is coming from the "right" areas of the market, bad news is being shrugged off, and high yield bonds have turned up again. Though all looks pretty good right now, we are not so naive as to think that things cannot change in a hurry. We remain in a long-term bull market but it will pass at some point and we will be ready when that time comes. The summer months often provide higher volatility (fewer traders and lower trading volumes can lead to wider price swings) and more weakness than usual. It is anybody's guess if this summer will follow the norm but active management done right should weather any storms. It has been a good year so far – both for the markets and our portfolios – and we are enjoying the uptrend. We have made no changes to our portfolios but are always looking to "upgrade" our holdings so we continue to look for better performing funds with good risk adjusted returns. Kelly and I are heading to LA (Lower Alabama) this weekend for a chance to visit our youngest who is a counselor at a summer camp. It will be great to see her as we have had limited contact for several weeks. A great Father's Day present for me. Speaking of which, from one father to another, Happy Father's Day to all.

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