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BAM MARKET NOTE

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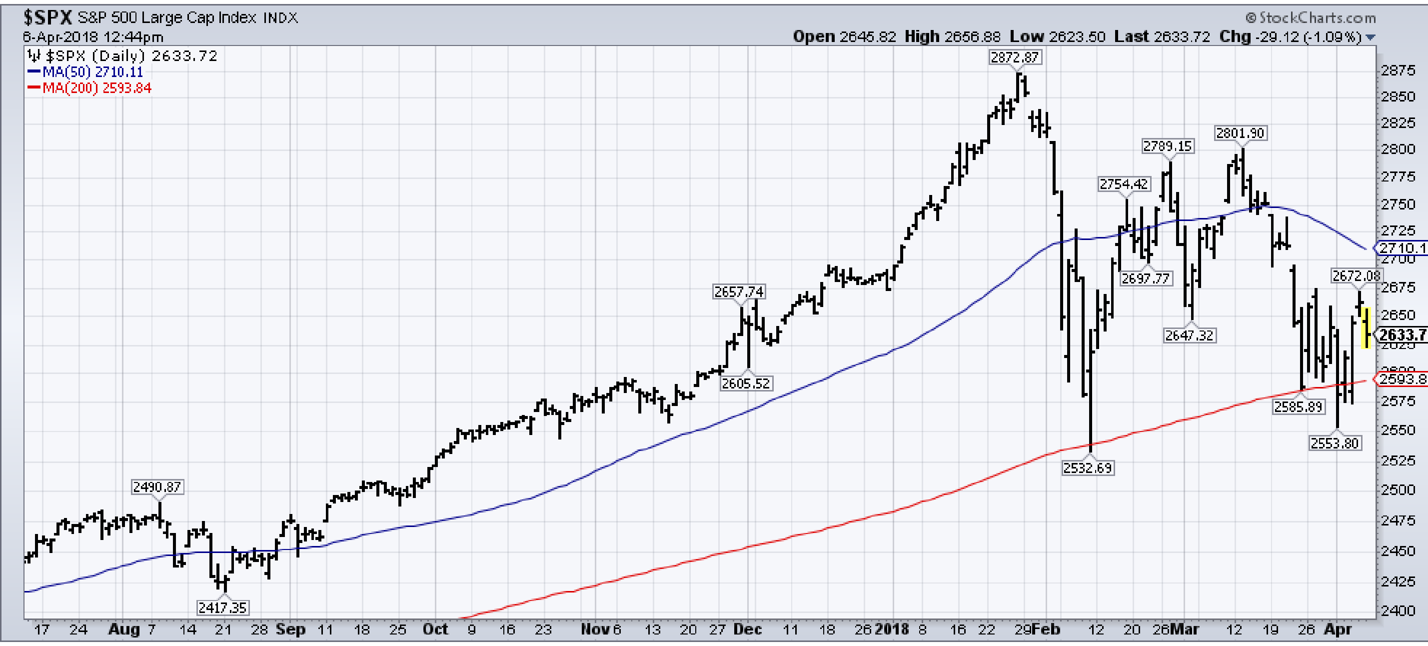

Our Point

If you still have doubt that the market environment shifted at the end of January, take a look at the above. This Open/High/Low chart shows where the market opens, its high and its low for each day. The longer the line the greater the intraday move. Going back to the start of this chart in July 2017 through January 2018, you can see extremely low volatility with the days open, high and low clustered together. The result was a very low volatility up-trend that came to an end the latter part of January. Since then the markets have had one wild swing after another with moves of 1% the norm rather than the exception. In fact, just this week we have seen the Dow swing 700 points (3%) intraday on Monday and Wednesday. One can argue the cause but as is often the case, it will not be known for weeks or months and only in hindsight. Trump tweets? They were there last year. Trade wars? We were talking real war with North Korea months ago. Interest rate hikes? These have been widely expected all of last year. The point is that while educated people can argue the cause of the increased volatility, it really is just a guess and not a particularly good use of time in our humble opinion. A better use of time? Looking at charts – lots of charts. Price doesn't lie and it became obvious in early February that things had changed. Technical analysis, by its very nature, takes much of the guess-work out. Can technical analysis be wrong? Sure! But if done correctly, it will always keep your portfolios from suffering from life altering declines. While no investing strategy is fool proof, we believe that technical analysis provides the best way to manage the proper interplay between risk and return. Accordingly, after the initial swoon in February, we began to take action and have reduced portfolio exposure over the last several weeks. The early February low has now been revisited 3 times and a fourth would not be out of the question. The 2580 area on the S&P remains a clear line in the sand for the bulls. It should be noted that every time a significant level of support is tested and prices bounce it becomes an even greater area of support. In many respects, a fourth successful test of the 2580 area would give us greater confidence that the worst is behind us. A bear market is coming but the charts indicate to us that it is not here yet. Remain cautious and vigilant and reduce exposure to suit your own risk tolerance. It has and will likely continue to be a bumpy ride. Have a great weekend.