

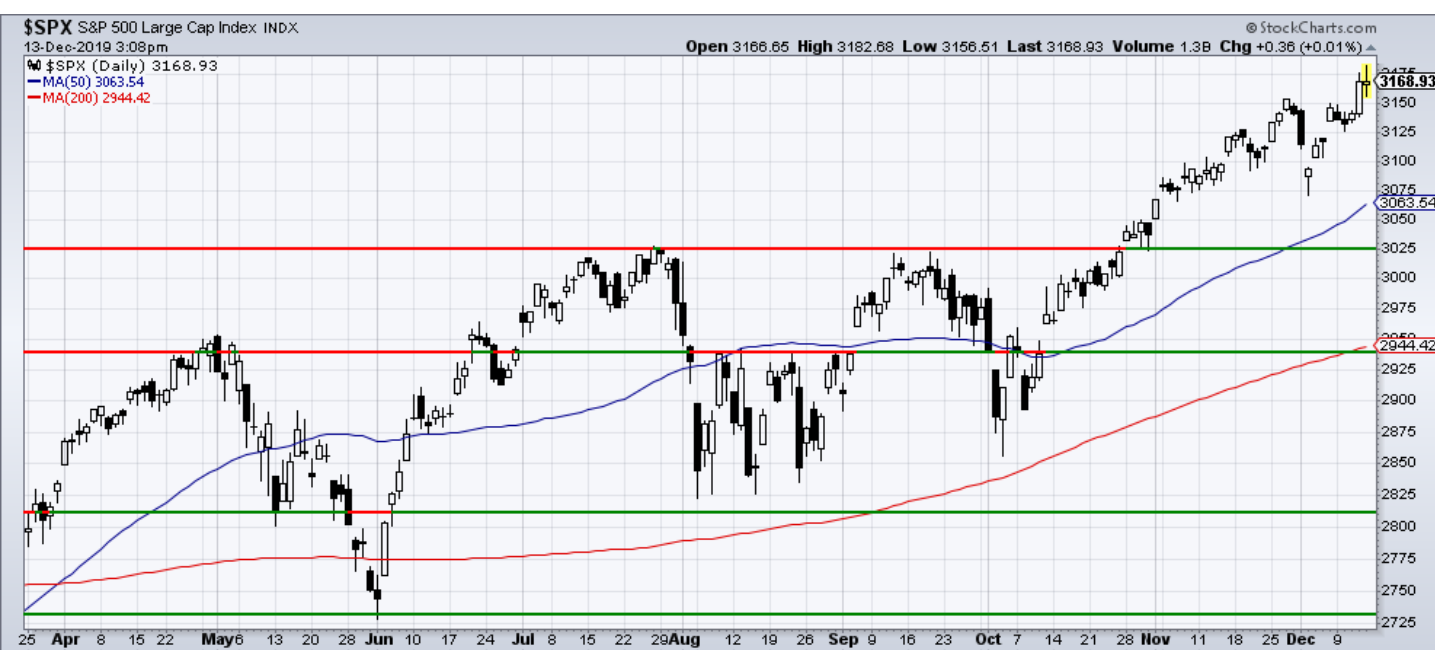
BILLS ASSET MANAGEMENT

BAM MARKET NOTE

DECEMBER 13, 2019

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Our Point

It was a week full of news! President Trump was impeached, Brexit took a big step forward as Boris Johnson and the conservatives took over British Parliament in a landslide election, Chairman Powell provided no surprises by the Fed at the December meeting, the new NAFTA (USMCA) was set to pass Congress, December 15 China Tariffs were taken off the table and a preliminary phase one China trade agreement was announced. There were definitely lots of things for Wall Street to digest and, at the end of the day, Wall Street mostly yawned. While the market did drift up a little through the week, the market's reaction to the mostly positive news is a bit surprising. For the week, the S&P looks to finish up around $\frac{3}{4}\%$. All things considered, one might have expected the market to rally significantly on the Brexit news as well as the positive China news. Perhaps the market has grown weary of prior "false alarms" on both fronts or simply bought the rumor and sold the news (that is to say, both results were expected and were already priced in the market). In any event, the favorable news should lead to further gains as we head into the traditionally strongest few weeks of the year. The markets abhor uncertainty and both China and Brexit received a little more certainty this week though both are far from done. Similarly, while the House voted to impeach the President, it is a foregone conclusion that the Senate will vote to acquit. Despite their ho-hum reaction this week, the markets look very healthy in the near-term. High yield bonds have surged over the last week illustrating bond traders optimism on the economy. Small caps continue to improve and look ripe for a continuation of their recent rally. The Fed continues to provide stealth liquidity in a pseudo quantitative easing. While things can (and often do) come up to worry Wall Street, there does appear to be an abundance of positives at the current moment. Investors should never become complacent as the current environment can change quickly. However, the current market looks as good as it has in recent memory. We made several more tweaks and adjustments to our portfolios this week adding to our positions in small caps and technology. Our portfolios are now fully invested and positioned well should the market continue churning upward. As always, we remain nimble and will make changes as market conditions warrant. Just when the Vols and Titans had me out on a ledge, they both surged over the last few weeks. Football season will at least remain relevant into the New Year! 12 more shopping days until Christmas so head to the mall this weekend (or not!). I will be spending the weekend moving our youngest out of college and into her new apartment - college tuition is done and all kids gainfully employed!

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