

# BILLS ASSET MANAGEMENT

## BAM MARKET NOTE

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## Our Point

Wow! What a year... Every time I thought it couldn't get stranger it did. Tornados and derechos in Nashville, a Christmas Day bombing, a historic hurricane season in the Gulf, fires out West, no toilet paper, murder hornets, and of course the death and destruction of the pandemic. I can't imagine that 2021 could be any stranger or worse. I hesitate to write that, but one can hope. The market was also a very strange one. A good start to the year in January and most of February quickly turned ugly. The markets fell 30-40% over the course of 4 weeks as the pandemic coursed its way through the world and the US. Despite bad news everywhere, the markets staged a rally that began on March 23 and never really let up. The markets turned positive 5 months after the March bottom and spent the last 4 months of the year adding to its gains. For the year, all the major indices enjoyed healthy gains. It was not the year anyone predicted, and the quick recovery of the massive losses caught most every investor by surprise. Many investors were left flat footed having suffered many of the losses before throwing in the towel and then never getting back in the market. There are likely many investors that remain out of the market and wary of the recovery. If we had invested based on what we thought rather than what we were seeing in our technical analysis we would be among them. However, the charts don't lie and following them produced an excellent year for us. The markets finished the year very strongly. Much of the traditional Santa Claus rally appears to have come early but there has been a few stray gifts that have found their way to Wall and Broad over the last few days. As of this writing, the S&P is up a little less than 1% this week. The last 2 days of the traditional rally will be the first two trading days in January. There will also be talk of the January effect as we turn the page on 2020. Often, the performance of the market in January portends the rest of the year. Both the Santa Claus rally and the January effect are certainly not foolproof and in no way should they unduly influence investment decisions. Rather, prudent investors should follow the charts and the price action and make the appropriate investment decisions. The end of the year brought window dressing as fund managers and many investment professionals sought to add the winners of 2020 to their portfolios to "show" their investors that they were in the "right" positions when their end of year reports come out. The window dressing ends on the first trading day of 2021 and new bets will be made for the coming year. There is often some volatility when the calendar turns as holdings are adjusted to what is believed to be the leaders in the New Year. New trends and new winners will surely emerge in January as the new administration continues to outline its priorities. Of course, the election in Georgia will have a lot to do with the direction of the new administration so we continue to monitor Peach State developments. We made only minor adjustments to our portfolios since our last market note and will wait for the dust to settle (thankfully) on 2020 and see what new trends develop in 2021 before making any major shifts in our current holdings. It has been a year to say the least. Wishing all of us the happiest of New Years and hoping that 2021 brings a renewal and a new sense of normalcy. In the midst of it all, we are grateful for those of you that have entrusted us with your finances and for those friends and peers that read these pages every Friday. Happy New Year!

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