

BILLS ASSET MANAGEMENT

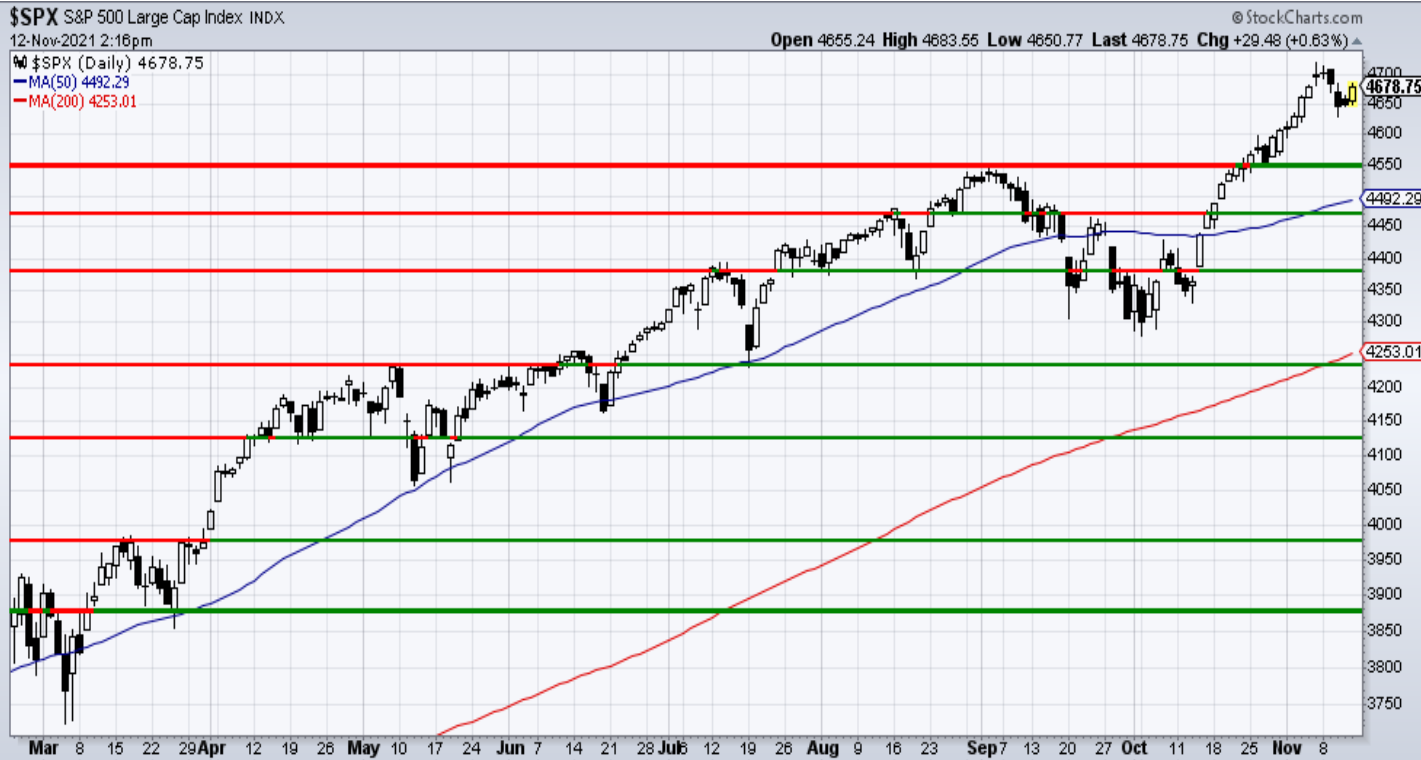
BAM MARKET NOTE

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Our Point

After a blockbuster week of news last week, this week has been staid and quiet. As we mentioned last week, we expected the market to pull back a little and it did just that. The pullback was very mild and short-lived and buying has returned today. If things stay where they are currently, the S&P will have its first down week in the last six – albeit a very small loss. It has been quite a run and we don't believe it is over. There have been no shortage of acronyms to mark this market environment. TINA (There Is No Alternative) and FOMO (Fear Of Missing Out) are two of the most prominent ones. While not a big fan of trendy acronyms, there is no denying the reality of them. With interest rates as low as they have been for several years, bonds and other interest-bearing instruments cannot keep up with the cost of living. The rapid increase in inflation has only exacerbated the issue. Investors that would ordinarily be more conservative have been forced into the markets to try and generate some type of return. There is no alternative and the stock market indices have been the beneficiary. Similarly, FOMO has caused many investors to throw caution to the wind and simply jump into the markets with little fear or consideration of the risks. The market indices have again been the beneficiary. Neither TINA or FOMO are long-term investing strategies, but we believe they will continue to push the markets higher in the short-term. At some point, the acronyms will give way to more sensible markets. However, we are not at that point. As long as the Fed stays accommodative, and Congress continues to pass trillion-dollar bills, the path of least resistance for the market is up. When that stops there will be problems – big problems – but that is the subject of an upcoming market note. Of course, any number of things could come up that could roil the markets though none are currently apparent. For now, enjoy the ride while it lasts. We have continued to fine tune our portfolios this week as we exchanged a few investments for ones that are better suited for the current environment. We are fully invested in a mix of equities and low-volatility funds and will continue to make changes as market conditions warrant. We have a big weekend planned as my youngest is closing on her first house today, the Vols try to survive against Georgia and the Titans try to keep their hot streak alive. It will be a full weekend and I hope yours is equally exciting.

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