

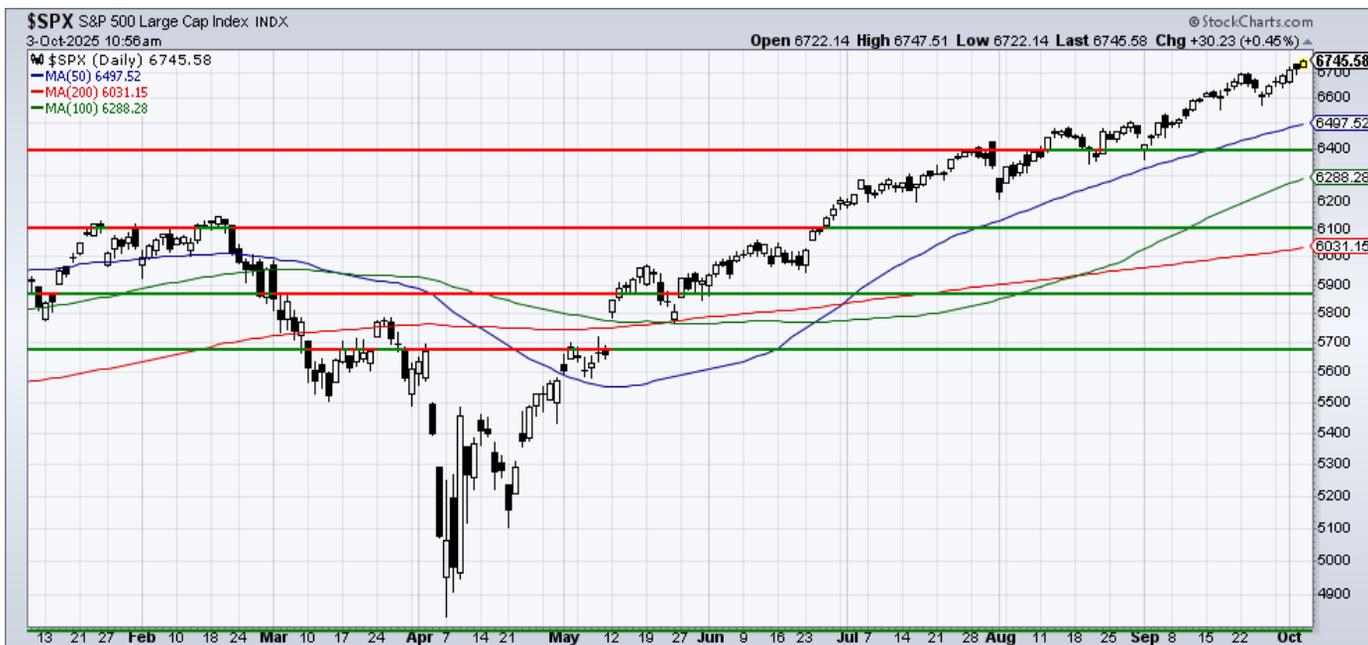
BILLS ASSET MANAGEMENT

BAM MARKET NOTE

OCTOBER 3, 2025

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Our Point

The markets remain extremely bullish. Over the last several months, any selling pressure has immediately been bought ending any pullbacks and moving the markets back upward. The S&P has enjoyed five straight positive months, and October is off to a good start for potentially another positive month. With the S&P stretched to the upside, a small correction would not be unexpected. Any correction would likely find support at the 50-day moving average – 3.6% down from current levels. If/when that decline comes, we continue to advise buying the dip with any excess cash. As you know, the government shutdown happened on Wednesday morning. While the corporate media has been pushing the narrative that it will be bad for the markets and the economy, recent history shows the market rising during shutdowns. While the shutdown will hurt government workers and small pockets of the economy, the effect on the economy will be minimal. The markets are viewing the shutdown as a non-event. It will end in due time and Washington will get back to “work.” A casualty of the shutdown is the lack of government reports. The much-anticipated September Jobs Report was supposed to be released this morning. However, with government offices shuttered, the report will not be issued. There are continued signs that the jobs market is continuing to weaken. On the negative side, a slowing jobs market could be an early warning that the economy is not on as firm of footing as many think. However, the positive would be increasing pressure on the Fed to continue (and possibly accelerate) its rate cutting. Earnings will begin filtering in next week but won’t start in earnest until the week after next. With little news over the next week, there won’t be much to move the market. Our portfolios enjoyed a strong September and are on pace for another very good year. We made no changes to our holdings this week with all positions behaving well. As we frequently note, things can change quickly. When the markets change, we will respond accordingly. For those non-clients reading this note – if you are unhappy with your current portfolio or just want a second opinion, we would be happy to give you a “relatively” unbiased review of your portfolio. Please give Carter or I a call; we would welcome the opportunity to speak with you. The Vols get a week off this weekend so I will have an extra 3 hours to spend doing house chores. With the Titans having taken off the first 4 weeks of the season, I have had an extra 3 hours on Sunday too! With sunshine and cooler temps, it will be a good weekend to knock out some outdoor projects. Enjoy your weekend wherever it finds you.