

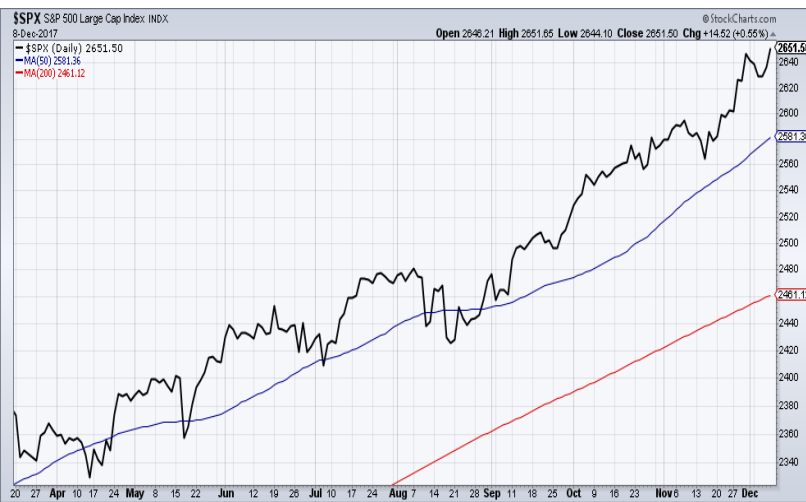
# BILLS ASSET MANAGEMENT

## BAM MARKET NOTE

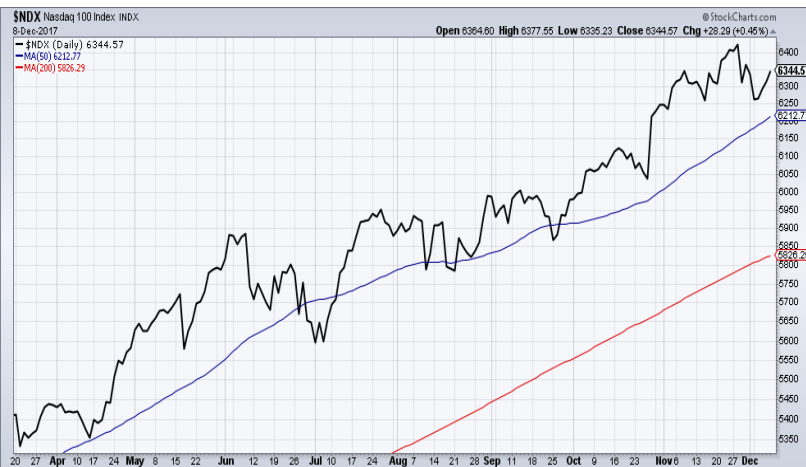
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What is not to love about this chart? After a brief dip, the S&P has resumed its uptrend, recovering all of its recent losses and making new highs today. The chart of the Dow 30 looks much the same with new highs marked today. Large cap financials and industrials have certainly been the winning positions of late.



As we mentioned and illustrated last week, the Nasdaq continues to struggle. While it has bounced a little this week, it continues to lag the other large cap indices and has only recovered half of its recent losses. We suspect that the recent drop in technology shares has run its course and the Nasdaq will play catch-up next week. The small-cap Russell 2000 is in a similar position and should follow the market higher.

## Our Point

Today's jobs report handily beat expectations and the market rallied on the numbers. Tax reform appears headed for passage but until it comes out of the conference committee (house and senate bill reconciliation) we won't know for sure who the winners will be. It appears that the recent rapid rotation from technology and small caps to other areas of the market has abated for the time being. However, that does not mean technology will resume its market leader status that it has enjoyed all year. For now, financials have taken that mantle. Emerging markets have also stumbled a bit over the last two weeks as much of those markets are technology driven and have enjoyed sizable returns all year. We maintain holdings in both technology and international positions but both areas have our attention as other sectors may offer better risk adjusted returns. We liquidated one technology holding and a few other positions will hit sell stops quickly if the market turns back down. We are in a favorable market environment but not everything will do well so we will continue to strive to be in the best areas of the market while also keeping an eye on risk. For now, steady as she goes.

The contents of the BAM Market Note should not be construed as advice to purchase or to retain any interest in any of the investments mentioned. Any references to returns are not indicative of future performance and are subject to adjustment or revision.