

Campbell Capital Management

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Dear Money Management Client:

If you're tired of hearing bad financial news, I suggest you stop listening. There's been little good news and since we've "got your backs", why should both of us be miserable?

For example, last week the Economic Cycle Research Institute said it's a done deal, we're going into a recession. The "talking heads" were quick to point out that equities typically decline 40% in a recession and since the markets had fallen 20% over the past two months, we're half way there. I lost sleep on that one, why should you?

Markets are very good discounting mechanisms. All the news everywhere gets digested and priced into stocks; if you heard something, so did the next guy. That's why "timing the market" is such a bad practice. Whatever your reason for buying or selling, no matter how clever, it has likely already been priced in.

Another example; everyone's heard how ugly the finances are in Greece and its neighbors the PIIGS. It's inevitable that holders of Greek bonds will suffer enormous losses which could result in systemic losses for banks across Europe. Even the European Financial Stability Facility fund set up by the Euro zone nations is not large enough to recapitalize all their banks. But guess what, it's priced in. If you still own a bank, it's because you are betting that the bank you own will survive, and that's just it, you are betting.

We don't own any of those banks. In fact, we don't own anything that you would consider a "bet". We invest in companies run by capable managers with solid finances who are committed to sharing the wealth through dividends. It's a proven formula for success over time. We can't prevent other managers from selling good companies, or selling companies we already own, but we can take advantage of their foolishness. I'm sure there will be plenty more bad news in our future, and we look forward to it.

We remain committed to a conservative investment philosophy, which emphasizes the preservation of capital. If you have any questions or would like to discuss your portfolio, please do not hesitate to call.

Very truly yours,

Clay Campbell