

# *Campbell Capital Management*

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Dear Money Management Client:

Stock market volatility spiked in June and we were reminded of those lonely days back in 2008 when illiquid markets experienced a precipitous drop. Back then it was the bursting of the U.S. housing bubble and the failure of Lehman Brothers that sparked a financial crises and stock market panic. The Federal Reserve responded to the downturn by embarking on a massive bond buying spree that is credited with lowering interest rates and ending the financial crises. This June's swoon resulted from speculation that the Federal Reserve may be nearing an end to those asset purchases. It is feared a "tapering" in those purchases or an outright ending of "quantitative easing" (QE) will cause interest rates to rise and income assets to fall in value.

Markets can be very noisy and sometimes terribly sloppy, and that's all we think really happened in June. The Fed remains committed to a low interest rate environment because our economy and the economies of all our trading partners are burdened by excessive debt, excessive unemployment, and slow or no growth. Low interest rates are the only way debt burdened balance sheets have a chance of being repaired over time. It's only in the interest of savers that rates need to rise, but not in the interest of over-burdened economies.

We remain as concerned as anyone about how this grand experiment in QE ends, but we have no doubt the Fed will see it through. Our emphasis on owning great companies that share the wealth through dividends continues. We were shocked by the quick declines in our REITS during June, but took advantage of favorable pricing to add exposure for many new accounts. Talk of an improving economy is wonderful for occupancy and rental rates in the REIT sector and will only make their dividend payouts more generous.

As always, 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