

Campbell Capital Management

9400 S. Dadeland Boulevard, Suite 111, Miami, FL 33156

<http://www.camcap.com>

Tel 305.670.3140 • Fax 305.670.3142 • Email cc@camcap.com

October 20, 2015

Dear Money Management Client:

U.S. and European equity markets had their worst quarterly showing since 2011, as uncertainty over Federal Reserve monetary policy, fear of a slowdown in China, and worry about the quality of corporate earnings rattled investors. The pace and magnitude of the decline in stocks was of a “bear” market character and gave even the most seasoned investors plenty to worry about. However, with equities bouncing back since the end of the quarter we’re still holding to our opinion that this has been nothing more than a “growth scare”.

Unfortunately, the economic reality of today’s world is to expect less growth. Business activity will continue to be constrained by the over-indebted state of the U.S. and world economies. The Bank of International Settlements released a report last month stating that total public and private debt relative to GDP for the entire global economy stands at 265%, up from 219% at the peak of the prior credit cycle. This represents a “debt drag” on economic activity for both businesses and governments.

The Federal Reserve has done all it can do to promote growth. Three rounds of Quantitative Easing and a zero interest rate policy (ZIRP) have done little more than keep us above water. ZIRP has caused all kinds of distortions in both the allocation of capital and the mispricing of risk assets. Such policies contribute to excess capacity and reduced inflation. Based on these conditions, historical observation says we can expect a very long period of low long-term interest rates.

Since 2008 our portfolios have been “income oriented”, with an emphasis on companies who share the wealth with nice dividends and stock buy backs. Obviously no equity is immune to selling on big down days, but our companies have proved time and again they mean business.

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, CPA