

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

April 13, 2016

Dear Money Management Client:

This quarter will mark the fourth consecutive quarter where year over year corporate earnings have declined. It is awfully difficult for the stock market to do more than tread water in such an environment. With declining earnings, investors remain over-reliant on central bank monetary policy to support equity prices. All of which amounts to an unhealthy codependency. Every word from Chairwoman Janet Yellen and other Federal Open Market Committee (FOMC) members is parsed and dissected to gain insight into what the next policy move might be. In her latest communication, Ms. Yellen stressed that the Fed's policy response would be cautiously gradual, erring on the side of accommodation. Investors were rather pleased with her dovishness and celebrated with a big rally.

All ears will remain fixed on Fed policy statements in light of their inconsistent narrative over the past year. Hopefully Ms. Yellen and her FOMC members are learning their lesson and won't continue to confuse investors.

We are optimistic that the worst of the earnings declines are behind us, and that employment growth and a stronger American consumer will generate a more robust economy. The headwinds from falling oil prices and slowing in China have turned into tailwinds now that both have likely bottomed and are moving higher. Equity valuations are very reasonable in light of extremely low interest rates and world-wide central bank aggressive accommodation. We have been cautiously putting cash back to work and are anticipating a good year, in spite of all the volatility.

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