

Campbell Capital Management

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Dear Money Management Client:

In 27 years of managing money I can't remember ever having bigger returns in a quarter. It may be a long time before we see a period like this again, so please enjoy. What makes this performance more interesting is its coincidence with negative news and uncertainty. During the quarter we worried about a "fiscal cliff", the fiscal budget, quantitative easing, sequester, debt ceiling, Cyprus and North Korea... yet the stock market made new highs nearly every day.

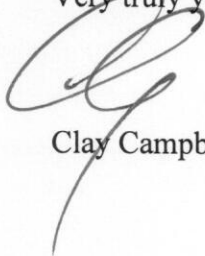
I'd like to take credit for this remarkable performance, but in truth, central banks are the responsible party. The policy of nations in the G4 (Dollar, Yen, Pound and Euro) is for expansive central bank activities that focus on keeping short-term interest rates near zero. Their goal is to have asset prices of real estate and stocks rise; and they are having success.

As the late... great... Marty Zweig was fond of saying, "Don't fight the Fed".

While central banks remain committed to their current policy, we plan on staying fully invested in mostly defensive equities that share their wealth through dividends and stock buybacks. When the policy does change, it should be a result of more robust economic activity that encourages hiring and capital spending. Honestly, we can only hope this grand experiment in quantitative easing is successful over time, because the alternative scenarios are very unpleasant.

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