

Campbell Capital Management

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Dear Money Management Client:

We're pleased to enclose some very pretty performance reports to end the first half of the year. We began the year optimistic that accommodative worldwide central bank policies would continue to provide a very friendly investing environment. So far so good, and we still see no reason to change our outlook. Equity valuations are no longer cheap, but with interest rates anchored to the floor, and low inflation, it makes sense to stay invested with our dividend income oriented portfolios.

Numerous market "prognosticators" or "talking heads" as we like to call them, are saying we are long over-due for a correction of 10% or more. They point to the fact that this bull market has gone up for over 1,000 days without a 10% correction, and the longest streak in history was about 1,150 days. That's a fun fact, completely useless but fun. We don't know when the next correction will occur, but we'll embrace it when it comes. Yep, we love corrections because that's when we make our best buys.

Obviously it's nice to be sitting on a ton of cash when the market corrects, so we're inclined to let our cash balances grow as the market matures. However, nobody, including us, is good at timing the market. Think about all the valid reasons there have been for getting defensive this year: extreme weather related economic setbacks; violence in Ukraine, Syria, Iraq and Israel; rising oil and gas prices; and a negative 2.9% 1st quarter GDP print. And yet the market is making new highs.

So, the next time your concerned neighbor or business associate asks if you think the markets will correct, just say "I certainly hope so, because my manager loves a good correction."

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