

Campbell Capital Management

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April 13, 2017

Dear Money Management Client:

Our concerns that the new administration was pursuing isolationist policies, which are bad for commerce, have been somewhat relieved. With the US bombing of the Shayrat airbase in Syria, the world is reminded of America's military might and global reach. The administration's reaction to the Syrian military chemical attacks on Syrian citizens reestablishes America's commitment to military retaliation for heinous acts. Whether you agree or not, this response sent a clear message that the US will not embrace an "isolationist" foreign policy and anyone who is a credible threat or passes the "red line" should be worried. And with that, the probability for the need of future force may actually have declined.

Investors have remained optimistic that Trump will accomplish his goals of tax reform and infrastructure spending, in spite of the failure to repeal and replace Obamacare. We obviously have no idea whether he will have any success, but as we said in our last letter, "there is a devil in the details and we believe he'll find Washington a very frustrating place to get much done". Economic activity remains on pace for 2 to 3% growth this year and that means interest rates will likely remain near historic lows and the muddle muddle economy of the past 8 years will continue. This is a perfect environment for income focused equity portfolios like ours.

There are important Presidential elections in France this month and Germany this fall. Whether we like it or not, European elections have an impact on the future of the European community, world banking and world trade; we are their main trading partner. Most banks in Europe are technically insolvent and any splintering of the European Union puts massive amounts of sovereign debt at risk. We monitor these elections and all world events, but most important, we monitor our investments. As I like to say, the companies we own will be here selling beer, diapers, software and drugs, long after you and I are gone. They are stores of value and streams of income.

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