

Campbell Capital Management

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Dear Money Management Client:

The economy's "soft patch" referenced during the first quarter continued into the second and nourished us with plenty of anxiety. But nothing comforts investors more than a dovish central bank. Often called the "Powell put", Powell's more accommodative monetary stance in June, that he would "act as appropriate" to sustain the economic expansion, was just what investors wanted to hear. The enclosed portfolio statements reflect the benefit of Powell's put.

World-wide negative yielding sovereign debt reached a record \$13 trillion during the past month, so these ultra-easy central bank monetary policies are encouraging borrowing and spending. They are enabling our nation's leaders to expand social programs and increase government budgets. The central banks have become the enabler of bad fiscal behavior and there is no way to stop them. Interest rates will remain low, on a world-wide basis, because we can't afford anything else. We're on record saying these negative yields mean something is tragically wrong, but there is no way out. Savers and pension funds will continue to be forced into riskier assets in their eternal search for yield. Therefore, equity and real estate values will continue to rise.

There will still be corrections and active managers will have plenty of opportunity to shine, but the path of least resistance will always be up. You might think the whole system will implode, but that's not in anyone's interest. In 1971, after the Bretton Woods system of 1944 ended, the U.S. dollar became a fiat and world reserve currency. If the system implodes, that would mean the U.S. dollar and all currencies would become worthless, not even bitcoin would survive. So bet on more of the same and bet on businesses (like the ones we own) that produce goods and services we want and need. Businesses will continue producing those things and rewarding their shareholders with dividends and price appreciation, for a long time even after you and I are gone.

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