



January 5, 2022

Dear Money Management Client:

It has been another good year in the stock market, in spite of all the horrible news. Mega-cap technology stocks did the heavy lifting all year and we are happy to report our portfolios had significant exposure there. The Delta and Omicron Covid-19 variants frustrated our “re-opening the economy” travel and leisure stock investments, but we stayed the course and are now being rewarded. We are thrilled to close the books on 2021 and look forward to a healthy and prosperous 2022.

However, we expect our optimism will be tested this year because actions taken in addressing the pandemic created new problems, which must now be dealt with. Top of the list is inflation, which the Federal Reserve will battle by reducing bond purchases and raising interest rates. As everyone knows, the economy and equities don’t like restrictive monetary policy, so Chairman Powell has his hands full negotiating with Main Street and Wall Street.

And making matters worse; the S&P 500, by some metrics, is currently at its second highest valuation when compared to historical valuations going all the way back to 1871. Only the dot com internet bubble in December of 1999 made a slightly higher valuation print. The S&P 500 index proceeded to have annual returns of -9.03% in 2000, -11.85% in 2001, and -21.97 in 2002.

The good news is that the economy is expanding, and nobody is calling for a recession in 2022, so stocks may have a rocky year, but declines should be manageable. We like the prospects for value and small cap stocks in 2022 and our accounting minds are perfectly suited for them. We frankly found 2021 a very frustrating year because ridiculously valued technology stocks, and stocks selling at 60 to 100 times sales were all the rage. 2022 is likely to put an end to those frothy valuations, as the market returns to traditional fundamental analysis.

As Dave Berry likes to say, “Don’t take things too seriously.” So do some partying and socializing, but in the words of Anthony Fauci, “remove your mask before you throw up.”

Enclosed with this mailing are numerous SEC mandated annual disclosures about our firm for your reading enjoyment.

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

***SEC Disclosure:***

*As you know, Campbell Capital Management is registered as an investment adviser under the Investment Advisors Act of 1940. We are required to update the information in our Form ADV periodically, to ensure that it contains up-to-date information about our company. If you would like to receive a free copy of our most recent amendment to Part II of our Form ADV, please call or write us at the address below.*

*Please send your request to:*

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