



CALDWELL TRUST COMPANY

PERSONAL • TRADITIONAL • INDEPENDENT

Building Wealth | Preserving Legacy

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GRAND OPENING

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INVESTMENT LETTER

Focus on Fixed Income

NEW MEMBER

Melissa Caldwell Joins
Caldwell Trust Company
Board of Directors

NEW HIRE

Kendall Peacock, CFA, CAIA, joins
Caldwell Trust Company as Senior
Portfolio Manager

HONOREE

Rita Lowman, Board Member,
Recognized in List of Most Influential
Business Leaders by Tampa Bay
Business Journal



The Way It's Meant To Be

Caldwell Trust Company held its grand opening of the renovated historic, iconic downtown Sarasota building to accommodate growth – headquarters remain in Venice.

Historic structure at 27 South Orange Avenue is now the Caldwell Trust Company Building. Stately one-story facility is now home to the long-established trust company's Sarasota-based staff



Caldwell Trust Company held its grand opening of its new downtown Sarasota office at 27 South Orange Avenue as over 300 guests gathered. Mayor Erik J. Arroyo surprised R.G. "Kelly" Caldwell, Jr. with a Mayor's Citation and a presentation of a Key to the City of Sarasota. Sheriff Kurt A. Hoffman then addressed the crowd stating how much Caldwell Trust has done for the community through their Caldwell Cares program of donating and sponsoring community events through the years amounting to over \$1.5M.

Formerly known as the Cain Building, later the Cain-Wilson Building, the location is now the

Caldwell Trust Company building. The 10,000 square foot building with 2,000-square-foot portico will accommodate the steady growth the company has undergone since its founding in 1993, Kelly Caldwell said. In 2015 the company built an 11,500-square-foot headquarters building at 1400 Center Road, Venice, for its expanding operations. By its 25th anniversary three years later, the company had reached the milestone of \$1 billion in assets under management.

Caldwell Trust Company has maintained a Sarasota presence since 1998 when it opened an office in Palmer Ranch. In June 2009 it established its office at 1561 Main Street but rapidly outgrew the space, according to Caldwell. "We began searching for a place that could accommodate our needs now and into the future. We found the perfect solution at 27 South Orange Avenue," he said. Designed by the acclaimed architect Thomas Reed Martin and completed in October 1936, the historic structure is now the Caldwell Trust Company Building.

"We're pleased that our new home has been part of Sarasota's history for close to 100 years. Too often we see beautiful buildings demolished, only to be replaced by something with less esthetic appeal than the original structure," Caldwell said. "We intend to combine the legacy of stability that began with Martin's design with our own strong reputation, carrying both legacies far into the future.

Renovations to the structure include replacing the existing windows with hurricane-proof windows, upgrading the front doors, updating the fountains, and enhancing the building's brick facade.

Extensive interior renovations were made and include a high-tech, state-of-the art facility for Caldwell's Sarasota staff. The facility features traditional design with some contemporary touches and cutting-edge technology among the eight offices, three conference rooms and a stately board room.

Nokomis-based contractors Eric DeVaughn and Sam Green of S & E Renovations, Inc., oversaw all construction-related aspects of the transition while Holly Logan, ASID, of HV Logan Design LLC, created the interior design. Outside, Hazeltine Nurseries created the design and installed the landscaping and fountain.

INVESTMENT LETTER



On March 16, 2022, the US Federal Reserve began their current cycle of interest rate hikes. The hikes have been rapid and relentless. With 12 months of perspective, this investment letter focuses on fixed income: the long-term history of interest rates, the changes wrought by the COVID-19 pandemic, and the challenges and opportunities in the current environment.

Using the 10-year US Treasury bond as our benchmark, we can examine over 60 years of interest rates in this chart from the Federal Reserve Bank of St. Louis:

Clearly, in the years since 1962, US interest rates have fluctuated significantly.

- During the early 1960s, rates were relatively stable, ranging from around 4 – 6%.
- In the late 1960s and early 1970s, rates began to rise due to inflation and an increase in government spending. By 1981, rates had reached a historic high of nearly 16%.
- Throughout the 1980s and 1990s, rates gradually declined, as inflation was brought under control and the economy improved. In the early 2000s, rates remained low, but began to rise again in the mid-2000s, peaking just over 5% before the onset of the 2008 financial crisis.
- Following the crisis, rates fell dramatically as the Federal Reserve implemented policies to stimulate the economy. A remarkably long period of lower-than-historical average rates ensued, giving us what could be called “the lost years for yield”.



THE LOST YEARS FOR YIELD: 2008 – 2021

This period of low yields, with the short-term fed funds rate at near-zero levels, had a significant impact on investors. The aim of the Fed's policy was to promote economic growth by encouraging borrowing and investment. Indeed, low interest rates made it cheaper to borrow money and invest in stocks, bonds, and other assets.

This led to a surge in demand for securities, pushing up prices and driving strong returns. However, low interest rates also had some negative effects on investors. With the low yields on traditional safe-haven investments such as certificates of deposits (CDs) and government bonds, investors had to take on more risk to earn higher returns. Additionally, low interest rates made it more difficult for income-oriented investors to generate sufficient income from their investments.

PANDEMIC STIMULUS, RISING PRICES, AND THE “TRANSITORY” NARRATIVE

The onset of the COVID-19 pandemic brought interest rates even lower as the Fed aimed to mitigate the economic and financial impacts of the pandemic and support a robust recovery. Their actions were necessary but -- along with supply chain disruptions, strong demand from consumers spending stimulus checks and savings accumulated during the lockdowns -- the general level of prices began to rise. The Consumer Price Index (CPI) began to show significant increases in inflation starting in March 2021.

The Fed acknowledged these inflationary pressures but deemed them to be “transitory”. They believed that as the global economy recovered and supply chains stabilized, price pressures would ease, and lower inflation rates would return. However, by February 2022, the year-over-year change in the CPI for all items was 5.0% and the Fed began their rate increases at the March 16, 2022, FOMC meeting. Their narrative has evolved from “transitory” to “higher for longer”.

TODAY’S ENVIRONMENT AND OPPORTUNITIES IN 2023

With the current level of interest rates, there is once again “income” to be had from fixed income investments. Like most asset managers, we purchase interest-bearing securities with the intention of holding them to maturity so that clients can benefit from the cash flow that they provide. The sharp upward trajectory of the 10-year US Treasury shown in the graph above and an inverted yield curve has created opportunities to increase the yield component of returns in our client accounts.

There have been very attractive rates in short term (1 – 3 years) CDs and Treasuries. We are, however, cognizant of the reinvestment risk inherent in these shorter maturities. (Reinvestment risk refers to the risk that an investor may not be able to reinvest principal at an equivalent rate of return as the original investment.) Thus, we are also focusing on high-quality debt instruments that can provide a 5% to 6% yield to maturity for upwards of ten years. This should allow fixed income to resume its traditional role of providing stability and dependable income in clients properly allocated buy-and-hold portfolios.



NEW MEMBER

Melissa Caldwell Joins Caldwell Trust Company Board of Directors



As R. G. “Kelly” Caldwell Jr., CEO/president of Caldwell Trust Company begins the company’s 30th year anniversary, his partner in life – wife Melissa Caldwell – will literally be right by his side.

Current board members unanimously accepted Mrs. Caldwell to the Caldwell Trust Company board in February.

Melissa Caldwell has joined the board of directors of regionally based Caldwell Trust Company, the leading wealth management company in Venice with a significant presence in Sarasota and the central Gulf Coast area. In announcing Caldwell’s appointment, R. G. “Kelly” Caldwell Jr., CEO/president praised Melissa’s accomplishments, which encompass business sectors as well as community causes. “Melissa’s experience with real estate finance and negotiations, combined with her personal experience and passion for serving nonprofit institutions, makes her an ideal fit and a very welcome addition to our board,” he said.

Originally from West Palm Beach, Melissa is a third-generation Floridian with a degree in business management and marketing. Her husband and Venice native, Kelly Caldwell of Caldwell Trust Company, is who led Melissa to Sarasota County. Being involved in the community is important to Melissa. “It is important to give back. I consider living in this community a privilege and have made a commitment to help it prosper. This is yet one more way to truly be engaged within our community and I look forward to assisting in making the next thirty years even more impactful for Caldwell Trust Company.”

NEW HIRE

Kendall Peacock, CFA, CAIA, joins Caldwell Trust Company as Senior Portfolio Manager

Caldwell Trust Company has hired Kendall Peacock, CFA, CAIA, as vice president and senior portfolio manager. Based in Caldwell's Downtown Sarasota office, Peacock brings a deep knowledge of comprehensive wealth management and investment advisory services for families, private trusts, businesses, and charitable organizations.



"We're pleased to have someone with his investment experience and real-world technology experience. It will be doubly beneficial to the Caldwell Trust Company and clients," R.G. "Kelly" Caldwell, Jr. said.

Before joining Caldwell, Peacock spent fifteen years as a portfolio manager for Northern Trust and SunTrust. Prior to that, he spent several years in the technology industry as a consultant to large corporations and government agencies.

Peacock earned his Bachelor of Science degree in Business Economics from the University of Louisville, where he graduated summa cum laude. He has also completed the Florida Bankers Association Graduate Trust and Wealth Management School program, earning academic honors. Peacock holds the Chartered Financial Analyst (CFA) designation, is a member of the CFA Institute, and is a past President of the CFA Society Tampa Bay. Peacock also holds the Chartered Alternative Investment Analyst (CAIA) designation.

Originally from Louisville, Kentucky, Peacock has lived in Sarasota since 2016 and enjoys golf and fishing in his free time.



HONOREE

Rita Lowman, Board Member, Recognized in List of Most Influential Business Leaders by Tampa Bay Business Journal

Rita Lowman was recently honored as one of the 16 Power Legends by the Tampa Bay Business Journal. It is a guide to the region's most influential business leaders in Tampa Bay. Such recognition represents a cumulative impact and staying power.

The organization assessed organizational leadership and those who, either visibly or quietly, through philanthropic or institutional means, shape the path and fortunes of the regional business community beyond their respective areas.

This year's list features Power 100 Legends who have held a high-power status in the Tampa Bay area for the past few years and are predicted to remain on the list for the foreseeable future.

"I have been blessed to be a part of this community and the banking industry for four decades. To be called a Legend brings joy to my purpose", said Rita Lowman.

We congratulate Rita and the other honorees!

HERITAGE | A Legacy That Lives On



Preserving legacy for our clients and their families is a passion that drives our team at Caldwell Trust Company. We are also passionate about preserving the legacy of our company and our founder. This tribute to our founder Roland G Caldwell can be found at the entrance of Caldwell offices and serves as a celebration of his impact and influence. We treasure his legacy and we are very proud that Roland's beliefs and values will always be the heart of what we do.

Left to right: Three Generations Carrying on the Legacy Together at the New Sarasota office – Chase, Zachary, Roland, Kelly, and Brooks Caldwell

COMMUNITY EVENTS

Preserving Legacy... The Way It's Meant To Be!



Kelly Caldwell was delighted to attend History Day in the Park and address the audience about the historical significance of the Cain-Wilson-now Caldwell Trust Company Building, where our Downtown Sarasota office is located. This event provided an opportunity to reinforce our commitment to our community and continue building relationships.

We take pride in honoring our esteemed colleague, Roxanne, on her retirement. Her hard work and exemplary qualities make her a quintessential Caldwell employee. She has continuously focused on developing relationships in everything she does. We would like to extend our sincere wishes for her joyful retirement and a prosperous future.

Pictured: Kelly, Lee, Wendy,
and Roxanne



Our team puts relationships with our clients, each other, and our community at the heart of our operations. Our ultimate goal is to foster lasting ties that not only allow us to assist our customers but benefit the larger community as well. Alisa and Sheryl (pictured) were proud to attend the Manatee Chamber of Commerce 60th Annual Dinner & 6th Annual Robert P. Bartz Award for Outstanding Leadership where Robert Blalock was honored. Alisa will be serving as Incoming President for Realize Bradenton and Sheryl currently serves as President of the Central West Coast chapter of the Florida Public Relations Association (CWC-FPRA), the largest chapter in the state, and recently awarded the Best Networking Group by SRQ Magazine Best of 2023.



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CHARTERED PRIVATE TRUSTEE
PROUDLY SERVING OUR COMMUNITY SINCE 1993

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Christopher N. Gray

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MaryAnn C. Kraut

Rita Lowman

Marge Maisto

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H. Lee Thacker Jr.

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PROUD MEMBERS OF

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Greater Sarasota Chamber of Commerce

Manatee Chamber of Commerce

North Port Chamber of Commerce

Venice Area Chamber of Commerce

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