
CALDWELL TRUST COMPANY

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PERSONAL · TRADITIONAL · INDEPENDENT

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INVESTMENT LETTER
By J. Chris McGee, CFA, CAIA

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EST. 1993



Investment Letter Commentary

By J. Chris McGee, CFA, CAIA

Through the third quarter, domestic equity markets have quietly advanced and posted double-digit returns. Global equity markets are also uniformly higher as we enter Q4 of 2017. Domestically, the broad bond market has returned low single digits and the benchmark 10-year Treasury bond has traded in a fairly tight band this year. The fundamental backdrop for capital markets has been solid and looks to be improving.

Since the economic recovery began nine years ago the fourth quarter has been good to equity investors domestically, with annual returns on the S&P 500 averaging over 6%. The fourth quarter will see continued growth in corporate earnings and relatively accommodative monetary policy domestically, which should contribute to a constructive environment for equities. On the fixed income side there is a slight bias towards increasing interest rates but rates will remain very low by historical standards.

Globally we observe increasing synchronization of economic expansion as growth estimates in many countries have been revised upward over the course of the year. We believe monetary conditions globally will also remain accommodative as we progress towards 2018. Potential market distractions such as political wrangling in D.C. and geo-political tensions have had no meaningful impact on domestic capital markets thus far this year but are always potentially disruptive. Volatility year-to-date in domestic markets has been muted.

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to be expected, and is healthy.”

Investor concerns grow over the length of the recovery domestically. We don't currently see significant recession risk, and we believe that the abnormally low rate of economic expansion and low inflation argue for the expansion to continue. We are approaching 2 years without a market correction (a pullback of at least 10%) after experiencing one in 2015 and one at the beginning of last year. As noted in a piece published this summer, the average annual market intra-year decline going back to 1980 is 14%. Through September the maximum intra-year decline this year has been just 3%. A pullback in the S&P 500 is to be expected, and is healthy.

As we enter Q4, Q3 earnings reports from S&P 500 companies commence and we anticipate another solid earnings season. The earnings recovery from the 2015 collapse in energy prices will continue and the outlook domestically looks strong well into 2018. Earnings growth for the quarter is now anticipated to be in the mid-single-digit range after recent revisions. We will be focused on forward guidance coming out of company earnings calls. Currently domestic equity valuations look stretched and valuations in many foreign markets appear relatively attractive. That said, strong earnings growth,





relatively accommodative monetary policy, a weaker dollar, low inflation, and synchronized global expansion suggest domestic equities have room to move higher.

We continue to overweight equities, and underweight fixed-income exposure and portfolio duration. We advocate marginally increasing foreign equity exposure in equity allocations and allocating a portion of fixed-income portfolios to high-yield bonds.

Goodbyes

Farewell to two valued members of our family

We bid a sad farewell to two people who were with us from the beginning, Howard Sievers and Lee Burns.

Howard Sievers, 84, passed away on July 19. He had worked with Roland G. Caldwell at Caldwell & Co. in the '80s and early '90s – before Roland created Caldwell Trust Company. Edrise Sievers, his wife of 56 years, had worked with Roland at First National Bank and joined his new business in 1993 to write the charter application for Caldwell Trust Company. Howard retired in 1995. Edrise, an operations manager, “retired” in 2008 but still works part-time.

Lee Burns, 93, also on the founding staff, passed away on August 31. Lee came out of retirement to assist Caldwell in 1993 when the company was being formed. She served as a trust officer until 2004, then continued to attend company gatherings and remained a special part of our family.

R. G. “Kelly” Caldwell Jr., CEO/president, said, “We owe our gratitude to Howard and Lee, two dedicated people who helped make Caldwell what it is today.”

Standard of Excellence

Three staff members complete FBA’s Trust School

Three members of Caldwell’s staff have completed the Florida Graduate Trust & Wealth Management School, a three-year program sponsored by the Florida Bankers Association. Ashley R. Harrison, Donna Scaglione, and Kimberly Evener each received their FBA certifications, the recognized standard of excellence for trust and wealth advisers.

Ashley Harrison came to Caldwell Trust Company in 2008 as an independent contractor but soon became a fulltime employee, advancing to the position of assistant vice president, operations.

Donna Scaglione, FRP [Florida Registered Paralegal] has been with Caldwell since 2014 as a paralegal trust associate and is based in our Venice office.





Kimberly Evener, Trust Associate, joined the company in 2016. She assists Jan Miller, Executive Vice President and Trust Officer, in the Sarasota office. Kimberly is currently working towards the designation of Certified Trust and Financial Advisor [CTFA].

“Florida Trust School is a great program,” Kimberly said, summarizing the three-year experience. “You come away learning a lot. It gives you an understanding of different concepts and great resources for the future.”



“We’re thrilled that Ashley, Donna and Kimberly have chosen to be part of Caldwell Trust Company,” said R. G. “Kelly” Caldwell, CEO/president. “Their certifications are only the latest proof of their commitment to their work and their desire to excel in whatever they do. We congratulate them on this important accomplishment.”

R. G. “Kelly” Caldwell Jr., CEO/president, poses with Donna Scaglione, Ashley Harrison, and Kimberly Evener. The women display the certificates recognizing their completion of the Florida Graduate Trust & Wealth Management School, a three-year program sponsored by the Florida Bankers Association.

Tony Blasini, CPC, QPA presents course for CPAs



Tony Blasini, CPC, QPA, made a presentation on Cash Balance Retirement Plans to 36 members of the Sarasota Chapter of Florida Institute of CPAs. FICPA granted continuing education credits to those attending the event, which was held on October 3 at the Sarasota Yacht Club. To learn more about retirement planning, contact Tony Blasini, Vice President of Employee Benefits, at tblasini@ctrust.com or 941.493.3600.

Tony Blasini, CPC, QPA, far back, giving a presentation on Cash Balance Retirement Plans at the Sarasota Yacht Club on October 3rd.



Caldwell Cares

Board presents \$5,000 scholarship to Take Stock in Children

Caldwell Trust Company's board of directors continues to support worthy community organizations through its annual Board Giving Project. This year they chose Take Stock in Children of Sarasota County, Inc., a not-for-profit organization whose mission is to break the cycle of poverty for low-income, academically qualified students. Mack Reid, committee chair, said the board has awarded \$5,000, which the state of Florida will match through the Florida Prepaid, Stanley Tate Fund.

Lisa Bechtold, executive director of Take Stock in Children, accepted the funds at Caldwell's Venice office. The organization has chosen Ashley Millett, a junior at Booker High School, as recipient of the scholarship, which totals \$10,000 with the state match. Ashley, a member of the National Honor Society, has excelled in numerous activities and also donated 250 volunteer hours to the community. Caldwell's board will meet her in December, Reid said.

"It is because of our community that Take Stock in Children is so successful," Bechtold said. "Thank you to Caldwell Trust Company for providing this opportunity for Ashley to attend college. Together, student by student, we are helping to break the cycle of poverty through education."



Lisa Bechtold, executive director of Take Stock in Children, sits between Caldwell Trust Company board members Kathleen Toale and MaryAnn "Molly" C. Kraut in Caldwell's Venice office. The occasion was the presentation of a \$5,000 scholarship to Take Stock in Children. Pictured with Lisa in the front row are senior executive vice president, secretary and trust officer H. Lee Thacker Jr., (left) and James R. Woods (right). Standing behind them are board members John S. Booth III, Giving Project chair Mack Reid, CEO/president R. G. "Kelly" Caldwell Jr., and Christopher N. Gray. (Not pictured: board chair James F. Gabbert and directors Marge Maisto and Thomas Stuhley.)



Profile

Kimberly Evener approaches goals by helping others



At a time when classmates focused on school and fun, high school student Kimberly Evener was beginning her career. Her part-time job as a bank teller set her on a direct path to her current position as trust associate with Caldwell Trust Company.

“I started my financial career in 2001, during high school,” Kim said. “I was with Commerce Bank in New Jersey as a teller.” She moved to Florida in 2003 and became a part-time teller for Charlotte State Bank, Port Charlotte. In 2004 she joined Northern Trust Company, her professional home for the next twelve years.

“After eight years of working in banking I transitioned to the trust department,” she said. With a new goal, to become a trust officer, she worked as a trust associate, senior client service representative, and account manager.

On-the-job training was only part of her preparation. She took classes including two from the American Institute of Banking. “I also attended the first two years of trust school, working toward my CTFA certification.” This designation of Certified Trust and Financial Advisor, sponsored by the American Bankers Association, is the recognized standard of excellence for trust and wealth advisers.

Kimberly became a trust associate with Caldwell Trust in March 2016 and is in the Sarasota office where she supports the trust officers. “I joined Caldwell to learn all I can so that I can become a trust officer,” she said. Toward that end, she recently finished the final year of classes for the Florida Trust School, sponsored by the Florida Bankers Association.

Life isn't all work and classes. Kim lives in North Port with her husband Chad, a Comcast business technician, and their four dogs. “Normally on weekends we go out in the boat. We go fishing and hang out with our dogs.”

“I like working at Caldwell a lot,” Kim said. “I like helping clients, the hands-on experience, and the people here are great to work with.”

To contact Kim, call 941.926.9336 or email kevener@ctrust.com.





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