
CALDWELL TRUST COMPANY

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PERSONAL · TRADITIONAL · INDEPENDENT

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Anniversary

Lee Celebrates 20 Years With Caldwell Trust!



H. Lee Thacker, Jr., CFP, Senior Executive Vice President, Secretary, Trust Officer and very good friend of Caldwell Trust Company, is celebrating his twenty-year anniversary with us. He has been with the company since 1996, when he moved to Venice from Georgia. The long-time banker and his wife Suzanne—both with extensive financial backgrounds—were looking for a solid, reputable company to handle their investment needs. “We read an article about Roland Caldwell and the company he had founded,” Suzanne said of Kelly Caldwell’s father Roland, co-founder of Caldwell Trust Company. “They were right down the street so we met with Kelly.” Lee said, “I visited as a potential client and was so pleased that I signed on. I’ve never regretted it for a moment.”

After Lee handled a few projects for the company, Kelly invited him to join as a trust officer. A little later, Suzanne designed the company’s first website as an independent contractor and in late 1997 she, too, became a Caldwell employee as compliance coordinator.

Lee had worked in financial industries since 1959, holding responsible positions in South Carolina, Florida and Georgia. Discouraged by constant mergers and acquisitions, he left banking to start his own financial services firm. It prospered and he sold his share to his partner, allowing Lee to pursue his interest in financial planning and investing. Based on their happy memories of Florida, he and Suzanne decided to return to the Sunshine state, settling in Venice.

Lee’s skills in banking and trust are incomparable but there’s much more to this quiet man. His community service is legendary and his decades-long commitment to the Boys & Girls Clubs of America has brought national accolades. In 2013, Maytag® chose him as one of only 25 nominees in the country to be a “Maytag Dependable Leader,” honoring him “in recognition of his demonstrated commitment to dependability and dedication to keeping youth on the path to achieve great futures.”

Lee had been a BGCA board volunteer in Columbia, SC; Orlando, FL; and Atlanta, GA. Since his arrival in Venice he has chaired the Florida Area Council, was honored with the BGCA Medallion award and Council Pacesetter of the Year awards, served as board president, chaired key committees, was named “Dream Maker” in 2010 and subsequently received the Maytag® Award. He is currently a director of the Boys & Girls Clubs of Sarasota County where he, along with others, was instrumental in bringing the Robert and Joan Lee Boys & Girls Club to Venice. He had also served on the board of Venice Theatre, where he was treasurer and past president. Despite his many awards, Lee remains unassuming. When chosen as the B&G Clubs Dream Maker, he said, “I never dreamed of being considered. It never occurred to me that I’d be honored.”

And there’s even more to Lee. He’s a friend. A true, honest-to-gosh, give-you-the-shirt-off-his-back kind of guy who’s always there when you need him. Kelly knows it. We all do. Kelly said, “We have been truly blessed to have Lee Thacker as an employee, a team member, and most of all, our friend.”





Investment Letter Commentary

By J. Chris McGee, CFA, CAIA

With the Dow Jones Industrial Average (DJIA) crossing the 20,000 level we realize what a difference a year can make in domestic capital markets. At this time last year the domestic equity markets were off to one of their worst yearly starts ever. The S&P 500 corrected almost 15 percent between the first of January and mid-February before reversing and gradually moving higher through mid-year. The correction culprit was investors' fears of a global slowdown. That fear of a slowdown was the result of weak economic growth numbers coming out of China and the U.S., as well as crude oil prices declining into the mid-\$20 range and general fragility in the energy sector. As crude oil and commodity prices reversed and more favorable U.S. economic releases occurred, markets stabilized and moved higher. By mid-2016 most domestic equity markets had slightly positive returns.

In late June the Brexit vote signaling the U.K.'s intention to leave the European Union took world markets by surprise. Most importantly, the benchmark 10-year U.S. Treasury bond yield declined to 1.36 percent, reflecting general uncertainty about implications of the vote. The yield on the 10-year had commenced 2016 at 2.27 percent and most pundits had projected higher levels by year-end 2016. Domestic equity markets were initially down on the news but recovered quickly. Through the end of the second quarter of 2016, S&P 500 earnings had declined on a year-over-year basis for six consecutive quarters.

Domestic equity markets once again moved slightly higher through October and generally had realized low single-digit returns just prior to the presidential election. While bond yields moved slightly higher (and bond prices moved slightly lower), the 10-year Treasury bond stood at about 1.80 percent prior to the election and down markedly on the year. Energy and crude oil prices continued to stabilize through the third quarter of 2016 propelling S&P 500 earnings to reverse their decline and realize growth once again.

The election of Donald Trump marked a significant inflection point in investor sentiment on the hope that many of his platform promises would be implemented, particularly corporate and individual tax cuts, infrastructure spending and regulatory reform. Markets rallied meaningfully into year-end with the S&P 500 posting a total return of approximately 12 percent for the year with around half of the return realized in the last 7 weeks of 2016.

Unlike the pervasive pessimism that greeted 2016, the financial markets domestically commence 2017 with much hope and optimism as the post-election rally continues. Both stock prices and bond yields have continued to move higher on the hope of increased economic growth and corporate profitability. Not considering any positive impact from Donald Trump's election, earnings are expected to grow in the mid- to high single digits this year. While the S&P 500 has rallied, its valuation based on projected 2017 earnings estimates is reasonable within a historic context.

In retrospect it appears that domestic bonds may have put in a bottom in yields subsequent to the Brexit vote last June. If so it marks the end to a 35-year bull market in bonds, which witnessed the yield on the 10-year Treasury bond trending lower from a high of approximately 14 percent in the early 1980s



Investment Letter Commentary

to just north of 1 percent last year. While rates are expected to rise, we believe the yield on the 10-year Treasury will remain below the 3 percent mark for 2017. It currently stands at around 2.45 percent.

Given the above backdrop we continue to favor equities over fixed-income investments. The strong dollar will be a headwind for large multinational companies and favors mid- and small-capitalization companies domestically. While returns in the fixed-income markets will be challenged, we believe the high-yield corporate market should continue to offer relative value.

If the Trump administration is able to implement its pro-growth initiatives, domestic equity markets may perform better than is currently anticipated. A final note on the current equity market rally: markets seldom go straight up and are notoriously difficult to predict over short periods. A market pullback or a correction in the short term would not surprise us, and if a pullback occurs we are currently inclined to buy the dip.

Welcome

Dennis Shanahan joins Caldwell Trust as Operations Associate



We welcome Dennis Shanahan as operations associate. In that capacity Dennis will assist the operations division with overall day-to-day financial transactions and work directly with “third parties”—banks, brokers, depositories and fund companies—to maintain client assets. “We are extremely pleased that Dennis has joined us,” Kelly Caldwell said. “He brings a background of incredible experience, along with the emphasis on a family-oriented approach that is the hallmark of our service to clients.” Shanahan will be based in the company’s Venice headquarters.

A native New Yorker, Dennis brings a breadth of wealth advisory and private banking experience to his role at Caldwell. Prior to joining us, he was in charge of overseeing the day-to-day operations of a private investment advisory firm and has worked at some of the largest financial institutions on Wall Street, including Prudential, Morgan Stanley, Citigroup and U.S. Trust.

Since his relocation to Sarasota in 1996, Dennis has become known for delivering unparalleled service to high-net-worth families, nonprofit organizations and institutions. A graduate of State University of New York at Albany, he holds a bachelor of arts degree in public affairs and has held Series 7 and 63 licenses. He resides in Osprey with his wife Chris and their children, Matthew and Samantha.

To contact Dennis Shanahan, phone 941.493.3600 or email dshanahan@ctrust.com.



Caldwell Cares Agape Flights

Agape Flights, clients and friends of Caldwell Trust Company are taking Agape's annual "Rock-Roll-N-Fly at Pie in the Sky" to new heights! Pie in the Sky is a wonderful opportunity to learn how and why Agape flies, while enjoying pizza and special treats from local bakeries and restaurants. Food, fellowship, and fun are all rolled into one free event!

Caldwell sponsors Agape's second annual Pie in the Sky open-hangar event at Venice Municipal Airport, 100 Airport Drive, Venice, on Saturday, March 4, from 11:30 a.m. to 2 p.m. To RSVP or learn more, email gomissions@agapeflights.com or call 941.488.0990.



Allen Speer, CEO of Agape Flights, introduces Caldwell's Susan Hines at an Agape event in 2016.



Sarasota County Commissioner Charles Hines, Don Kerndt of Agape Flights and Susan Hines of Caldwell Trust stand outside a hangar.

Keith and Clara Starkey founded Agape Flights on October 24, 1980 and the inaugural flight left the Sarasota-Bradenton International Airport for Cap Haitien, Haiti, on November 15. The Starkeys chose "Agape," the Greek word for unconditional love, to describe their mission and ministry. "God laid it on our hearts to buy an aircraft to fly supplies into Haiti," said Clara Starkey. Although Keith Starkey passed away in 2014 at the age of 87, Agape Flights continues to serve as a lifeline from family, friends, and supporters to more than 350 missionary families in Haiti, the Dominican Republic and the Bahamas, an area that is home to nearly 13 million people.

Each year, Agape Flights transports supplies to its affiliated missionaries, touching the lives of more than 1.5 million people. The missionaries provide clean water, community health, education, evangelism, medical services, microenterprise, orphan care and vocational training.



Profile

Chris McGee is Caldwell's Vice President of Investments



J. Chris McGee, CFA, CAIA

Caldwell Trust Company has hired J. Chris McGee as vice president of investments according to R. G. “Kelly” Caldwell, Jr., CEO and president. In this capacity McGee heads Caldwell’s investment committee, which draws on a team of experienced in-house professionals and carefully chosen outside analysts to make decisions for client portfolios. “We are extremely pleased that Chris has joined us,” Kelly said. “He brings a background of incredible experience, along with the emphasis on a family-oriented approach that is the hallmark of our service to clients.” McGee will be based in the company’s Venice headquarters.

A Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA), McGee had previously been senior investment adviser and senior vice president at PNC Wealth Management in Sarasota for nearly a decade. Prior to that he was portfolio manager for five years with U.S. Trust [formerly Bank of America] in Sarasota. Before relocating here, he had served as vice president of capital management for Wachovia Bank in Winston-Salem, North Carolina.

McGee holds an MBA in finance and marketing from the J. L. Kellogg Graduate School of Management at Northwestern University and a bachelor of science degree in commerce from the University of Virginia. He is a member of the CFA Institute, CFA Tampa Bay and CAIA Association. He also served on the candidate curriculum committee of the CFA Institute and served as a grader for the CFA Examination for the CFA Institute in Charlottesville, Virginia. Chris has also served on the board of directors of Selah Freedom, Sarasota, since 2014.

Chris decided to join us after meeting Lee Thacker, who then introduced him to Kelly. He liked what he found. “From my personal perspective, the real appeal at Caldwell is the people and the independent focus,” he said. “That’s why it’s such a great place. I’ve been impressed with everybody I’ve met.”

A native of Virginia, Chris has recently seen his daughter off to a college in their home state. Now the once-avid golfer has exchanged his golf cart for a bicycle, making a four-mile jaunt behind his home in Osprey up to four times a week. He also devotes time to Selah Freedom. “I’m passionate to advance that cause,” he said.

To reach Chris, phone 941.493.3600 or email cmcgee@ctrust.com.





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