



# CALDWELL TRUST COMPANY

PERSONAL • TRADITIONAL • INDEPENDENT

Spring 2020 Newsletter | Volume 56

## INVESTMENT LETTER

Economic Update –  
Not So Fast

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Sonya Kristie celebrates  
15th anniversary

## HIGHER LEARNING

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## CALDWELL CARES

Caldwell has the blues for The  
Child Protection Center, Inc. (CPC)

YOUR FAMILY | YOUR FUTURE | YOUR LEGACY





March came in like a lamb and went out like a lion. At this writing in late April, hope for an end to the Covid-19 pandemic is creeping into the capital markets as the “curve” appears to be flattening. While we are focused on the investment ramifications of the coronavirus, it goes without saying that health concerns take precedence.

The impact of the pandemic and its resulting shutdown of the economy have put the U.S. and most of the world into a recession. The International Monetary Fund (IMF) recently revised its forecast for world GDP for this year and next. The IMF now estimates a decline of 3.0% in GDP globally in 2020 and a rebound to 5.8% GDP growth in 2021. This compares unfavorably with their previous estimates for growth of 3.3% and 3.4% respectively for 2020 and 2021.

The nature of the economic recovery is hotly debated, due in large part to the novelty of the crisis and the inability to accurately model the pandemic’s effects. At Caldwell Trust Company we are fortunate to have many outstanding economic consultants that provide solid opinions and advice as we continue to shape our investment strategy.

At this point, estimates vary widely for forward economic growth and earnings—two of the three key fundamentals we focus on. The third—monetary policy—will continue to be constructive. Many have predicted a V-shaped recovery domestically, which might be inferred from the IMF forecast above, but we believe the probabilities argue otherwise.

A V-shaped recovery implies a certain symmetry in the recovery. In our view that is improbable because the pandemic will accelerate some trends in both positive and negative ways. For example:

- **Does working remotely become even more widespread? If so, technology companies that facilitate it will benefit and demand for office space will suffer.**
- **Some weaker brick-and-mortar retail stores have been shrinking during the past 40 years, and certain ones have announced closing dates over the next year or two. The pandemic is now compelling earlier demises.**
- **Could some form of social distancing become normal, as enhanced airport security did after 9/11? If so, some jobs will be lost forever.**

In a nutshell, behavior changes. We won’t return to how things were; we’ll adapt and move forward.

## A clear flight to quality investments

As markets increasingly deteriorated during early March, there was a clear flight to quality investments across and within asset classes. Fixed-income securities outperformed equities. Higher-quality bonds outperformed lesser quality bonds. Domestic equities outperformed developed international and emerging market equities. Larger-capitalization stocks outperformed mid-cap stocks. And so on. In other words, the risk-reward paradigm underpinning investing has held.

We expect this trend to continue until there is more visibility on the economy and corporate earnings. Concurrently, funds are flowing towards sectors, industries, and corporations that stand to benefit from current circumstances (e.g., health-care industries and Amazon.com) and away from those negatively impacted (e.g., travel and Starbucks).

These trends have played into our traditional investment style and strategies as we have historically embraced a home bias and emphasized large-capitalization equities. In the fixed-income space, our portfolios are dominated by domestic high-quality bonds. At the margin we are repositioning our investment recommendations to the highest quality domestic equities, which will benefit from the new environment.



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## Asymmetrical recovery is likely

No one knows how the recovery will play out. Our view is that it will take longer and be less symmetrical than generally anticipated. We contend that interest rates will remain low for the foreseeable future, if for no other reason than that rates are low globally.

### CONCLUSION

Even taking into consideration the massive monetary and fiscal stimulus, our view is that disinflation is a higher probability than inflation as the country recovers and moves forward. We point back to the lack of inflation following the Great Recession (2007 to 2009), and also the average inflation rate of well under 2% for the last 25 years.

We believe the case is now even stronger for continuing to prefer equities over bonds. With the yield curve steepening, we are less enthusiastic about holding excess cash equivalents in portfolios for the duration of the pandemic, with the exception of providing necessary liquidity for clients.



Vice president and trust officer Sonya Kristie marks her 15th anniversary with Caldwell Trust Company in 2020, but her history here actually began two years earlier. In 2003, as she was finishing her associate's degree and working as a waitress in a Venice restaurant, the clear-eyed sophomore looked towards her future. Not yet 20, she charted a career path to align with her interest in business and has never strayed.

She enrolled at the University of South Florida, where she would earn a bachelor of science degree in business in 2005. She also followed up on a suggestion from a friend, who suggested she contact Caldwell Trust Company. "I walked into the Venice office with my resume. After subsequent meetings with Jan Miller--now senior executive vice president--and CEO/president R.G. "Kelly" Caldwell, Jr.,

Sonya became an intern. Ever cautious, she continued her job at the restaurant while finishing her studies.

In 2005 Kelly suggested Sonya round out the last six months of her internship by joining Jan Miller in Sarasota. She did so on May 1, 2005. The rest, as they say, is history. Fifteen years later, Jan and Sonya are still working together in Caldwell's Sarasota offices, first in Palmer Ranch (now closed), currently on Main Street, and soon in the new facility at 27 South Orange Avenue.

As expected, things change. Jan had managed the Sarasota office for years, but "she handed over the torch to me about a year ago," Sonya said. She assumed the added functions without batting an eye.

Sonya's history as a member of the Caldwell family has been one of growth and advancement, as indicated by her commitment to studies, her promotions, and her increasing responsibilities. Even as her duties expand, she fulfills them in the quiet, serene manner that belies her underlying drive.

As an intern, Sonya worked first as an administrative assistant, then trust assistant. Upon graduation in 2005, she became a trust associate. She was promoted to assistant trust officer in 2009 and to trust officer in 2010. In 2014 she advanced to assistant vice president and trust officer. She became a vice president in 2018.

Since joining Caldwell, Sonya has completed Florida Graduate Trust School programs sponsored by the Florida Bankers Association, as well as studies in fiduciary income tax, basics of probate practice and special needs trusts. She has also completed classes to become a certified trust financial adviser. She is now halfway through a Juris Master program in financial regulation and compliance through Florida State University. "I'll finish in July 2021," she said, pleased to describe the many ways this program expands her knowledge of the industry.

Her volunteer work is no less impressive. Sonya serves on the board and is an active K9 Handler for Sarasota K-9 Search & Rescue, which assists local, state, and national first responders in finding the lost. Duke, her German shepherd dog and good friend, is an active participant in this program.

#### PROFILE CONTINUED

Sonya is also a member of the Southwest Florida Estate Planning Council, the Florida Banker's Association, and the Women of the Sun Coast of Big Brothers Big Sisters. She is also a past member of the Sarasota Evening Toastmasters Club and has completed the Engage Sarasota 2012/2013 program and the Adult Leadership Program Class of 2014.

When she's not working, Sonya is a movie buff. "I like action and mystery," she said. Not one to be satisfied solely with passive pursuits, she also revels in outdoor activities. Last year she spent ten days in Norway, six of them in a huge national park. "We hiked—with backpacks—for an average of 12 to 15 miles every day. There were no trees. Just grass and rocks," she said. But she never lost her way. One could say the same about her career.

Sonya said she's very happy at Caldwell. "I love that the company is family-owned and very family-oriented. It's unusual that your first real career job is at a place you see yourself working for long-term."





## HIGHER LEARNING

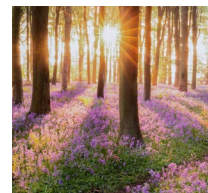
### Gina Jordan attends major estate-planning conference

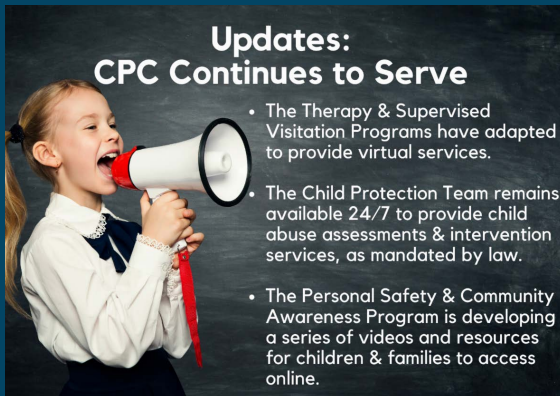


Prior to COVID-19—before social distancing, that is—senior vice president and trust officer Gina Jordan had the opportunity to attend the 54th Annual Heckerling Institute on Estate Planning conference, one of the largest such conferences in the country.

The University of Miami School of Law coordinated the conference, which was held from January 13-17 at the Orlando World Center Marriott Resort and Convention Center. Among the 3,400 international attendees were lawyers, CPAs, and others in the trust and estate planning area. They came from the U.S., Canada, England, and other nations.

As a Certified Trust and Financial Adviser (CTFA) and Certified Financial Planner (CFP), Gina found relevance in the sessions. “Mostly all the topics covered were what we handle as administrators,” she said. Gina is sharing her knowledge and resources from the conference with her fellow trust officers.





April showers bring May flowers. April also brings Child Abuse Prevention Month. In keeping with its philosophy of care for our community, Caldwell Trust Company has supported The Child Protection Center throughout the years. This year it made sense to continue this support by wearing blue in our various virtual Microsoft Team meetings.

As the coronavirus pandemic crept into April and students were quarantined, incidents of child abuse almost certainly increased. Faced with restrictions on gatherings, Caldwell

decided to show its support of the #BlueForKids! campaign virtually, by wearing blue throughout the month during our various Microsoft Team meetings. We even had one of our staff dress their dog Moose up in blue. It was truly special to see how many rallied throughout the month. Caldwell Cares!

The Child Protection Center, Inc. (CPC) was established in 1980. CPC initially provided child abuse intervention services only through the Child Protection Team (CPT). This program now works together with the Department of Children and Families and Law Enforcement in the investigation of child abuse cases. It also coordinates community-wide services for affected children. Since then, CPC has grown to encompass four core programs offered in four offices across Sarasota and DeSoto Counties.

Efforts in prevention, intervention and treatment must be implemented in order to successfully address the issue of child abuse. The unique comprehensive continuum of services developed over the 40-year history of the Child Protection Center, Inc. exemplifies such an effort. Caldwell Trust Company wholeheartedly supports this initiative.







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