

# CALDWELL TRUST COMPANY

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PERSONAL • TRADITIONAL • INDEPENDENT

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## Investment letter

### Caldwell sees signs of a brighter future through compromise

As 2010 winds down, we've been reflecting on what lies ahead and are pleased to report that we're beginning to see signs of a brighter future. Without a doubt, a conservative description of the last two years would be "extremely challenging." It's a wonder our economy held up as well as it has, as America has digested the consequences of the financial crisis dealt us. Unemployment still hovers near 10 percent and financial crises still grip most of Europe as we and they deal with these problems. So why do we believe a brighter future lies ahead?

For one, the tax compromise struck between President Obama and the Republicans marks a major shift in how Congress will run itself for the next two years. Before this deal, for the most part the President had his way with the Democrat-controlled Congress, convincing them to pass health care and stimulus spending programs with zero consideration of any other political viewpoint or fiscal consequences such as a sky-rocketing deficit. The economy, already under extreme duress, did not respond to these measures and unemployment didn't budge. But the beauty of what our founding fathers achieved when they created the structure of our government was that it enables the electorate

to respond swiftly when its mood changes; hence the sweeping results of the November 2010 elections. Clearly, voters prefer a more balanced government, with more emphasis on job creation and growth policies and less emphasis on deficit spending.

So, just what was it that President Obama agreed to? First, he agreed to extend the Bush tax rates on income, capital gains and dividend income for another two years. Also, the estate tax for 2011 and 2012 was set at a 35 percent fixed rate for any estate over \$5 million. Further, other tax credit extensions and Alternative Minimum Tax (AMT) fixes were agreed to and unemployment benefits were extended for another 13 months.

Of all these, resolving tax rates for income, capital gains, dividends and estate taxes was the most critical accomplishment because investors and business owners everywhere were postponing decisions until these rates were known.

Assuming that Congress does indeed pass these measures (it hasn't as of this writing), our economy will avoid the massive tax hikes that would have resulted from the expiration of the Bush tax rates.

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### Warm wishes for a joyous holiday and a peaceful, prosperous new year

As the first decade of the new millennium draws to a close, we hold a fond remembrance of those we've lost, love and friendship for those who are dear to us and deep appreciation for you, our clients, for your trust in us.

We wish a joyous holiday and a peaceful, prosperous new year to you and your family from the family of Caldwell Trust Company—our esteemed trust administrators (pictured) and our invaluable operational staff: Marcia DeVries, Danny Williams, Suzanne Thacker, Ashley Harrison, Cathy Yax, Jennifer Wilson, Kaye Carpenter, Edrise Sievers and Joann Adam.

**We send our warmest wishes for a happy and festive holiday season and a prosperous new year!**



*Kelly Caldwell and the Board of Directors*



*Caldwell Trust Company's trust administrators, seated from left, are John Tufaro; R.G. "Kelly" Caldwell, Jr., CEO, president and senior trust officer; and Lee Thacker, Jr. Standing in the back are Sonya Dlug, Jan Miller, Bill Cunningham, Alan Blair, Wendy Fishman and Patti McConnell. Our newest staff member, legal and trust administrative associate Brady Sharrer, joined our company after this photo was taken.*

## Sector Allocation Model Fund ideal for market that moves sideways

At least for the next two years, businesses that have been deferring necessary and usual decisions will know the rules and can plan accordingly. Another good effect of the two-year extension, one that both political parties believe works in their favor, is that tax rates and spending policies are now guaranteed to dominate the 2012 election cycle.

### The Lost Decade

The next two years will be somewhat similar to the last two, but with less risk of another severe downside move. Take a look at the chart below, in which the Dow Jones Industrial Average performance for the last seven years was plotted against the lost decade of the 1970s.

### Introducing the Sector Allocation Model Fund (Symbol: SAMSX)

Clearly, we don't think it's time for any renewed, aggressive commitment to the equities market. However, we do believe that for at least the next two years the stock market will fluctuate sideways, with less risk and perhaps with better short-term opportunities than the last two years. Given that belief, we began to search for an investment strategy intended to generate better returns in a lateral market while continuing to limit risk and exposure to short-term volatility. We decided this investment strategy had to include two key elements: it had to have a "defensive allocation" approach that creates value by avoiding extreme market losses rather than trying to capture extreme market gains; and it had to be nimble, with the ability to move quickly in a cost-efficient manner among selected investments.

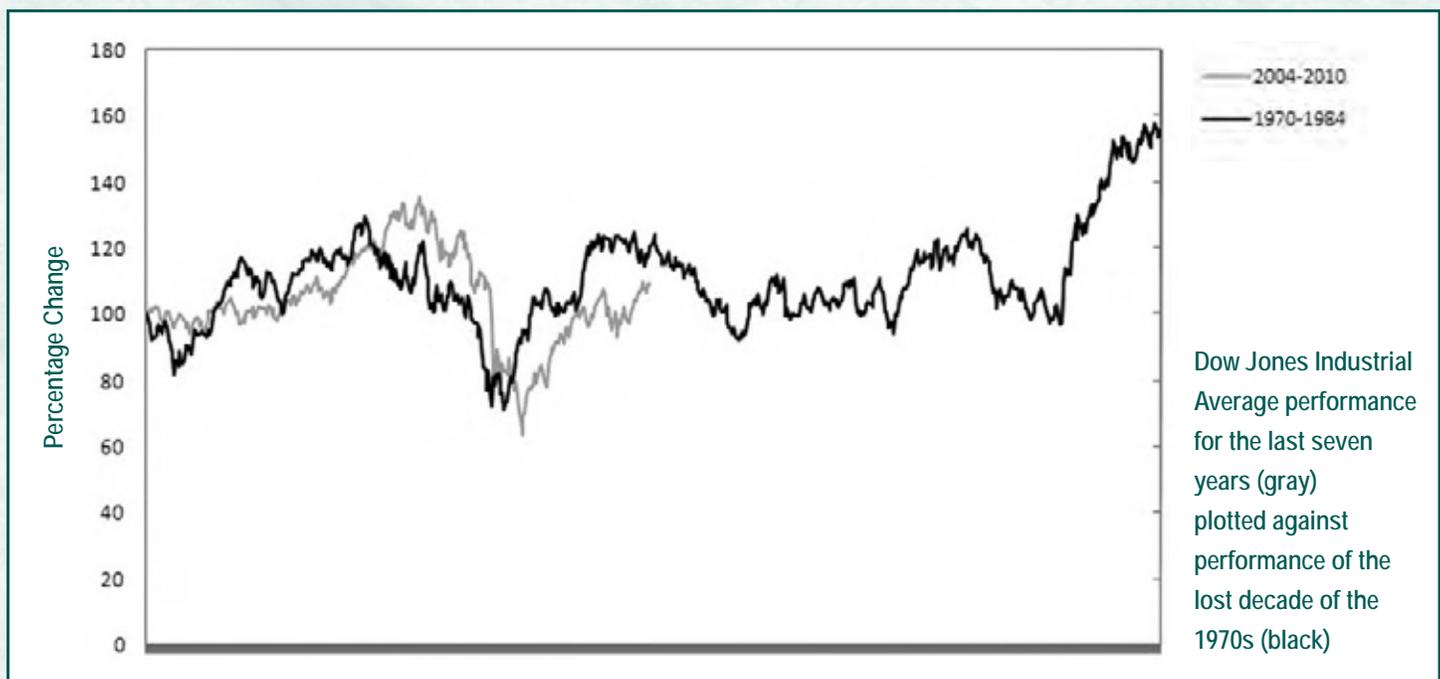
In direct response to these beliefs and goals, and the need of our clients to generate returns in this sideways environment, an affiliate

of Caldwell Trust Company has created and received approval from the SEC to open a new mutual fund called the Sector Allocation Model Fund (Symbol: SAMSX). This fund invests in the nine Select Sector SPDR ETFs reflecting the primary sectors of the S&P 500 and has the ability to range from 100 percent in these sectors to being 100 percent in a short-term Treasury SPDR when market risk levels appear to outweigh the rewards.

Caldwell Trust Company anticipates that many clients will have an allocation to this fund in their portfolios because of the model's excellent track record in avoiding the more serious downside moves over the last 10 years. Caldwell Trust Company trust officers are now in the process of contacting clients to provide the necessary background and a fund Prospectus, and to discuss the appropriateness of the fund based on individual client circumstances. This is an institutional fund, meaning it is only available to entities such as Caldwell Trust Company for the benefit of its clients, and not to the general public.

### CONCLUSION

**We're beginning to see policy changes as a direct result of the November 2010 election that bode well for the markets, especially two years out. Geopolitical and policy risks abound, but it appears that Congress and the President are, for the first time, realizing the need to work together. With everyone focused on the 2012 Presidential and Congressional elections, we see decisions promoting more pro-growth policies and spending controls as more likely than the rampant spending that dominated the last two years. We continue to stay short on our fixed-income portfolios, but with the use of the Sector Allocation Model Fund (SAMSX), we believe we are better positioned to mitigate downside volatility.**



# Boys & Girls Clubs of Sarasota County honor H. Lee Thacker

“Humility makes great men twice honorable,” said founding father Benjamin Franklin. By that standard, H. Lee Thacker is honorable beyond measure.

For the Boys & Girls Clubs of Sarasota County, choosing Lee Thacker as their “Dream Maker” was a no-brainer. For Lee, it was a complete surprise. Upon learning of the decision, Lee (a director, vice president, secretary and trust officer of Caldwell Trust Company and also director of its parent, Trust Companies of America, Inc.) said, “I never dreamed of being considered. It never occurred to me that I’d be honored.”

The Dream Makers committee, co-chaired by Tom and Kristy Cail, selected “Over the Rainbow” as the gala’s theme and created corresponding images, including the photo above. Arranged in a shadow box and signed by Club kids, this picture was the Dream Makers award that was presented to Lee.

His humility was evident at the Dream Makers Ball, held at the Hyatt Regency Sarasota on November 20. Some 400 friends came to honor him. Lorraine Orr, senior vice president of Boys & Girls Clubs of America, joined J. Mack Reid, president and CEO of the Boys & Girls Clubs of Sarasota County, to present the award.

“Lee Thacker is a man who has never said no,” Reid said. He briefly recapped Lee’s dedication to Boys & Girls Clubs, including his service as a board member at four clubs in three states. Reid and Orr then presented the Dream Makers award to “an

extraordinary individual whose life has transformed the lives of thousands of children.”

“Every year I tell Mack: ‘No speeches,’” Lee said. He spoke briefly, with not a word about himself. Focusing on the Boys & Girls Clubs movement, he said, “I have seen this organization literally change and save children’s lives—but don’t take it from me. Take one hour of your time. Visit a club when the kids are there. You will say, ‘I had no idea what you are doing.’” Then he smiled. “When we hear you say that, we know you’re hooked.”

## Four decades of devotion

Since 1969, Lee Thacker has devoted untold hours of time, dispensed priceless amounts of wisdom and made generous financial contributions to the Boys & Girls Clubs of America. Three clubs (Orlando, Atlanta and Sarasota) have named him “Board Member of the Year.”

He started with the Boys & Girls Clubs in Columbia, S.C., serving as a board member for 12 years and also as president. He continued with the movement in Orlando (1986-1989) and Atlanta (1990-1994).

When Lee and Suzanne came to Sarasota in 1996, they immediately became involved with the Boys

& Girls Clubs of Sarasota County and its one facility. With the guidance of Lee and other dedicated board members, the Clubs now operate four freestanding clubs and six school sites, serving over 5,500 kids every year in this acclaimed after-school program.

Since his arrival, Lee has chaired the Florida Area Council; was honored with the BGCA Medallion award and Council Pacesetter of the Year award; served as board president; and chaired key committees. In addition, he and Suzanne presented a significant monetary gift to the Club’s capital campaign.

Lee would be the first to say he hasn’t done it alone. When asked to comment on Lee’s service to the Clubs, Reid said, “I will add Suzanne because they’re really a team. They are truly champions for kids. They have gone above and beyond the call of duty since their first involvement here in 1996. They do it out of the generosity of their hearts and because they love the kids so much.”

## Caldwell’s support

Caldwell’s support of charities, including the Boys & Girls Clubs of Sarasota County, is longstanding. In 2009, the Clubs honored CTC board members Ron Foxworthy and the late Jack Meyerhoff (posthumously) as their “Hometown Heroes.” R. G. “Kelly” Caldwell, Jr., CEO and president of Caldwell Trust Company, says, “We are deeply involved with organizations that help children. We’re gratified to see that the passionate commitment of the Thackers, Ron, Jack and other volunteers makes kids’ dreams come true.”



*H. Lee Thacker guides members of the Boys & Girls Clubs of Sarasota County down the yellow brick road in this photo with the “Over the Rainbow” theme of the Dream Makers Ball, “Celebrating Our Dream Maker, Lee Thacker.” The Boys & Girls Clubs honored Thacker on November 20.*



*Observer Group Photos*

*H. Lee and Suzanne Thacker attend the Dream Maker’s Ball, presented by the Boys & Girls Clubs of Sarasota County to honor Lee for making dreams come true for kids since 1969, not only here but also at three other clubs in three states.*

*The Boys & Girls Clubs of Sarasota County honored Caldwell Trust Company board members Ron Foxworthy, left, and the late Jack Meyerhoff (posthumously) in 2009 as their “Hometown Heroes.”*



# Christopher N. Gray is newest member of Caldwell's board of directors



Chris Gray learned to say “y’all” at 10. That’s when his preacher-father moved the Ohio-based family to Orlando, a small, sleepy city known for having over 50 lakes but not much else. Chris became an instant Southerner. He also became a minister, following in the path of his father and great-grandfather, who was the first Episcopal bishop of South Florida—but that was many years and several careers later.

In his latest move, Christopher N. Gray has joined Caldwell Trust Company’s board of directors. When asked what influenced his decision, one word sufficed: “Kelly.” He was referring to R.G. “Kelly” Caldwell, Jr., CEO and president.

“My family has known Chris for many years,” Kelly says. “We’ve been inspired by his wisdom, his deep humanity and his caring manner. We are honored that he has agreed to join our board.”

Chris has led a colorful life. One of the first students to attend Valencia Community College, he put himself through his first two years of school by driving a beer truck for ABC Liquor. He left school to serve in Vietnam with the U.S. Army in 1970-71. Afterwards, Sergeant Gray returned to Valencia to complete his AA degree and continued at UCF as a history major.

He paid for his last two years of school by working as a bank teller at American Federal Savings and Loan. He stayed at the bank for two years, advancing to branch manager, then assistant vice president. The young banker met Paula, an employee in the bank’s main office, and they married in 1978.

Around that time, his family’s pastoral callings reached his ears and Chris became a minister. His first assignment, to a church in Port Orange, brought a surprise: “One day I read a plaque on the building and discovered that this was the very first church my great-grandfather had opened in Florida, back in 1892.”

Rev. Gray retired from the ministry in September after 31 years of service as senior pastor of two Episcopal congregations: Grace Episcopal Church, Port Orange (12 years), and St. Mark’s Episcopal Church, Venice (19 years). The same day he retired, he began a part-time position as development officer with the Episcopal Diocese of Southwest Florida.

The father of two now-grown children, Chris has always found time for community service. He was on the boards of the Salvation Army for seven years and Gulf Coast Community Foundation of Venice for six years. Currently the chaplain of Venice Yacht Club, he is also a member of the Venice-Nokomis Rotary Club, where he met Annette Caldwell, Kelly’s mother.

“I have known Kelly and his sister Molly for about a dozen years. I have also known Wendy Fishman and Lee Thacker (trust officers) and Jim Woods (board member) for many years and admire all three,” Chris says. “Kelly asked me to consider joining Caldwell’s board last May when he heard I was retiring. We spoke again in September when he officially invited me to join the board following the full board’s approval. I was impressed with his passion for the work that Caldwell does and his desire to assist people through transitional periods of their life. He exuded dedication and commitment and mesmerized me with his desire to strive for excellence while caring for the needs of families and individuals.”

## CALDWELL TRUST COMPANY

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Mary Ann C. Kraut  
H. Lee Thacker, Jr.  
Kathleen Toale  
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H. Lee Thacker, Jr., thacker@ctrust.com  
John Tufaro, john@ctrust.com

### FOUNDING PRINCIPLES

- Provide our clients with highly personalized, one-on-one attention and care.
- Satisfy and retain clients, building loyalties and gaining word-of-mouth referrals that attract new clients.
- Provide better service by using the latest electronic technology to implement our functions internally.
- Hire skilled, experienced trust professionals and help them to become part-owners, thus nurturing loyalty and eagerness to serve.

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