

CALDWELL TRUST COMPANY

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PERSONAL • TRADITIONAL • INDEPENDENT

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Investment letter

The coming election: promises the candidates can't keep

As perhaps the longest-ever U.S. presidential campaign in history enters its final weeks—and in the face of the recent near-meltdown of the economy—necessity is forcing investors to give more careful attention to what the two nominees are putting forth as their policy prescriptions for curing what's ailing our economy. A couple of observations may help us all better understand that there is a big difference between what each candidate says in his campaign speeches and what will actually come to pass during his four years in office.

First, while all nominees tend to speak in the first person, voters should know better than to take such talk literally. Saying something like, *"I will lower taxes, reduce spending, keep our dollar sound, etc."* is nonsense on its face since a sitting president has no such powers to do these things. As everyone should know, the people we elect to the House of Representatives and Senate have been given power over federal spending and taxation, not the President.

"Wish list" vs. reality

By law, what happens is that the President presents an annual budget—a wish list, if you will—to Congress. The Senate then advises the House and consents to what it will do by its votes. The President has the right to veto any given piece of legislation, but a two-thirds majority of both the House and the Senate can override a presidential veto.

The stability of your trust company

R.G. "Kelly" Caldwell, Jr., President & CEO

Much of the economic news of 2008 has justifiably centered on a series of severe economic failures, beginning with the sub-prime mortgage lending crisis and its impact on the financial services industries and banks. Please let me assure our clients that Caldwell Trust Company has no exposure to the issues that have closed or threatened many mortgage lenders, banks, insurers and other financial services businesses.



The financial institutions that are in trouble are those that provide lending products such as mortgages, consumer and commercial loans, credit cards and other credit products. **Caldwell Trust Company is not engaged in any of those businesses.** Although some banks also

What the President can do is use his very large "bully pulpit" to exert influence over Congress regarding what he wants to see passed into law, but the degree of that influence depends largely on his popular appeal at any given moment, and also whether the public's opinion on the matter at hand is favorable or unfavorable. So, regardless of any nominee's campaign promise, his ultimate power in fact will be just as the system allows and nothing more: a wish list over which he has at best only a persuasive influence.

Addressing a broader audience

In this lengthy and arduous campaign, it may not be evident, even to voters who are still paying attention, that the nominees have been directing most of what they are saying toward those of their own political persuasion and not the public at large. Up to this point, each has been primarily "preaching to the choir" rather than making his case to persons of all persuasions, asking them to support what he really wants to see happen during his term if he wins. But this has begun to change. Both nominees must pitch to the much wider audience of the whole electorate. What they say from here on will matter much more than what they have said so far.

A shift to economic and fiscal policies

Because the election is drawing close, and because the current critical monetary situation demands their attention, both nominees

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offer trust service departments, Caldwell Trust Company offers none of the traditional banking products. Our only business is providing comprehensive trust services, investment management and fiduciary services to clients. In fact, our state charter prevents us from engaging in any traditional banking activities.

I'm pleased to report that Caldwell Trust Company is enjoying another successful year, with a strong and growing presence in our market. We are well prepared to deal with a dynamic financial market and to continue managing our clients' accounts for their best interests.

Thank you for your business and continued confidence. As always, please feel free to call me if you have any questions: 941.493.3600 or 800.338.9476 (toll free).

Caldwell News and Notes

For Edrise Sievers, 'retirement' means just one foot out the door

For many, "retirement" means a withdrawal from one's occupation and long, lazy days doing whatever they want. For Edrise L. Sievers, who retires on October 31, doing what she wants means going to work two or three days a week.

Edrise, her husband Howard and their three sons moved to Venice in 1973 from East Moline, Illinois, where she had held a variety of jobs until they had their first child. Finally tired of Moline's cold weather, they bought a drapery shop in Venice. "We ran it for three years, then sold it," she says. Howard went into real estate and Edrise joined the trust department of the First National Bank of Venice in 1976. That's where she met Roland Caldwell, who was providing consulting services to the bank as an investment adviser.

When SunTrust bought the bank, Roland, Edrise and others decided they were tired of banks being bought and sold. Roland decided to start an independent trust company and Edrise was ready to help. In February 1993, Roland and Kelly Caldwell, Edrise and others teamed to secure a charter for what would become Caldwell Trust Company. When the charter was granted in November 1993, she became assistant vice president and investment officer.

Patti McConnell joins CTC

Patti McConnell has joined Caldwell Trust Company as executive administrative assistant to R. G. "Kelly" Caldwell Jr., president and CEO. She brings 32 years of experience in trust operations and administration.

Kelly has operated effectively in a "helpless" mode until now, but Caldwell's rapid growth has made Patti's position a necessity, he says.

"We pride ourselves on long-term relationships with our staff, so we conducted an intensive search before choosing Patti. She is the perfect addition to our family," he says.

After a career with large banks, Patti shares that feeling. "I came to Caldwell because it's a small family company," she says. The Rochester, New York, native came to Florida in 1975 after living in Bloomfield Hills, Michigan, and Memphis, Tennessee, where she worked for a stockbroker.

In Sarasota, Patti worked in trust operations at Southeast Bank from 1977 until its takeover by First Union in 1992. She then moved to the trust division of SunTrust Bank until joining Caldwell on October 1.

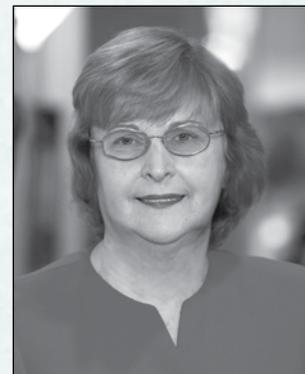
Patti is active with the Lutheran Service Guardianship Program. In addition, she is currently preparing Christmas stockings for each of the 12 soldiers in her nephew's military unit in Iraq.

Edrise has been handling trading operations at Caldwell ever since, with help from Cathy Little and now from Ashley Harrison, her replacement. But with Caldwell's growth, "there is always more to be done," she says with some satisfaction.

President and CEO R. G. "Kelly" Caldwell Jr. also welcomes the respite. "We truly value Edrise, and we're so happy that we're not losing her completely," he says. "Once family, always family."

"I have loved every minute of working here," says Edrise. "It's like family to me. My youngest son Tom and Kelly Caldwell were classmates in junior high and at Venice High School."

Edrise will still have time for her own family—two sons in Florida, a son in Iraq, two grandchildren, three step-grandchildren and another on the way. "And I hope I continue to be affiliated with Caldwell," she says.



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FOUNDING PRINCIPLES

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

Andy DeVries values client relationships in his work

“I love working with people,” says trust officer Andy DeVries. “As much as working at a trust company is associated with investment management, I most value client relationship aspects. These include all areas of financial planning, which we affectionately call the ‘three-legged stool.’”

Andy describes the three legs as the client’s investment adviser/trust officer, their estate planning attorney and their CPA. “All three of these professionals work together to support the ‘stool’—the client,” he says.

When Andy came to Caldwell Trust Company six years ago, he brought a degree in business administration from the University of South Florida and an intense interest in the many aspects of financial management. He deepened his knowledge by completing Florida Graduate Trust School, a three-year wealth management program provided by the Florida Bankers Association. He especially enjoyed classes on the administration of estates and trusts, he says.

Andy’s entrée to the Caldwell family came through his own family. His sister-in-law Marcia DeVries was (and still is) Caldwell’s CFO and Treasurer. Sensing that his skills would be a good match for her company’s needs, she introduced him to R. G. “Kelly” Caldwell, Jr., president and CEO.

“I was immediately impressed by Andy’s intelligence and warmth,” Kelly says. “We asked him to join us and learn more about our

business. To say he justified our confidence would be an understatement. He has surpassed my highest expectations.”

Andy’s career is far different from the career path he had anticipated. The Venice native was born in Sarasota Memorial Hospital and raised on the island. He enjoyed Florida living—and he was a very good at baseball.



The University of Florida recruited the left-handed pitcher out of Venice High School, but after his freshman year and little playing time, Andy enrolled at Manatee Community College, which promised a scholarship and more innings on the mound. After one successful year there, he was drafted by the Chicago Cubs. Andy played parts of five seasons in their farm system, ending with a championship playing for the Daytona Cubs in the Florida State League.

Andy describes his baseball days in his usual self-deprecating style: “I had a minor league ball career that ended without a major league experience, but I have no regrets.” The best thing that happened was meeting his future wife, Samantha, while in Illinois with the Cubs. “I did not relish the idea of dragging Sam all over the nation in hopes that one day I might achieve the ultimate goal,

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Investment letter

The presidential campaign: promises the candidates can't keep *Continued from page 1*

will be focusing much more on the economy and fiscal policies—great news for investors because they can start determining what each nominee really wants to happen while governing during these highly charged and troubled economic times.

What all investors should focus on first is whether or not the victor and the majority of our newly elected representatives in both the House and the Senate are of the same political party. Obviously, under these circumstances, it is much more likely that the policies and ideas he expressed during the campaign can be passed into law, rather than if he is of one party, with the House and/or Senate of the other.

If the latter occurs, little of what our new President says he wants to accomplish need be either feared or applauded by investors. Rather, each idea or proposal under consideration will have to be debated and voted in or out purely on its strength.

The current President is in that position today and has been for quite some time. Little of what he wants to accomplish over the balance of his term regarding federal tax and spending matters will happen, and thus need not be taken seriously by anyone, especially by investors.

What matters to investors

What does matter to investors, and what will be hotly debated through November 4th, is whether the victor will attempt, or will have the necessary political support, to radically alter the present tax rates and spending priorities once he takes office.

Net after-tax return rates are used today as the key factor in determining the price for stocks, bonds, real estate and all other forms of investments. When tax rates are increased, net return rates decline and prices are *always* mathematically certain to fall, regardless of the financial results supporting the investment itself. On the other hand, when tax rates remain the same or are reduced, net return rates become totally dependent on the financial results achieved by each investment and prices rise or fall on that basis alone.

CONCLUSION

Investors as voters should go into the voting booth with that simple explanation in mind, and should use the personality, character, integrity and vision of each nominee as a guideline for making a decision: Is what he says in the campaign serious, reliable and likely to become the law of the land or merely thunder before the coming storm?

Profile

Director James R. Woods serves with a smile and a song

“I thought Caldwell handled only millionaires,” says James R. Woods. “When I was heading Manatee Community College in Venice, I met Caldwell board member Jack Meyerhoff, who corrected my thinking. I moved in some funds as a test, was very happy with the results, and moved some more.”

Now, as a member of Caldwell’s board and audit committee, he knows a lot about the company. “I like the person-to-person contact, and their trust expertise is second to none. They’re always accessible, very responsible and very, very professional.”

Jim retired from the Venice Hospital Foundation in 2005. “Kelly and his dad immediately asked me to come on Caldwell’s board. I think they were waiting for me to retire,” he says, although he was also on a number of other boards at the time.

“I asked Kelly, ‘Why me?’ I didn’t have a financial or entrepreneurial background. He said they chose me because of my high visibility and community service. They wanted me to represent the investors.”

Jim’s community activities have included the vice presidency of the former Bon Secours Hospital and membership on the boards of the North Port and Venice Chambers of Commerce, Sarasota County Economic Development Board, Coastal Behavioral Health Care (which he chaired), Venice-Nokomis Rotary, Rotary Futures Program, United Way of Sarasota County and Sarasota County Arts and Cultural Alliance. He has also served on the Professional Ethics Advisory Committee for Venice Regional Medical Center.

Jim met Karen, his wife of 45 years, when both were students in Ohio at Muskingum College, astronaut John Glenn’s alma mater. Those who know him quickly recognize his ready smile and the

music in his soul. “I was part of an all-male singing group, ‘Animals 8,’ at Muskingum,” he says, pleased that the group sang again at their 45th reunion this year.



Jim majored in education, minored in music and thought about being a music teacher. Instead he taught health and science, went into community college work and became an administrator. He earned a master’s degree in educational administration from Chapman University and a Ph.D. in higher education administration from Vanderbilt. In Sarasota, he attended Leadership Sarasota County—and took a class at McCurdy’s Comedy Theatre.

An avid barbershop singer since 1967, baritone Jim sang the national anthem for the Tampa Bay Rays in August. He was auctioneer for the South County YMCA’s 2006 Charity Auction, emcee for the All-Faiths Food Bank and celebrity waiter for Mental Health Community Centers. As a SCOPE volunteer, he was the first chair of the Community Health Improvement Project and vice chair of the Affordable Housing Committee.

A former member of Venice City Council, Jim now volunteers his talents to Venice Theatre (board), Tidewell Hospice (development), Gulf Coast Community Foundation of Venice (grants reader), Selby Foundation (scholarship selection) and Boys and Girls Clubs of Sarasota County (a top fund-raiser).

Karen had been a guidance counselor, but a serious fall in 2004 threatened her life and their happiness. Now her recovery is so complete that they take 12-mile bike rides, exercise to Wii and generally enjoy life, their two children and three grandchildren.

Andy DeVries *Continued from page 3*

the major leagues,” he says. He hung up his spikes, went back to school at USF and earned his degree. The couple relocated briefly to Nashville, near Sam’s family, but decided to return to Florida, where Marcia led him to Caldwell.

Andy serves on the board of the Venice Police Officers Pension Fund. He also helps with the Venice High School baseball team, which is coached by his former Cubs teammate, Craig Faulkner. Besides his love for baseball and golf, Andy enjoys fishing, diving and anything else water-related.

Andy’s family has come full-circle. Sam is an eighth-grade science teacher at Venice Middle School, which he once attended, and 5-year-old Maxine just entered Venice Elementary, another of Andy’s former schools. Three-year-old Iris is a student at Grace United Methodist Preschool. “I absolutely love the way of life here in the Venice area,” he says. “It is very satisfying to have found a niche in this great community.”

To reach Andy, call 941.493.3600 or write andy@ctrust.com.

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