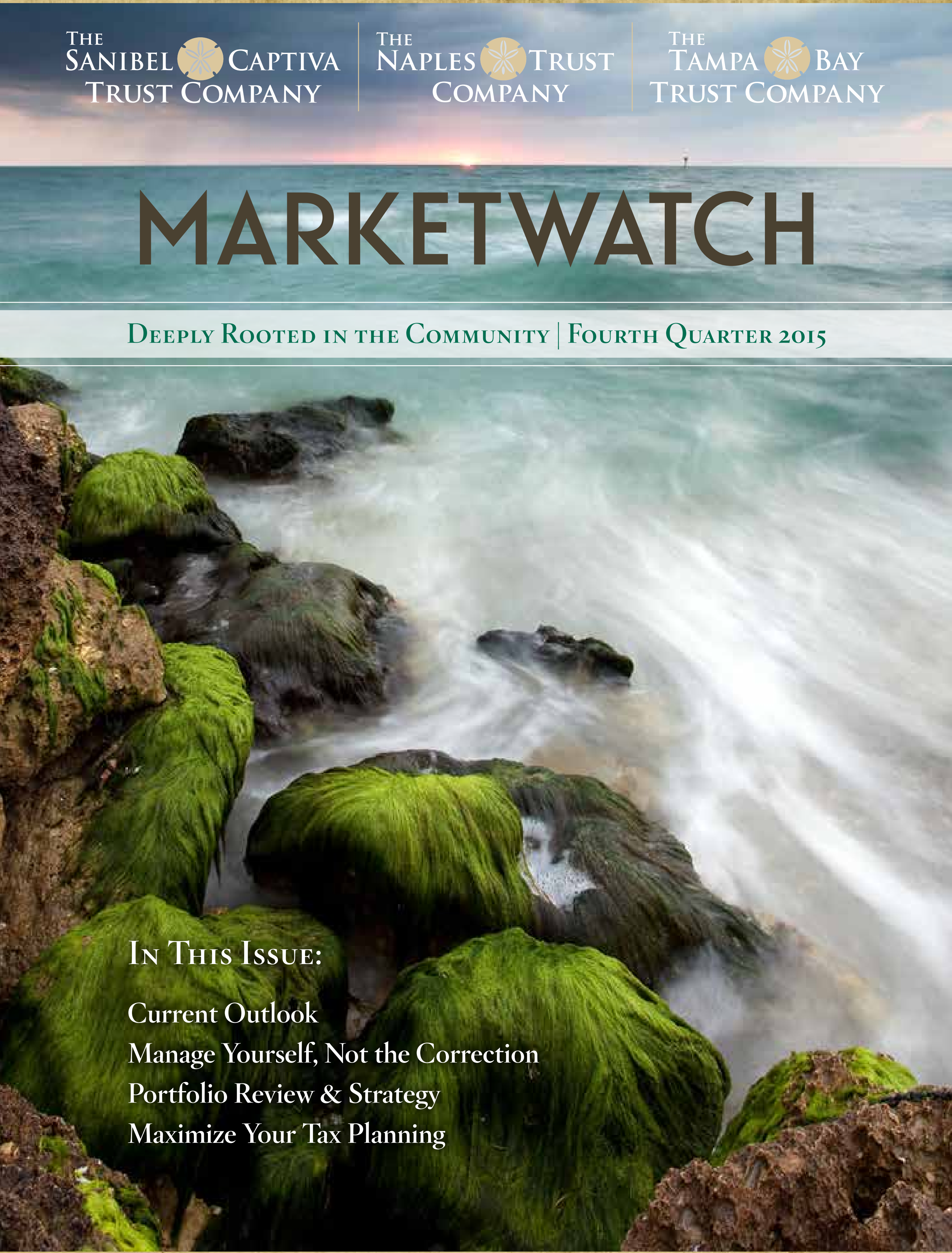

The Sanibel Captiva Trust Company | The Naples Trust Company | The Tampa Bay Trust Company

MARKETWATCH

Deeply Rooted in the Community | Fourth Quarter 2015

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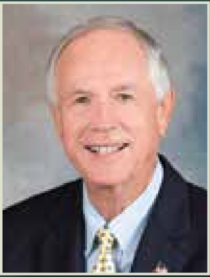
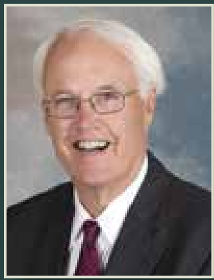

Dear Clients, Friends, and Colleagues,

As we enter the last quarter of 2015 and prepare for year-end tax planning, we look back on an event-filled summer where the markets have kept us all on our toes. This is not new, and in fact, market roller coaster rides of the past decade seem to have infused investors with new resolve. This is not to say that market volatility doesn't warrant respect, but as our colleagues here at The Trust Company often advise, "Be Careful, Not Fearful."

Our clients know that we don't focus on investing to beat an index, seek short-term trading opportunities, or rely on market momentum – but focus on "best in class" investments. We are constantly analyzing the companies we own for client portfolios, while diligently watching for signs that might provide us with strategic opportunities.

As the largest independent trust company in Southwest Florida, it is always our goal to combine personal service with world class investment management to create a superior client experience.

Warm regards -

S. Albert D. Hanser
Founder & Chairman

Richard E. Pyle, CFA
President

The Trust Company's Asset Management Committee (AMC) meets regularly to discuss investment strategy and how current events may be affecting the securities we own in our client portfolios. If you would like to learn more about our investment approach or are interested in attending an AMC meeting, we welcome your call at the number below.

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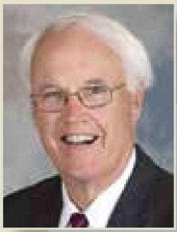


Current Outlook

Be Careful, Not Fearful

Richard E. Pyle, CFA
President, The Sanibel Captiva Trust Company

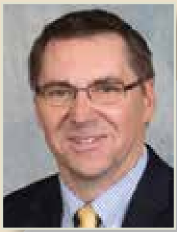
We continue to expect the economy to show encouraging, though sometimes volatile, results over the coming months. This is despite the occasionally unnerving headlines regarding China, Greece, Russia, ISIS, Syria, Iraq and oil prices. The Euro-Zone debt crisis concerns have receded, though growth there remains slow. More recently, fears of a Chinese economic "hard landing" have resurfaced as a result of the poorly handled plunge in their equity markets. Meanwhile, interest rates around most of the world are generally falling, not rising.

Many issues having to do with U.S. fiscal and monetary policy that were vexing markets three years ago have been constructively resolved. These include the Federal budget debates as well as concerns over the initial actions of Federal Reserve Board Chair Janet Yellen. We expect short-term interest rates to rise only grudgingly beginning in the last quarter of this year.

We have been tracking the political landscape, as well, and the recent change in congressional leadership. While we watch in earnest the "long slog" toward the 2016 election, we do not think much has changed with respect to Washington's ability to reach compromises. Some negotiations may be successful on select issues, but we foresee nothing that materially changes the outlook we had prior to last year's election. We are following the debate taking shape with regard to comprehensive tax reform legislation, which could be considered before year's end. While we view it as a long-shot, a bill to simplify the tax code and deal with the repatriation of corporate cash from overseas would be both beneficial and a surprise.

We could also be pleasantly surprised by an improvement in equity prices in 2015 and 2016 given the relatively low valuations compared to fixed-income alternatives. As always, it's best to be careful, but not fearful. We remain comfortable with our outlook for moderate economic and profit growth as well as for relatively low inflation and interest rates worldwide in 2015-2016. Generally such conditions are a prescription for rising demand for equities. Stabilization both in the value of the U.S. dollar and the price of oil will go far in 2016 toward becoming a tailwind to profit growth after their negative effects this year.

Investors are meanwhile struggling with the impact of lower-than-average worldwide economic growth. The collapse in commodity prices combined with excess capacity are reflections of this sub-par growth environment. This supply/demand dynamic is expected to continue for an extended period of time. We continue to suggest a strategy of asset accumulation through investments in high-quality businesses not heavily dependent on surging growth and inflation. Also, given the low return investors are receiving from fixed-income securities, we continue to look for fixed-income alternatives that can meet clients' current income needs. With underlying growth expected to be slow and inflation and interest rates low for the foreseeable future, our current outlook means that such "outside the box" investment thinking will be in great demand.



Manage Yourself, Not the Correction

Timothy P. Vick
Senior Vice President, Senior Portfolio Manager, The Naples Trust Company

It's official – the stock market has suffered a "correction" of more than 10%, the first since Spring 2012. The obvious question for investors is, now what?

Avoid trying to predict corrections. To market-time a correction, you have to make three guesses – when the correction begins, when it ends, and how deep it will be. All three need to be right or your decisions can ultimately hurt portfolio results. Instead, we ask two questions: 1) what is causing the correction? 2) will those causes impact stock values long term, or short term?

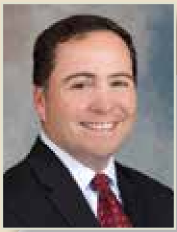
Corrections, by definition, are temporary, but routine. A correction of 10% tends to happen, on average, once every 11 months, and is followed by a rally. The stock market was near its all-time high as recently as mid-August, which means that every correction since 2009 was quickly dispelled. Corrections often arise out of nowhere, from the collective selling of levered, panicked traders, and serve to take some air out of inflated prices. More to the point, they are usually buying opportunities, not selling opportunities.

Meet with your advisor and address your financial plan to avoid reflexive decisions. Make sure that your asset allocation, income needs, growth goals, and risk tolerances are being well communicated and served. Market corrections not only test whether your portfolio is behaving under stress as you expected, but also test your own ability to withstand price fluctuations.

History plays a big role in how investors react to declining prices. Since 2008-09 investors have been on a seven-year lookout for signs of the next bubble – even when no bubble existed. We've had many turbulent events since then, but on a relative scale, none were as remotely damaging to asset values as our housing collapse. If 2008 was a 50-year flood, Greece was only a 2-year flood. Dysfunction is the norm around the world, not the exception. Count on a political, economic, military, or weather-related crisis every week, somewhere.

Don't engage in avoidance behavior today, because very few investors can hit their financial goals sitting in cash or owning bonds yielding just 2%. Many of you need sufficient income to live off of, and need your investments to grow. Just because it's going to rain today doesn't mean you don't go outside. You just learn to take an umbrella.

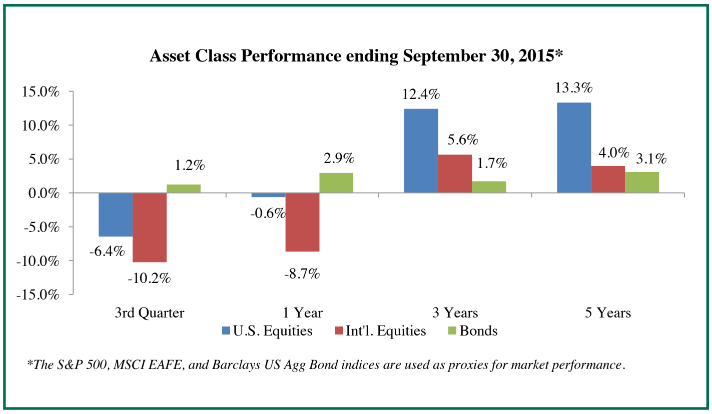
Focus on "probable" outcomes, not "possible" outcomes. Anything is possible – Russia could default again; an earthquake could hit California; the two Koreas could go to war next week, and on and on. Living in fear of those media-hyped, low-probability events will do your portfolio no good. Rather, we invest based on probable outcomes. As you will glean from our commentaries in this newsletter, we think the U.S. should do relatively well and is expanding in the right places, such as auto sales, housing, health care, and in employment and wages. The U.S. banking system is as healthy as it has been in memory, so we see just scant risk of another credit bubble. Meanwhile, plunging oil and commodities prices around the world are going to be a net boon to consumers, businesses, and most governments. Those are good legs to support business values.



Portfolio Review & Strategy

Craig J. Holston
Chief Investment Officer, The Sanibel Captiva Trust Company

U.S. equity markets were particularly volatile during the third quarter. In fact, the latter half of August was the most volatile period for U.S. equity markets since 2011. News of China's currency devaluation created concerns that problems within the Chinese economy would spill over into other countries (particularly emerging markets) and hinder broader economic growth globally.



While China is indeed a significant contributor to world output and will affect markets in the short term, the fundamentals of the equities we own for our clients remain largely unchanged. Therefore, we have advised our clients to remain calm and avoid any large wholesale portfolio changes. We remain comfortable with our allocation to U.S. equities as well as the individual positions we have selected for our clients' portfolios. As a result of the volatility, we are finding some compelling values across the companies that we analyze on an ongoing basis.

The Fed recently announced that the federal funds rate would remain unchanged at 0%. Bond prices responded by rising modestly, causing yields to fall again. We have been warning investors about the risk of rising interest rates on their bond portfolios for several quarters now. While the risk remains inevitable, the timing of the first rate hike and the eventual size and scale of interest rate increases remain rather uncertain. In the meantime, bondholders will continue to earn very meager real rates of return. For this reason, we have avoided traditional fixed-income (bond) investments and will continue to do so until after interest rates rise.

Instead, we continue to use our High Income Portfolio, which is our alternative to traditional fixed income for clients requiring high current income. Our strategy focuses on securities with consistent (and growing) distributions and utilizes high-quality dividend-paying stocks, preferred stock, REITs, and in taxable accounts, master limited partnerships. Though our strategy is subject to the daily volatility of the stock market, the real risk of long term or permanent asset impairment can be avoided by owning companies with sustainable competitive advantages, healthy balance sheets and growing cash flows.

We made a change to our international equity allocation during the quarter. We have exited our emerging markets positions in light of the increased uncertainty surrounding China and other emerging markets. To us, the overall economic landscape, earnings expectations, and currency and commodity price movements outweigh the seemingly attractive valuations exhibited in many emerging economies. However, we continue to allocate money toward "developed" international markets (namely Europe) as accommodative central bank policies continue across the continent.

Maximize Your Tax Planning

Michael R. Dreyer, CPA
Executive Vice President, Wealth Strategies, The Tampa Bay Trust Company

It's already that time of year to visit with your tax professional to discuss how best to minimize taxes in 2015 and perhaps, beyond. Currently, the 2016 Federal tax rates are expected to remain the same as 2015; thus the top rate should remain 39.6%. The top rate applies to income of more than $413,200 (single); $464,850 (married filing jointly and surviving spouses), $232,425 (married filing separately) and $439,000 (heads of household). For certain high-income taxpayers, a 3.8% net investment income tax may also apply.

Postponing Income, Accelerating Deductions

Typically, if you expect to be in a lower tax bracket in the future, it generally makes sense to defer income into later years and where possible, accelerate deductions into the current year. Some steps that may be taken:

- Maximize contributions to 401(k) or other retirement savings accounts
- Delay recognizing capital gains until 2016
- Prepay state estimated tax payments, property taxes, and mortgage payments before year end
- Move future charitable donations into 2015
- Take capital losses before year end (short-term losses are preferred)

Accelerating Income, Postponing Deductions

However, if you expect a substantial increase in income or anticipate using a less favorable filing status in 2016, accelerating income into 2015 and/or delaying deductions until 2016 may be the appropriate strategy. Some steps that may be taken:

- Move up planned retirement plan distributions to 2015 rather than take them next year (assuming the 10% penalty tax on early distributions to individuals under 59 1/2 does not apply)
- Recognize capital gains this year
- Settle any legal disputes that might result in taxable income before year end
- Delay the payment of state estimated tax payments to 2016 (after considering the possibility of late-payment penalties)
- Postpone the sale of loss-generating assets

Charitable Giving

While the markets have been volatile the last few months, most long-term investors have substantial unrealized capital gains in their portfolios. Those appreciated stock positions are excellent vehicles to make charitable contributions. Assuming a taxpayer itemizes deductions, not only is donated stock deductible, but the appreciation on the stock is deductible, as well. Alternatively, if the stock is sold, the appreciation may be subject to capital gains tax and possibly net investment income tax.

Meet with your tax advisor

This discussion is meant only to provide an overview of a few strategies that may be available to optimize your tax situation. We strongly recommend you meet with your tax professional before year end to review your situation.

Corporate and Market Leadership

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Vice-Chairman

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