FOURTH QUARTER 2012

OUR VIEW

A QUARTERLY NEWSLETTER FROM SABAL TRUST COMPANY

"DIFFICULT QUESTIONS, ELUSIVE ANSWERS"

Investors' market expectations are under re-evaluation as a result of the many cross currents influencing the external environment. The fluidity of the economic and political debate, coupled with the lingering tensions on how to prudently address a slowing recovery, and European structural concerns continue to elevate investor uncertainty. Furthermore, in a world coping with abnormally low interest rates, cash flow needs are increasing demand for income-producing assets, which support high-quality, dividend-paying companies.

ECONOMIC ENVIRONMENT:

Regulatory and tax policy uncertainty, coupled with the upcoming Presidential election, a European recession, and the lack of clarity regarding the future of the Eurozone, serves to dampen domestic economic activity. The tepid economic environment is negatively influencing the employment picture. People continue to drop out of the labor pool by abandoning their search for work as reflected by the lowest labor force participation rate in over 30 years. On a positive note, companies remain profitable, healthy, and financially flexible. However, because of the opaque environment, corporations are less willing to deploy cash reserves through capacity expansion or hiring activity. ***Only the variable of time will allow the chaff to clear from the global economic system and for the economic cycle to return toward a healthier trajectory.***

INTEREST RATES:

Central bankers remain highly accommodative as they inject further support into global financial systems to stimulate economic growth across developed and developing nations. Domestically, Federal Reserve decision makers remain focused on sub-par economic growth, elevated unemployment levels, moderate inflation, and potential downside risks to the economy. Further exacerbating the debate is the potential impact of the pending Fiscal Cliff. ***Policy makers will likely continue their market intervention with some form of additional accommodation and attempt to use monetary policy measures to try and fix fiscal policy failures.***

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Sabal Trust Company

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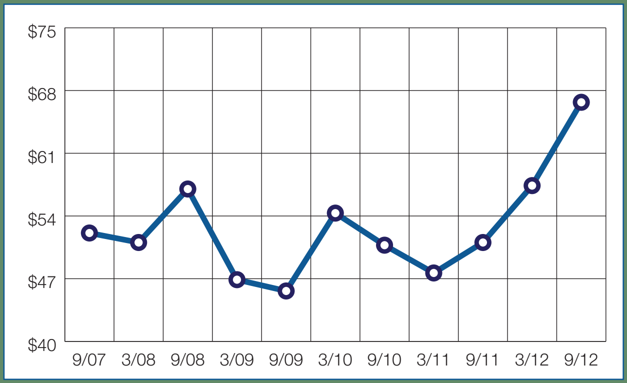
STOCK FOCUS: ABBOTT LABORATORIES

Stock Symbol: ABT
Market Capitalization: $104.9B
Dividend Yield: 3.1%
Long Term Earnings: 8%
2012 P/E: 13.6x
Return on Equity: 30.3%

Abbott is a global, diversified life sciences company that discovers, manufactures, and sells a wide range of health care products. ABT is planning to split into two companies, one in research-based pharmaceuticals and the other in diversified medical products, which should unlock growth potential, enhance transparency, and serve to increase valuations. ABT possesses a solid pipeline to support future growth and offers excellent cash flow metrics with a solid dividend policy, having increased its dividend for 40 consecutive years, which is consistent with the Sabal Trust dividend strategy.



VELOCITY OF MONEY:

The velocity of money, an important measure of economic activity, is defined as the number of times a unit of currency exchanges hands during a given period of time. A rise in the velocity of money indicates more economic activity and greater prosperity. Over the last several years, unprecedented monetary policy accommodation across the global landscape has suppressed the question of policy effectiveness since it has neither increased money velocity nor created sustainable economic growth. ***Further stimulus activity is unlikely to be the catalyst for demand creation.***

FISCAL CLIFF:

Political inaction and gridlock on difficult decisions in Washington D.C. are the hallmarks of our debt crisis. The pending Fiscal Cliff is defined by the expiration of the Bush era tax cuts, the Alternative Minimum tax fix, and payroll tax cuts combined with the $1 trillion of mandatory spending cuts or sequestration that will result from Congress' inability to reach a comprehensive agreement on the budget and deficit crisis. ***Sadly, little incentive exists to deal with the unsustainable deficit issues because of "cheap" money and the absolute lack of political will.***

PRESIDENTIAL ELECTION:

As the political rhetoric reaches a fevered pitch, current policy platforms are diametrically opposed on most issues, and the voting populace will have a clear choice to make in November. The election is likely to be a classic conservative/liberal debate between smaller government, a lower tax burden, and a more laissez-faire approach to managing the economy versus large government, higher taxes, and greater regulation. The election outcome will inevitably influence the debate on how the political leaders fundamentally handle the challenges associated with the Fiscal Cliff. ***Regardless of who wins the White House, longer-term, the resilient markets will continue to follow their cyclical patterns and present both opportunities and challenges to investors.***

OUTLOOK:

The tenants of financial repression, low equilibrium growth rates and political dislocations will shape the investment landscape resulting in adjustments in investor behavior and their underlying investment strategies. ***Being defensive, we are taking advantage of current market rallies to harvest profits and bring equity allocations back in line with our clients' longer-term objectives. At the same time, we remain focused on dividend-oriented companies that are well positioned to weather the winds of uncertainty.***

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