



CALDWELL TRUST COMPANY

PERSONAL • TRADITIONAL • INDEPENDENT

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INVESTMENT LETTER

2021: Great Expectations

MILESTONE

Board and staff celebrate Jan Miller's 20th anniversary with a joyous (though socially distanced) gathering

CALDWELL CARES

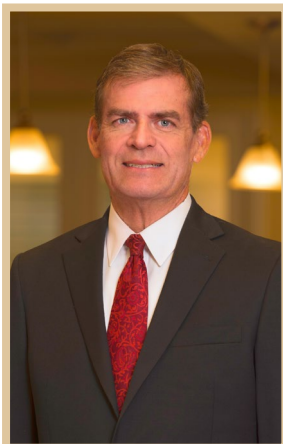
Caldwell is signature sponsor for Tidewell Foundation Luncheon

Easterseals Abilities Shining Luncheon

Agape Flights raises funds with annual 'Pie in the Sky' Open House

Big Brothers Big Sisters of the Suncoast - Changing Lives for the Better

BUILDING WEALTH | PRESERVING LEGACY



What a difference a year makes! Twelve months ago, the S&P 500 was in the early stages of recovering from a 30%+ pandemic-induced decline, which commenced in late February 2020 and lasted just over a month. Fixed-income markets became illiquid, prompting monetary intervention by the Federal Reserve. Domestically, economic growth and corporate earnings subsequently collapsed. Per FactSet, S&P 500 earnings per share (EPS) declined by just over 14% last year; revenues were slightly negative. The U.S. economy contracted in 2020.

In the fourth quarter, as approved vaccines were rolled out, market expectations for two of our three key fundamentals—economic growth, and corporate earnings—shifted positive. The third fundamental—monetary policy—continued to be and is anticipated to be very accommodative. In fact, the outsized return of the S&P 500 Index last year, in our view, has much to do with the liquidity the Federal Reserve provided to capital markets.

S&P 500 earnings growth for Q1 and the full year of 2020 has continually been revised upward as the country begins to move past the pandemic. Per FactSet, double-digit earnings growth is expected in each quarter this year and is anticipated to rise in excess of 24% for the full year; revenues are predicted to rise by more than 9%. Of course, the impressive growth is due in part to easy comparisons with last year, but the magnitude of upward revisions has been unusual within a historical context.

As we have previously stated, from an earnings perspective, most of last year and a good portion of 2021 will be spent returning to earnings-per-share levels last seen in 2019. The positive news is that the magnitude and speed of an earnings recovery is accelerating, as are projections for economic growth. Currently, the Federal Reserve's GDP forecast for this year is growth of 6.5%, following a contraction of 3.5% in 2020 (the largest contraction since just after World War II according to *The Wall Street Journal*). The recently enacted \$1.9 trillion fiscal stimulus bill and talk of infrastructure spending legislation suggest domestic growth may be even greater.

With the recovery and additional stimulus come an entirely different set of concerns for the capital markets, specifically a rise in interest rates and the specter of inflation. Meaningful sustained inflation has been nonexistent in the U.S. for at least the past 30 years. While we believe inflation will tick higher this year, we believe it will ultimately stay contained. Currently, domestic inventories are depleted, household savings have accumulated, and there is substantial pent-up consumer demand. This suggests a spike in prices. However, these circumstances are temporary. Greater secular forces such as technological innovation, poor demographics, and higher debt levels will ultimately act to constrain growth and inflation in our view.

In the meantime, yields have risen as a result of anticipated accelerating growth and inflation. The yield on the benchmark 10-year Treasury bond has risen in excess of 0.5% in the first quarter of 2021. The rise in rates has been accompanied by steepening of the yield curve, which has propelled financial stocks higher. As well, market leadership has transitioned to more cyclically sensitive and value-oriented stocks. The rise in rates has called into question valuations for many of the stalwart technology issues that dominated performance as the pandemic worsened last year. In addition, growth has outperformed value over most of the last decade. Pundits are now pondering whether the rotation to value is a lasting regime change.

We currently believe the increase in projected growth and pickup in inflation will be temporary. Consequently, we continue to advocate overweighted allocations in the Technology and Consumer Discretionary sectors (both composed of more Growth than Value names) for any investor with a longish investment time horizon. We recently moved to an overweighted position in the Industrial sector to take advantage of the resurgence in economic activity. Most important, we continue to advise clients that—to the extent they are comfortable with the volatility inherent in equity markets—they should be overweighted in stocks. While yields on fixed-income investments have risen, our view is that yields will have to move much higher for fixed-income investments to become attractive relative to equity investments. That said, the current valuation on the S&P 500 remains stretched: its forward Price/Earnings (P/E) ratio based on earnings estimates for this year is roughly 23 times. We will look for any significant pullback in the market as an opportunity to add to equity weightings, as appropriate, in client portfolios.

To reach Chris, email cmcgee@ctrust.com or call 941.926.9336.

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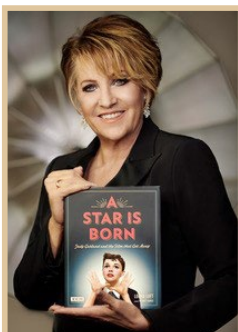
Caldwell is signature sponsor for
Tidewell Foundation Luncheon; Lorna Luft
is keynote speaker for livestreamed event



RIGHT: Lorna Luft, keynote speaker

BELOW: R.G. “Kelly” Caldwell Jr., CEO & president of Caldwell Trust Company, addresses the virtual crowd as the Signature Luncheon Sponsor.

Foundation president Debbie Mason shared a moving story of the care and wedding for a 20-year old patient.



The Tidewell Foundation planned its 12th Annual Signature Luncheon to benefit Tidewell Hospice at Sarasota’s Ritz-Carlton, as is customary. They booked a celebrity keynote speaker for February 5 and Caldwell Trust Company signed on again as signature sponsor of the event—also customary. What wasn’t customary was the impact of Covid-19, which made a large gathering too risky for anyone, let alone a healthcare provider.

The ever-nimble Foundation adapted quickly. They announced that their keynote speaker, Lorna Luft, would address guests of the 12th Signature Luncheon virtually rather than personally. Luft is a healthcare advocate, author, Broadway star, and daughter of Judy Garland.

Cindy Stuhley, wife of Caldwell board member Tom Stuhley, chaired the event. Jan Miller, Caldwell executive vice president and trust officer, addressed guests in her capacity as board chair of Stratum Health Systems, Tidewell’s parent company. Other speakers were Jonathan Fleece, Stratum president and CEO, and Debbie Mason, president of the Tidewell Foundation.

In a heartfelt message, Ms. Luft spoke of how alone she felt at 16 when her mother died. “There was no hospice, no company.... There was nothing I could actually do to say goodbye,” she said. “This is one of the reasons I am so grateful to this organization, for what they do.”

To learn more, visit tidewellfoundation.org or phone 951.552.7546.





Easterseals Abilities Shining Luncheon

Easterseals Southwest Florida, also known as Happiness House, was founded in 1946 as the Sarasota-Manatee Crippled Children's Clinic and renamed Happiness House that same year. Created to serve children impacted by the polio epidemic, the organization now deals with the Covid-19 pandemic. That means its annual event, the Abilities Shining Luncheon, could not be held at Michael's On East as before. Fortunately Easterseals found an easy solution through its new partner, InStride Therapy, whose slogan is "Horses Helping Humans." InStride's 62-acre facility in Nokomis has more than enough space for its programs, horses, and the dozens of humans who were socially distanced in an outdoor arena. Other guests participated in the March 3 event through a livestream link.

Front row: Lily School student Alex and board chair John Berkey. Back row: 48-year donor Ginger Judge, board member LaVerne Green, president & CEO Tom Waters and Adult Day Services client Mercedes.



In-person guests could enjoy a luncheon catered by Michael's On East, bid in a live auction emceed by Tom Waters, president and CEO of Easterseals and InStride, and view a hippotherapy demonstration—all on a balmy spring day.

Caldwell has sponsored several events for the two partner organizations, and assistant vice president and trust officer Reppard Gordon, attended the luncheon with his wife Summer.

Abilities Shining luncheons were begun to create awareness of the many programs offered by Easterseals in fulfilling its mission: "We provide exceptional services for persons with disabilities and their families across a lifetime by empowering individuals to live their lives to the fullest."

Easterseals is celebrating its 75th anniversary this year. To learn more about the organization, visit easterseals-swfl.org or call Tom Waters at 941.355.7637 or 941.504.3001.

Agape Flights raises funds with annual 'Pie in the Sky' Open House



Caldwell Trust Company was a pizza-and-pie sponsor for the "Pie in the Sky" Open House held by Agape Flights on March 6 at 100 Airport Avenue E. in Venice. Caldwell's CEO and president, R. G. "Kelly" Caldwell Jr., joined in the day's fun along with his wife Melissa and two of their sons, Zach and Brooks.

The "par-tee" themed event was a light-hearted introduction to a serious mission. Agape Flights is a nonprofit aviation ministry that continuously transports critical supplies to support missionaries, their families, and their unique missions in Haiti, the Bahamas, and the Dominican Republic. Each year, Agape Flights touches the lives of more than a million men, women, and children through its affiliated missionaries who provide clean water, community health, education, evangelism, medical services, microenterprise, orphan care, and vocational training.

To learn more, visit agapeflights.com or call 941.488.0990.



Volunteers and guests enjoying themselves.

Changing Lives for the Better -- *One Big AND One Little at a Time!*



Big Brothers Big Sisters of the Sun Coast provides one-to-one mentoring relationships to children ages 6-18 years old throughout the Gulf Coast of Florida. The organization provides children facing adversity, often those of single or low-income households or families, with strong and enduring, professionally supported one-to-one mentoring relationships that change their lives for the better, forever. Sheryl Vieira, vice president of marketing and communications, was a Big in 2015 when she volunteered her time and mentored a young girl.

Four of the women of Caldwell turned out, guns at the ready, on March 12 for the Big Brothers Big Sisters of the Suncoast Clay Shoot Out that Caldwell Trust Company has sponsored for many years.

To learn more about the organization, visit bbbssun.org or call 941.488.4009.



Pictured from left are Gail Neujahr, CFA, vice president and portfolio manager; Sarah Rothenbach, business analyst; Sheryl Vieira, vice president of marketing and communications; and Shannon Parent, trust associate.

MILESTONE

Board and staff celebrate Jan Miller's 20th anniversary with a joyous (though socially distanced) gathering



When Jan Miller walked through the door of Caldwell Trust Company in January 2001, she said she wasn't just starting a new job. She was coming home. She knew she'd use technology as a tool in her new home but vowed always to nurture personal relationships. She could never have imagined that twenty years later, in the throes of a pandemic, technology would be her bridge to many of the people who are so important to her.

On February 16, R. G. "Kelly" Caldwell Jr., CEO and president, hosted a zoom party with Caldwell's board of director's to celebrate Jan's 20th anniversary. As other board members joined in the virtual party, sharing love and appreciation for Jan, their warmth leapt through the cold TV monitors. The human touch was even more present in the large display board signed by staff members. Jan also has another remembrance with the beautiful trophy the company presented to her.

Members of Caldwell's board of directors joined in a zoom party to celebrate Jan Miller's 20th anniversary with the company. From the left, top row, are H. Lee Thacker Jr., Marge Maisto, and Jim Woods; middle row, Kathleen Toale, Tom Stuhley, and a happy Jan Miller; bottom row, J. Mack Reed, John Booth, and Chris Gray.



Below: Jan Miller and R.G. "Kelly" Caldwell Jr., in front of the future home of Caldwell Trust Company.

From 1993 when Caldwell Trust Company was chartered, to 2001 when Jan Miller joined the organization, our growth continues. We look forward to witnessing the expansion of Caldwell Trust Company in the Sarasota market and beyond. We congratulate Jan on her 20th anniversary.





CALDWELL TRUST COMPANY

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CHARTERED PRIVATE TRUSTEE
PROUDLY SERVING OUR COMMUNITY SINCE 1993

BOARD OF DIRECTORS

R. G. "Kelly" Caldwell Jr., CEO, Chair

John S. Booth, III

Christopher N. Gray

Tramm Hudson

MaryAnn C. Kraut

Marge Maisto

J. Mack Reid

Thomas Stuhley

H. Lee Thacker Jr.

Kathleen Toale

James R. Woods

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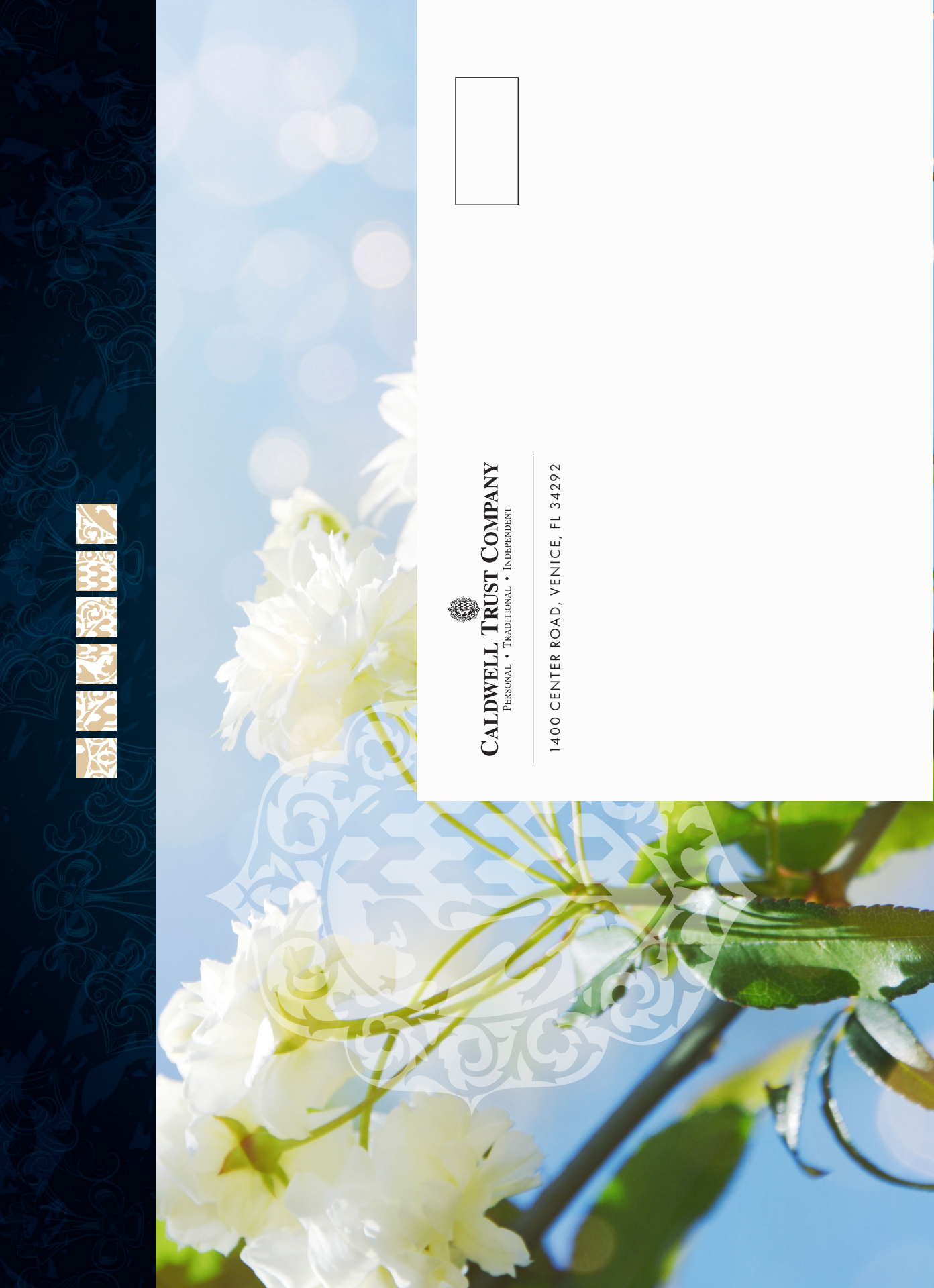
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