



CALDWELL TRUST COMPANY

PERSONAL • TRADITIONAL • INDEPENDENT

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Capital markets rallied into year-end, and global returns ended up being exceptional for 2019. As this is written, domestic equity markets have moved higher, and many investors are looking for an inevitable sell-off. Attempting to predict the timing of a decline is a fool’s errand. In the December newsletter, we wrote that fundamentals for 2020 are solid, if unspectacular, and that non-fundamental issues such as the presidential election and continued trade talks with China will dictate short-term market movements. Typically, great years for equities (and 2019’s S&P 500 total return of 31.49% fits the bill) are followed by good years. Also, as we have pointed out previously, if one considers the annualized return on the S&P 500 for the last two calendar years (~12%) it is just slightly better than the historic annualized return of 10%.

Ultimately, corporate earnings drive stock prices. Consequently, we need a resumption in earnings growth for the upward trajectory of the market to continue. As fourth quarter earnings season draws to a close, earnings growth for the quarter looks to be around zero. Thus, earnings consolidated for all of 2019. With little earnings growth and the S&P 500 advancing smartly last year, the market multiple on forward earnings stands at over 18X based on consensus earnings growth estimates. We will argue that the multiple is actually in excess of 19X, as we believe earnings estimates for this year are too generous. Time will tell. The continued very low interest rate environment can justify higher market multiples for now, but ultimately the market needs a meaningful reacceleration of earnings over the long term for the market to move higher. The most immediate catalyst for a reacceleration is for meaningful progress to take place on trade negotiations with China.



MILESTONE

Caldwell Implements Plans
for Next 25 Years

Caldwell Trust Company celebrated its 25th anniversary and reached its billion-dollar milestone almost simultaneously last year. CEO/president R. G. “Kelly” Caldwell Jr. and staff members marked the occasion with a reorganization into four business segments, each led by a senior staff member, to carry the company through its next 25 years and second billion dollars. We began a series in August to profile the four members of the corporate leadership team, beginning with Jan Miller, the senior EVP and trust officer overseeing Client Services. In October, we wrote about Scott Antritt, senior VP in charge of Change Management. H. Lee Thacker Jr., senior EVP, secretary, and trust officer, was the focus of the December issue, which described some of his activities in overseeing Corporate Matters.

We are finishing the series with our profile of Leonard B. Nagel, senior VP and chief technology officer, who administers Support (operations and information technology).

PROFILE

Leonard Nagel Brings 26 Years of IT Experience



Leonard Nagel, senior vice president and chief technology officer, is responsible for meeting all of Caldwell's Information Technology needs. In a business that relies heavily on robust, reliable software, it's impossible to overstate the value of these functions. Since joining the company in 2015, he has ensured that the IT department effectively meets and supports day-to-day operations. In addition, IT conducts strategic planning and develops the company's long-term technology vision. "We're currently working on our 2020 road map, which is based on business needs," he said.

A member of the Florida Banker's Association, Nagel understands the needs of Caldwell's business. "We provide technology services and operations support throughout the company," he said. "We begin by collaborating with the other business units to determine their needs. Then we develop internal, proprietary products to meet their requirements." This includes providing infrastructure for numerous applications, developing and supporting new software, and integrating third-party applications.

On the operations side, IT provides accounting and management systems that support trust officers in processing transactions for trading, money movement, and incoming and outgoing distributions.

The IT department is also responsible for protecting client data, among other privacy concerns. Under Leonard's management, Caldwell has successfully completed a SOC 1 audit, validating the security of its operations.

Leonard began his career in 1994 as the IT director for Health Care of New Orleans Services, a healthcare software vendor. He was superbly qualified for this position, with a BS in economics and an MBA in Quantitative Analysis/MIS from Louisiana Tech University, along with minors in finance, management and computer science. His education prepared him for the job. His talent and innovative approach to IT have fueled his continued growth and leadership in the field.

In 1999, Nagel moved to Clearwater-based Suncoast Solutions, a software solution provider for the hospice and home care industry. After 16 years, he left his position there as SVP of Technology & Services to join Caldwell.

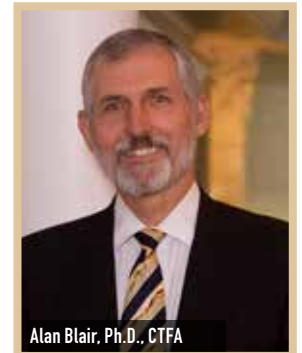
Based in Tampa and commuting weekly, Leonard doesn't have a lot of time for hobbies. He likes to fish when he can and wishes he had more time to exercise. He's a big fan of college and NFL football, especially LSU's team and the New Orleans Saints. His wife Jennifer is a first-grade teacher in Hillsborough County. Their daughter Hansley is a senior at Sickles High School, and son Haiden has just earned a master's degree in sports management at Florida Atlantic University.

To contact Leonard, email leonard@ctrust.com or call 941.493.3600.

CALDWELL CARES

Workshop Production

Alan Blair, Ph.D., CTFA, vice president & trust officer with Caldwell Trust Company is back "on stage" with a long-time friend of Caldwell Trust Company, Jo Morello. Years ago, Jo asked Alan to produce a play and Jo was the playwright. In 2017 Jo approached Julie Leach, executive director of Westcoast Black Theatre Troupe, and said, "I have an idea for a play." Thus was born *Lil & Louis*, a play with music, about jazz pioneers Lil Hardin Armstrong and her husband Louis. *Lil & Louis* was staged as a workshop production in March 2019 in conjunction with the Sarasota Jazz Festival. And now, presented as a full production which ran January 21-25 in the Fellowship Hall, First Presbyterian Church, Sarasota.



Jo formed JoMo Productions, a 501(c)(3) Florida corporation, to help mount the play. Then she asked Alan, "Remember when you were my producer and I was your playwright? How would you like to do it again?" Alan recalled his earlier experience. "It was a lot of fun," he said—and signed on. He's treasurer of JoMo Productions.

Alan isn't doing it just for fun. "Jo has a record of success as both playwright and producer. She creates ideas, finds the money, builds a team, and makes it happen—and creates jobs in the process," he said. "She consistently brings fresh new work to our community, maybe the only one who does new work exclusively. I want to help with that. And her plays have a broader reach than just Florida."



Jo Morello and Chuck Smith at a reading of *Lil & Louis*

Lil & Louis is directed by Chuck Smith, 25-year resident director at Chicago's Goodman Theatre and resident director at Sarasota's Westcoast Black Theatre Troupe. NEA Jazz Master Dick Hyman is music adviser. Randy Sandke, nationally acclaimed trumpet player, is trumpeter and music director for the play's dozens of songs of the era, some of which are pre-recorded by a six-piece jazz band, others sung live by the African-American cast.

Set in the Jazz Age and later, the play is still relevant today. The focus is on Lil Hardin Armstrong. "The Hot Miss Lil" was one of Chicago's most sought-after pianists, playing with King Oliver's Creole Jazz Band when pudgy "Little Louis" was still hustling for food in New Orleans. He came to Chicago to join the band. Eventually they married, and Lil made Louis a star—but he moved on to two more wives and international acclaim—but "The First Lady of Jazz" has been forgotten. *Lil & Louis* hopes to correct this oversight.

For information and tickets, visit LILandLOUIS.com.

NOTICE OUR NEW LOOK?

We've Gone Blue!



NEW HIRE

Gail Neujahr, CFA, Has Joined Caldwell Trust Company



Gail Neujahr, CFA, has joined Caldwell Trust Company as Vice President and Portfolio Manager, bringing over 15 years of work experience in the Financial Services industry. Her areas of expertise include investment analysis, investment policy development, risk assessment, portfolio construction and management, portfolio performance analysis, investment manager due diligence, wealth management, and experience working with high net worth clients.

As a Portfolio Manager at Caldwell Trust, Gail says, “I will be able to combine my extensive understanding of the capital markets with my relationship building skills to provide valuable investment advice and quantifiable results for clients.”

In addition to her Financial Services experience, Gail has also held influential marketing positions with mission-focused retailers and non-profits. “My leadership roles span organizations from community gardens to professional societies. I have broad volunteer experience from literacy lessons in Oklahoma, to fundraising bike rides in the Rockies, to community service foundation committees at Fortune 500 companies.”

A native of Denver, Co., Gail graduated from the University of Denver with a Bachelor of Science in Business Administration (BSBA) degree, majoring in Finance and Marketing. She obtained her Chartered Financial Analyst (CFA) designation from the CFA Institute, Charlottesville, Va., and currently serves on the Board of Directors of the CFA Society Tampa Bay.

Gail has been a resident of Venice since 2016 where she loves being near the water and beautiful beaches. “My hobbies are bike riding, kayaking, cooking, and exploring all the attractions in and around the Gulf Coast. I volunteer for rowing events at Nathan Benderson Park and share as many long walks as possible with Gracie, my beautiful retired greyhound.”

To contact Gail, email gneujahr@ctrust.com or call 941-493-3600.



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