

## *News Release*

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### **Wilmington Trust 10-Year Forecast for Capital Markets Emphasizes Risk Management**

*Outlook reaffirms commitment to active asset allocation, international and alternative investing*

Wilmington, DE, February 21, 2008 – Addressing the challenges of constructing effective diversified investment portfolios for today’s financial markets, Wilmington Trust’s investment experts have released a 10-year capital markets forecast which focuses on the continued importance of risk management and projects the likely performance of and risks associated with various asset classes through 2017.

“As we have been saying since 2006, we believe the expected return from assuming additional risk remains low,” said Adrian Cronje, Ph.D., CFA®, director of asset allocation and author of Wilmington Trust’s 2008 Capital Markets Forecast for Strategic Planning. “We continue to expect the markets to deliver modest returns over the next 10 years compared to historical averages. Risk in the global capital markets is in the process of being re-priced, and it will take some time for the process to unfold fully. Investors need to be patient before taking steps to assume greater risk when deciding how to diversify their assets from today’s starting point.”

Mr. Cronje, who also serves as a member of Wilmington Trust’s Investment Strategy Team and as a mutual fund portfolio manager, cited three factors involved in the re-pricing of risk: the widening of credit spreads, in which yields on lower quality fixed income securities are rising relative to those of Treasuries, reflecting investor demand for greater rewards for the assumption of risk; the de-leveraging of many hedge funds, in which hedge funds repay loans they had assumed in an attempt to enhance returns; and the correction in public stock markets. “It had been clear to us that storm clouds were brewing, although we did not know exactly when it was going to start to rain,” Mr. Cronje said. “We

had spent much of the last two years steadily lowering risk across many of our recommended investment strategies, with the exception of categories in which risk was still being rewarded, such as emerging market international stocks. As a result, we have weathered the credit crisis storm well and believe we are in good position to take more risk again when the time is right.”

In the short term, Mr. Cronje expects that continued struggles in the housing market, tightening credit standards among a growing number of financial institutions, and an upturn in unemployment will weigh on consumers, especially over the next couple of quarters. Despite these near-term headwinds, he believes the U.S. economy will stabilize, most likely during the latter half of 2008, in response to aggressive and targeted monetary and fiscal policy being implemented today. After moving through this period, Mr. Cronje says the bigger challenges facing the economy and capital markets may be more modest trend rates of economic growth and the related issue of persistently troublesome rates of inflation.

Going forward, Wilmington Trust is maintaining a bias toward equities, with an emphasis on international exposure, especially in the emerging markets. It also recommends that investors consider greater use of real assets, such as global inflation-linked bonds, global real estate-related securities, and commodity-related securities to guard against unanticipated inflation. These and other non-traditional asset classes, such as hedge funds, private real estate, and private equity, can position investors to exploit the volatility and distress in the financial markets, both today and in the future, Mr. Cronje noted. “While traditional fixed income assets, such as short- to intermediate-term investment grade bonds, are useful in guarding against slower economic growth, opportunity awaits those investors who have an ability to hold more illiquid assets,” he said.

In its forecasting process, Wilmington Trust sets long-term strategic asset allocation targets for each of its strategies and then rebalances those allocations tactically to exploit mis-pricing opportunities presented by the markets. It also determines optimal allocations toward both actively managed and passive investment vehicles. “Intelligent diversification will remain the single most important contributor to preserving and enhancing wealth and supporting sustainable spending rates for the long term after inflation and taxes,” Mr. Cronje said. “There is no more effective way of heeding Benjamin Graham’s famous observation that investment management is often more about the management of risks than the management of returns,” he added.

Mr. Cronje holds a Ph.D. in Macroeconomics and Econometrics and a master’s degree in Economics and Finance from the University of Cambridge, United Kingdom. He earned his bachelor’s degree in Economics, with honors, from the University of Cape Town, South Africa. Mr. Cronje holds the CFA Institute’s Chartered Financial Analyst® designation.

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*Journalists may obtain a copy of Wilmington Trust's 2008 Capital Markets Forecast for Strategic Planning, which includes detailed analysis of potential risk and returns of various asset classes, and historical performance data on Wilmington Trust's investment strategies from the media contacts shown above.*

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