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Wilmington Trust Releases Long-Term Capital Markets Forecast***Investment professionals see below-normal economic growth,
modest inflation, and single-digit returns***

Wilmington, DE, February 2, 2010 – Driven by a slowly recovering national economy, equity investors enter the new decade with the likelihood of averaging single-digit returns and modest inflation over the next seven years. This is the bottom-line conclusion of Wilmington Trust's 2010-2016 Capital Markets Forecast, the new installment of the company's annual long-term outlook for the financial markets.

"This is not a time to bet big, it's a time to cover your bases and play good defense," said Rex Macey, CFA®, CIMA, CFP®, senior vice president and chief investment officer. "Investors must be careful to ensure that they do not outspend what we are likely to see in the way of investment returns over the next several years. As always, prudence and patience will prove to be virtues."

The forecast, which emphasizes the importance of sound risk management, projects the likely annualized returns and risks of various asset classes and investment strategies over the next seven years. Its major theme is that, in the wake of the deepest economic downturn in several generations, the array of possible future economic and financial market outcomes appears even wider than usual. As a result, it is more important than ever to construct diversified portfolios.

"Investors must allow for a wide range of outcomes with respect to how the economy recovers and the financial markets' reaction," said Mr. Macey. "For instance, one can envision a scenario in which we see

virtually no inflation. You can just as easily envision a scenario with high rates of inflation. Given today's uncertainties, we believe it's smart to follow the advice of Nobel Prize-winning economist Harry Markowitz, who reminds us that a good portfolio is more than a list of stocks and bonds; it is a balanced whole that provides an investor with protections and opportunities in the face of a wide range of contingencies."

One contingency seen by Wilmington Trust's experts is a period of lower economic growth than what typically follows a deep recession. Deep recessions are usually followed by sharp recoveries, like a coiled spring releasing, according to Mr. Macey. "In this case, however, we have a deep recession combined with a financial crisis," Mr. Macey said. "The damage done to our financial system is likely to have lingering effects, one of which is hampered credit creation and relatively tepid loan demand, which in turn could dampen the rate of future growth."

Looking internationally, and consistent with the view it has held in recent years, Wilmington Trust sees the greatest potential for excess equity returns over the next several years in emerging markets. "As was the case when we released our long-range forecast early last year, emerging markets continue to present a compelling combination of attractive valuations with relatively greater prospects for growth compared with more established global markets," Mr. Macey said. "Developing markets like China and India are showing signs of decoupling from the U.S. economy, which should help insulate them from downdrafts they may otherwise experience from the struggling U.S. economy."

Wilmington Trust also believes that marginal tax rates are headed higher, which favors municipal bonds. While investors have been drawn to bonds of late, Mr. Macey cautions investors that an important factor generally favoring bonds – namely, falling interest rates – is not likely given today's low prevailing rates. While rates may not move significantly in the near term, their likely future direction as the economy improves is higher, Mr. Macey said. He strikes another note of caution with domestic stock valuations. "A year ago, when the markets were gripped by fear and deteriorating fundamentals, valuations were much cheaper," he said. "While fundamentals have improved, stock prices have risen at a faster rate, erasing the cheapness we saw last year. As a result, our forecasts for stocks are substantially below what we predicted at this time last year." Indeed, Wilmington Trust's long-term forecast calls for high-yield bonds to outperform stocks, and with less risk.

To help mitigate risk, Wilmington Trust encourages qualified investors to consider allocations to hedge funds, despite their drawbacks. "Hedge funds lack liquidity and transparency and face potentially

increased regulation that could limit their strategies, but they also provide attractive risk/return characteristics because they face less competition to achieve relative outperformance than many asset managers,” Mr. Macey said. “This is an important consideration given our expectation for single-digit returns.”

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Mr. Macey is a member of Wilmington Trust’s Investment Strategy Team and Investment Research Team. He holds an MBA from The University of North Carolina’s Kenan-Flagler Business School and a bachelor’s degree from Vanderbilt University. Mr. Macey is an instructor for a CFA review course sponsored by the Atlanta Chapter of the CFA Institute. He chairs the editorial advisory board for *Investments & Wealth Monitor*, a bi-monthly publication of the Investment Management Consultants Association.

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Journalists may obtain a copy of Wilmington Trust’s 2010-2016 Capital Markets Forecast, 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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