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# Election 2024

## The Trump Administration & Your Wealth

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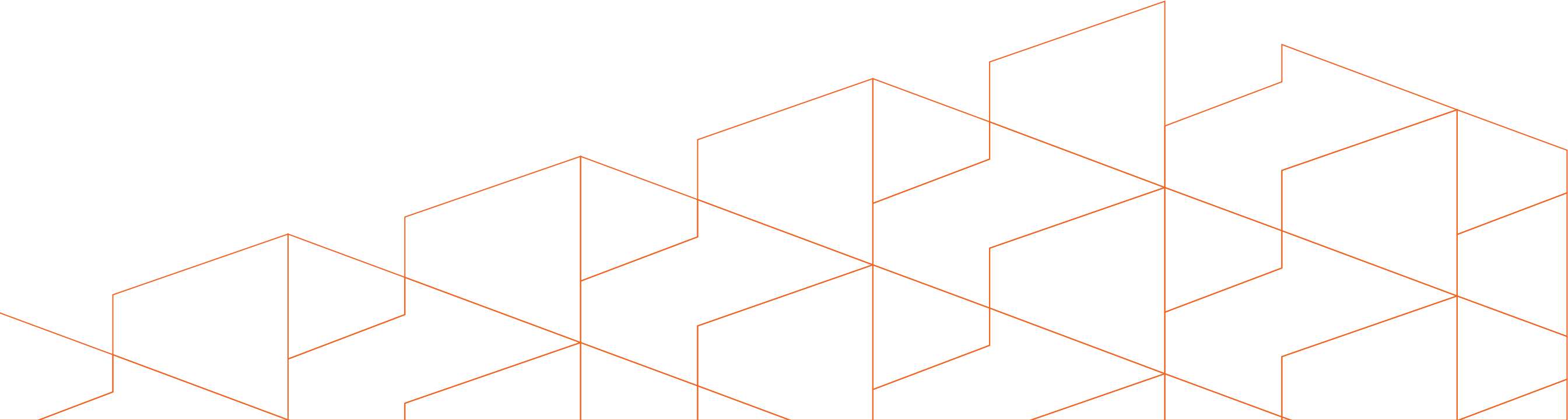
All data is as of September 30, 2024, unless otherwise noted.



# Agenda

- **Planning considerations**
- **Policy discontinuity** – Wider distribution of outcomes in the Trump 2.0 economy
- **Baseline forecast** – Soft landing in 2025
- **Policy considerations**
  - Taxes, regulation
  - Tariffs, immigration
  - Deficits
- **Investment considerations**
  - Overweight to risk, but manage expectations
  - Valuations extended
  - Earnings need to deliver

# Planning in Post- Election Environment



# Current Tax Landscape

## In 2017 President Trump enacted what is known as the Tax Cuts and Jobs Act (TCJA)

- Some of the provisions are set to expire on December 31, 2025
- This expiration, or “sunset” as it is commonly known, would occur within the first year of the next presidential administration and congressional session
- The 2024 election will help shape the future of the TCJA and any coinciding tax reform
- While the final form of any tax legislation is likely to be shaped by negotiations around budgets, spending, and deficits—topics about which the parties may not agree

**The election, you might say, was an initial fork in the tax reform road**

# Estate and Gift Tax

Current Law	Platform under Trump
<ul style="list-style-type: none"><li>• All-time high federal exemption amounts provide a window of opportunity to make substantial gifts</li><li>• Federal lifetime gifting exemption amounts in 2024<ul style="list-style-type: none"><li>▪ \$13.61 million per person (\$13.99 million in 2025)</li><li>▪ \$27.22 million per married couple (\$27.98 million in 2025)</li></ul></li><li>• Without additional new legislation, the federal estate and gift tax exemption amount will sunset after December 31, 2025<ul style="list-style-type: none"><li>▪ \$5 million per person (indexed for inflation so expected to be approximately \$7 million per person)</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Make heightened exemption permanent</li><li>• Keep law current for step- up-in basis at death</li><li>• Keep grantor trust rules</li></ul>

## Planning Opportunities

- **Implement a gifting strategy** to use increased exemption, even without potential sunset
- Take advantage of **grantor trust rules** by strategic trust planning
- Consider opportunities for **life insurance**
- Take advantage of opportunities in **high interest rate** environment

Expiring Provisions in the “Tax Cuts and Jobs Act” (TCJA, P.L. 115-97) (congress.gov).  
<https://taxfoundation.org/research/all/federal/donald-trump-tax-plan-2024/>

# Income Tax Rates

## Current Law

- **Individual Income Tax Rates:** As part of the Tax cuts and Jobs Act (TCJA), the top ordinary income tax rate was reduced to 37% from 39.6%, but it would revert to the higher rate upon the TCJA's expiration
  - In 2024, 37% for taxpayers earning over \$609,350 (\$731,200 married)
- **Capital Gains Rates:** 0%, 15% or 20% with income brackets not tied to the taxpayer's ordinary income tax bracket (if TCJA sunsets, the capital gains would be based on taxpayer's ordinary income tax bracket)
  - In 2024, 20% for taxpayers over \$518,901 (\$583,752 married)

## Platform under Trump

- Make the expiring income tax rates permanent
- Keep the TCJA's capital gains rates
- No "billionaire minimum tax" proposed

## Planning Opportunities

- Maximize **contributions** to retirement accounts and HSAs
- **Realize losses** to offset some, or all, of capital gains from well-performing holdings
- Evaluate **Roth conversions** while income tax rates are lower
- Review **charitable giving** against broader plan

Expiring Provisions in the "Tax Cuts and Jobs Act" (TCJA, P.L. 115-97) ([congress.gov](https://taxfoundation.org/research/all/federal/donald-trump-tax-plan-2024/)).  
<https://taxfoundation.org/research/all/federal/donald-trump-tax-plan-2024/>

# Income Tax Deductions

## Current Law

- **Standard Deduction:** TCJA doubled the deduction to \$24,000 for married couples and \$12,000 for individuals, adjusted for inflation
- **Mortgage Interest Deduction:** Limited the deduction to interest paid on the first \$750,000 worth of a home loan (if TCJA sunsets, deduction will increase to \$1 million)
- **State and Local Tax (SALT) Deduction:** SALT deduction caps to \$10,000 the amount of state and local taxes that can be deducted against federal taxable income (if TCJA sunsets, the cap will no longer apply)

## Platform under Trump

- Make the standard deduction permanent
- May support an increased cap on the mortgage income deduction
- May support increasing the SALT cap

## Planning Opportunities

- Accelerate or bunch your **deductible expenses** in certain years to surpass the standard deduction threshold to help optimize deductions over multiple years
- Review current **mortgage debt** and consider whether borrowing aligns with broader planning

# Qualified Business Income Deduction (199A)

## Current Law

- In 2017, Congress permanently reduced the top corporate income tax rate from 35% in a graduated rate structure to a single rate of 21%.
- To provide comparable tax relief to business owners organized as a pass-through business, Congress also enacted certain tax provisions under Section 199A of the IRC (commonly known as the “199A deduction”).
- Allows entities with pass-through business income to deduct up to 20% of qualified business income (QBI) from taxable ordinary income.

## Platform under Trump

- Make the 199A deduction permanent
- Potentially reduce corporate tax rate from 21% to 20% (not part of TCJA)

## Planning Opportunities

- **Evaluate current taxation** of business structures to ensure it is optimized based on tax laws

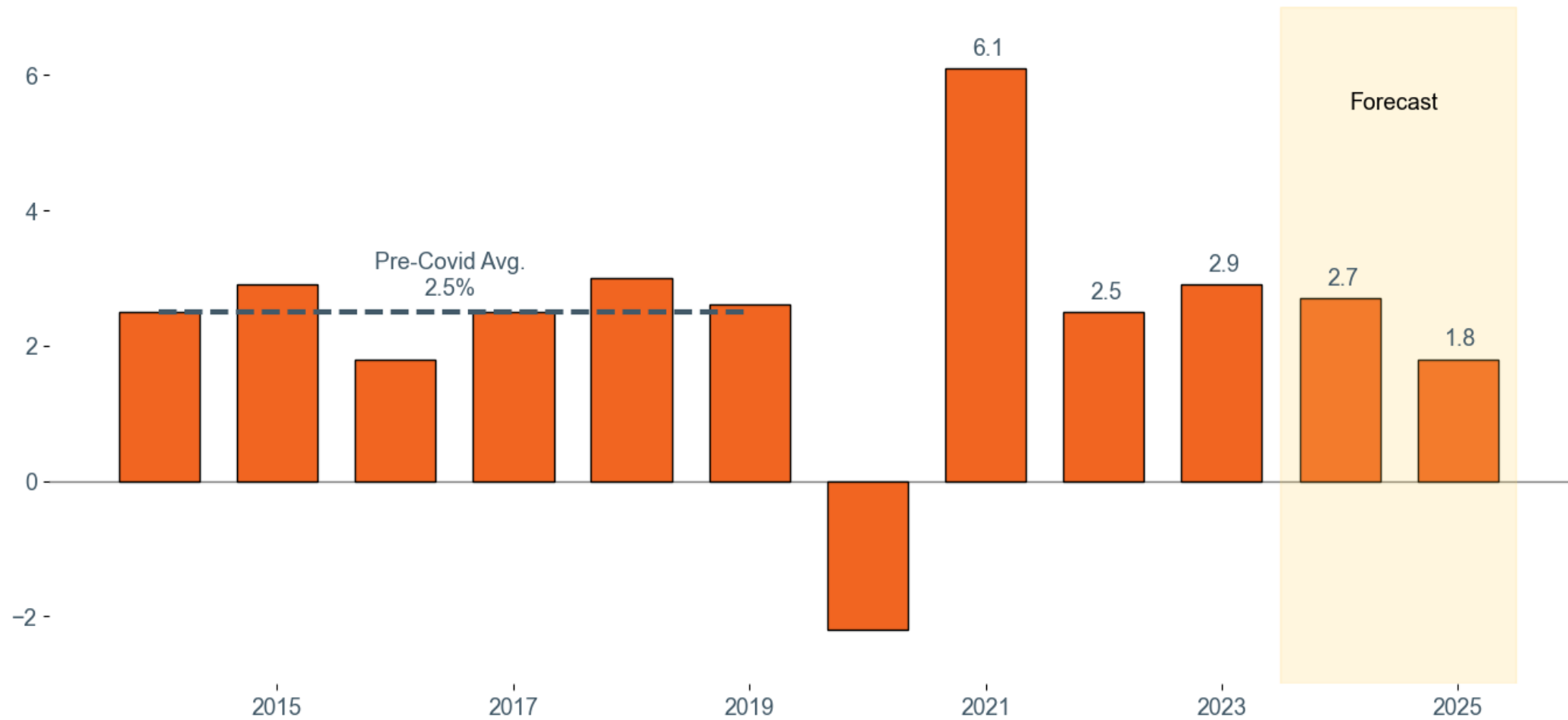


## **Periods involving an uncertain market and economic environment can provide valuable planning strategies**

- Even though there may be no imminent tax law changes or concerns, shifting personal lives and financial situations make routine planning critical
- Implementing a plan that combines both fundamental strategies with opportunities specific to the market environment may help optimize your tax and financial situation and create some certainty and peace of mind

# Soft Landing Expected into 2025

U.S. real gross domestic product (GDP, %)



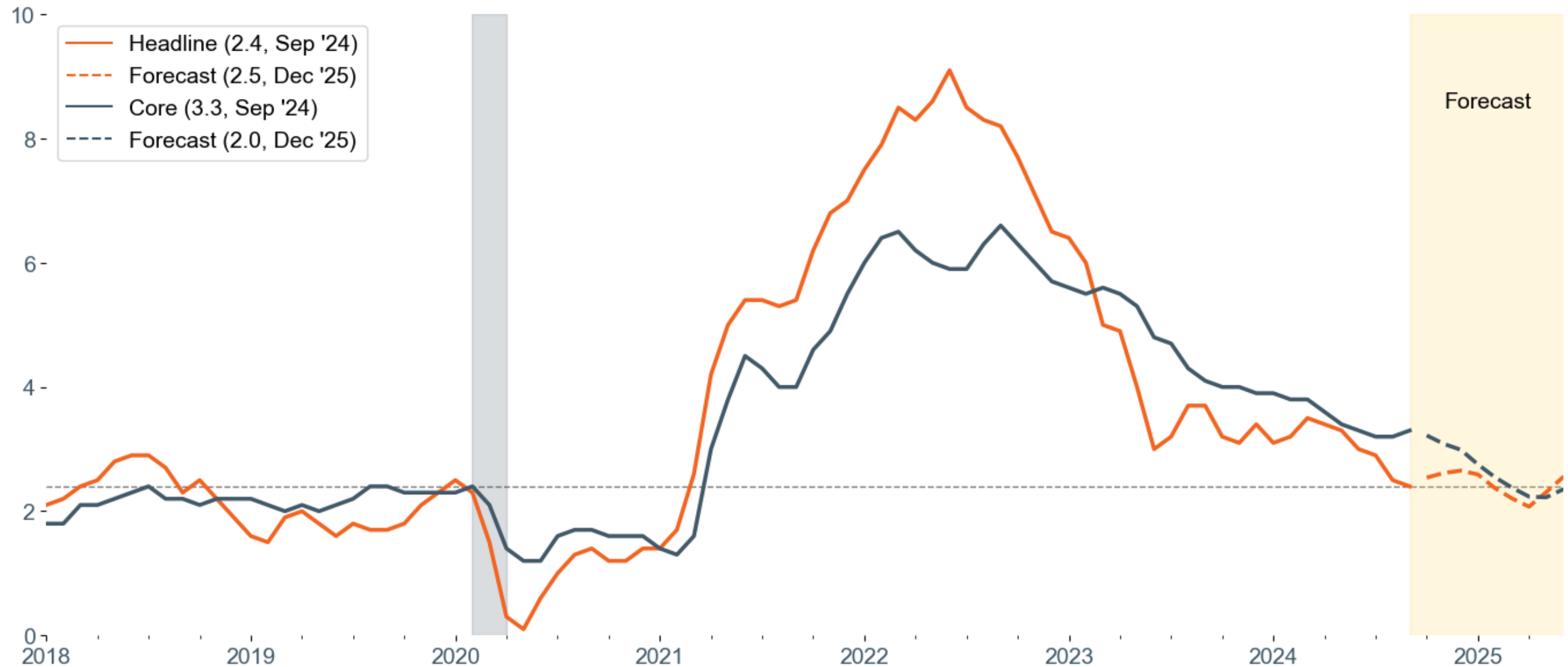
Data as of September 30, 2024. Sources: Bureau of Economic Analysis, WTIA.

# Economic outlook has risks to both sides

Baseline	Upside Risks	Downside Risks
<ul style="list-style-type: none"> <li>• Consumer spending expected to continue growth, but slowing</li> <li>• Capital expenditures and hiring positive, but slowing</li> <li>• Government spending (federal, state, local) neutral to economic growth or a slight drag</li> </ul>	<ul style="list-style-type: none"> <li>• Increased fiscal spending, possibly defense spending</li> <li>• Stronger capex and hiring spurred by possible corporate tax cut and renewed or expanded business tax incentives (bonus depreciation, R&amp;D expenses, business interest deduction)</li> <li>• Productivity gains from existing forces (innovation, AI) and boosted by new policies (deregulation, capex incentives)</li> <li>• Removal of election uncertainty</li> <li>• Easier monetary policy</li> </ul>	<ul style="list-style-type: none"> <li>• Labor demand continues to wane, weighing on income growth and spending</li> <li>• Tariffs increase prices of imports and reduce consumer spending</li> <li>• Businesses put capex and hiring on hold due to tariff and other policy uncertainty</li> <li>• Inflation reacceleration, tighter monetary policy</li> </ul>

# Inflation Expected to Continue Slowing, Allowing for Continued Rate Cuts

U.S. Consumer Price Index (CPI) inflation (y/y %)



Data as of September 30, 2024. Sources: Bureau of Economic Analysis, WTIA. Gray bars represent recessionary periods.

# Tax Policy Considerations – 2026 and Beyond

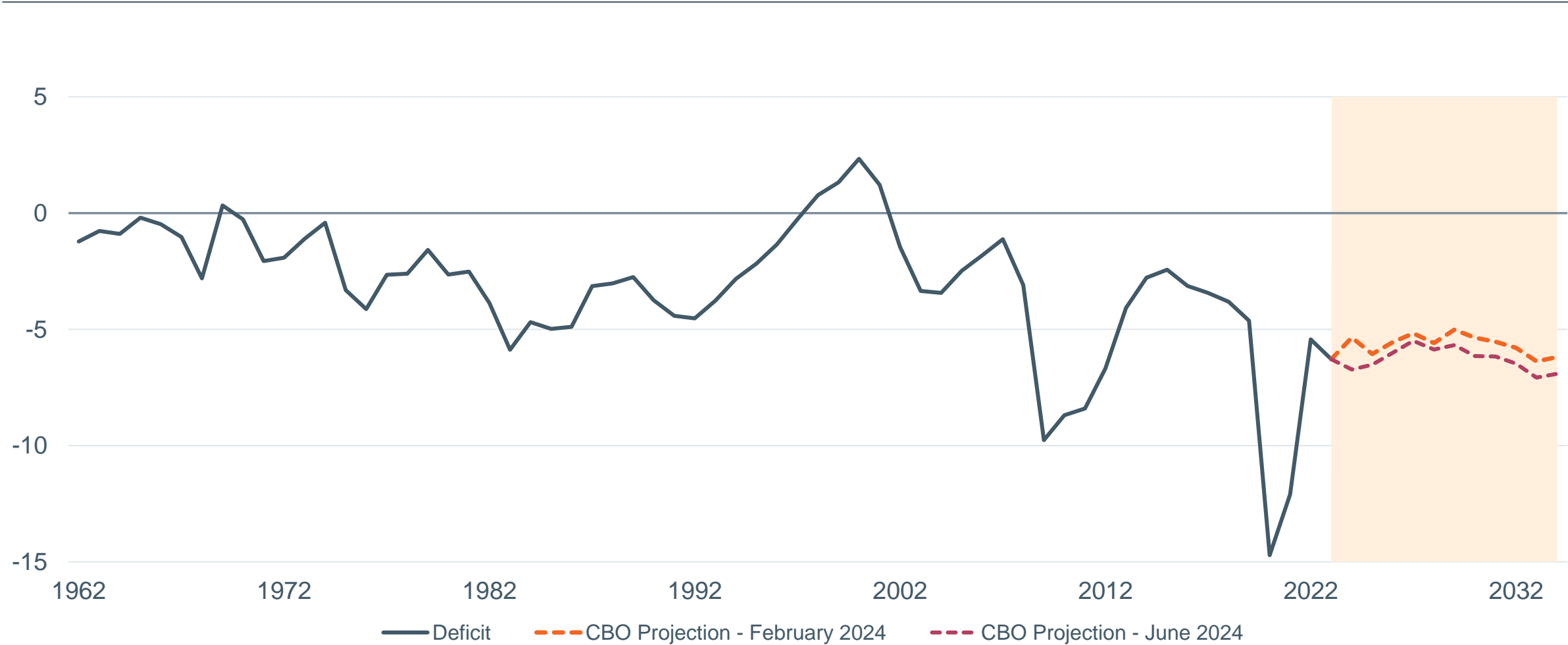
- Expect full extension of Tax Cuts & Jobs Act (TCJA), expiring December 2025
- This alone will be expensive; any additional tax cuts or deductions will further increase the bill
- **Estimated revenue reduction of tax proposals (over 10 years, without dynamic scoring, in \$ trillions)**

• Make TCJA personal tax rates permanent	\$3.4
• Restore full State and Local Tax (SALT) deduction	1.0
• TCJA estate tax	0.2
• Reinstatement of bonus depreciation and other business deductions	0.6
• Exempt Social Security benefits from income tax	1.2
• Exempt overtime pay from income tax	0.8
• Exempt tips from income tax	0.1
• Lower corporate tax rate to 15% for domestic production	0.4
• Repeal IRA green energy tax credits	-0.9
<b>Total revenue reduction of tax proposals (without dynamic scoring)</b>	<b>\$6.8 trillion</b>

Represents estimates from the Tax Foundation as of October 14, 2024. Estimates do not include potential impacts from higher economic growth, known as dynamic scoring.

# Deficit Picture Downgraded in June, Unusually Large in Expansion

Annual Fiscal Deficit as a Share of Gross Domestic Product (%)



Data as of November 11, 2024. Source: Congressional Budget Office (CBO)

# Bond Market Will Not Write President Trump a Blank Check

10-year Treasury yield (YTD, %)

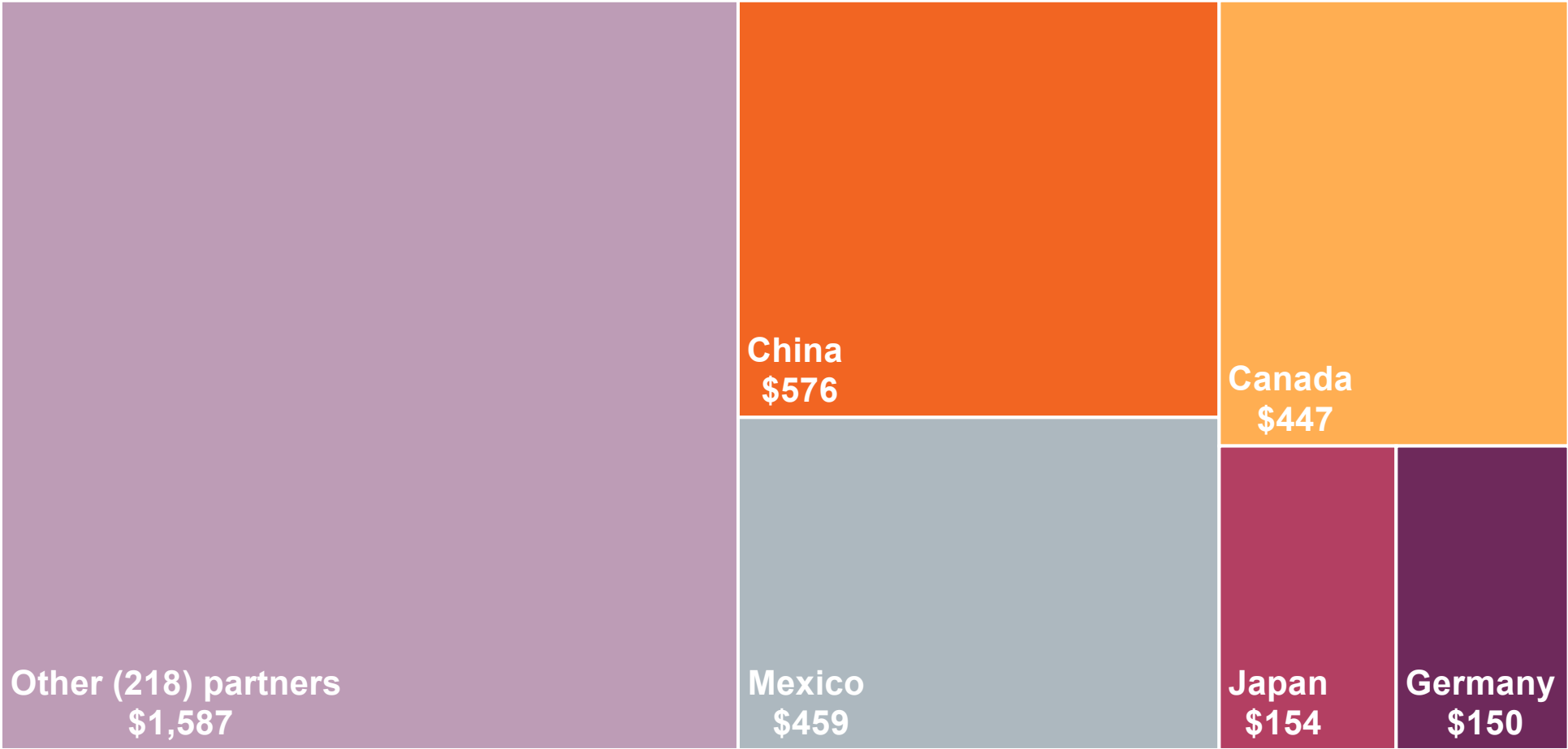


Decade	Average 10-Year Treasury Yield
1980's	10.6%
1990's	6.7%
2000's	4.4%
2010's	2.4%
2020's	2.6%

Data as of November 11, 2024. Source: Bloomberg, WTIA.

# Tariffs – A Possible Source of Revenue, and Risk

U.S. 2022 Import Partners Share (\$ Billions)



**Estimated Revenue from Aggressive Tariffs:**

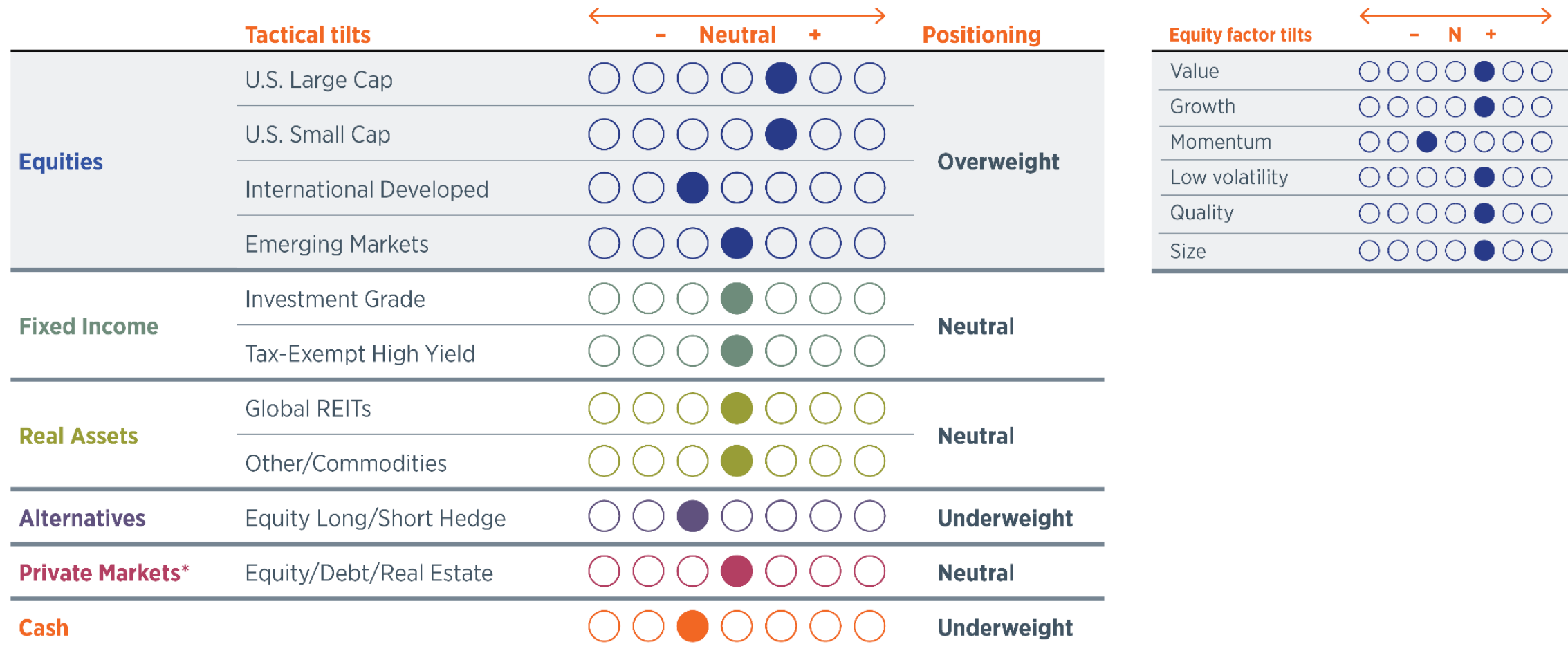
- 60% tariff on China
- 20% tariffs on other trade partners
- Estimated increase in revenue = \$3.8T over 10 years

Source: World Integrated Trade Solution, Tax Foundation. Represents U.S. imports from trade partners as of 2022. Figures shown are in billions of U.S. dollars. Estimated revenue raise from tariffs represents an estimate over 10 years from the Tax Foundation. Estimates of revenue impact do not include dynamic scoring.



# Current Positioning

High-net-worth portfolios with private markets\*

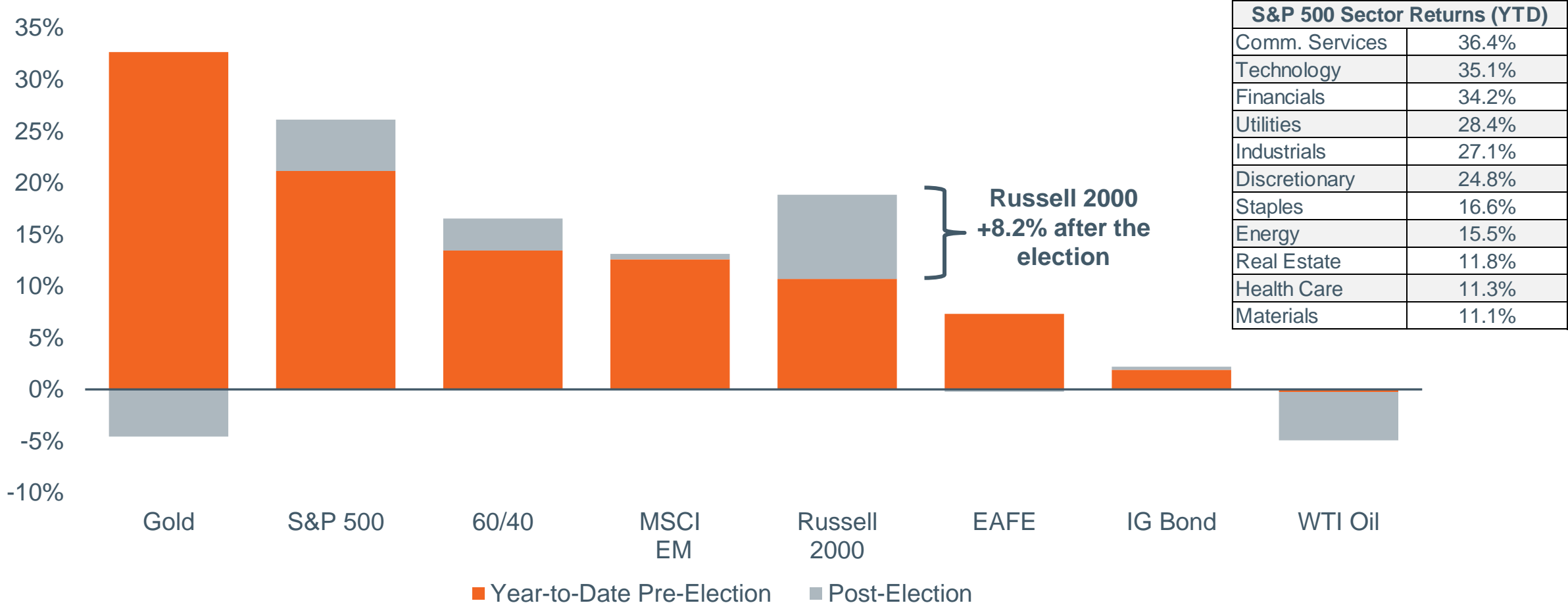


Data as of November 11, 2024. Positioning reflects our monthly tactical asset allocation (TAA) versus the long-term strategic asset allocation (SAA) benchmark.

\*Private markets are only available to investors that meet Securities and Exchange Commission standards and are qualified and accredited. We recommend a strategic allocation to private markets. We do not tactically adjust this asset class.

# Risk Assets Experience Bump Post Election

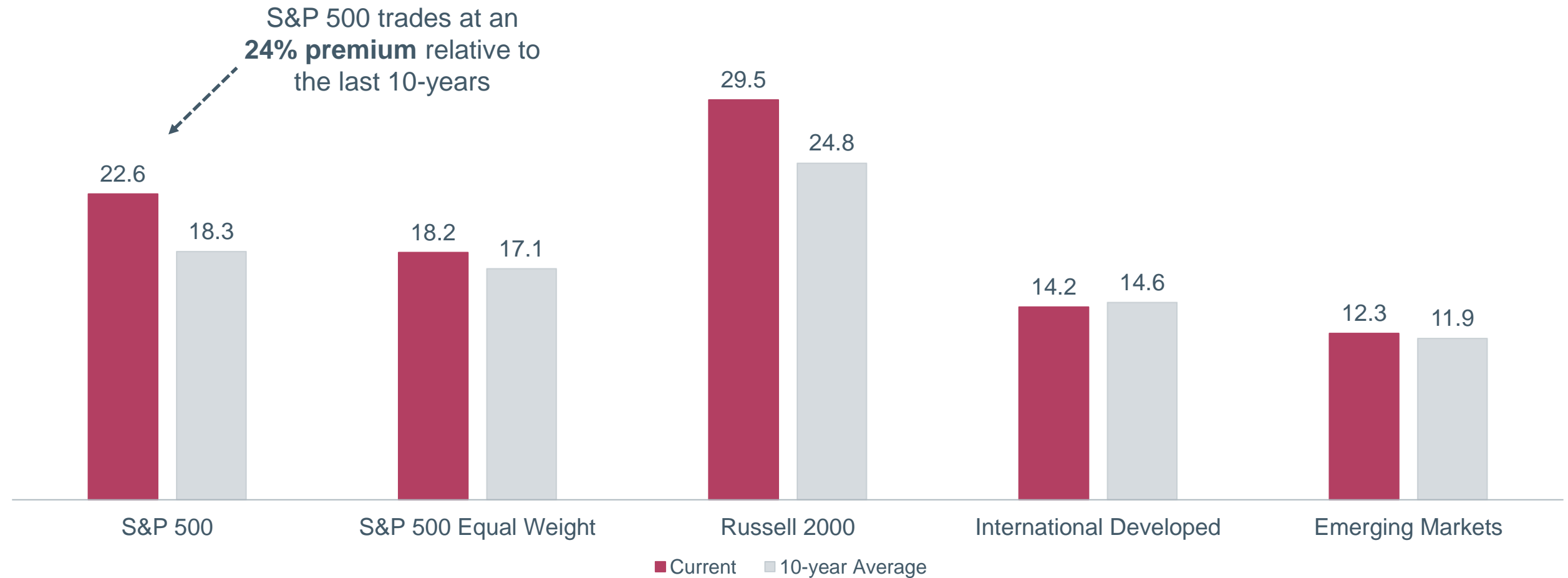
Asset class returns (total return, YTD)



Data as of November 11, 2024. Source: Bloomberg, WTIA. 60/40 benchmark represents a 60% weight to the MSCI ACWI and 40% to the S&P Municipal Bond index rebalanced monthly. CMDTY represents the Bloomberg Commodity Index, IG Muni represents the S&P Municipal Bond IG Index, and HY Muni represents the S&P Municipal High Yield Index. Past performance cannot guarantee future results. Investing involves risks, and you may incur a profit or a loss. There is no assurance that any investment strategy will be successful. Indices are not available for direct investment. Investment in a security or strategy designed to replicate the performance of an index will incur expenses such as management fees and transaction costs which will reduce returns.

# Elevated Valuations Limit Further Upside

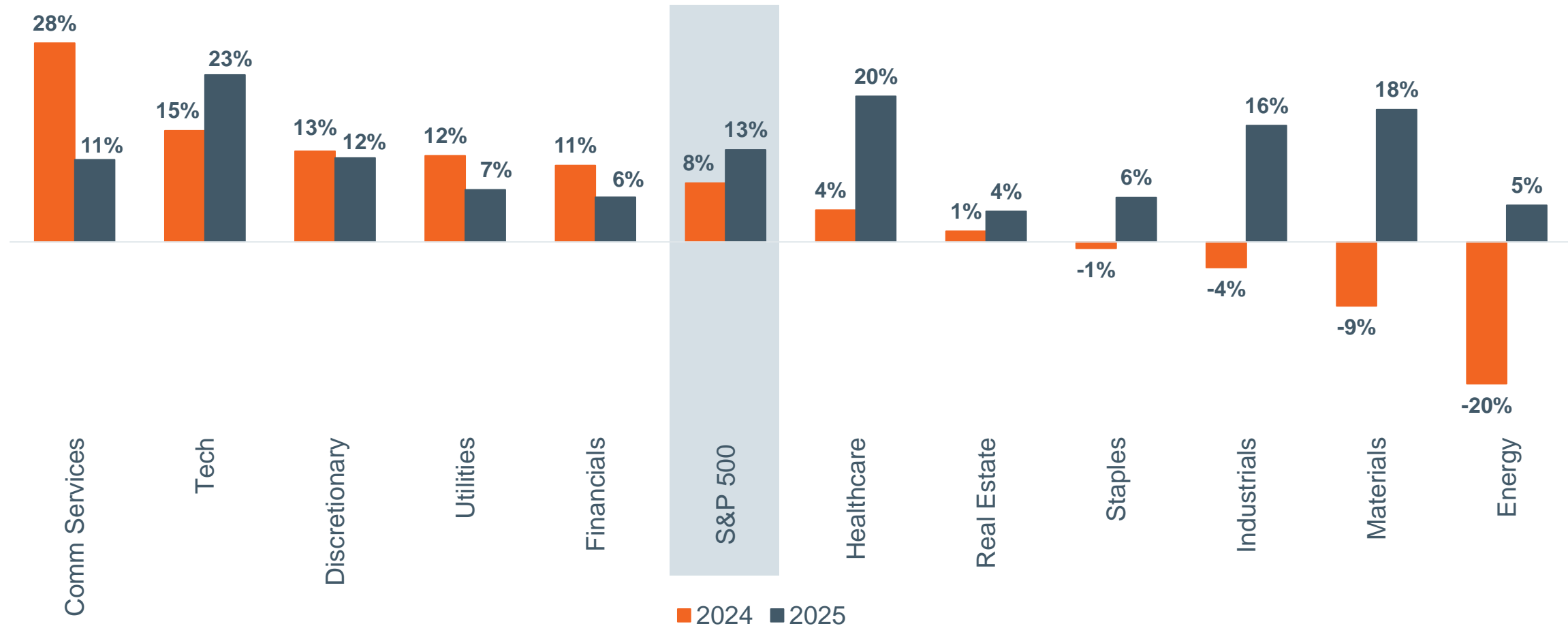
Forward price-to-earnings-ratio (last 10-years)



Data as of November 11, 2024. Source: Bloomberg, WTIA.

# Robust Earnings Growth Baked in, as Companies Face Crosscurrents

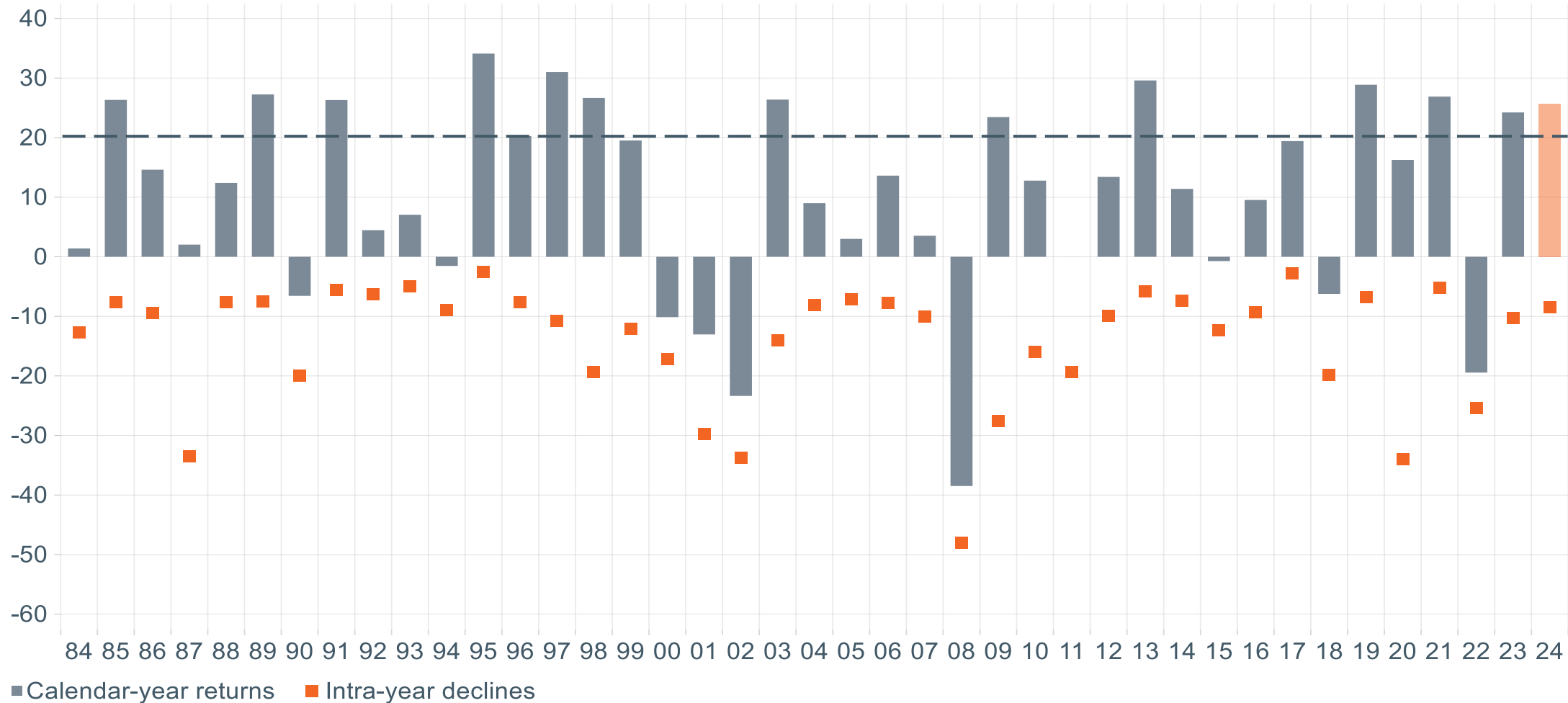
S&P 500 sector earnings growth (year-over-year 2024 vs. 2025)



Data as of November 11, 2024. Source: Bloomberg, WTIA.

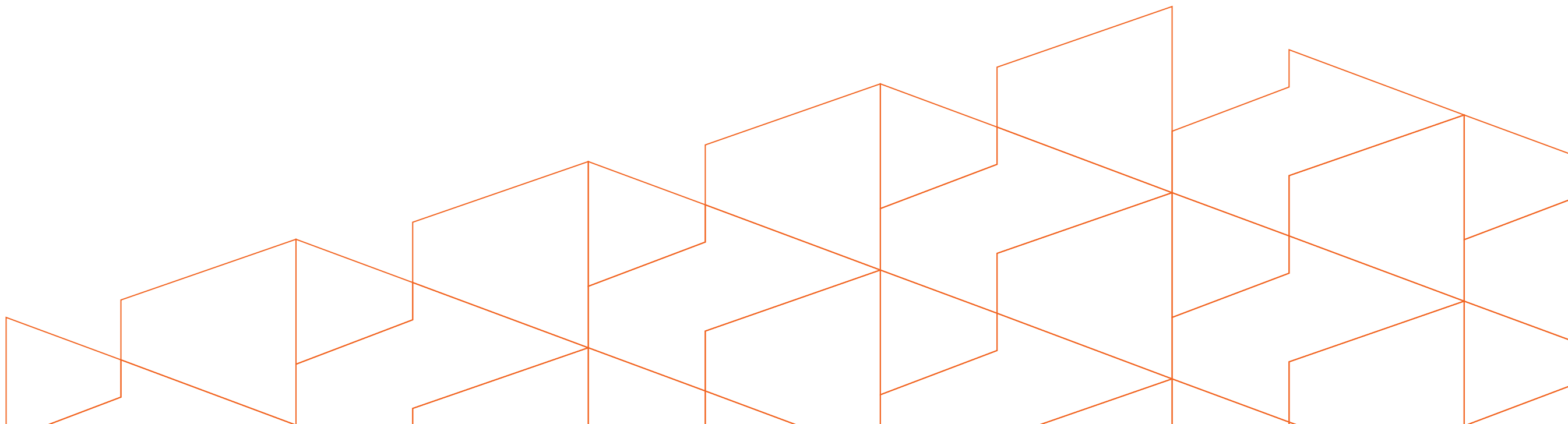
# Expect, But Do Not Fear, Higher Volatility in 2025

S&P 500 calendar-year % returns vs. intra-year % declines

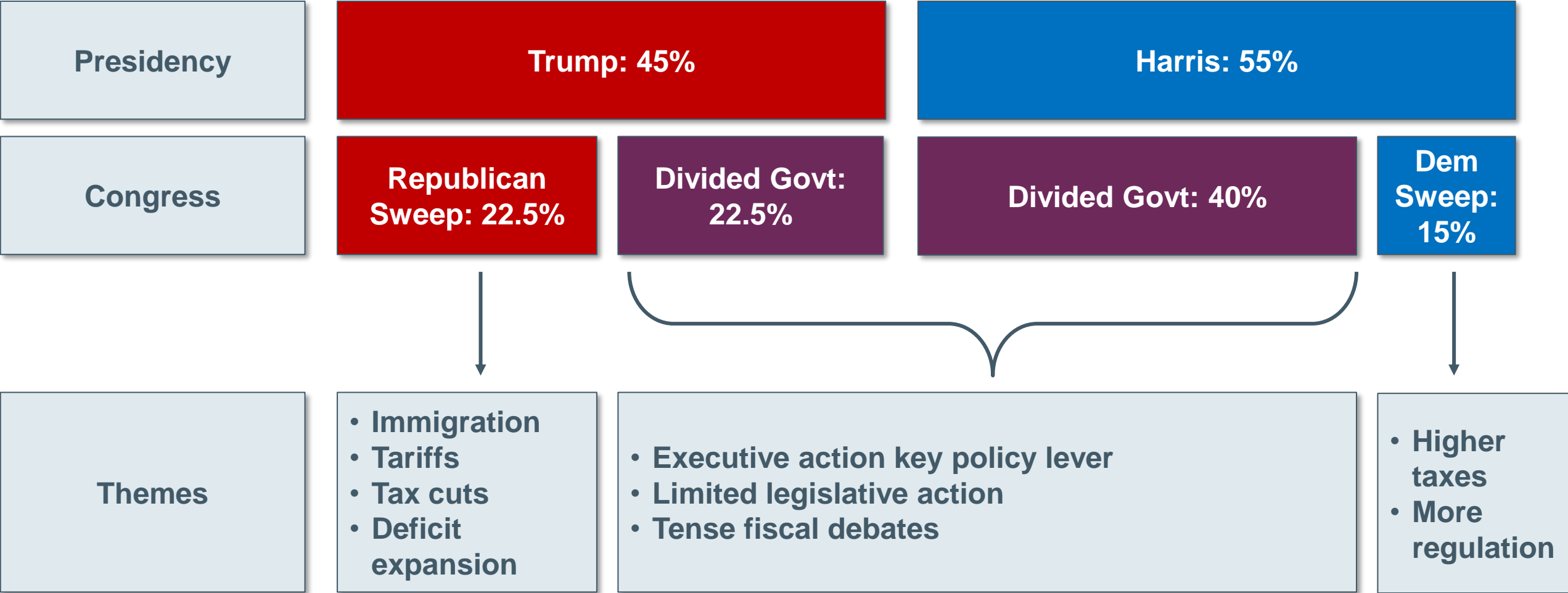


Data as of September 30, 2024. Represents price return of the S&P 500 index. Sources: Macrobond, WTIA. Past performance cannot guarantee future results. Indices are not available for direct investment. Investment in a security or strategy designed to replicate the performance of an index will incur expenses such as management fees and transaction costs, which will reduce returns.

# Appendix



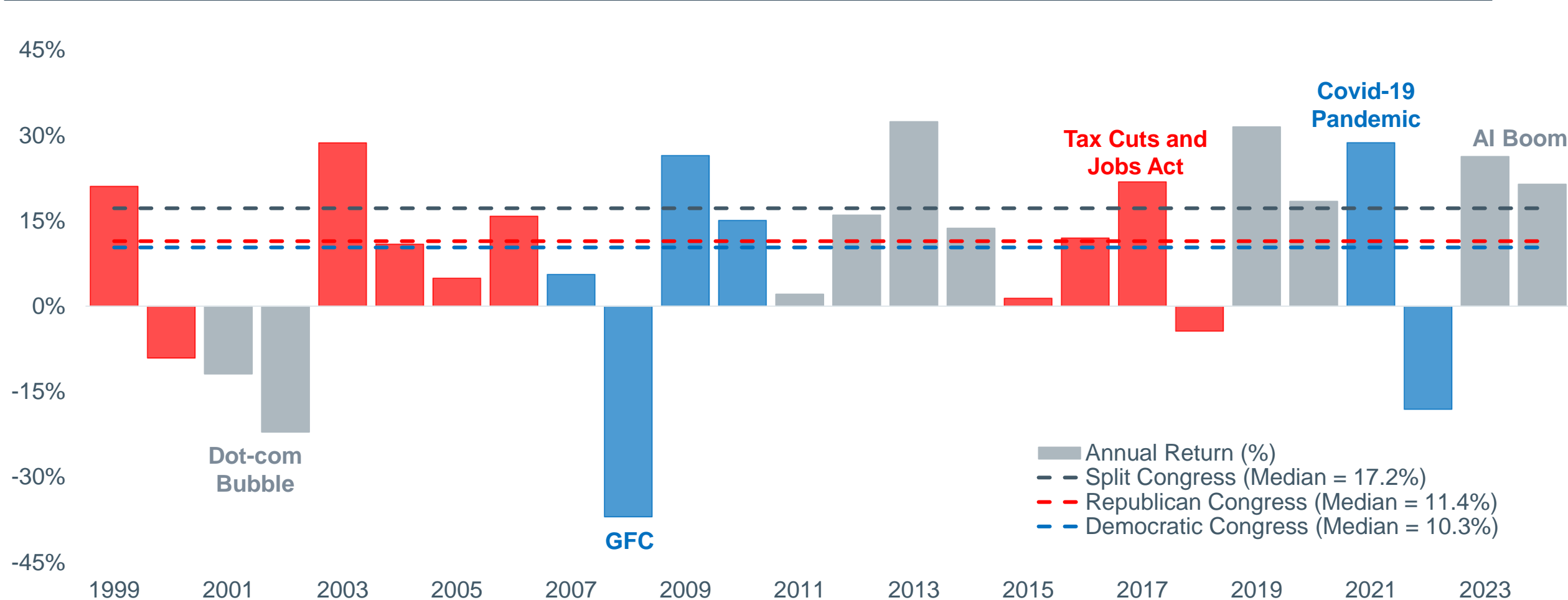
# Assessing the Odds of Major Policy Change



Source: WTIA estimates, based on current aggregate polling as of September 20, 2024.

# Elections Are One Piece of a Complicated Puzzle for Markets

S&P 500 returns under different Congressional regimes (last 25 years)



Data as of September 19, 2024. Source: WTIA, Bloomberg.



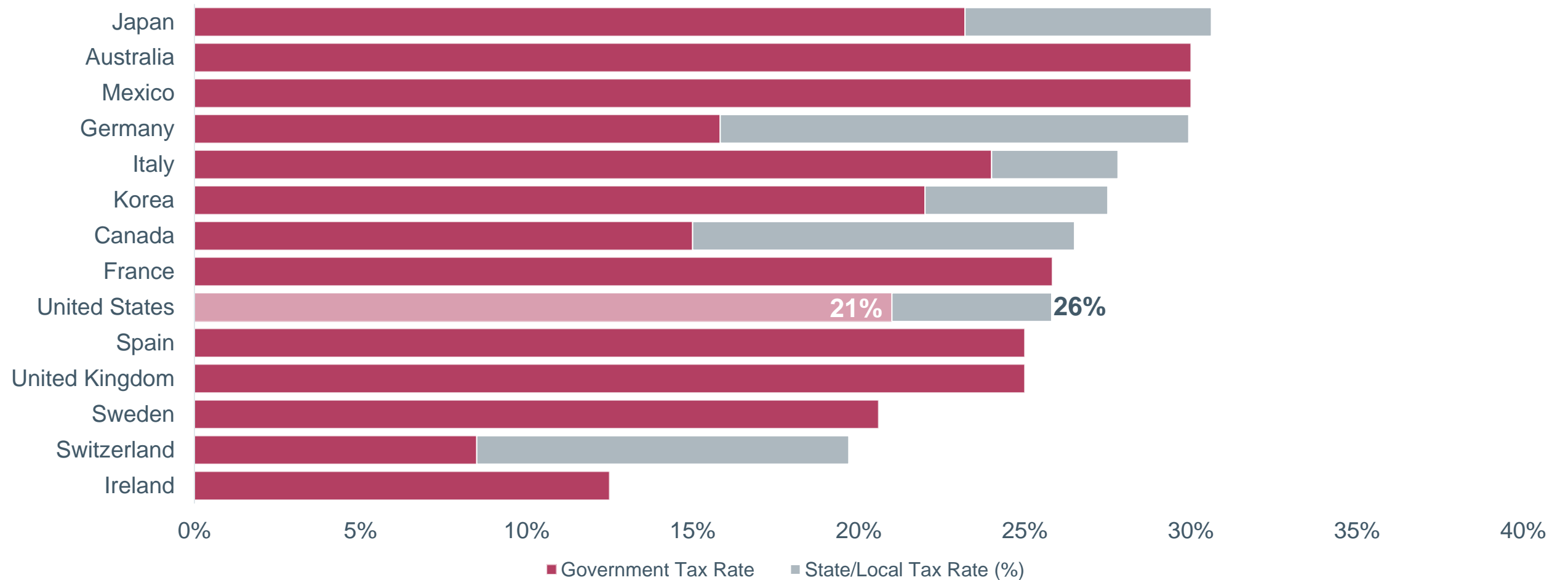
# Digging into the Issues: Taxes – Possible Outcomes

	Republican Sweep 22.5%	Trump with Divided Congress 22.5%	Harris with Divided Congress 40%	Democratic Sweep 15%
<b>Personal Income Taxes</b>	<ul style="list-style-type: none"> <li>• Full extension of TCJA (top marginal rate remains at 37%) + increase SALT deduction</li> </ul>	<ul style="list-style-type: none"> <li>• TCJA extended for households making less than \$400k</li> <li>• Increase SALT deduction likely</li> </ul>		
<b>Capital Gains</b>	<ul style="list-style-type: none"> <li>• Cut long-term capital gains (LTCG) rate to 15% (plus 3.8% net investment income surtax for high earners)</li> </ul>	<ul style="list-style-type: none"> <li>• LTCG remains 20% (plus 3.8% net investment tax)</li> </ul>	<ul style="list-style-type: none"> <li>• Increase LTCG to 28% (plus 5% tax for those earnings more than \$1M)</li> <li>• Tax unrealized gains for those with net worth &gt;\$100M</li> </ul>	
<b>Corporate Taxes</b>	<ul style="list-style-type: none"> <li>• 21% → 15%</li> </ul>	<ul style="list-style-type: none"> <li>• Remains 21%</li> </ul>		<ul style="list-style-type: none"> <li>• 21% → 28%</li> </ul>
	<ul style="list-style-type: none"> <li>• AMT 15%</li> <li>• 1% tax on buybacks</li> </ul>	<ul style="list-style-type: none"> <li>• AMT 15% → 21%</li> <li>• Buyback tax 1% → 4%</li> </ul>		
<b>Child Tax Credit</b>	<ul style="list-style-type: none"> <li>• \$1,000 → \$5,000</li> </ul>		<ul style="list-style-type: none"> <li>• \$1,000 → a range of \$3,000-\$6,000 (age dependent)</li> </ul>	
<b>Estate Tax</b>	<ul style="list-style-type: none"> <li>• \$13.6M for individuals</li> <li>• \$27.2M for joint filers</li> </ul>	<ul style="list-style-type: none"> <li>• \$7M for individuals</li> <li>• \$14M for joint filers</li> </ul>		

Source: WTIA, Tax Foundation, CNN, Financial Times, New York Times. Projections and estimates are based on Wilmington Trust views. Note: If the 2017 Tax Cuts and Jobs Act (TCJA) were allowed to expire, the top marginal tax rate would increase from 37% to 39.6% and the child tax credit would stand at \$1,000. The estate tax exemption would be \$7M for individuals and \$14M for joint filers. The top long-term capital gains (LTCG) rate would remain at 20% with a 3.8% net investment income tax for high earners. The corporate tax rate would remain at 21% with a 1% buyback on stocks. Under Harris's proposal, she would increase the child tax credit to \$6,000 for children under 1; \$3,600 for ages 2-5; and \$3,000 for >5 years of age.

# U.S. Corporate Tax Rate In Line with OECD Countries

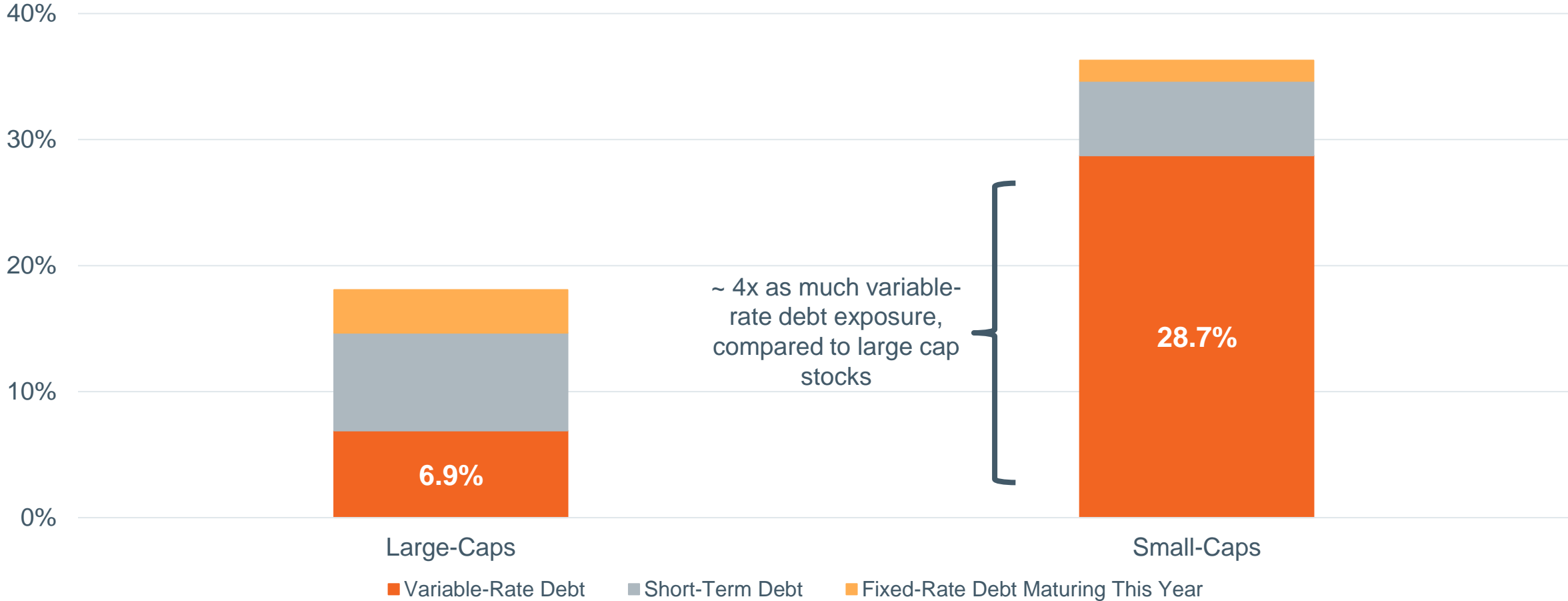
## Statutory corporate income tax rates



Data as of December 31, 2023. Sources: Organisation for Economic Cooperation and Development (OECD) and Tax Policy Center (Brookings Institute).

# Small Caps a Beneficiary of Rotation Trade, Rate Cuts

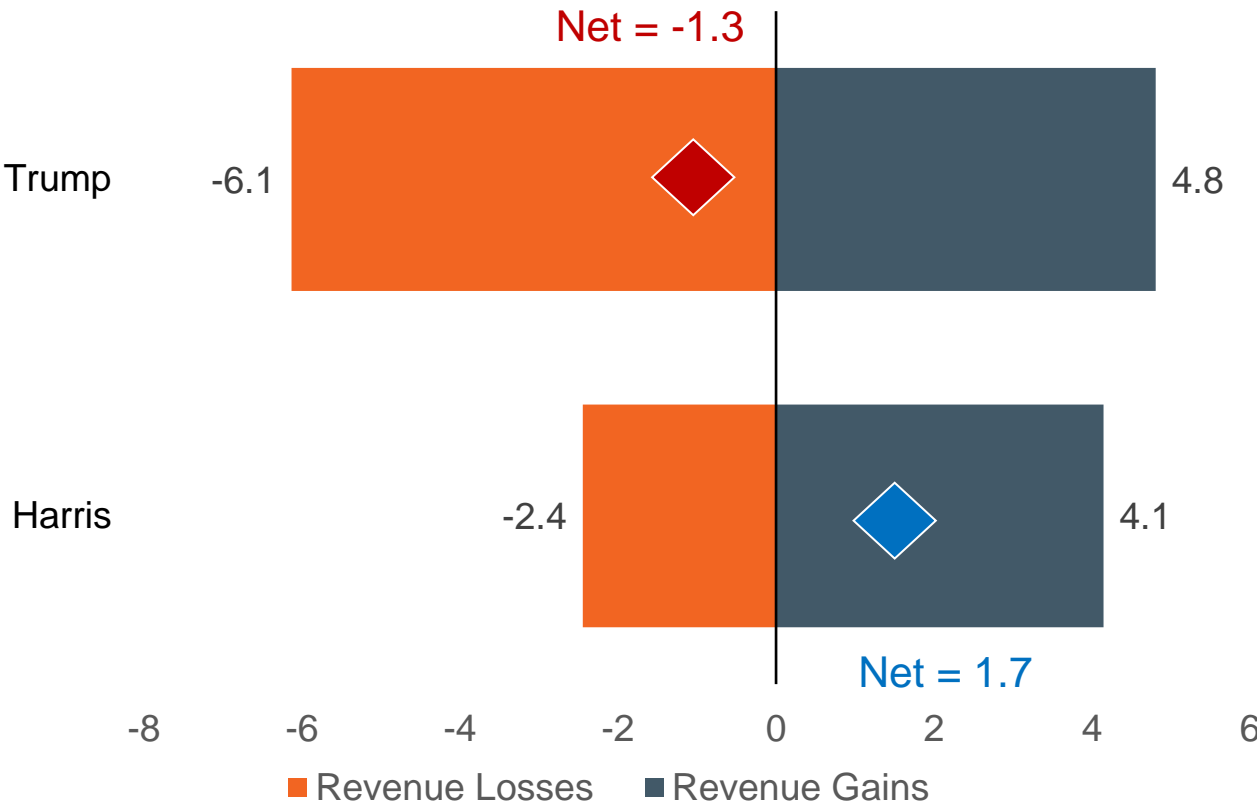
Large cap and small cap (ex-financials and real estate) share of debt that is rate sensitive



Data as of July 31, 2024. Source: Empirical Research Partners, Factset Research. "Large caps" represent the 750 largest U.S. stocks. "Small caps" represents the next 2000 largest stocks.

# Campaign Tax Policies Unlikely to Be Fully Implemented

Estimated Revenue Gains and Losses of Stated Tax Policies and Tariffs over 10-years (2025-2034) (\$trillions)

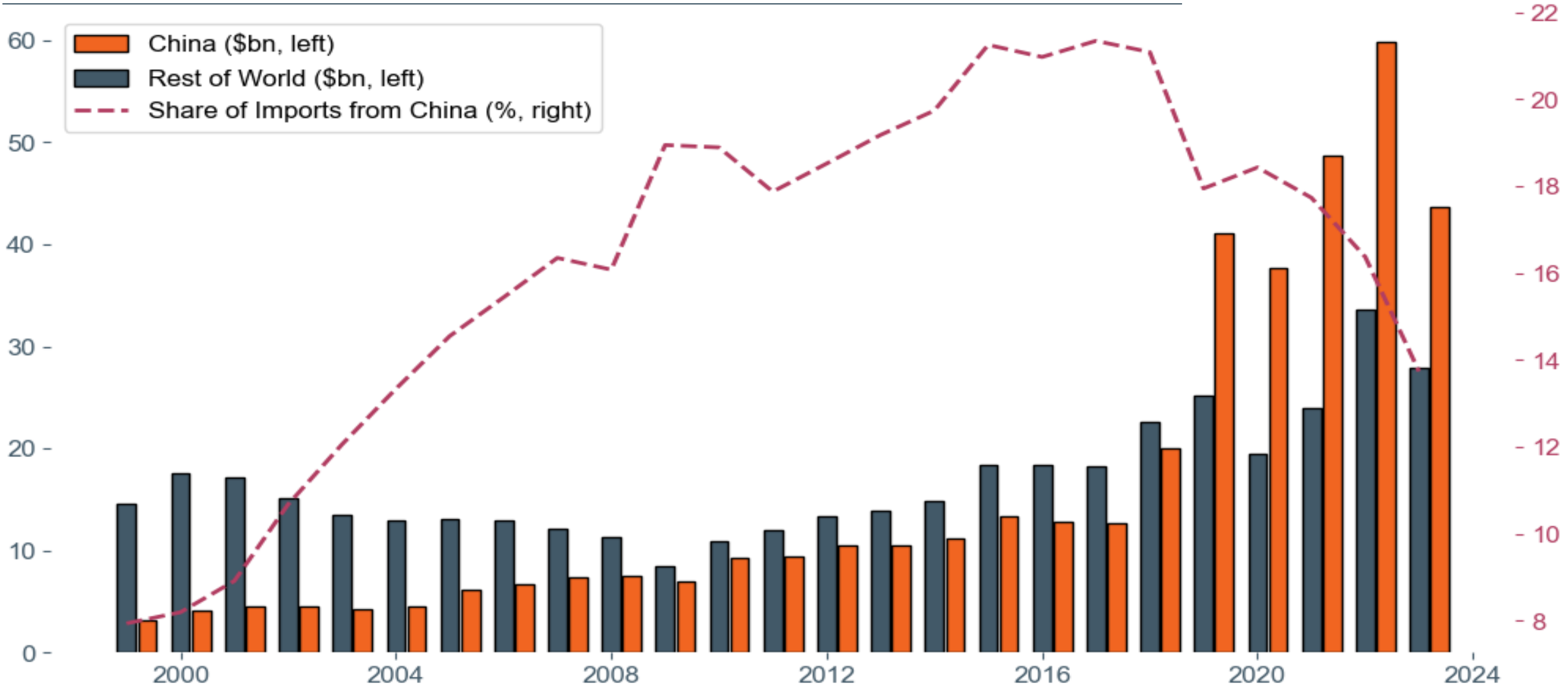


- Extension of TCJA tax rates are biggest driver
- Estate taxes, exempt Tips, exempt Social Security also contribute
- Revenue gains principally from tariffs but likely to be much smaller as firms react
- No major spending plans included
- Major revenue increases from taxes on business and high-income earners
- Revenue declines from tax expenditures: Child Tax Credit, ACA Tax Credits, and First-Time Homebuyers
- Projected surplus unlikely as spending plans are not included in these estimates

Data as of September 20, 2024. Source: Tax Foundation, WTIA.  
 Note: The Tax Foundation provides 10-year budget impacts on a dynamic and non-dynamic basis. Dynamic impacts include macroeconomic modeling of how the economy would change as a result of the policies such as changes to economic growth, labor force, and wages. We use non-dynamic estimates to avoid any uncertainty and bias that could result from modeling the macroeconomic impacts.

# Tariffs Lead to Firms Shifting Operations and Tariff Avoidance

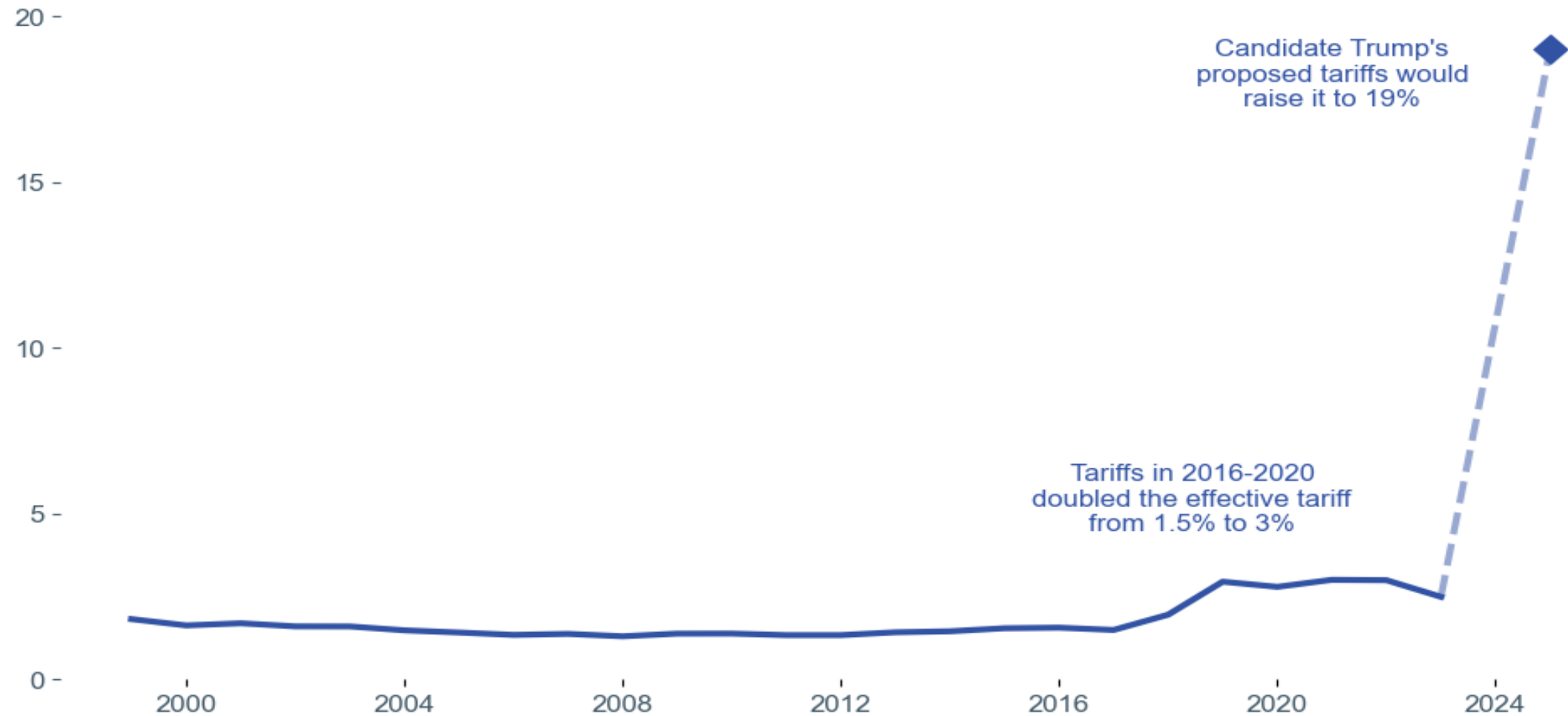
Tariff Revenue by Import Country and Share of Imports from China



Data as of December 31, 2023. Sources: U.S. Census Bureau, U.S. Treasury, Peterson Institute for International Economics WTIA

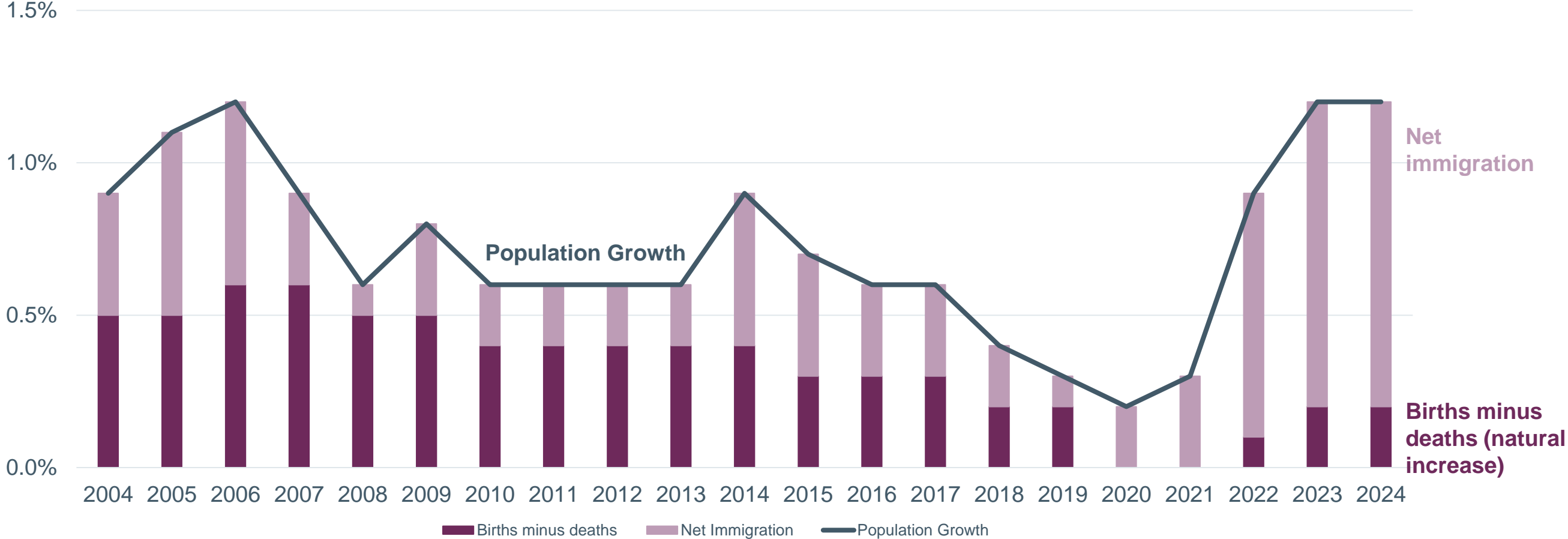
# Trump's Proposed Tariffs Are Massive

Effective tax rates for U.S. Imports (%)



Data as of December 31, 2023. Sources: World Bank, WTIA

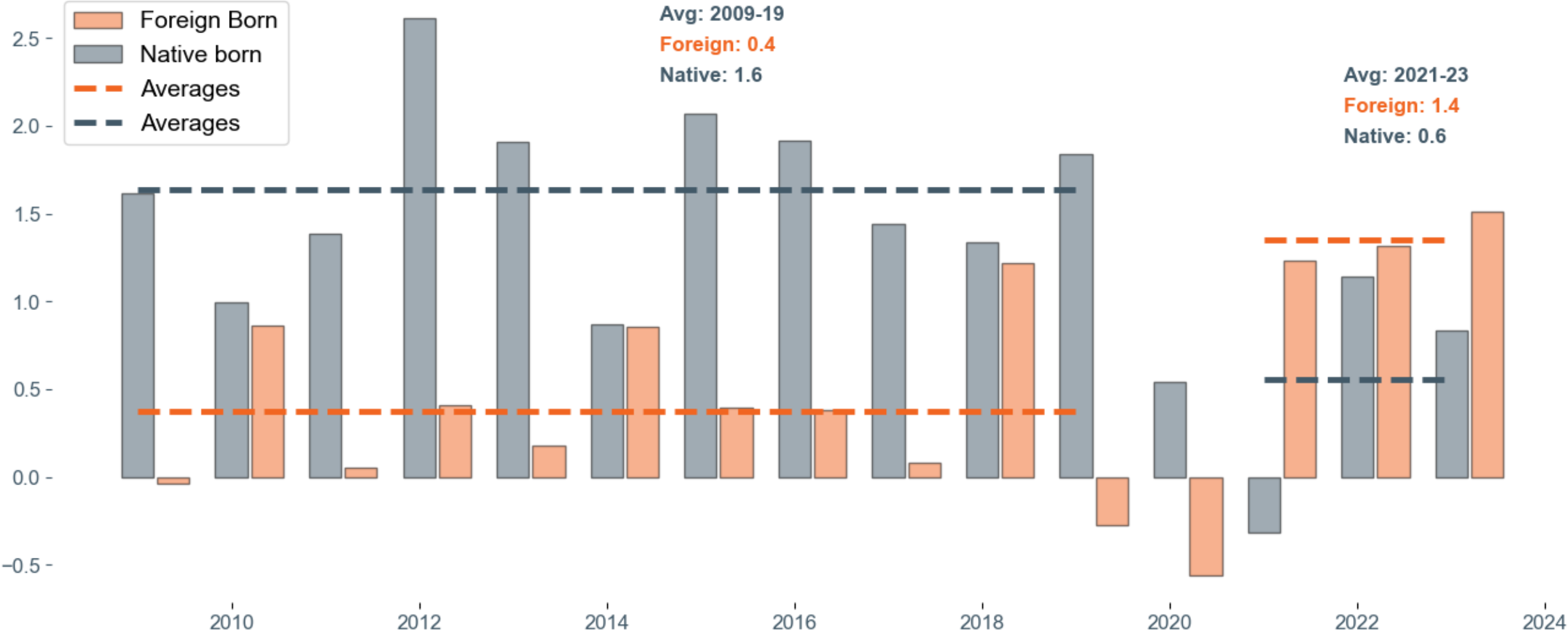
# Immigration A Main Driver of Population Growth



Data as of June 30, 2024. Sources: Congressional Budget Office (CBO) and Brookings Institute.

# Immigration A Critical Factor in Growth of Labor Supply

Annual labor force growth by place of birth (millions)



Data as of June 30, 2024. Sources: Bureau of Labor Statistics, WTIA.



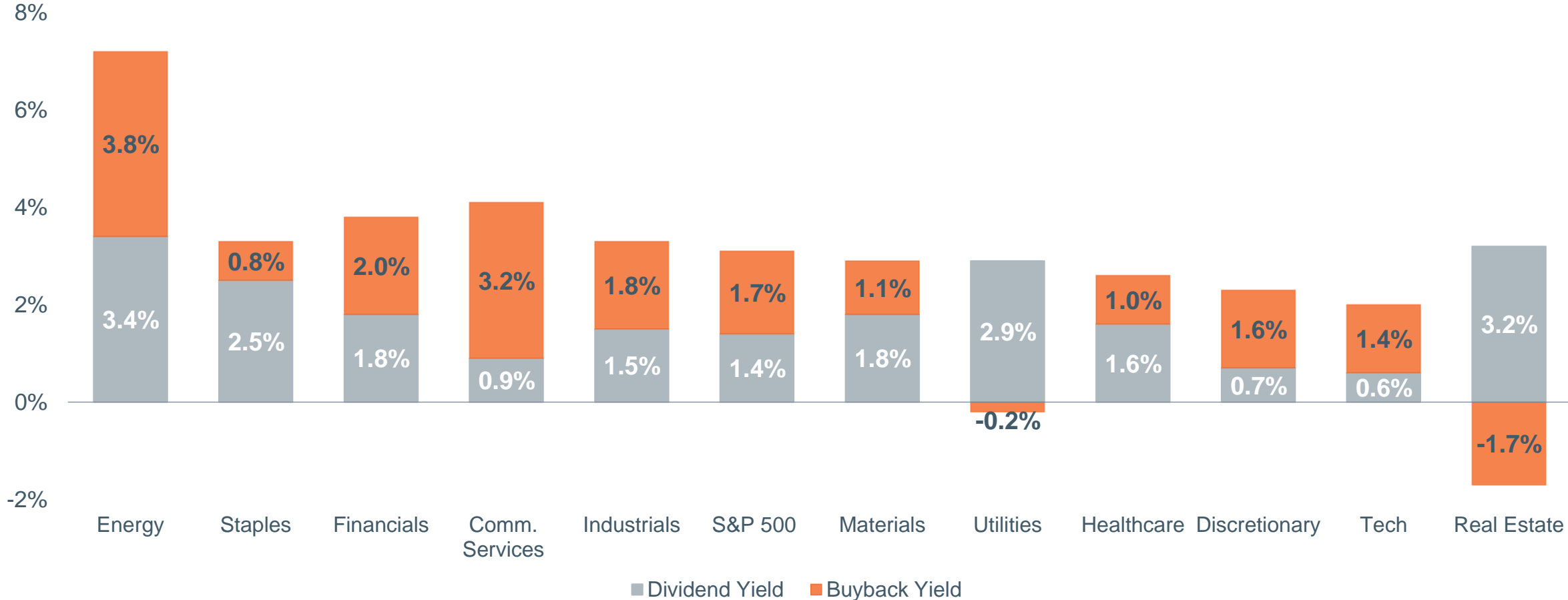
# Potential Market Implications of Different Outcomes

		Republican Sweep 22.5%	Trump with Divided Congress 22.5%	Harris with Divided Congress 40%	Democratic Sweep 15%
<b>Asset Classes</b>	<b>Equities</b>	<ul style="list-style-type: none"> <li>Higher volatility on trade uncertainty (-) but also tax cuts (+)</li> <li>US &gt; Non-U.S.</li> </ul>		<ul style="list-style-type: none"> <li>Market neutral: Equities may deliver mid-single digit returns as economy expands in 2025 and Fed cuts rates; valuations a limiting factor</li> </ul>	<ul style="list-style-type: none"> <li>Higher volatility on expectations for tax increases (-) but status quo on trade, increase in social spending (+)</li> </ul>
	<b>Fixed Income</b>	<ul style="list-style-type: none"> <li>Higher deficits, inflation, and interest rates</li> </ul>	<ul style="list-style-type: none"> <li>Tense fiscal debates pose risk to the debt ceiling, increasing interest-rate volatility</li> </ul>		<ul style="list-style-type: none"> <li>Higher deficits, inflation, and interest rates</li> </ul>
	<b>Real Assets</b>	<ul style="list-style-type: none"> <li>Precious metals may outperform on elevated uncertainty around trade or debt ceiling</li> </ul>			
		<ul style="list-style-type: none"> <li>Oil prices lower on increased production, strong dollar, weaker Chinese economy</li> </ul>	<ul style="list-style-type: none"> <li>Oil prices mixed</li> </ul>		
	<ul style="list-style-type: none"> <li>Real estate may outperform on tax policy, regulation</li> </ul>	<ul style="list-style-type: none"> <li>Real estate may deliver moderate returns on cyclical recovery</li> </ul>		<ul style="list-style-type: none"> <li>Real estate outperforms on support for housing market</li> </ul>	
<b>Sectors</b>	<ul style="list-style-type: none"> <li>Financials, Utilities (+)</li> <li>Materials, Industrials (-)</li> <li>Cons Disc, Cons Staples, Healthcare, Tech, Energy (+/-)</li> </ul>			<ul style="list-style-type: none"> <li>Unclear, on limited policy change</li> </ul>	<ul style="list-style-type: none"> <li>Industrials, Cons Disc, Staples (+)</li> <li>Financials, Energy (-)</li> <li>Healthcare, Tech (+/-)</li> </ul>

Source: WTIA

# Buybacks a Target Under Harris Tax Plan

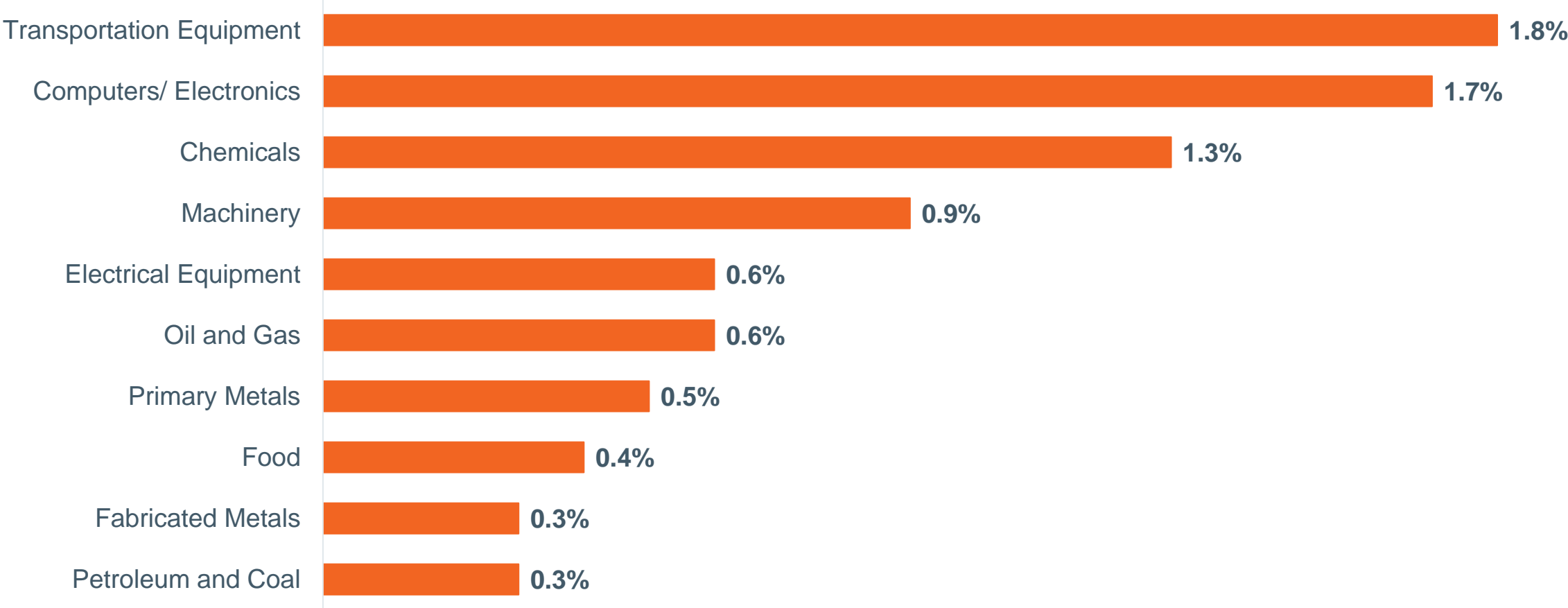
Total shareholder yield by sector



Data as of September 30, 2024. Source: Bloomberg, WTIA. Last 12m dividends and buybacks minus issuance divided by market cap. Investing involves risks, and you may incur a profit or a loss.

# Tariffs Would Impact Some Industries More than Others

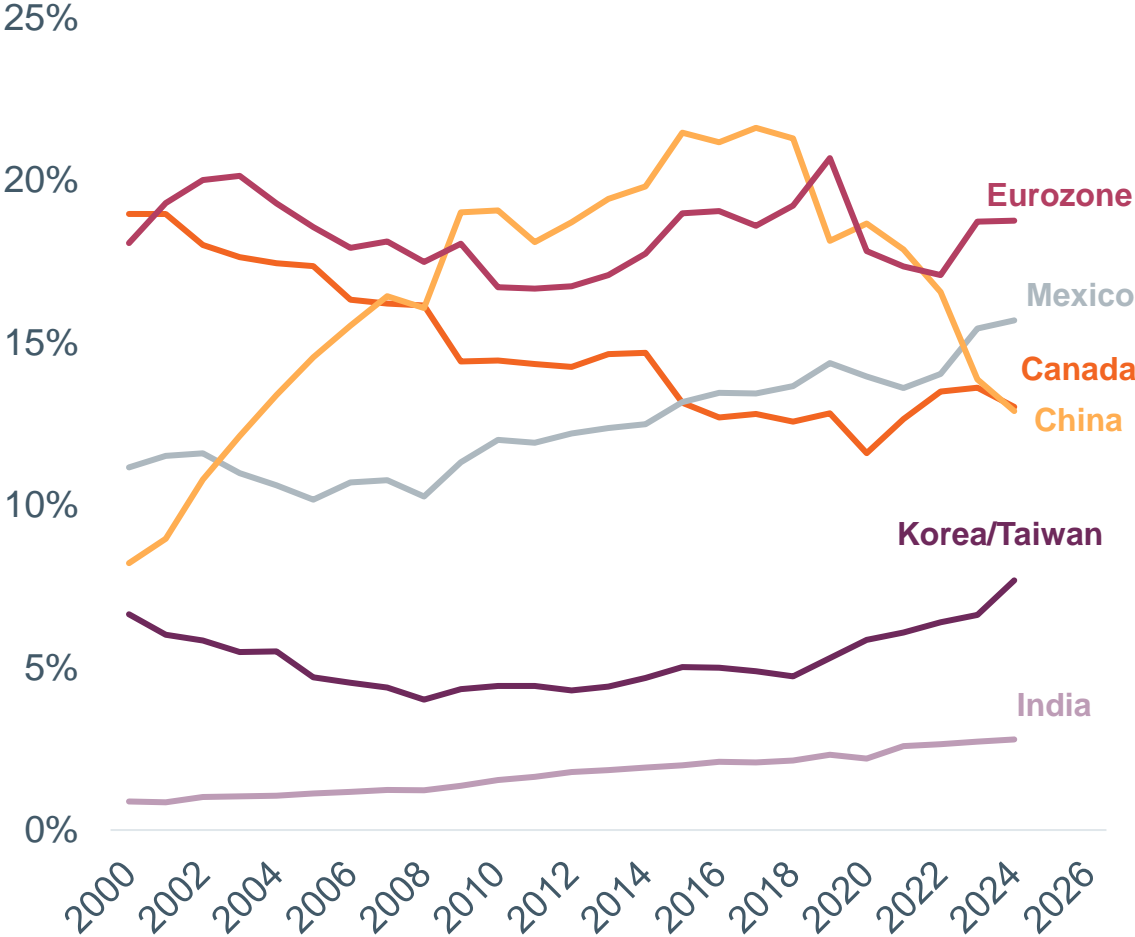
U.S. imports by select product category (2023, % of total GDP)



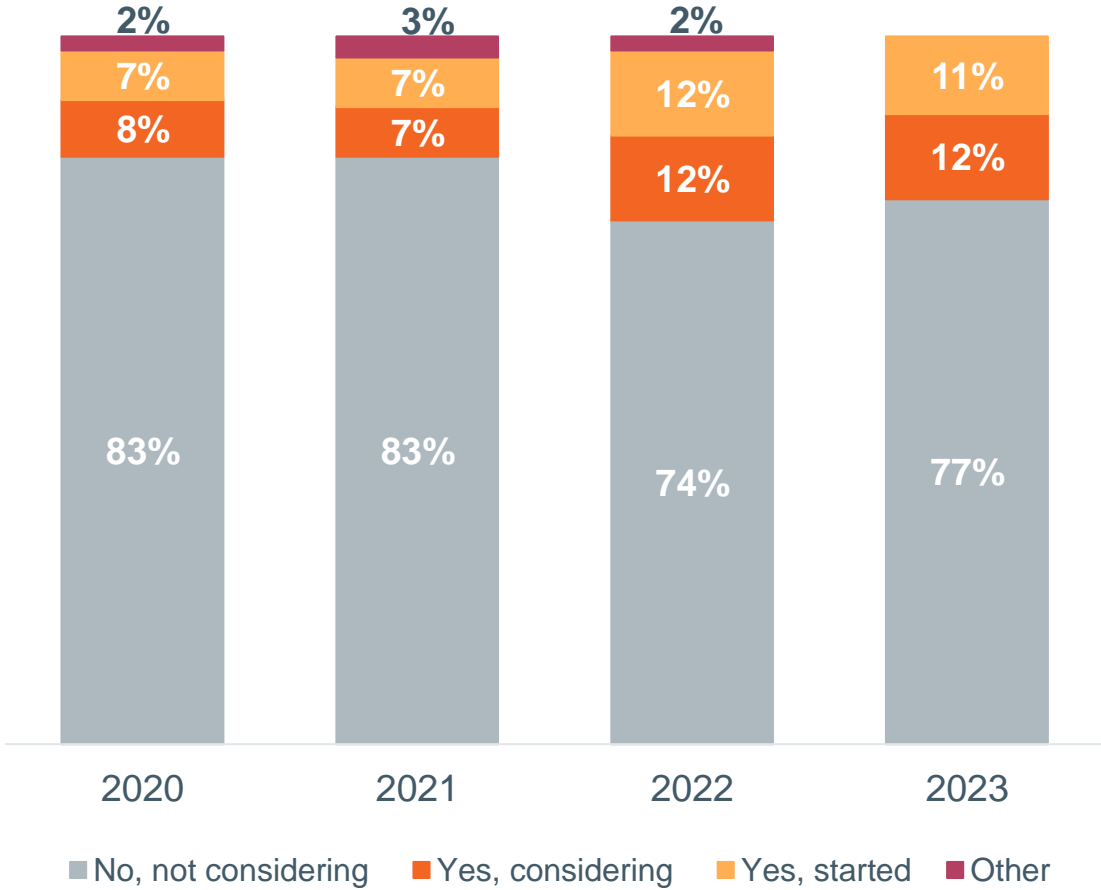
Data as of December 31, 2023. Source: Census Bureau, Bureau of Economic Analysis.

# Trade War Risks to Resurface Under a Trump Win

**U.S. top trading partners**  
(imports by country as % of total imports)



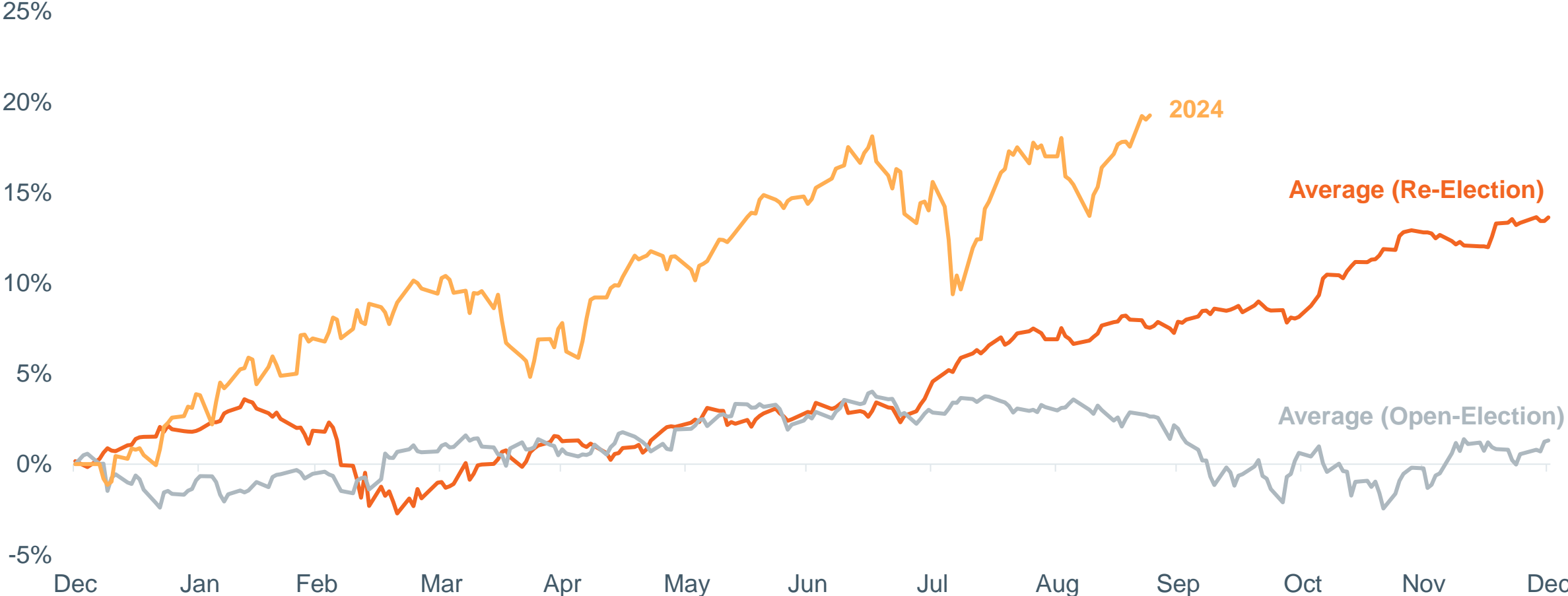
**Plans to relocate manufacturing out of China?**



Left chart: data as of September 30, 2024. Sources: U.S. Census Bureau, WTIA, Bloomberg. Right chart: survey conducted yearly between 2020-2023, Source: The American Chamber of Commerce in China 2024 China Business Climate Survey Report.

# Increased Election Uncertainty as Landscape Evolves

S&P 500 cumulative returns, indexed on December 31 of the year preceding the election



Data as of September 23, 2024. Series starts in 1960 and is calculated using price return data. 1964 and 1976 are treated as open elections. Source: Strategas, Bloomberg, WTIA. Past performance cannot guarantee future results. Indices are not available for direct investment. Investment in a security or strategy designed to replicate the performance of an index will incur expenses such as management fees and transaction costs which will reduce returns. Investing involves risks, and you may incur a profit or a loss.

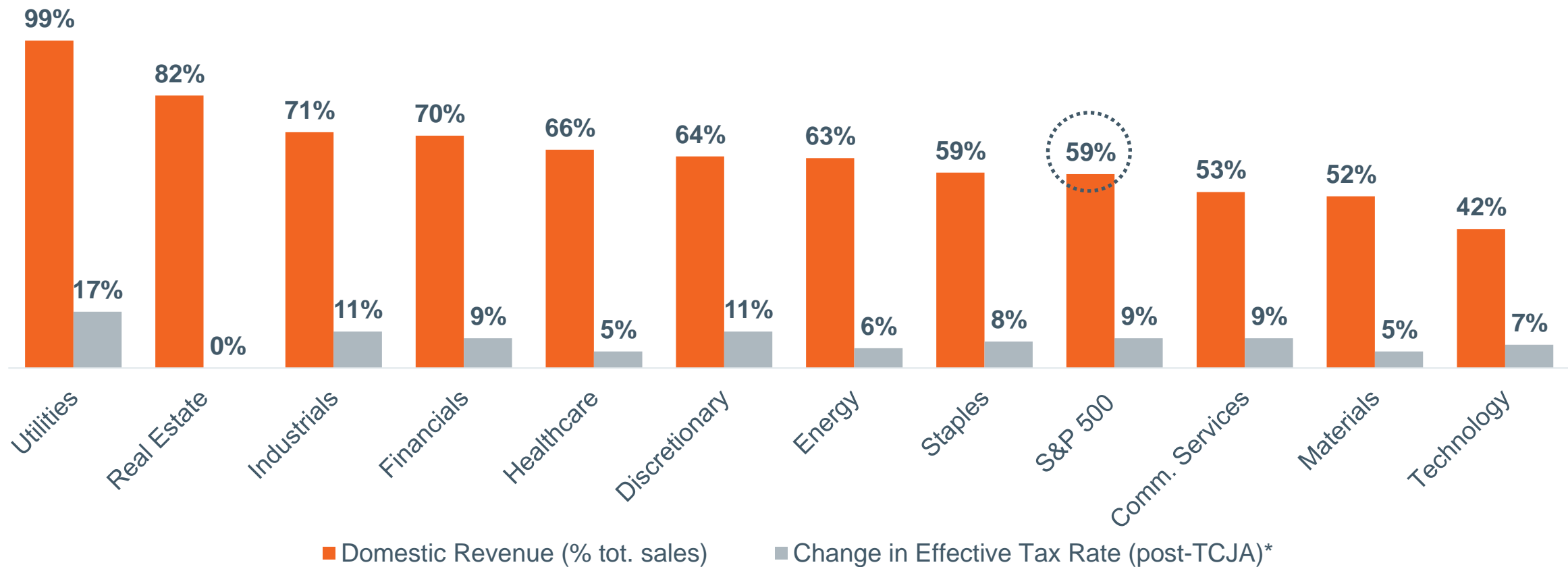
# Digging into the Issues: Immigration, Trade, and More

	Republican Sweep	Trump with Divided Congress	Harris with Divided Congress	Democratic Sweep
<b>Immigration</b>	<ul style="list-style-type: none"> <li>• Tighter restrictions on border entry of unauthorized immigrants</li> <li>• Possible expansion of visa, Greencard programs</li> </ul>		<ul style="list-style-type: none"> <li>• Increased funding for Customs and Border Protection agents, judges</li> </ul>	
<b>Tariffs/Trade</b>	<ul style="list-style-type: none"> <li>• Tariffs as high as 10-20% on all imports and 60% on Chinese-made goods</li> </ul>		<ul style="list-style-type: none"> <li>• No change to existing tariffs</li> <li>• Continued scrutiny on trade with China</li> </ul>	
<b>Energy</b>	<ul style="list-style-type: none"> <li>• Focus on domestic production, lighter regulation</li> <li>• Limited changes to Individual Retirement Account (IRA)</li> </ul>		<ul style="list-style-type: none"> <li>• Possible expansion of IRA incentives</li> </ul>	
<b>Regulation</b>	<ul style="list-style-type: none"> <li>• Lighter regulation of energy, healthcare, banks, crypto</li> <li>• Continued scrutiny on big tech</li> </ul>		<ul style="list-style-type: none"> <li>• Increase regulation on energy, banks, big tech</li> <li>• Limitations due to SCOTUS decision on <i>Chevron</i> case</li> </ul>	<ul style="list-style-type: none"> <li>• Increase regulation on energy, banks, big tech, and grocers</li> <li>• Limitations due to SCOTUS decision on <i>Chevron</i> case</li> </ul>

Source: WTIA

# Trump Tax Cuts 2.0 Gives Preference to Domestic Sales

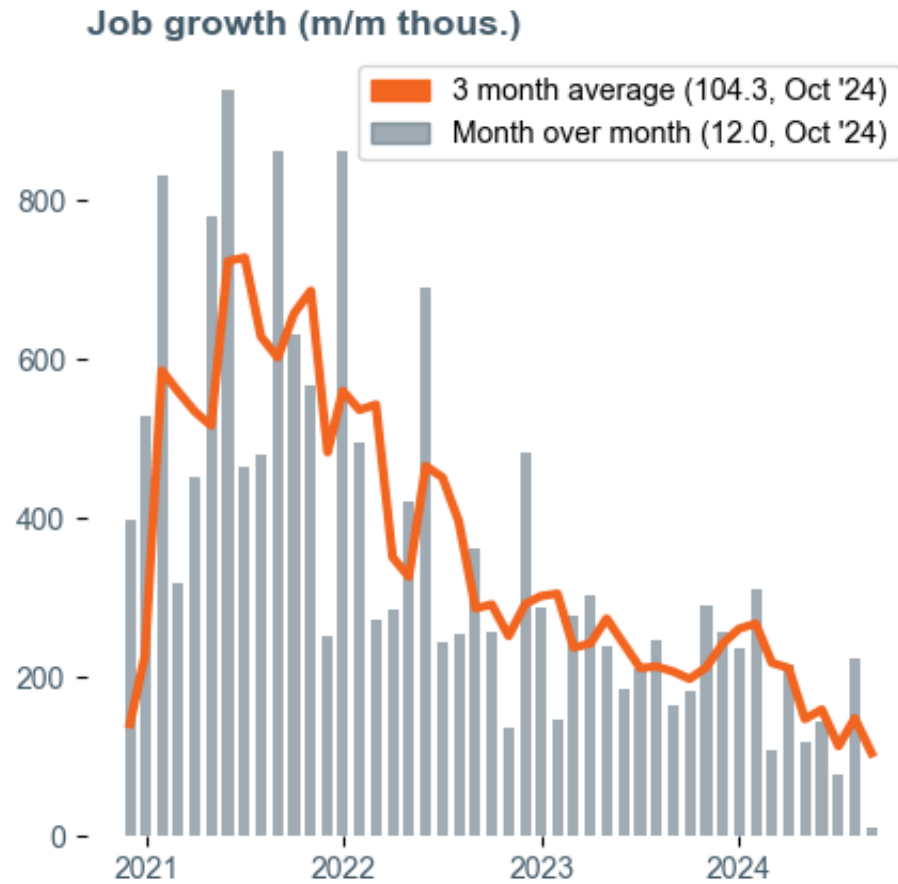
Sector breakdown: Domestic sales and effective tax rate changes



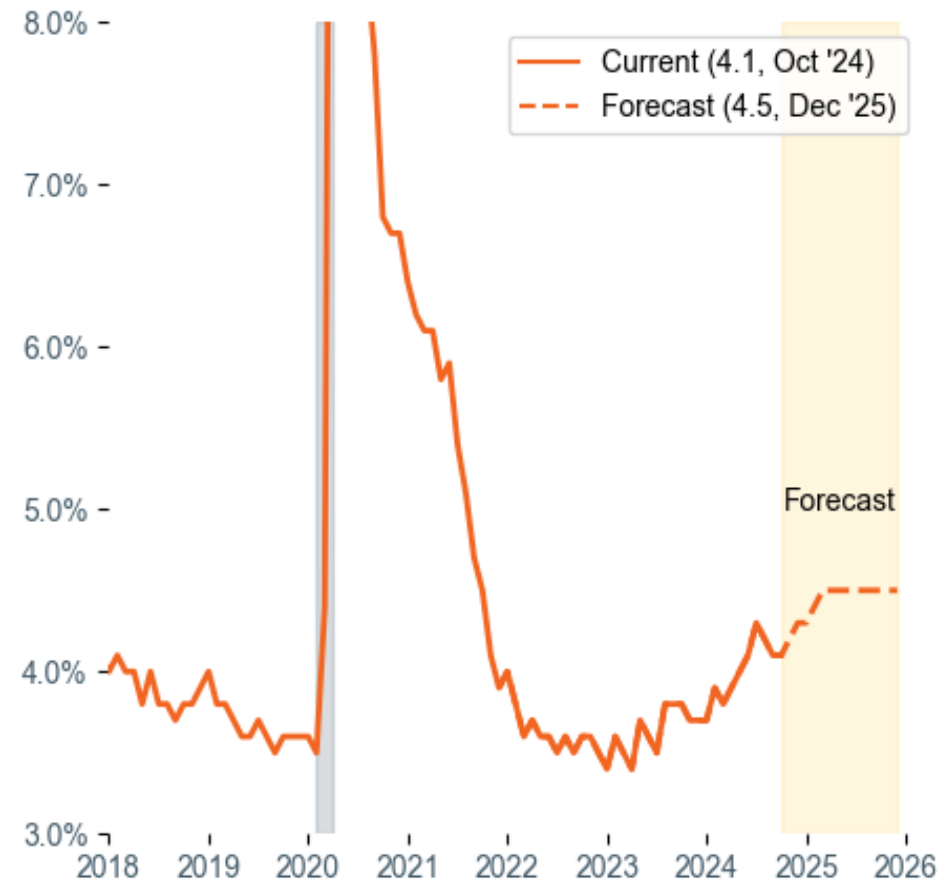
Data as of December 31, 2023. Source: Bloomberg, Factset, WTIA. \* Represents the percentage point decrease in the effective tax rate following the 2017 TCJA.

# Labor Market Data Slowing But Not in Decline

Change in nonfarm payrolls (thousands)



U.S. unemployment rate (%)

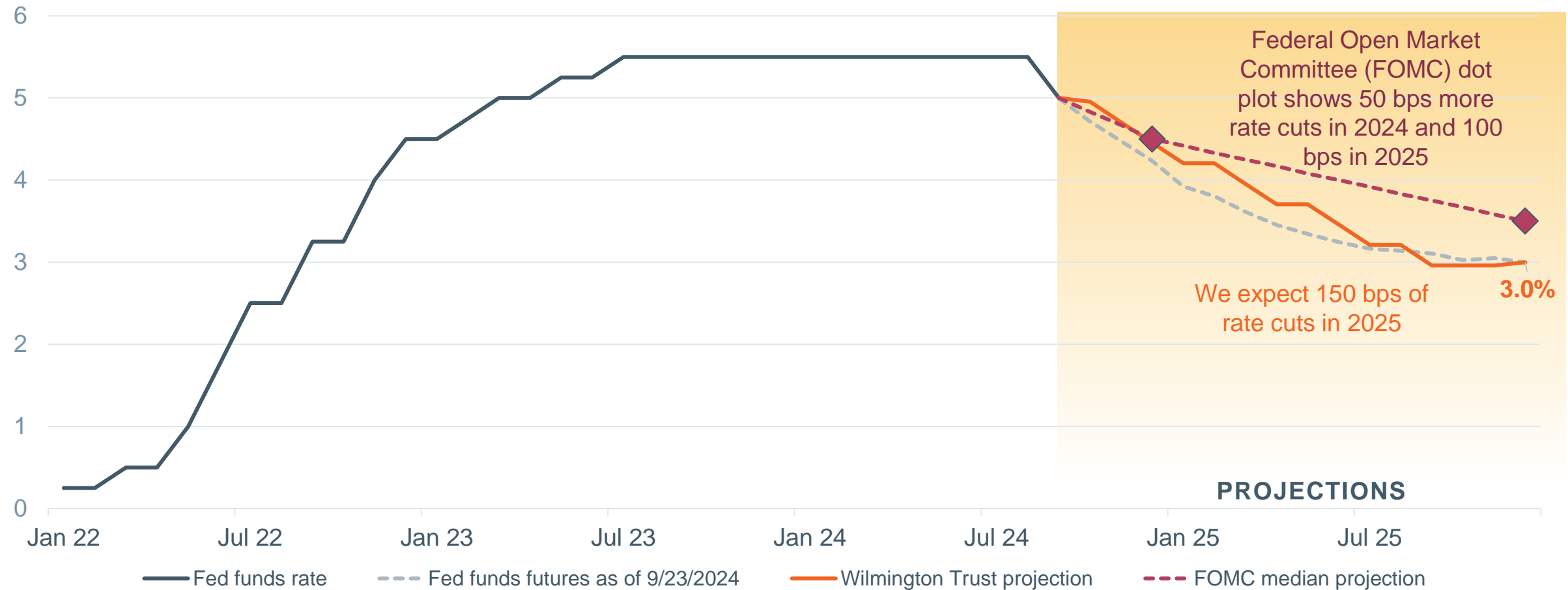


Data as of September 6, 2024. Sources: Bureau of Labor Statistics, Wilmington Trust. Gray bars represent recessionary periods.



# Rate Cuts to Exceed Fed Projections in 2025

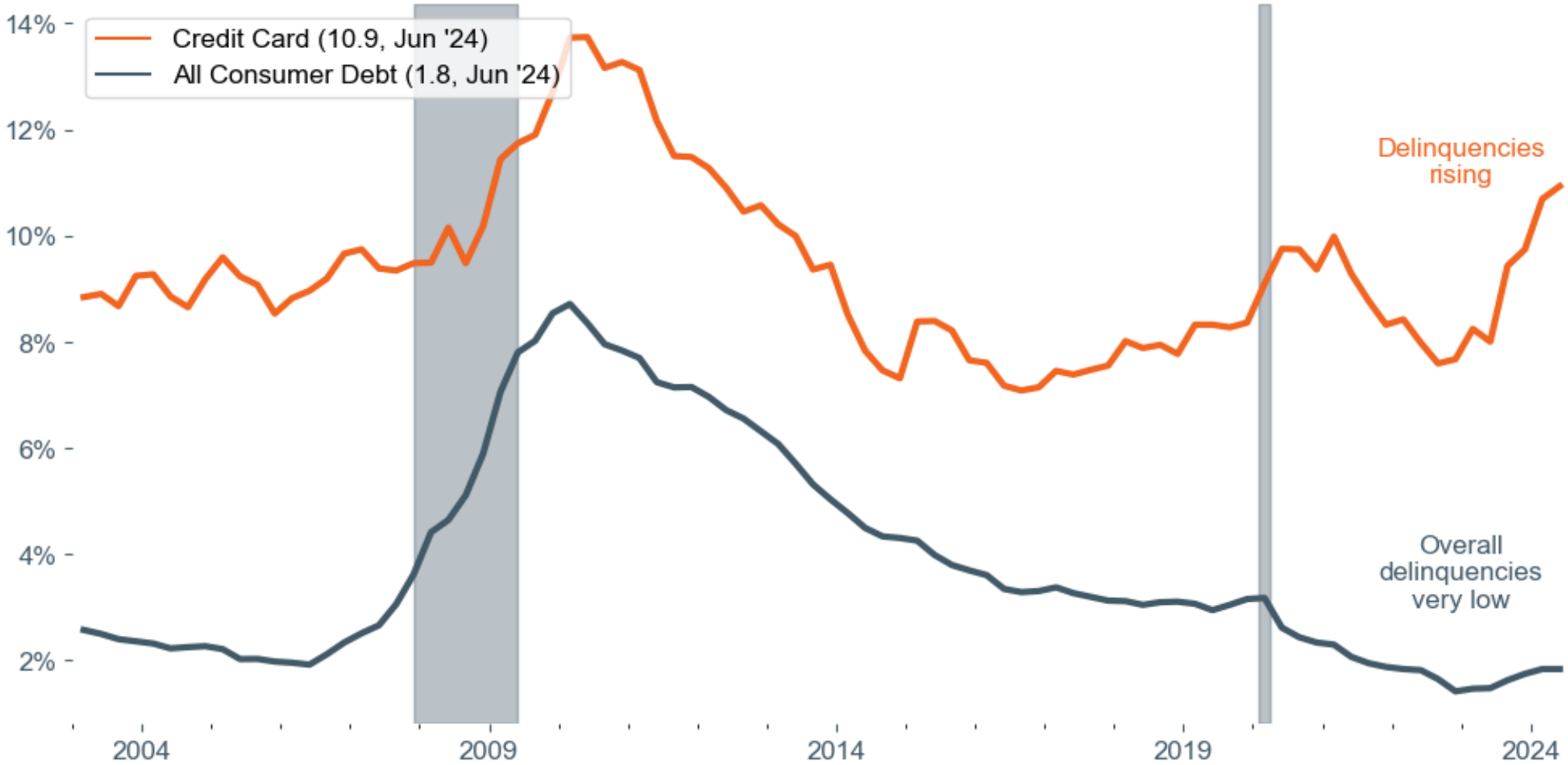
Federal funds rate (% top of target range)



Data as of September 23, 2024. Sources: Macrobond, Federal Reserve, WTIA. A basis point is one hundredth of 1 percentage point.

# Possible Recessionary Warning Signs: Credit Delinquencies

Percent of Balance 90+ Days Delinquent



Data as of 2024Q2. Sources: Equifax, Federal Reserve Bank of New York, WTIA.  
Note: Consumer debt includes Credit Card, Student Loan, Auto Loan, Home Equity Line of Credit, Mortgage. Gray bars represent recessionary periods.

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# Disclosures

continued

## DEFINITIONS:

Buyback yield is a metric that measures the percentage of a company's market value that is returned to shareholders through share repurchases. It's calculated by dividing the total value of share buybacks over a period by the company's market capitalization at the start of that period. The most common period used for this calculation is the previous 12 months.

Core Consumer Price Index (CPI) is a measure of inflation excludes the volatile prices of food and energy to show the underlying trend in consumer prices. Core inflation is often used as a complementary indicator to headline inflation.

Dividend yield is a ratio, and one of several measures that helps investors understand how much return they are getting on their investment.

Headline Consumer Price Index (CPI) is the raw inflation figure that measures the average price of a standard basket of goods and services. Headline inflation is more volatile than core inflation because it includes food and energy prices, which can fluctuate significantly.

Federal Open Market Committee (FOMC), a group of Federal Reserve officials who determine the direction of monetary policy in the United States. The FOMC's decisions impact interest rates, credit conditions, and the economy as a whole.

The Price-to-Earnings (P/E) ratio is calculated by dividing the market value price per share by the company's earnings per share (EPS). A high P/E ratio can mean that a stock's price is high relative to earnings and possibly overvalued. A low P/E ratio might indicate that the current stock price is low relative to earnings.