

2Q

as of 6/30/2022

Quarterly Market Review

Wilmington Large-Cap Strategy Fund



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You should consider a fund's investment objectives, risks, charges, and expenses carefully before you invest. Information about these and other considerations is contained in the fund's prospectus, which is available on our website, www.wilmingtonfunds.com. Please read the prospectus carefully before investing.

The equity team provides oversight to the quantitative model and may decide to hold an alternate sector positioning than the one recommended by the model based on considerations including, but not limited to: the size and timing of the trade recommendations; the desire to limit or "time" turnover for tax efficiency; and knowledge of additional market-based information not captured by the model.

Key takeaways

- Equity markets struggled in 2Q 2022 as the Fed tone changed to a more aggressive stance to fight inflation from energy, food, transportation, and labor costs
- Value outperformed growth in the quarter, and large caps outperformed small caps
- The best-performing sectors included energy, utilities, consumer staples, and health care while communication services, consumer discretionary, and technology underperformed

Market recap

The second quarter of 2022 was a volatile quarter with a revitalized Federal Reserve (Fed) laying the groundwork for a series of significant interest rate increases and moved to fight inflation in a more meaningful way leading to weakness in stocks. Projected rate increases based on Fed projections could lead to a recession, which pressured equity valuations. Short-term rates have risen significantly leading to a slight inversion of the 2- to 10-year Treasury curve with short rates above long rates—historically this has led to recessions.

Stock valuations have moderated significantly since the start of the year as uncertainty about near-term prospects have been muddled, making the market look more attractive on a longer-term basis.

In the second quarter, the S&P 500 index (large cap) fell 16.1% while the Russell 2000 Index (small cap) declined 17.20%. Large-cap growth represented by the Russell 1000 Growth Index fell by 20.92%, while the large-cap Russell 1000 Value Index fell just 12.21%.

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Figure 1

Average annual total returns and fund expenses (%) as of June 30, 2022

| Class I | | | | | Expenses ¹ | | Inception date |
|---------------------------|--------|-------|-------|-------|-----------------------|------|----------------|
| | 1Y | 3Y | 5Y | 10Y | Gross | Net | |
| Class I | -13.18 | 10.08 | 10.93 | 12.72 | 0.37 | 0.25 | 7/01/2003 |
| Russell 1000 Index | -13.04 | 10.17 | 11.00 | 12.82 | - | - | - |

Performance shown represents past performance and cannot guarantee future results.

Current performance may be lower or higher than that shown. Investment return and principal value will fluctuate. Shares, when redeemed, may be worth more or less than their original cost. Total returns assume the reinvestment of all distributions at net asset value and the deduction of all expenses. Performance would have been lower if fees had not been waived in various periods. Performance data current to the most recent month end is available at www.wilmingtonfunds.com.

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, that would reduce returns.

¹The fund's advisor, distributor, and shareholder services providers have contractually agreed to waive their fees and/or reimburse expenses so that the total annual fund operating expenses paid by the fund's Class I shares will not exceed 0.25%, not including the effects of taxes or other extraordinary expenses. This waiver may be amended or withdrawn after January 31, 2023, or with the agreement of the fund's Board of Trustees. Please see the prospectus for more information on fees, expenses, and expense limitation arrangements, if any.

Investment approach

The fund invests primarily in a portfolio of equity securities of U.S. large-cap companies. The fund's investment advisor determines the tactical allocation of the fund's assets based on forecasts of asset risk and return profiles derived from a combination of fundamental, quantitative, and macroeconomic inputs.

Ticker: WMLIX

AUM: \$501.61 million

Benchmark: Russell 1000® Index

Inception date: July 1, 2003

Defensive sectors such as consumer staples, utilities, and health care declined less than the worst-performing sectors, including communication services, consumer discretionary, and technology, which underperformed the S&P 500.

Performance overview

The fund slightly underperformed the Russell 1000 Index benchmark for the quarter by 3 basis points, or bps (0.03%) net of fees. On a gross-of-fee basis, the fund outperformed the benchmark by 3bps (0.03%).

The portfolio implements sector allocation advice provided by the Wilmington Trust Equity group. Inputs into the determination of sector positions are provided by the economics team, a quantitative model, and the equity team's fundamental view on sectors. The sector view from the equity team provides recommendations for sector positioning within the U.S. large-cap equity space as an alpha enhancement to a purely benchmark-passive holding for the U.S. large-cap asset class. We believe there is opportunity in exploiting the natural cyclical variation in sector returns. However, we recognize that there will be periods of underperformance for these types of strategies. Therefore, we adhere firmly to a risk management framework designed to limit the impact during these periods. The strategy attempts to add value over the Russell 1000 Index by over- and underweighting sector groups while maintaining a high level of diversification and low tracking error to the benchmark.

Performance detail

Our sector allocation decisions are driven by the macroeconomic forecast, a fundamental evaluation of each sector's relative attractiveness, and a quantitative sector attractiveness score.

For the quarter, sector positioning was overweight cyclical sectors and underweight more defensive sectors. Overweight sectors included energy and basic materials

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while underweight the real estate sector. The underweight position in real estate hurt performance while the overweight allocations to energy and basic materials added to performance in the quarter.

Conclusion

In a challenging quarter for markets, the fund outperformed the benchmark gross of fees as the market rewarded overweight positions to the energy and basic materials sectors while the underweight to real estate slightly detracted from performance.

All exposures are well within predetermined risk constraints.

APPENDIX

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Suitability / No Bank Guarantee

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The holdings information provided does not include all securities that were purchased, sold or held in client accounts and may not be representative of current holdings. It should not be assumed that the holdings described are or will be profitable or that securities purchased in the future will be profitable or will equal the performance of the securities in this list. References to specific securities do not represent a recommendation to purchase or sell any particular security outside a managed account. Data is provided as of the date shown and is subject to change.

GLOSSARY AND BENCHMARK DESCRIPTIONS

Alpha is a measure of performance, indicating when a strategy, trader, or portfolio manager has managed to beat the market return over a specified period. It may be positive or negative and is the result of active investing.

Basis points refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

Russell 1000 Index: measures the performance of the largest 1,000 securities by market capitalization listed on U.S. exchanges. The Growth and Value indices divide the main (core) index by market cap, with Growth characterized by higher expected growth rates, higher price to earnings, and lower dividends while Value is characterized by lower expected growth, lower price to earnings, and higher dividends.

Russell 2000 Index measures the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks.

S&P 500 index: serves as the strategy benchmark and measures the performance of 500 widely held, typically large-cap, common stocks listed on U.S. exchanges.

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 would reduce returns.

Investing involves risks and you may incur a profit or a loss.

Diversification does not ensure a profit or guarantee against a loss.

There is no assurance that any investment strategy will be successful.

Past performance is no guarantee of future results.

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