

INDEPENDENT THINKING

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A Message from the CEO



Is it true that the more things change, the more they stay the same? In reviewing this issue of *Independent Thinking*, I'm struck by how fast and dramatic change can be: deglobalization, fiscal and monetary policy, Artificial Intelligence, new wealth, and, of course, the markets — all evolving at warp speed.

Take trade, addressed in these pages by Brian Pollak. It's still globalization but not as we knew it. Onshoring and friend-shoring, the results of political and economic tensions, are reshaping trade routes. China, as our Evercore colleague Neo Wang discusses in this issue, sees opportunity.

We've never had a tax bill called the One Big Beautiful Bill Act before — that's new — but in this case, many of the themes are familiar. (Our annual year-end wealth-planning letter, sent to clients in October, is excerpted here.) What the tax bill doesn't address is the growing federal deficit and the potential impact for investors. John Apruzzese considers two asset classes — one very old, one very new — that may serve as stores of value in an uncertain fiscal environment.

Private equity is not new: We've been advising qualified clients to make allocations, as appropriate, since we opened our doors. But it's growing and changing rapidly — and the EWM Private Equity Access Fund is new, so please see Stephanie Hackett's article in this issue. Our fund offers a streamlined and diversified approach to this important asset class.

Is technological change new? We've all lived through decades of innovation — increasingly powerful computers, the

internet, mobile communication, social media. Is Artificial Intelligence something different? Will it prove as transformative as many expect, or as disruptive as some fear? We believe AI is a game changer, but like past breakthroughs, its impact will be uneven — sweeping in some areas, slower in others.

We think about AI across all aspects of our work, always trying to discern reality from hype and incorporate the best tools for the benefit of our clients and our teams. In this issue, our Chairman Jeff Maurer considers more personal applications, encouraging his generation to approach AI with curiosity rather than resistance — as a tool that can sharpen, not replace, judgment.

A number of our clients already know this. Their professional and personal lives have already been transformed by wealth derived from AI and other technologies — often years before they had expected. As Flavia Trento and Ryan Fox describe in their debut article, this kind of sudden change raises urgent planning and investment questions.

One last note on change. We welcome two new managing directors to our firm: Belinda Micu as head of technology strategy and investment reporting and Kait Oliveira as a portfolio manager, and we congratulate partners Ashley Ferriello and Brian Pollak

on assuming greater responsibility in day-to-day management — co-leading our New York client teams. We are strengthening our leadership, positioning our firm to serve future generations of clients. In this case, I believe change will help keep something wonderful — our firm's culture — the same.

We've also received more industry recognition, this time from *Forbes* magazine in its 2025 list of top U.S. registered investment advisors, or RIAs. Here's a [link](#) to the accompanying profile of our firm. That's in addition to our *Barron's* and *Financial Advisor* RIA rankings. And we heartily congratulate Justin Miller on his well-deserved induction to the NAEPC Association Estate Planning Hall of Fame®.

I hope you find the articles in this issue interesting. As always, please don't hesitate to contact us to discuss any issues — or changes — on your mind.

Chris Zander
President & Chief Executive Officer

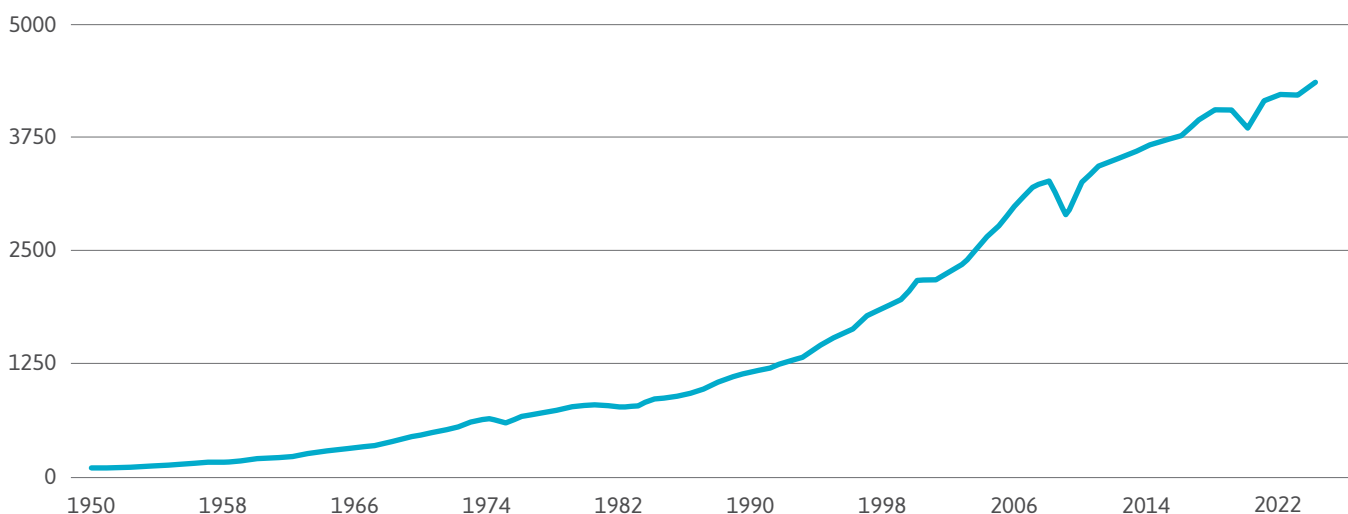
Globalization: Reshaped but Not Reversed

By Brian Pollak

In the waning years of his presidency, Bill Clinton said this: “Globalization is not something we can hold off or turn off. It is the economic equivalent of a force of nature, like wind or water.” Twenty-five years on — through a pandemic, war in Europe and the Middle East, various natural disasters, protectionist rhetoric around the world, and even with the disruptive and still uncertain tariff policy in the United States — his theory still holds up.

Evolution of World Trade

Volume index, 1950=100 (1950-2024)



Source: World Trade Organization

Global trade in 2025, both in goods and services, is expected to end at all-time highs. Shipping lanes still stretch around the world, carrying every manner of goods, even as the two global powerhouses distance themselves from each other. But the cargo carrier flags are changing as the United States and China seek more closely aligned trading partners — not geographically, but philosophically and politically — and reshape their critical supply chains accordingly.

As our Evercore ISI colleague Neo Wang describes on page 12, China is now exporting advanced goods as well as influence around the developing world through its Belt and Road Initiative. Meanwhile, the United States and its allies are increasingly focused on the origin of certain critical goods and services — including semiconductors and other edge computing technologies, key natural resources, high-capacity batteries, pharmaceuticals, the latest aerospace and defense technologies, and sensitive financial, technology consulting, business, and legal services.

As a result, we expect trade in these critical goods between the U.S. and China to continue to decline. At last count, the U.S. trade deficit with China stood at \$295 billion — a 30% fall since its peak in 2018. It is projected to fall further by the end of this year, back to levels last seen in 2005, shortly after China joined the World Trade Organization, or WTO, in 2001, and shortly before China became the world's biggest exporter of goods in 2009 and the world's largest trading nation five years later.



\$295 BILLION

U.S. deficit with China has fallen
30% since the 2018 peak.

Meanwhile, U.S. trade with Taiwan — still home to an estimated 90% of the world's high-end semiconductor manufacturing — has soared, with imports to the U.S. doubling between 2019 and 2024 and expected to rise further in 2025. The chart on page 5 serves as a reminder of how dramatic the ebbs and flows of the past two decades have been.

Foreign direct investment, or the purchase of an ownership stake in an asset by a foreign government, company, or investors, is declining — notably in natural resource extraction — amid a desire by countries to exert greater control over their own energy infrastructure. As Neil Shearing posits in his excellent book *The Fractured Age*, the

Russian invasion of Ukraine in February 2022 forced Europe to rethink its energy supply chain. Prior to the war, Russia supplied the European Union with 40% of its natural gas and 30% of its oil. The European Union has since turned off the Russian tap, importing instead from the United States, Norway, and Brazil. Meanwhile, Russia continues to export to China and the still relatively unaligned India and Turkey. The war did not diminish global trade — it contributed to reorienting it.

But cross-border merger and acquisition activity and new foreign direct investment into high-tech areas such as semiconductor manufacturing remain robust (see the box below), as nations with aligned

interests invest in infrastructure to help diversify their allies' supply chains and manufacturing bases. This is likely to be bolstered by recent trade deals that included commitments, notably from Japan and Korea, to invest in the U.S.

In a world that appears increasingly divided into two camps, globalization can continue to grow. The economic law of comparative advantage — the idea that one country can produce a good or service at a lower opportunity cost than another — still applies. Apparel, toys, and certain commodities are all likely to continue trading relatively freely. More sensitive goods will be “friend-shored,” manufactured in and imported from

Semiconductors: Chips on the Trade Table

Reshoring semiconductor manufacturing in the United States has been a policy focus for years, through both the Trump and Biden administrations. Major legislation (the CHIPS Act and the Inflation Reduction Act), export controls, and tariff policies have all maintained that focus.

While the United States dominates semiconductor design — led by Nvidia and followed by AMD and Broadcom — and many semiconductor fabrication plants are under construction in the U.S., it will likely take decades to build both the manufacturing and technical human capital capacity to support domestic demand for high-end chips. That leaves just one company, TSMC of Taiwan, producing the lion's share of advanced chips, and most of that in Taiwan. The equipment needed to produce those chips — the most advanced lithography machines used to etch intricate circuit designs onto silicon wafers — are also made solely by one company: Netherlands-based ASML.

Coordinated export controls by the United States, Taiwan, the Netherlands, and other U.S. allies have severely restricted China's access to this critical technology. As Neo Wang describes, China has undertaken a Herculean — and relatively fast and successful — effort to recreate the semiconductor supply chain domestically. While Chinese-made semiconductors are likely two generations behind those produced by the U.S. and its allies, China is both making do and catching up — propelling the country into higher-end manufacturing and enabling it to export these chips to its own closest allies.

There will still be plenty of semiconductors and related equipment crossing borders (and related investment opportunities), just less so between the United States and China.

—BP

reliable allies. It is worth noting that the U.S. maintains a large trade surplus in services, which is likely to continue, and that the U.S. economy is much less exposed to the trade of goods, due primarily to its massive services sector, which at about 79% of GDP is by far the highest in the world.

We do not anticipate this reorientation of trade to have a large impact on global GDP. It's still globalization — just not as we knew it. However, as long-term investors, we attempt to look through the vagaries of current policy and related market disruptions to the potentially more lasting impacts on individual companies, sectors, regions, and countries.

As with any reorientation, there are risks — the biggest of which is a military conflict between the United States and China over Taiwan. While we see this as having an extremely low probability today, as the two economies become less integrated, this risk could rise. A second risk is that

the United States is at the beginning of a longer-term retrenchment from its traditional allies, which, if persistent, would diminish the country as an economic power and accrue to the benefit of China. It could also spur Europe and Japan to bolster their own domestic technological prowess, furthering the regionalization of global supply chains and trade.

And of course, there are opportunities. Companies and sectors of the economy that have built or are building supply chains positioned to serve the newly oriented global trade routes are potential winners, as are those with access to relatively cheap labor or specific technical proficiency. We continually assess the changing global landscape as we consider both risks and opportunities within our current and new potential investment recommendations.

We believe globalization remains a force but anticipate continued change in its flows and impact — and rising volatility

79%

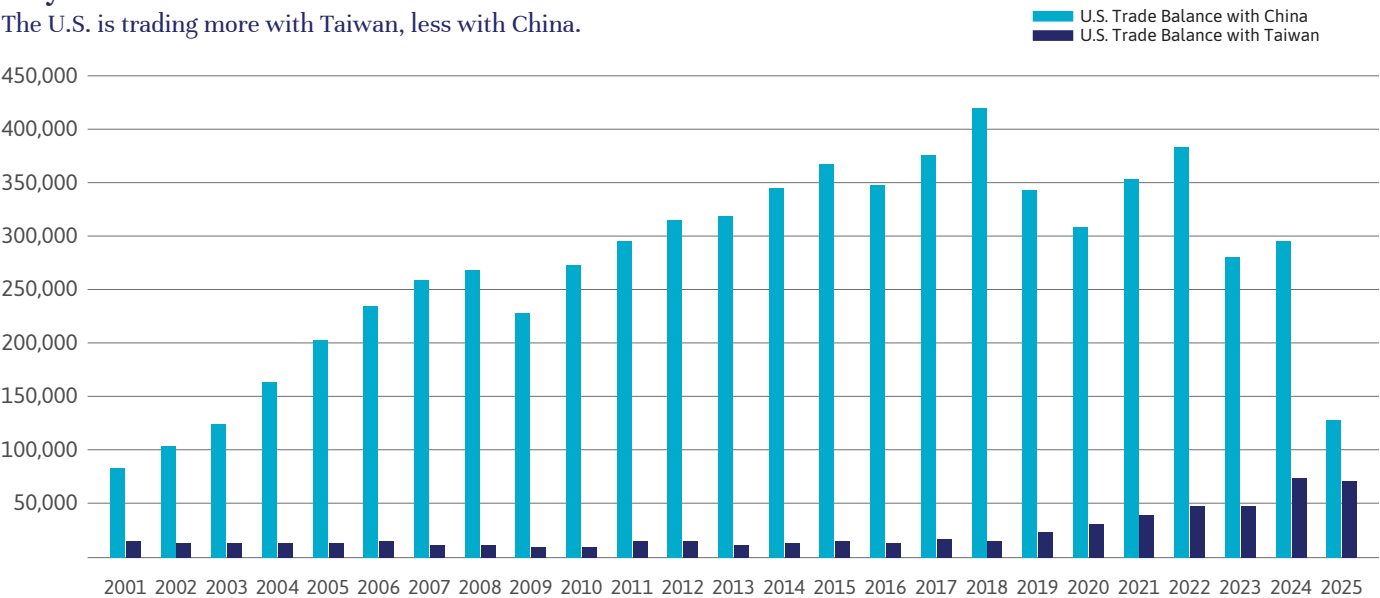
The proportion of U.S. GDP derived from services (vs. goods)

as the markets react to that change. We evaluate these changes and the related potential risks and opportunities, to provide context for our fundamental analysis of the securities and funds, private and public, that we invest in on behalf of our clients. We believe that diversification remains the best defense against tariff policy swings and macro surprise.

Brian Pollak is the Chair of the Investment Policy Committee at Evercore Wealth Management. He can be contacted at brian.pollak@evercore.com.

Buy Taiwanese?

The U.S. is trading more with Taiwan, less with China.



Source: United States Census Bureau

Gold and Bitcoin: The Rising Value of Nonproductive Assets

By John Apruzzese

How can we assess value when record-high stock valuations are being driven by bold bets on the rapid deployment and monetization of Artificial Intelligence, or AI? While we believe equities will continue to outperform other liquid assets over the long term, it's impossible to know when — or even if — today's expectations around AI will be realized.



Traditionally, we’ve looked to high-quality fixed income as a counterweight — a safe harbor during periods of “irrational exuberance,” a phrase coined two decades ago by then Federal Reserve Chairman Alan Greenspan, or in times of recession. But as we’ve discussed in previous editions of *Independent Thinking*, we can no longer assume that the U.S. dollar, or dollar-denominated securities, will reliably preserve value. Critical institutions are coming under attack and losing public confidence. The Fed risks eroding its hard-won independence — further undermining that confidence.

Meanwhile, the fiscal health of the U.S. government continues to deteriorate. Federal debt held by the public has climbed to roughly 100% of GDP and is still growing. Most troubling is the lack of political will — on either side of the aisle — to meaningfully reduce the deficit, even as it reaches levels historically seen only during wartime or severe recession. Despite the dollar’s recent decline — about 10% recently against other major currencies, notably the yen, pound, and euro — the greenback has been relatively strong over the last decade. This owes less to U.S. strength than to the weakness of peers. Global debt now exceeds 330% of GDP.

In addition to private equity (see the article by Stephanie Hackett on page 8), nonproductive stores of value — assets that generate no income but potentially preserve or enhance purchasing power outside fiat systems — look increasingly attractive. Gold, the quintessential physical asset, is not a hedge against equity bear markets; it is a hedge against the erosion of cash and dollar-denominated fixed-income purchasing power. In this environment, it’s reasonable to expect gold to continue outperforming traditional defensive assets over the short to medium term, as it has for the past three years.

Bitcoin may represent another form of nonproductive value storage. Its existence is brief compared with gold’s millennia-long

Gold vs. Bitcoin

Attribute	Gold	Bitcoin
Store of value	Long history as a store of value	Digital scarcity; relatively new
Liquidity	Widely liquid (physical and ETFs)	Highly liquid on exchanges
Divisibility	Physical limits; coins/bars can be divided	Easily divisible (satoshis)
Portability	Heavy in bulk; costly to move	Extremely portable (digital)
Supply control	Mined, finite-ish but variable	Fixed supply (21M)
Regulation and legal status	Regulated; some historical restrictions	Varies by jurisdiction; evolving
Risk	Ownership banned 1933–1975 (U.S.)	Extreme volatility; potential blockchain hack

Source: Evercore Wealth Management

history, yet its value has grown rapidly as global demand growth has outstripped supply, which is finite by design. While Bitcoin remains extremely volatile, the degree and duration of the swings appear to be diminishing. Acceptance of Bitcoin as a store of value is receiving a significant boost in the United States as the federal government clarifies a new, friendly regulatory regime that is integrating Bitcoin (and other parts of the crypto ecosystem) into the mainstream financial system.

It's worth noting that stablecoins backed by the U.S. dollar are not a store of value in that context. Most of the use cases for Bitcoin to date have been in countries with flawed fiat currencies and/or underdeveloped banking and transaction services. As Bitcoin becomes firmly established, portability gives it practical advantages over gold.

Both assets historically exhibit reasonably low correlation to equities and bonds and support portfolio resiliency. During the crises of 2008 and 2020, gold acted as a hedge

against systemic liquidity shocks; in recent equity market selloffs, Bitcoin displayed higher volatility but a faster recovery than stock indices. Even a modest allocation — we are recommending 3% gold and 1% Bitcoin weightings in appropriate accounts — can potentially enhance portfolio resilience. Gold has historically helped stabilize returns during drawdowns, while we believe Bitcoin should add convexity and long-term appreciation potential.

In essence, gold and Bitcoin are the historical and digital answers to the same question: How do investors protect wealth when trust in money erodes? In an era when fiat currencies are printed without restraint and real yields remain suppressed, scarce assets can provide meaningful diversification and preserve purchasing power over time.

John Apruzzese is the Chief Investment Officer at Evercore Wealth Management. He can be reached at apruzzese@evercore.com.

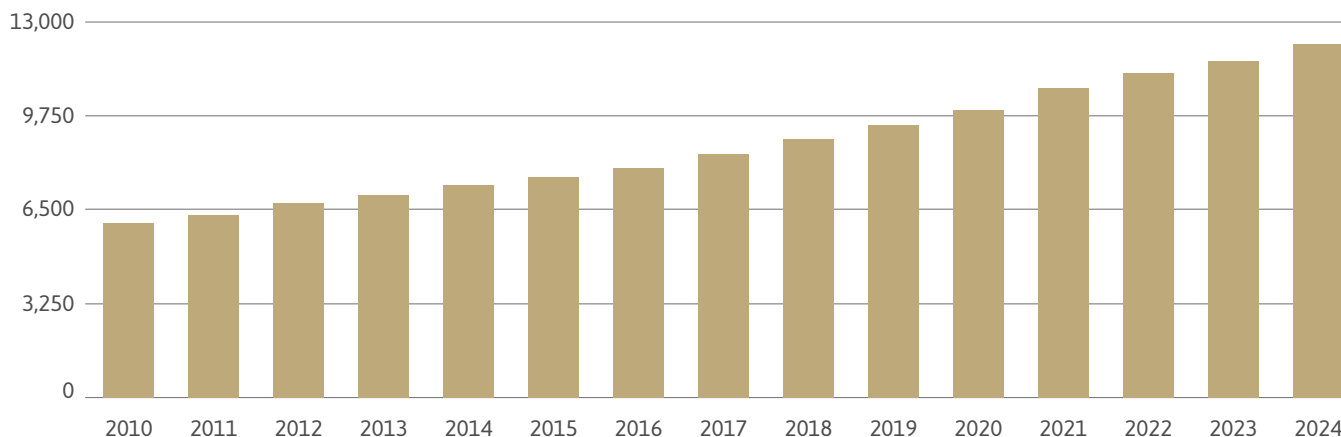
The Case for Private Equity: The Evercore Wealth Management Private Equity Access Fund

By Stephanie Hackett

Private equity is an increasingly attractive and important asset class for most ultra high net worth investors — and for good reason. The asset class has matured over the last 30 years and now represents a large segment of U.S. corporate ownership. As illustrated here, the number of private equity-backed companies in the United States has more than doubled in the past 15 years, to over 12,000. Many successful founder-owned firms that would have gone public in the past have instead found a home within private equity funds.

Private ownership on the rise

The number of U.S. private companies has more than doubled in 15 years.



Source: Pitchbook; Geography: North America; data as of December 31, 2024. Share of U.S. Private Equity Deal Value by Sector includes 69,159 deals completed between 2015-2024.

One Fund, Multiple Private Equity Exposures

The EWM Private Equity Access Fund is designed to invest in four and six private equity funds in a single vehicle. Manager selection is key, as top-performing fund managers are better positioned to attract and retain talent, as well as access unique and proprietary deal flow. The fund targets managers that are typically hard to access and often require institutional-sized commitments.

This curated portfolio is expected to allocate to funds across private equity sectors, vintages, and strategies — built to complement our broader asset allocation. The operational process is relatively simple: a single subscription, single K-1, and centralized capital calls, with the goal of bringing institutional-quality investing to our clients without the administrative complexity normally associated with this asset class.

At present, the EWM Private Equity Access Fund is expected to concentrate on two core areas:

- **Private equity buyouts** – Funds that invest in established businesses with stable cash flows. Managers of these funds typically pursue portfolio companies that require operational improvements, geographic or product expansion, cost rationalization, or bolt-on acquisitions. Buyouts often involve controlling stakes and use more leverage.
- **Growth equity** – Funds that invest in fast-growing companies with proven models, recurring revenue, and high customer retention. Growth equity fund strategy generally involves minority stakes and uses limited or no debt.

Within these two strategies, the fund targets very specific kinds of opportunities:

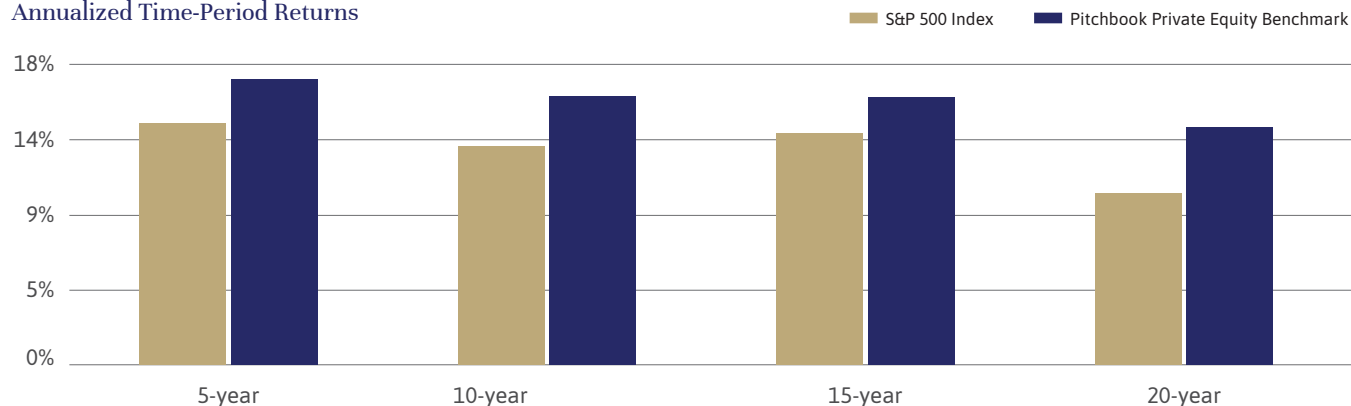
- Funds that invest in industries with compelling valuations, secular growth trends, or strong potential for operational improvement. This includes high-growth sectors such as tech-enabled business services, healthcare, and essential services. In addition to being scalable businesses with efficient cost structures, these areas tend to have less direct exposure to international trade and tariffs.
- Within buyouts, we focus on funds targeting small and middle-market companies — where valuations are often more attractive and operational value creation is more impactful. These businesses often lack fully built-out management teams or systems, leaving room for private equity managers to add real value by improving operating margins and growing revenues.

The EWM Private Equity Access Fund will allocate selectively to funds across 2025, 2026 and 2027 vintage years. The fund's current pipeline is targeting private equity managers that EWM believes know how to navigate complexity and unlock value, and are focused on companies with strong fundamentals and real potential for transformation.

Please contact your Wealth & Fiduciary Advisor to learn more about the EWM Private Equity Access Fund and to evaluate how private equity could help you meet your long-term financial goals.

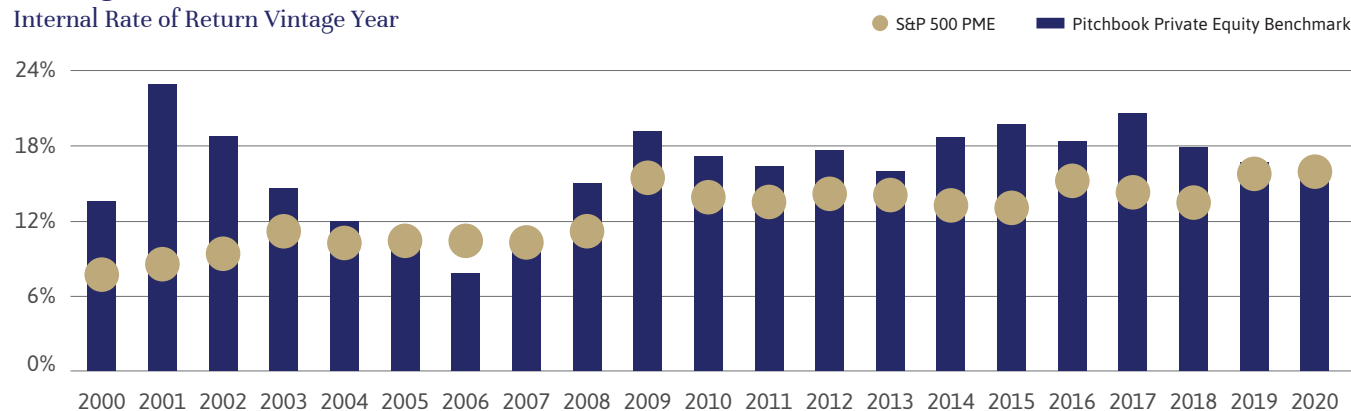
Times

Annualized Time-Period Returns



Vintages

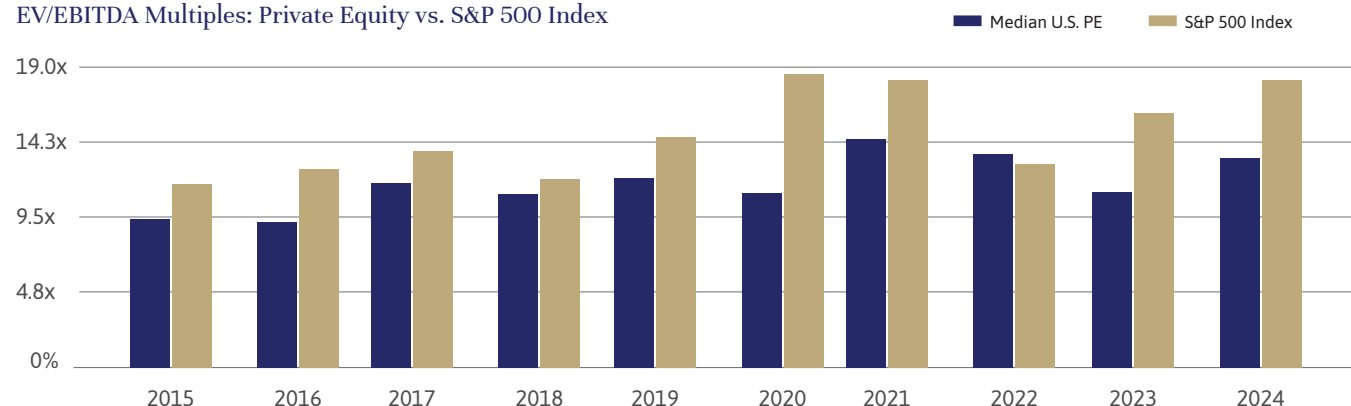
Internal Rate of Return Vintage Year



Source: Pitchbook private equity benchmarks, Geography: North America, data as of December 31, 2024 and includes 1,149 private equity funds. All public index values are total return CAGRs. All private equity returns are net of fees and carry. Public Market Equivalents (PMEs) are used to create a comparison of private market to public market returns. PMEs are a method of adjusting PE cash flows as if they had been invested in a public market index (S&P 500 Index).

Valuations

EV/EBITDA Multiples: Private Equity vs. S&P 500 Index



Source: Pitchbook median U.S. private equity (PE) buyout EV/EBITDA multiples of 820 deals from 2015-2024; FactSet EV/EBITDA multiples for S&P 500 Index; data as of December 31, 2024

From an investor's point of view, private equity has historically outperformed U.S. public markets over a variety of time horizons, reflecting the more hands-on, longer-term approach of private fund managers. (See the charts on page 10.) Private equity-backed companies also have the ability to tap into the robust ecosystem of private credit, to provide flexible funding for expansion or realigning their capital structure.

Public companies do face high costs, unrelenting short-term performance pressure, and increased regulation. Because private equity fund managers are able to invest through a full market cycle and maintain a long-term investment horizon, private equity offers well-aligned interests between owners and business managers, with a focus on long-term value creation.

At the same time, private equity valuations remain lower than those in the public markets, as also illustrated on page 10. While the S&P 500 is dominated by the largest companies and is, as of this writing, close to all-time-high valuations, private equity-owned companies have far more reasonable valuations.

The advantages of private equity aren't new. In fact, there was a significant over-allocation of capital to private equity by large institutions three years ago, which is now causing a cyclical slowdown. This suggests that now may be a good time to commit capital to be invested over the coming years at attractive valuations. That's why we've launched the EWM Private Equity Access Fund, as described on page 9.

Another advantage for private equity investments in small and mid-market companies is that there are multiple paths to exit — many of these companies are acquired "up the food chain" by larger private equity firms or corporate

strategics, often at elevated multiples, or they can be positioned for an IPO.

For investors with a long-term investment horizon and tolerance for illiquidity, allocating to private equity can add diversification and potential for outsized growth. As investment advisors, we work closely with our clients to consider factors

such as total portfolio liquidity needs, sizing and timing of commitments, and exposure across vintage years and strategies.

Stephanie Hackett is a Partner and Portfolio Manager at Evercore Wealth Management. She can be contacted at stephanie.hackett@evercore.com.



China: Moving Up the Value Chain

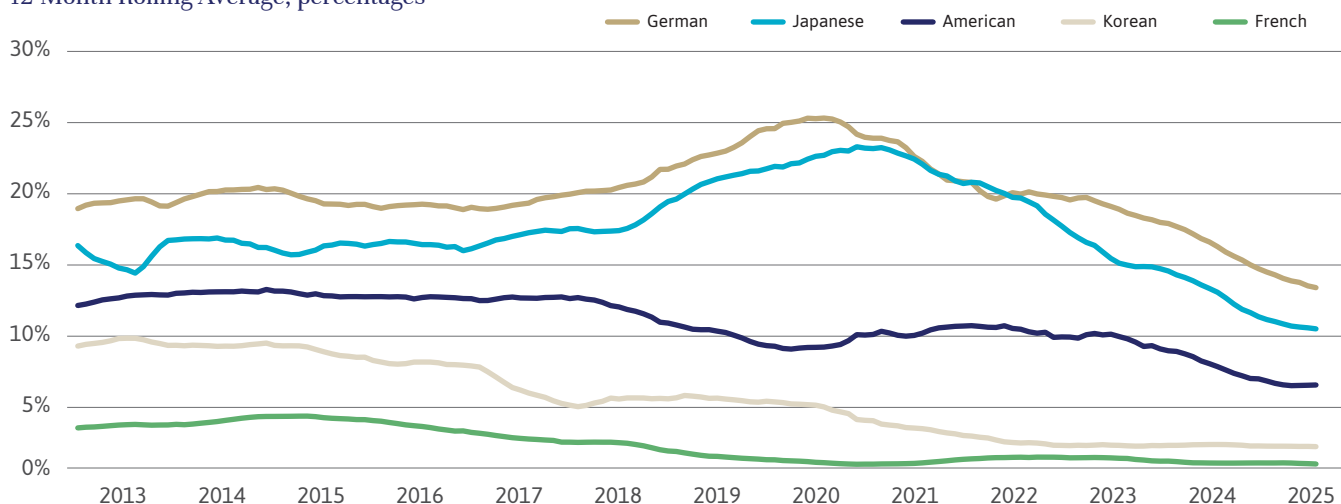
By Neo Wang

If Beijing has its way, the “Made in China” label will soon come to be associated with high quality and advanced goods. Massive investment in education and production is being made to innovate and move the country’s manufacturing sector up the global value chain. For investors, the potential impact is twofold.

Editor’s note: **Neo Wang** is the lead China economist/strategist at Evercore ISI, the leading U.S. research firm according to *Institutional Investor’s* annual survey. Evercore Wealth Management has limited investments in China, all of which are made through broader emerging market mutual funds.

China — Share of Auto Sales by Brand Origin

12-Month Rolling Average, percentages



Source: Macrobond, Evercore ISI

First, it will become harder for foreign companies doing business in China to make money. Rising local product quality, brand awareness, and perceived value-for-money will steadily erode their advantages. At present, many foreign companies are blaming China's still lackluster economy and/or its politics for their own poor performance in the country — and there's some truth in that. But as the economy improves, it should become apparent that many foreign companies are losing market share.

Exports will remain a defining feature of China's economy.

Second, companies in global markets will find Chinese companies more competitive at the higher-value end. Foreign demand is an indispensable force in Beijing's plan to sustain or manage the slowdown of economic growth in the long run. Exports will remain a defining feature of China's economy, regardless of what happens to domestic consumption, real estate, or infrastructure construction.

New-energy vehicles, or NEVs, are the most obvious case in point, as cars are the biggest ticket and most technologically intensive expenditure for many consumers. If China can get cars right, the thinking goes, then consumers will be more likely to embrace other Chinese products. This worked for the United States, Germany, and Japan, and now it seems to be working for China, as illustrated in the chart on page 12.

The emerging market is the focus, in line with China's Belt and Road global infrastructure Initiative (more

A New Take on an Ancient Trading Route

China's Belt and Road Initiative, the global infrastructure development strategy adopted by China in 2013, is not a charity project. It was the first step in Beijing's long game to develop global growth in its favor to profit from that growth, mostly in emerging markets, via higher-end exports. The project continues but is now featuring more "small and beautiful" projects in response to concerns about the debt sustainability of receiving governments.

in the sidebar above). Developed markets are incentivized to put up barriers to reduce exposure to imports from China, to protect domestic industries and jobs. In contrast, countries that rely on imports for most higher value-added products don't have many manufacturing jobs to protect; these consumers base their purchase decisions largely on perceived value for money. As these countries develop, Chinese manufacturing must move up the value chain to avoid local pushback.

This is a fundamental shift, at home and abroad.

Will it work? For China, growth has been a bumpy road since the three years of pandemic restrictions overlapped with the housing downturn. And the country faces challenging demographics, with an aging and declining population. But this time, it is not focusing on stimulus, but on a more fundamental shift, at home and abroad — one that has

only gathered steam since July 2024, when Beijing described "high-quality development" as the primary task of "advancing Chinese modernization," the core mission of the party.

It is inevitable that China will become more of a competitor.

China has a significant advantage in its long-term planning and its large, relatively young, and rapidly expanding pool of engineers, a sustainable and suitable talent pipeline for its ambition. Combined with national efforts to tackle key techno-industrial bottlenecks, the size of China's market for commercialization, and still relatively low labor cost, we believe it is inevitable that China will become an ever-increasing competitor — and less of a collaborator — to the established powers of advanced manufacturing.

Aging with AI: Keeping Up with Alexa and Alex

By Jeff Maurer

Getting old is not for the faint of heart. But neither is staying young at heart. Technological advances are now coming so thick and fast that they can feel like personal challenges, even to digital natives. “Do I try to wrap my head around the latest, or can I let this one pass?” I’d like to encourage my fellow Baby Boomers to keep up, at work and at play.

I watched my father face that choice in the 1960s, in his factoring business. He relied on IBM electromechanical accounting machines, programmed with plugboards and punch cards. Noisy but efficient, they were a leap forward from handwritten ledgers. But by the 1970s, IBM was phasing them out in favor of electronic computers, disk storage and standardized programming languages — and he had to adapt, to his eventual business and personal benefit.

When I joined U.S. Trust in 1970, we worked with IBM mainframes, though a few handwritten ledgers lingered. By the 1980s, the pace of change quickened, and I was managing teams using IBM PCs running MS-DOS, and later, Windows. Lotus 1-2-3 revolutionized spreadsheets, soon

replaced by Excel. Internal networks enabled file sharing and email, which in turn gave way to the internet. The 2010s layered on Office 365, Zoom, and advanced data analytics, and the 2020s has truly brought Artificial Intelligence, a term first coined in the 1950s, into our workplaces and our homes.

I’ve enjoyed every minute of it, logging onto AOL to hear “You’ve got mail,” chatting to Siri and Alexa, and embracing cloud services, digital photography, mobile devices, and global connectivity. Today, both of my homes are fully wired with high-speed internet, matched PCs, and cloud-based security. I bank online, use multifactor authentication, rely on GPS, manage health records digitally, wear health and fitness trackers. Indeed, I would argue that technology advancements are

easing the challenges of aging, far more than they add to them. If you would like to view my interview with Andy Miller, Head of AARP’s Innovation Labs and Age Tech Collaborative on recent tech advances, please let us know.

I was also an early adopter of AI, although I still prefer to order my own thoughts (and, for now, to drive my own car). Large Language Models, or LLMs, are reshaping knowledge work, automating tasks, enabling predictive insights, and lowering transaction costs. And they continue to progress. LLMs are turning into agents and assistants, offering capabilities across text, images, audio, and code. Applications can write novels, generate movies, design art, draft business plans, and even refine their own performance. ChatGPT users are developing Alex, an AI browser that



From punch cards to AI, technology continues to excite me, to keep me feeling young — at least at heart.

in agent mode can perform many of the tasks of an administrative assistant.

Yet this extraordinary potential comes with challenges, notably for those who resist change. Knowledge workers, artists, and authors must learn to work with AI; educators must grapple with how to integrate AI into learning; and health workers must identify the potential efficiencies while maintaining privacy and human connection. And we all have to be on high alert for deepfakes and other

forms of misinformation. At Evercore, we are embracing a proprietary version of ChatGPT-5. AI will never replace the very human nature of our work. But I am confident that it can enhance our abilities, allowing our advisors to spend more time with our clients.

From punch cards to AI, technology continues to excite me, to keep me feeling young — at least at heart. If you too are an enthusiast, consider encouraging family and friends to

engage, to make the choice to keep up. If you're still on the fence, try downloading ChatGPT or any one of its competitors for yourself and entering a few prompts — and let me know what you discover.

Jeff Maurer is the Chairman of Evercore Wealth Management and Evercore Trust Company. He can be contacted at maurer@evercore.com.

From Zero to Sixty: Navigating a Liquidity Event

By Flavia Trento and Ryan Fox

When a liquidity event catapults someone from modest means to the ranks of the ultra high net worth, life can feel changed overnight. Exhilaration, anxiety, exhaustion — it's an almost overwhelming mix at a time when so much is at stake.

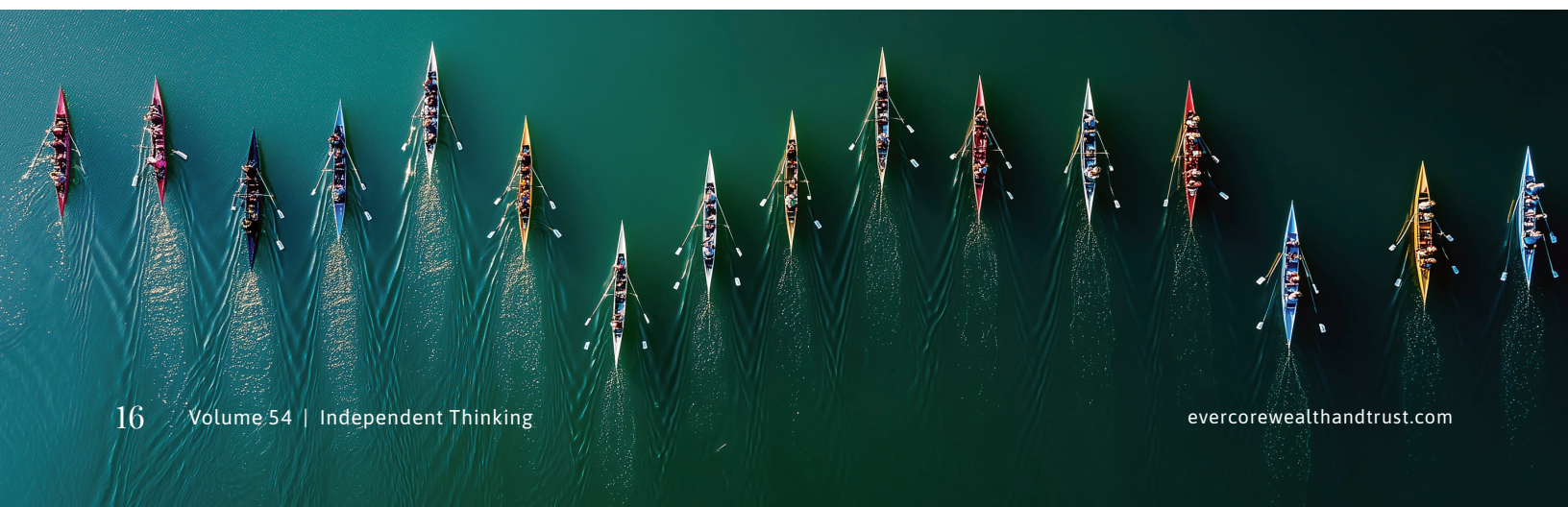
Let's take a step back to ensure the best possible outcome. The earlier personal wealth planning begins, the better. Assembling an advisory team and establishing lifestyle and legacy goals while the IPO, business sale, or equity monetization is still on the horizon — or at least well before the transaction closes — can potentially save millions of dollars, as shown in the three case studies on page 17, all drawn from real-life examples. Early preparation can also reduce stress, allowing successful individuals and families to adjust to the change and enjoy their good fortune.

As key members of the advisory team, Wealth & Fiduciary Advisors help articulate those goals, mindful that personal and professional circumstances will continue to evolve. Together with a Portfolio Manager, they manage liquidity and investments to achieve these goals in close coordination with the bankers and corporate lawyers managing the deal, as well as personal trust and estate attorneys and accountants.

Wealth & Fiduciary Advisors can also identify and liaise with insurance brokers, philanthropic advisors, family governance

consultants, and other specialists as needed. Their collaboration ensures that decisions are not made in silos but as part of a cohesive plan. Additional personal support — including coaches and peer networks — can be invaluable for navigating this significant life transition. The psychological and emotional stress that can accompany a sudden financial windfall (sometimes referred to as “sudden wealth syndrome”) is real — but it can be managed or even avoided.

Once the team is assembled and goals are established (no easy task), there



Planning Early vs. Late: Three Case Studies

The Tech Executive at IPO

A 32-year-old married tech executive's company will likely go public, and she anticipates realizing \$60 million in liquidity. By engaging in nontaxable spousal gifting, her spouse transferred \$13.99 million of pre-IPO stock into a Spousal Lifetime Access Trust, or SLAT, for the benefit of the tech executive and their children when the shares were privately valued at a steep discount. This foresight enabled the couple to shift nearly \$14 million out of their taxable estates, saving \$5.6 million in gift, estate and generation-skipping transfer, or GST, taxes — and all future appreciation of those assets will be exempt from gift, estate and GST taxes. In addition, the tech executive would continue to have access to the assets in the SLAT for the rest of her life to the extent

that she ever needed them for her health, education, maintenance or support.

Early, proactive trust planning before liquidity can dramatically reduce future estate tax burdens.

The Private Equity Partner's Carried Interest

A 38-year-old private equity partner held a \$30 million carry distribution. Because he anticipated a liquidity event, he set up a donor-advised fund and contributed a portion of his appreciated fund interests several months prior to the distribution. This move allowed him to avoid capital gains tax on those interests and created a large charitable deduction, offsetting a significant portion of his tax liability.

Early philanthropic planning can reduce income tax in the year of liquidity while advancing charitable goals.

The Prepared Entrepreneur

A 35-year-old entrepreneur in California plans to sell her consumer goods business for \$50 million. Without pre-transaction planning with her qualified small business stock, she would pay nearly \$16 million in combined federal and state income taxes. By changing her residence to Nevada and setting up a nongrantor trust prior to the sale, she will avoid a 13.3% California state income tax, will not owe any federal or state income taxes on \$10 million in capital gains, and the nongrantor trust will avoid federal and state income taxes on \$10 million in capital gains.

Her experience underscores the importance of acting early — before liquidity limits flexibility.

are several key pre-liquidity strategies to consider:

- **Transfer Equity to Trusts:** If the company's stock is likely to appreciate significantly, gifting shares to irrevocable trusts before the event can remove the value of the stock and future appreciation from the estate. Trust planning strategies — such as grantor retained annuity trusts and sales to intentionally defective grantor trusts — can be powerful wealth transfer tools. If section 1202 qualified small business stock, or QSBS, is involved, trust planning can also help multiply the potential income tax benefits.
- **Consider Valuation Discounts:** Prior to a sale, company stock may be eligible for valuation discounts (for example, due to lack of marketability and lack of control), which can enhance the effectiveness of gifting strategies.
- **Plan Charitable Strategies:** Funding a donor-advised fund or charitable remainder trust pre-liquidity allows for the donation of appreciated shares, resulting in an upfront deduction and reduction or deferral of capital gains.

- **Review Liquidity and Cash Flow Needs:** Many people approaching transitions underestimate the taxes due at closing, which can create unfortunate liquidity mismatches. It's critical to project post-tax cash flow needs before engaging in substantial gifting to family members or charity.
- **Ensure Advisory Alignment:** The Wealth & Fiduciary Advisor, trust and estate attorney, and accountant need to be in communication well before term sheets are signed, so documents and structures are coordinated and ready to implement.

As far in advance as possible before closing a transaction is often the best window to lock in sophisticated planning. Once the wealth is realized, the focus shifts to execution:

- **Clarify Tax Position:** Calculate actual after-tax proceeds, considering federal, state, and local tax obligations.
- **Implement Legal Structures:** Establish revocable living trusts, irrevocable trusts, and family entities, as appropriate.

- **Secure Risk Management:** Evaluate asset protection structures and make sure to obtain sufficient liability and life insurance.
- **Adopt an Investment Policy Statement (IPS):** Define portfolio goals, spending rates, and risk parameters.
- **Update Personal Documents:** Revise wills, healthcare proxies, and powers of attorney.

A substantial liquidity event can feel overwhelming, leaving little time for thoughtful personal planning. But the risks of neglecting this planning — possibly millions in unnecessary taxes, fractured estates, and lost opportunities — are far too great. For anyone anticipating or experiencing such a shift, the key to long-term success lies in building the right team, planning early, and acting with intention.

Flavia Trento and **Ryan Fox** joined Evercore Wealth Management in 2025 as Partners and Portfolio Managers. They can be contacted at flavia.trento@evercore.com and ryan.fox@evercore.com, respectively.

The ABCs of the OBBBA: Preparing for Tax Change

By Justin Miller, Brandon Frandsen and Paula Stumne

The One Big Beautiful Bill Act, or OBBBA, passed into law on July 4, 2025, extended and expanded tax provisions originally set to expire after 2025 and added several new measures. Highlights include:

Editor's note: This is an extract from a comprehensive briefing sent in October to Evercore Wealth Management clients. Planning is tailored to the unique circumstances of individuals and families. Please contact your Wealth & Fiduciary Advisor to discuss these topics.

- Preservation of current individual income tax rates
- Enhanced standard deductions
- Tax relief for high earners in high-tax states
- Support for business growth through sustained deductions and expanded incentives
- Elevated gift, estate, and GST tax exemptions starting in 2026
- New 2/37th limitation on itemized deductions and 0.5% limitation on charitable deductions starting in 2026
- New charitable deduction for taxpayers who take the standard deduction and do not itemize starting in 2026 — \$1,000 for individuals and \$2,000 for married couples filing jointly

Additional changes under the OBBBA may have implications for charitable giving, retirement planning, and long-term estate strategies — making 2025 and into 2026 a pivotal time for proactive tax planning.

RELATED STRATEGIES:

INCOME TAXES

- **Consider Tax Timing.** Accelerate income into the current tax year and delay deductions to 2026 if your income tax rates will be higher next year — but be sure to consider the new 2/37th itemized deduction limitation and 0.5% charitable deduction limitation that take effect in 2026 (as discussed in more detail on page 20). You may want to defer income if you expect to be in a lower tax bracket in 2026.
- **Review Tax-Loss Harvesting.** Offset capital gains by selling investments with unrealized losses before year-end. Your Evercore Wealth Management team regularly reviews your investment portfolio for tax-loss harvesting opportunities. We can also assist with a review of outside portfolios.
- **Utilize Carryover Losses.** Prior-year loss carryovers enable a portfolio to be diversified or rebalanced with tax efficiency. Gains from the repositioning may be offset by the loss carryovers, minimizing tax.
- **Review Required Minimum Distributions.** Confirm that required minimum distributions (“RMDs”) from all retirement accounts were made. Missing an RMD could result in significant penalties. Owners of traditional IRAs and beneficiaries of inherited IRAs who are age 70½ or older also may want to consider qualified charitable distributions in lieu of RMDs (as discussed in more detail on page 20).



\$13.99 Million

Lifetime exemption amount — an unprecedented moment to shape your legacy through strategic giving and foresight

GIFT, ESTATE, AND GENERATION-SKIPPING TRANSFER (GST) TAXES

- **Take Advantage of Current Valuation Discounts.** Estate-planning transfer strategies, such as gifting privately held stock or family partnership interests, may include valuation discounts for lack of control and/or marketability. Discounts allow for more efficient utilization of your estate and gift tax exemptions, increasing the amount you can gift. Future regulations or legislation could limit such intra-family discounts.
- **Make Annual Exclusion Gifts.** The annual exclusion gift limit for 2025 is \$19,000 per donee, which does not count against the lifetime exemption amount — currently, \$13,990,000 per person in 2025. For example, a married couple can give a combined \$38,000 to each of their children — or any other individual, for that matter. The limit is applied annually without using the lifetime gift, estate, and GST exemption. Regular gifting using annual exclusion gifts can help reduce the size of a taxable estate. Generally, annual exclusion gifts do not require the filing of an IRS Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return unless there is spousal gift-splitting or affirmative allocation of GST exemption.
- **Direct Payments of Medical and Qualified Education Expenses.** Direct payments to a qualified educational institution or a medical provider on behalf of a donee are not subject to gift or GST tax and do not count against the annual exclusion gift limit or lifetime exemption amount.

CHARITABLE GIVING

- **Donate Appreciated Stock.** Donating low-basis, long-term stock to a donor-advised fund, private foundation, or public charity could qualify you for a full fair market value deduction — if you itemize for tax purposes and avoid capital gains tax on the sale.
- **Bunch Gifts.** Individuals with total deductions near the standard deduction amount can “bunch” charitable contributions into 2025. By contributing to a donor-advised fund, you can then direct those funds to different charities in future years. Concentrating gifts in one year may result in you exceeding the standard deduction threshold so that you can itemize deductions to realize a tax benefit. The standard deduction can then be used in the following year. This avoids a series of years where the charitable gifts are nondeductible. In 2026, charitable deductions are subject to two new limitations where the charitable deduction is reduced by 0.5% of your adjusted gross income in addition to a 2/37ths limitation on itemized deductions — that is, taxpayers in the highest 37% tax bracket will only be able to use deductions as if they were in the 35% bracket. These new limitations can also be mitigated by accelerating charitable gifts into 2025.
- **Review Charitable Donations to Certain Private Colleges and Universities.** An increased tax applies at some of these institutions that have significant endowments. Large, one-time donations to endowments may increase the tax, decreasing your impact. Individuals with multi-year gift commitments may instead consider donating to a donor-advised fund or creating a charitable trust to provide committed funds over time.

- **Make Qualified Charitable Distributions from IRAs.** Individuals age 70½ or older can make qualified charitable distributions (“QCDs”) directly from traditional IRAs to public charities (but not to donor-advised funds). The QCD limit is currently \$108,000 per individual, which is adjusted annually for inflation. A QCD excludes income from your tax return, rather than providing a deduction, which could be more efficient for tax purposes to minimize the 3.8% net investment income tax and to increase the impact of your other deductions subject to income driven phaseouts. In addition to owners of traditional IRAs, beneficiaries of inherited IRAs who have reached age 70½ or older can also make QCDs.
- **Review Named Retirement Account Beneficiaries.** Review your beneficiary designations on your traditional IRAs and retirement plans. To the extent that you have philanthropic goals, consider naming a charity as a beneficiary. Unlike distributions to individual beneficiaries, distributions from retirement accounts to charities are generally nontaxable.

Strategic giving can
magnify both your impact
and your tax efficiency.

STARTING IN 2026

- **New Charitable Deduction for Nonitemizers of \$1,000 for Single Filers and \$2,000 for Joint Filers in 2026.** If you don’t itemize your deductions for tax purposes, the new tax bill allows you to take the standard deduction and claim a charitable deduction of up to \$1,000 for single filers and \$2,000 for joint filers starting in 2026. Therefore,

it may be more tax efficient for many nonitemizers to wait until 2026 to donate to charity to receive the benefit of the new deduction.

- **Permanent Increase of Federal Transfer Tax Exemptions.** The federal gift, estate, and GST tax exemptions are “permanently” increased to \$15,000,000 on January 1, 2026, and annually adjusted for inflation — which means that they are no longer automatically subject to reduction after 2025, unless changed by future legislation. This change preserves the ability for individuals to make large lifetime gifts by utilizing higher exemption amounts. Individuals with large taxable estates may better leverage the exemption amount by acting earlier.

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Shh: What Families Need to Know About Silent Trusts

By Paula Stumne

Silent trusts, sometimes known as quiet trusts, are attracting renewed interest among families keen to maintain privacy in an increasingly intrusive world, as well as to preserve and transfer wealth. A silent trust allows the person creating the trust, known as the settlor or grantor, to delay or restrict the disclosure of a trust's existence or details to its beneficiaries, either for a specified period or until a defined event occurs.

That trigger could be the death of the settlor, the beneficiary reaching a certain age, or even reaching a milestone such as graduation or marriage. This contrasts sharply with traditional trusts, which generally obligate the trustee to keep adult beneficiaries reasonably informed about the trust's administration and assets.

Managing the timing of trust disclosures can allow beneficiaries time and freedom to mature, so they will be able to understand and responsibly manage their wealth. But proper preparation is essential.

BACKGROUND

The legal framework for silent trusts in the U.S. developed alongside broader trust law reforms, particularly following the Uniform Trust Code, or UTC, of 2000. The UTC generally requires trustees to notify "qualified beneficiaries" about the trust's existence, their rights to information, and any trustee changes. However, growing demand from families and estate planners led many states to relax or waive these disclosure requirements.

Delaware, Nevada, South Dakota, Alaska, and Wyoming now permit silent trusts or allow delayed beneficiary notice. Delaware, the most notable example, lets trustees postpone notification based on factors like the beneficiary's age, the settlor's or spouse's lifetime, a set term, or a specified date or event. It also allows the use of a designated representative to receive information on the beneficiary's behalf, balancing confidentiality with protection of beneficiary interests.

APPLICATIONS

Silent trusts are not a one-size-fits-all planning mechanism. Like any estate-planning tool, a silent trust should only be incorporated in an estate plan when appropriate. These types of trusts are designed to delay disclosure for specific reasons, say to prevent an attitude of entitlement or to protect immature or

otherwise vulnerable beneficiaries, by reducing the risk of undue influence or exploitation. It is important to note, however, that a silent trust should not be a substitute for financial education. Beneficiaries need to be prepared.

Silent trusts can also be used to protect confidential planning decisions that may

otherwise cause conflict among family members. For example, providing equal division of assets is not always the most equitable solution. Allowing the settlor to control who has access to what information — and when — can enhance privacy. The fewer people with access to sensitive financial information, the more likely the information will remain confidential.



Silent trusts aren't meant to stay silent forever. Disclosure can be aligned with life milestones such as completing higher education, reaching a certain age, or demonstrating financial responsibility, which help ensure that beneficiaries are better prepared to manage the complexities of wealth.

Silent trusts must balance transparency with privacy.

CONSIDERATIONS

With increased flexibility comes complexity. While it is often the case that a beneficiary who is unaware of a large financial safety net will be more likely to focus on their education, career, and personal development, it may also be the case that withholding information fosters a sense of distrust or frustration as they are left wondering why their loved one did not trust their ability to handle the information from the start. Silent trusts are not designed to create distrust among family members but rather to provide an additional safeguard in the appropriate circumstances. Accordingly, it is essential to have a thoughtful plan in place to help anticipate the individual needs of trust beneficiaries.

In addition, the duty of trustees to keep beneficiaries informed is one of the foundational principles of trust law — without it, a trustee may be seen as answerable to no one. Silent trusts therefore must balance transparency with privacy, which can increase the risk of perceived or actual trustee misconduct, especially when administered by an individual

trustee not otherwise subject to external oversight.

Another issue to consider is that if a silent trust is established in a state without a clear enabling statute, it may be challenged or forced to comply with traditional notice requirements. Settlers must therefore collaborate with experienced advisors to choose the appropriate jurisdiction, and to ensure that the trust meets the necessary requirements to take advantage of that jurisdiction's laws, including appointing a trustee in that state.

Also worth noting is whether an antenuptial agreement (or “prenup,” as they are commonly called) will be upheld in the event of a divorce if disclosure of a silent trust is not made at the time a prenup is signed. Courts vary on whether failure to disclose a trust interest affects a prenup's validity, making jurisdiction-specific legal advice critical.

When used wisely, silent trusts can help preserve both wealth and harmony across generations.

SUMMARY

When considering whether a silent trust may be appropriate, it is essential that individuals work with jurisdiction-specific legal experts that can help choose a trust-friendly state with statutory support for silent trusts. It is also important that the settlor defines clear disclosure triggers to govern when and how disclosure occurs and that are in line with their estate-planning goals. The death of

the settlor or settlor's spouse, age, graduation, and marriage are some common milestones used in silent trust planning. Appointing a capable designated representative and trustee is also important to ensure that this person can act as an intermediary in lieu of the beneficiaries until and even after the disclosure event occurs.

Silent trusts can offer families a blend of discretion, flexibility, and control, serving as a strategic tool to align wealth transfer with family values and long-term goals. However, this tool requires thoughtful planning and expert guidance. When used wisely, silent trusts have the potential to contribute to a legacy of responsible stewardship, privacy, and harmony for generations to come.

As a Delaware-based national trust company, Evercore Trust Company is experienced in administering silent trusts. For tailored advice on silent trusts and estate-planning strategies, consult your Wealth & Fiduciary Advisor.

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