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# The State of Tech M&A in 2025

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Bernstein x Mavka x Foley

December 4, 2025

# Who We Are

Global firm with boutique culture

## Aligned with Our Clients

- Singular focus
- A united firm with one objective: create the best outcomes for our clients
- No proprietary trading
- We are not a bank
- We do not leverage our balance sheet
- Act as agent rather than principal in fixed income

**55+**

Years helping clients reach their financial goals

**52**

Cities and 26 countries

**591**

Research Analysts

**\$785billion**

Assets Under Management

**\$137billion**

Private Wealth AUM

**100%**

Revenue from investment management and advice

## What We Know

- The fiduciary standard is the only standard a client should accept.
- A successful client-advisor relationship must transcend investment results.
- Rigorous planning based on priorities fuels investment execution.
- Outsourcing all investments lacks accountability and creates suboptimal outcomes.
- Fee transparency should be the standard, not the exception.
- Our innovation and evolution are vital to client outcomes.

As of March 31, 2025. The number of research analysts and employees directly supporting responsible investing initiatives relates to all analysts and employees working at AllianceBernstein L.P. affiliated subsidiary companies. Please note, Bernstein Research does not provide investment management services to Bernstein Private Wealth Management clients.

Source: AB

# Business Owners



## Research and Money Management

- Customized Business Owners' fee schedule
- Intellectual capital (including stock, industry, and wealth management research)
- Cash management
- Tax-loss harvesting to reduce taxes
- Opportunity Zone real estate

## Extending Your Team

- Helping Build Your Professional Team
  - Accounting
  - Legal
  - Lending
  - Insurance
  - Estate planning
  - M&A

## Sophisticated Planning Capabilities

- Pre- and Post-Transaction Planning (strategics, private equity, ESOPs, recaps, IPOs)
- Income and Estate Tax Planning (QSBS, personal and family trusts, charitable giving)
- Corporate Services (401k, Cash Balance, and Non-Qualified Deferred Compensation Plans)
- Public Stock Strategies (10b5-1 selling plans, hedging, exchange funds)
- Strategies for Managing Compensation Awards (restricted stock, employee stock options, deferred comp)

## Additional Services

- Consolidated Reporting
- Financial capital (access to Private Credit Team and private securities-based financing)
- Private Placement Life Insurance (PPLI)

## Legacy & Lifestyle Alignment

- Philanthropic advice and structuring
- Family engagement (governance, education)
- Personal retirement planning

For illustrative purposes only. Bernstein does not provide tax, legal, or accounting advice.

# Economic Policy Shifts

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# Our Key Economic and Market Expectations for 2025 and 2026

- **US Growth:** Diminished policy uncertainty should lessen the magnitude of any near-term slowdown by allowing corporate investment to proceed.
- **Monetary Policy:** The Fed continues to balance the dual components of its mandate, moving in the direction of neutral to manage labor market risk.
- **Inflation:** With near-term focus on the labor side of the mandate and tariffs still a factor, inflation will likely tick upward in the near-term.
- **SPX Expectations:** With Fed cuts proceeding and the outlook for corporate profitability improving, more of our Bull Case (than Base Case) played out for '25. For '26, we assume another solid EPS growth year. Together with similar valuations, we may see SPX 7,050 by YE 2026.

	2024	Forecast 2025	Forecast 2026
US GDP*	2.8%	1.2%	1.7%
YoY Methodology*		1.7%	1.3%
Policy Rate Change	(1.00)%	(0.75)%	(1.00)%
10Y Treasury Rate	4.58%	4.00%	3.75%
US Inflation	3.0%	3.3%	2.6%
S&P 500	5,882	6,700	7,050
S&P 500 Earnings	\$243	\$268 (+10% YoY)	\$294 (+9% YoY)

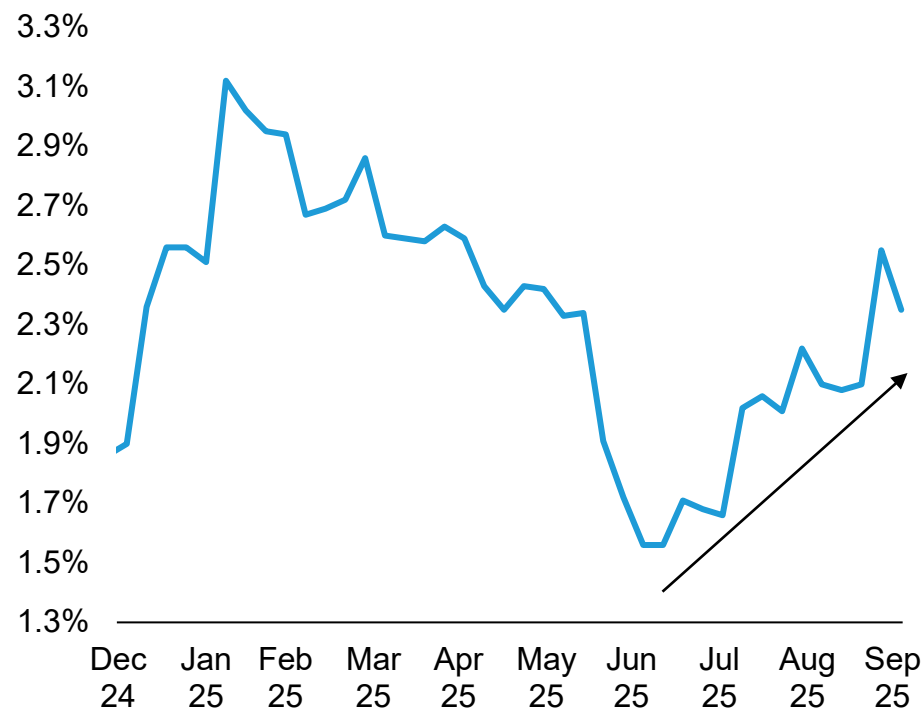
As of November 5, 2025. **Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.**

\*US GDP forecasts presented as 4Q/4Q, which is most comparable to the Federal Reserve. YoY methodology represents the average of the preceding four quarters taken at the end of each quarter.

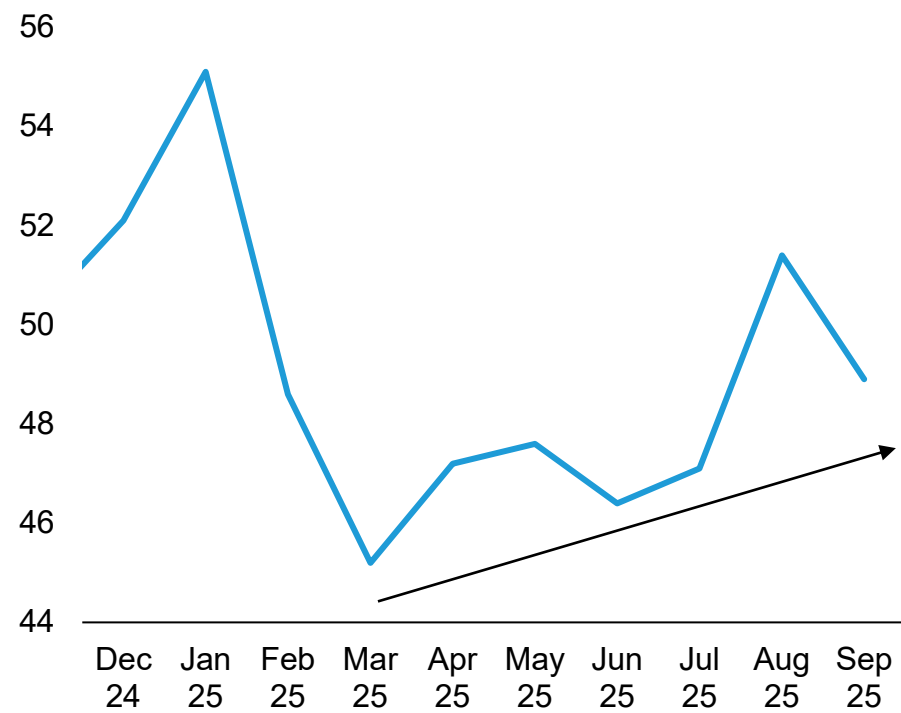
Source: Bloomberg, Bureau of Economic Analysis, Congressional Budget Office, Federal Reserve, FRED, S&P, and Bernstein analysis

# Growth May Have Bottomed

**Federal Reserve Bank of New York Weekly GDP Tracker**  
Forecasted Quarterly Real GDP Growth Annualized



**ISM Manufacturing, New Orders**  
Index Level



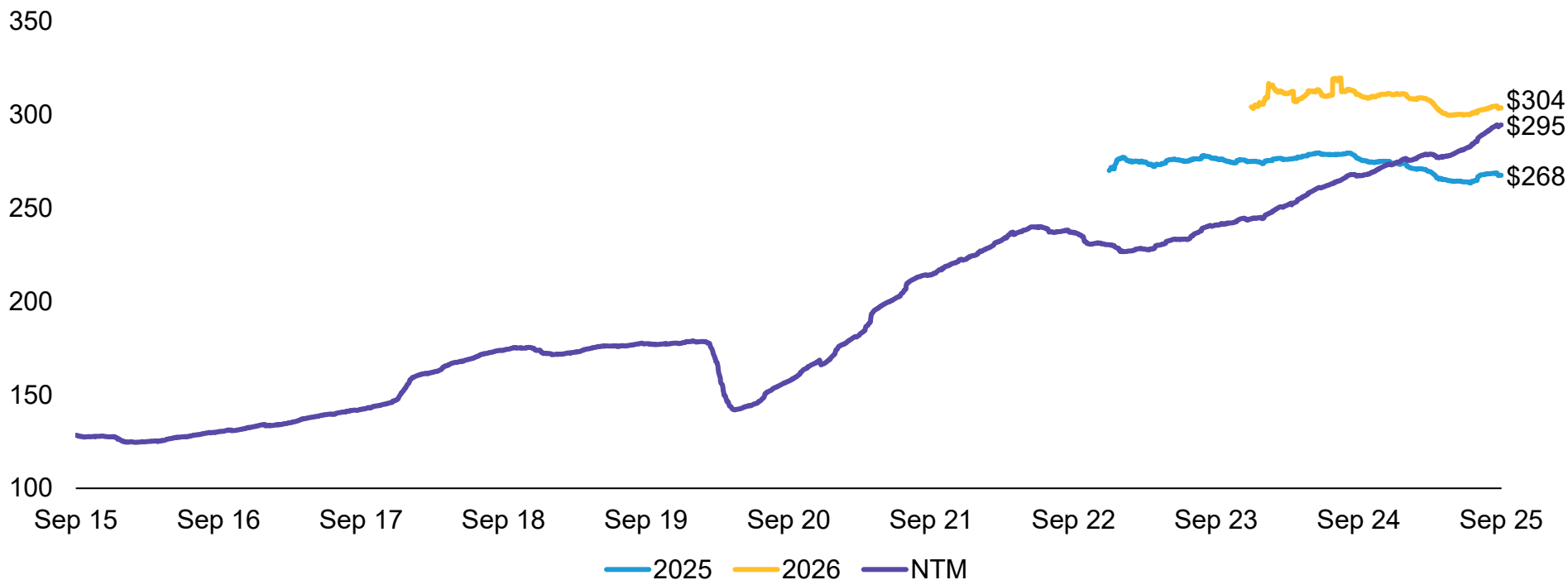
As of October 3, 2025. **Current analysis and forecasts do not guarantee future results.**  
Source: Federal Reserve Bank of New York, New York Fed Staff Nowcast, Institute for Supply Management, Bloomberg, and Bernstein analysis

# Earnings Have Grown Steadily, Accelerated Recently

After initial caution surrounding tariffs, guidance now suggests a more favorable outlook

## S&P 500 Consensus Earnings Expectations, Next Twelve Mos.

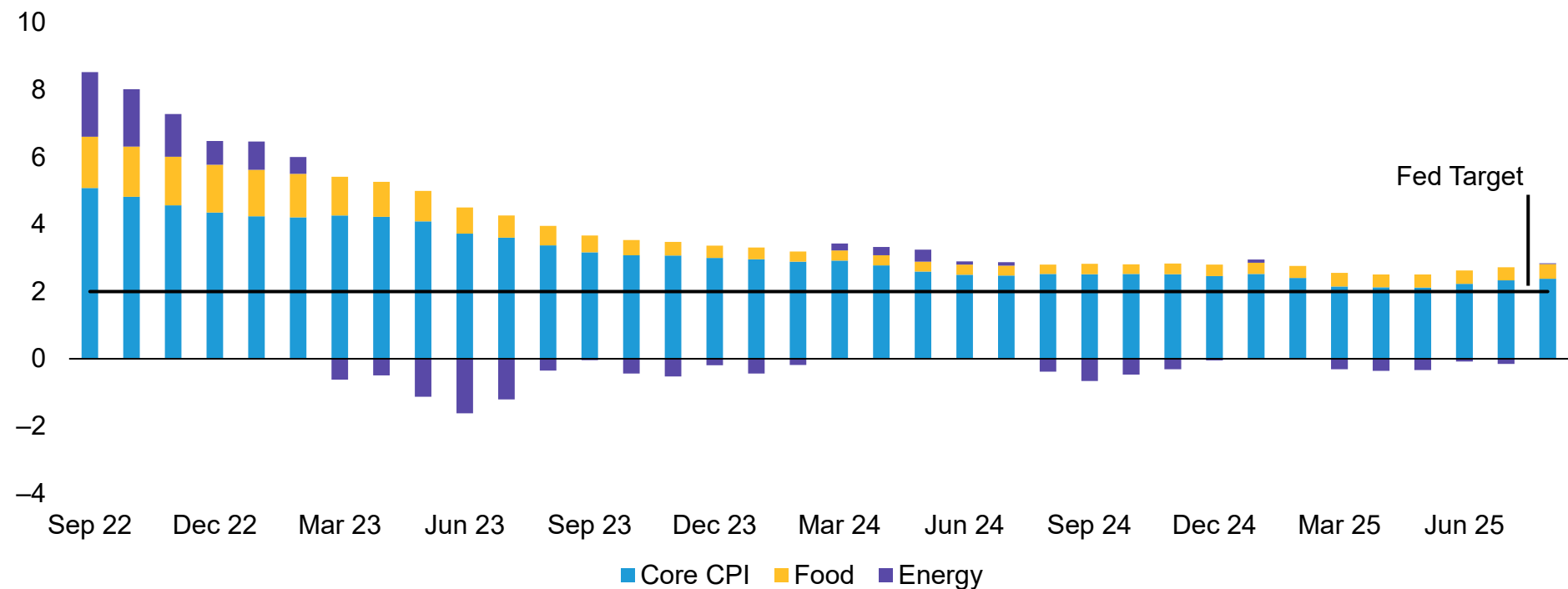
By Calendar Year



As of September 30, 2025. **Current analysis and forecasts do not guarantee future results.**  
Source: FactSet, S&P, and Bernstein analysis

# Core Inflation Is Much Closer to Target Now

Contributions to Headline CPI  
YoY Percent

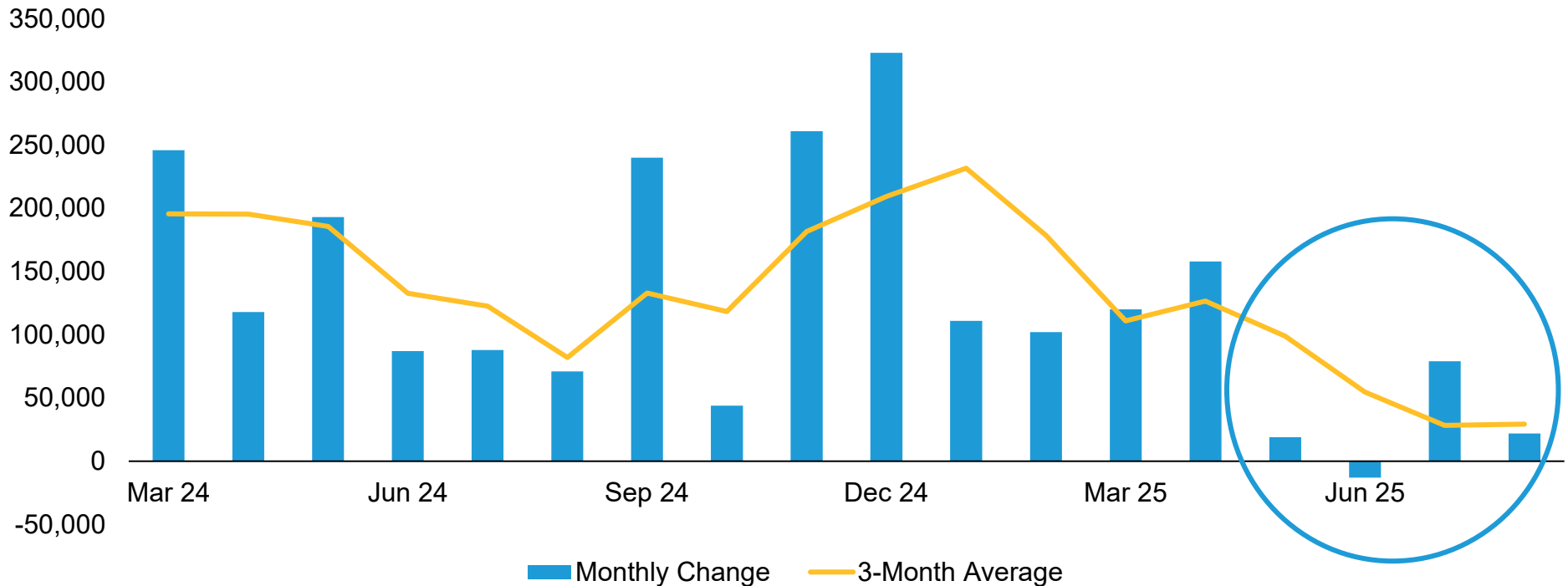


As of September 30, 2025. **Current analysis does not guarantee future results.**  
Source: U.S. Bureau of Labor Statistics, Federal Reserve, FRED, and Bernstein analysis

# Payrolls Cracked After April

Tariffs appear to have slowed the rate of hiring sharply—it's a “no-hire, no fire” labor market

## Nonfarm Payrolls Seasonally Adjusted



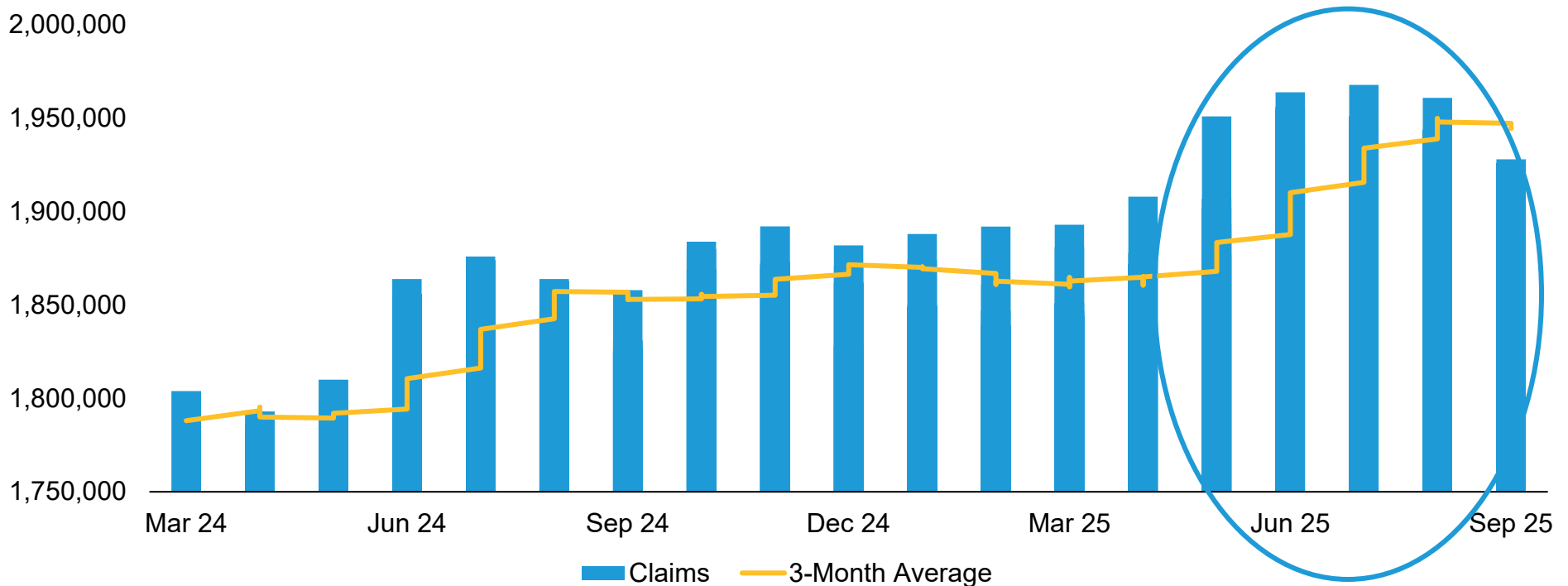
Release of September US Employment Report pending resolution of the government shutdown.

As of September 30, 2025. **Current analysis does not guarantee future results.**  
Source: U.S. Bureau of Labor Statistics, Federal Reserve, FRED, and Bernstein analysis

# Continuing Claims for Unemployment Insurance Moved Higher As Well

Workers seem to be having a harder time finding a new job once one is lost

## Continued Unemployment Claims Seasonally Adjusted



Release of latest Unemployment Claims Report pending resolution of the government shutdown.

As of September 30, 2025. **Current analysis and forecasts do not guarantee future results.**

Source: U.S. Employment and Training Administration, Federal Reserve, FRED, and Bernstein analysis

# Establishing Our 2026 Base, Bull, and Bear Cases

Our 2025 Bull Case was closer to reality than our Base Case (April sell-off excluded)

## Scenario Analysis: S&P 500, YE 2026—not incl. dividends



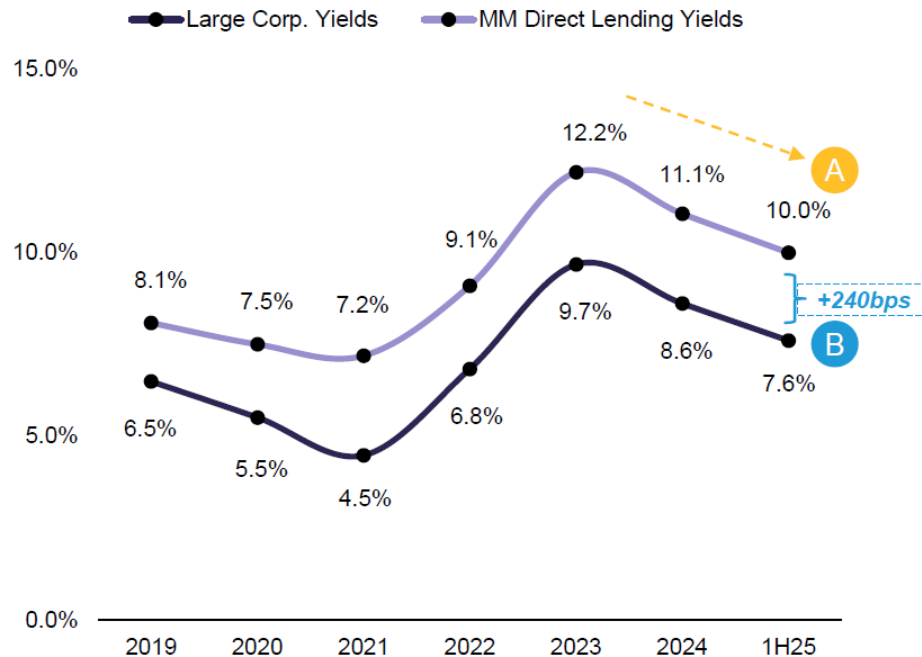
As of September 30, 2025. Past performance and historical analysis do not guarantee future results. There is no guarantee that any estimates or forecasts will be realized.  
Source: Bloomberg, S&P, and Bernstein analysis

# U.S. Direct Lending Market Update – Yields & Spreads

- A** 1H25 yields remain attractive at 10%, aided by high base rates of 4.4%, but with spreads tighter
  - Yields down 220bps or 18% vs. full-year peak in 2023
- B** Yield premium for sponsored MM loans vs. large corporate loans at 2.4% vs. 2.3% L5Y average
- C** 2Q25 average blended unitranche spreads at 523 bps, flat from 1Q25 levels
  - Spreads tighter by 25bps, or 5% from 2024 avg. and lower by 112bps or 18% vs. full-year 2023 peak

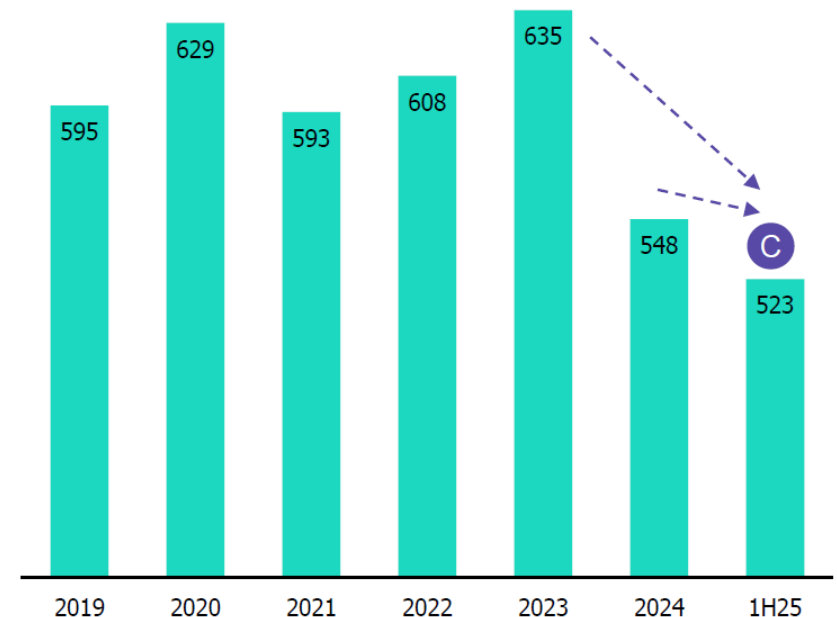
## Asset-level New Issue Yields for Large Corp vs. Middle Market†

3-Year Asset Yields For New Issues



## Unitranche Average Blended Spread

Basis Points



There can be no assurances that any investment or fund objectives will be achieved. Data as of June 30, 2025. †LSEG LPC defines large corporate transactions as >\$500 million in size or issued by a borrower with >\$500 million in revenue. ‡Includes unitranche middle market LBO deals where both purchase price and leverage figures are available. Figures reflect both new and add-on deals and are calculated using LTM EBITDA and a pro-forma interest rate. Please see A Word About Risk and Disclosures and Important Information at the end of this document. For illustrative purposes only. Source: LSEG LPC.

# Wealth Transition Strategies

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# Developing a Roadmap to Success

## Personal Wealth Planning for a Liquidity Event

### Before

#### Planning/Key Questions

- Core capital: How much do you need?
- Surplus capital: How much can you give away?
  - What trust structures can you utilize to minimize income and estate taxes?

#### Additional Items to Consider

- Basic estate planning / account titling (will, revocable living trust, power of attorney, and healthcare proxy)
- Uniform Gifts to Minors (UGMA), Uniform Transfers to Minors (UTMA), and 529 plans
- Pre-nuptial agreement
- Building your deal team
- Establishing a business owner community
- Management equity plan, balance sheet enhancements, quality of earnings (QOE)/audited financial statements, retirement plan review, etc.

### During

#### Planning/Key Questions

- Evaluate Letter of Intent (LOI) deal terms:
  - Is the buyer acquiring assets or stock?
  - Will you benefit from a 338(h)(10) election or 368(a)(1)(F) reorganization?
  - Is it a cash-free debt-free deal?
  - Is the buyer requiring equity to be rolled? How much will you roll?
  - How much excess working capital will be returned?
  - How much will be set aside in escrow? Or will rep and warranty insurance be purchased?
  - If there is a seller's note, what are the terms?
  - If there is an earnout, what will it be calculated against? Will it be structured to be taxed as a capital gain instead of ordinary income?
  - Will there be an employment agreement?
- How much should you set aside for taxes?
- Consider secondary market sale and pre-liquidity coordination

### After

#### Additional (Ongoing) Planning

- Develop investment strategy tailored to the needs of the business owner
  - Unique requirements as it relates to taxes, risk, and different sources of return
- Planning for children and grandchildren
- Additional estate planning (e.g., additional gifts, GRATs, etc.)

#### Next Venture/Phase

- Company structure (e.g., C-corporation for QSBS), idea, timing, and level of involvement
- Engagement with next generation
- Board positions, charitable and/or volunteer opportunities

## Income Tax Planning Strategies

#### Before Sale:

- Section 1202—Qualified Small Business Stock (QSBS): Stacking and packing strategies
- State income tax planning strategies
  - Gift stock to NINGs, DINGs, WINGs
  - Move to low tax state

- Gift of shares to Donor-Advised Fund (DAF)
- Charitable Remainder Unitrust (CRUT)
- Pass-through entity tax (PTET)
- Tax-loss harvesting strategy

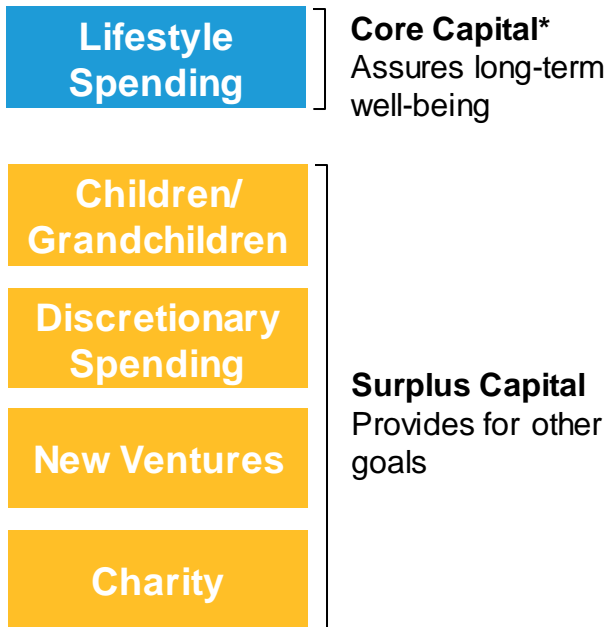
#### After Sale:

- Gift of cash or other assets to Donor-Advised Fund (DAF)
- Charitable Lead Annuity Trust (CLAT)
- Qualified Opportunity Zones (QOZs)
- Pass-through entity tax (PTET)
- Tax-loss harvesting strategy

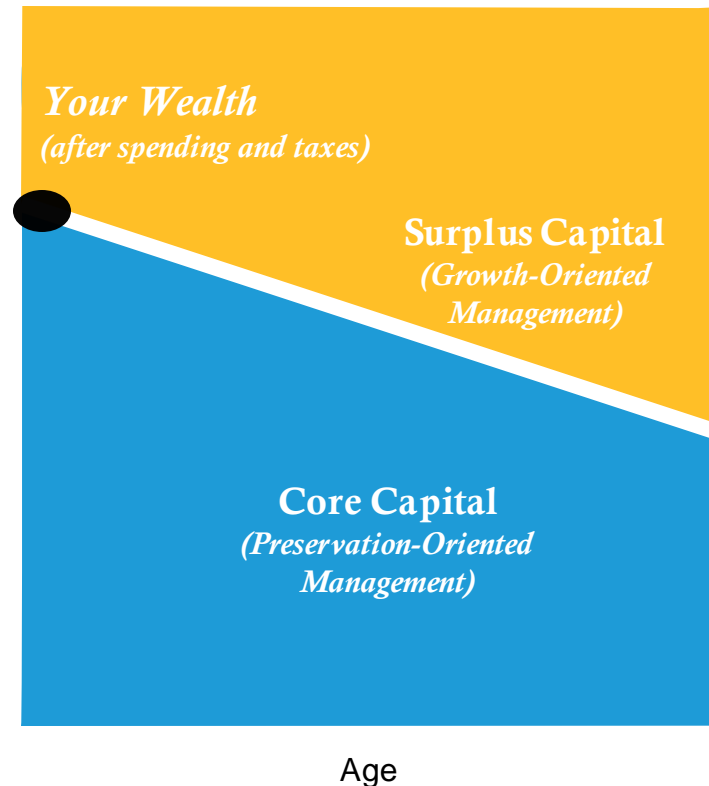
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# Core and Surplus Capital

## Hierarchy of Objectives



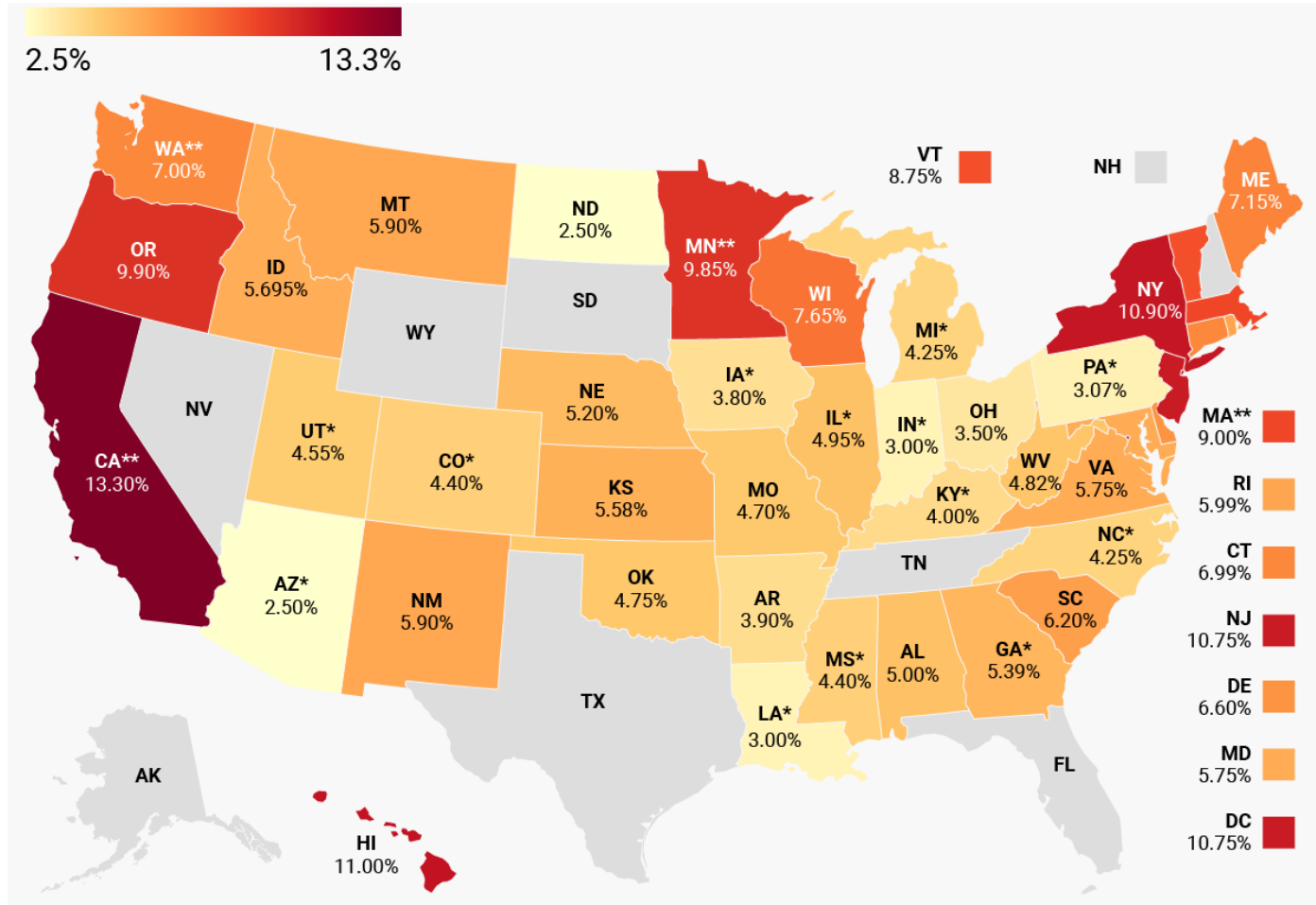
## The Critical Goal: Meeting Lifetime Spending Needs



\*"Core capital" reflects our estimate of the amount of wealth needed to support spending for life with a high degree of confidence, usually 90% or greater.  
Source: AB

# State Income Taxes Differ Significantly from State to State

## Top State Individual Income Tax Rates: 2025



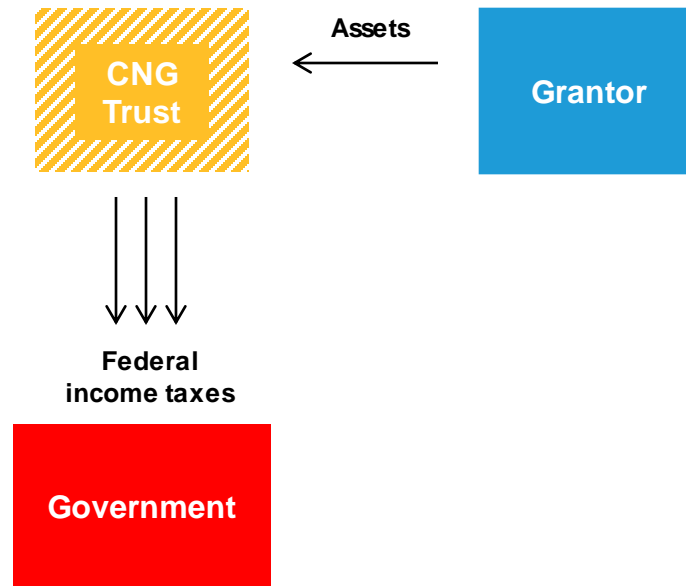
\*Flat income tax

\*\*Washington's 7% rate only applies to high earners' capital gains income. Top rates exclude non-UI payroll taxes in CA (1.1%), MA (0.46%), and a 1% high earner's capital gains surtax in MN.

Map illustrates only top marginal rates (i.e., maximum statutory rate in each state), not effective marginal rates, which would include, e.g., lower brackets, deductions, and phase-outs. Local deductions are excluded.

Sources: Bloomberg BNA and taxfoundation.org

# “Completed” Gift Nongrantor (CNG) Trust



## Key points:

- Grantor, who lives in a high-income-tax state, establishes a nongrantor trust in a state (e.g., Delaware, Nevada, Wyoming) that has no state income tax. The trust is subject to federal income tax.
- The trust has an individual trustee or corporate trustee that is domiciled in the tax-favored state.
- When structured properly, the trust assets should be protected from the grantor's and beneficiaries' creditors, and because the gift is complete, should not be included in the grantor's estate for federal estate tax purposes.
- State income tax laws vary significantly, and some states may attempt to tax undistributed income based on the grantor's state of residence when the trust was created, the residence of the trustee, the residence of the beneficiaries, or the place where the trust is administered.\*

\*North Carolina Dept. of Revenue v. Kimberley Rice Kaestner 1992 Family Trust, 588 US \_\_\_, 139 S. Ct. 2213 (2019).

For illustrative purposes only; not an advertisement and not an endorsement of any particular wealth transfer strategy. Bernstein does not provide tax, valuation, or legal advice; consult with professionals in these fields prior to making any decisions regarding strategies modeled in this analysis.

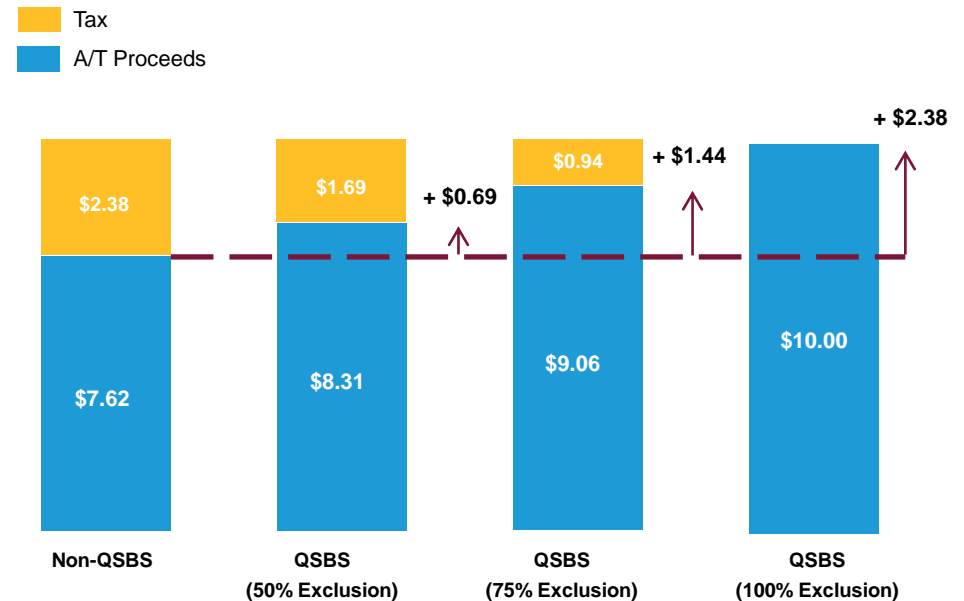
Source: AB

# Reduce Taxes with QSBS

Forgotten tax code provision has made a comeback

- Subject to the requirements under IRC §1202, the shareholder may exclude realized gain (0% Federal tax rate) upon the sale of his or her stock.
- The amount of eligible gain is the greater of:
  - \$10 million, or
  - 10 times adjusted basis
- The amount of eligible gain that may be excluded depends on when the stock was acquired at original issue:
  - 50% of gain may be excluded if stock was acquired between 8/11/1993 and 2/16/2009
  - 75% of gain may be excluded if stock was acquired between 2/17/2009 and 9/27/2010
  - 100% of gain may be excluded if stock was acquired after 9/27/2010

**After-Tax Proceeds: \$10 Million Sale, Zero Basis**  
USD millions

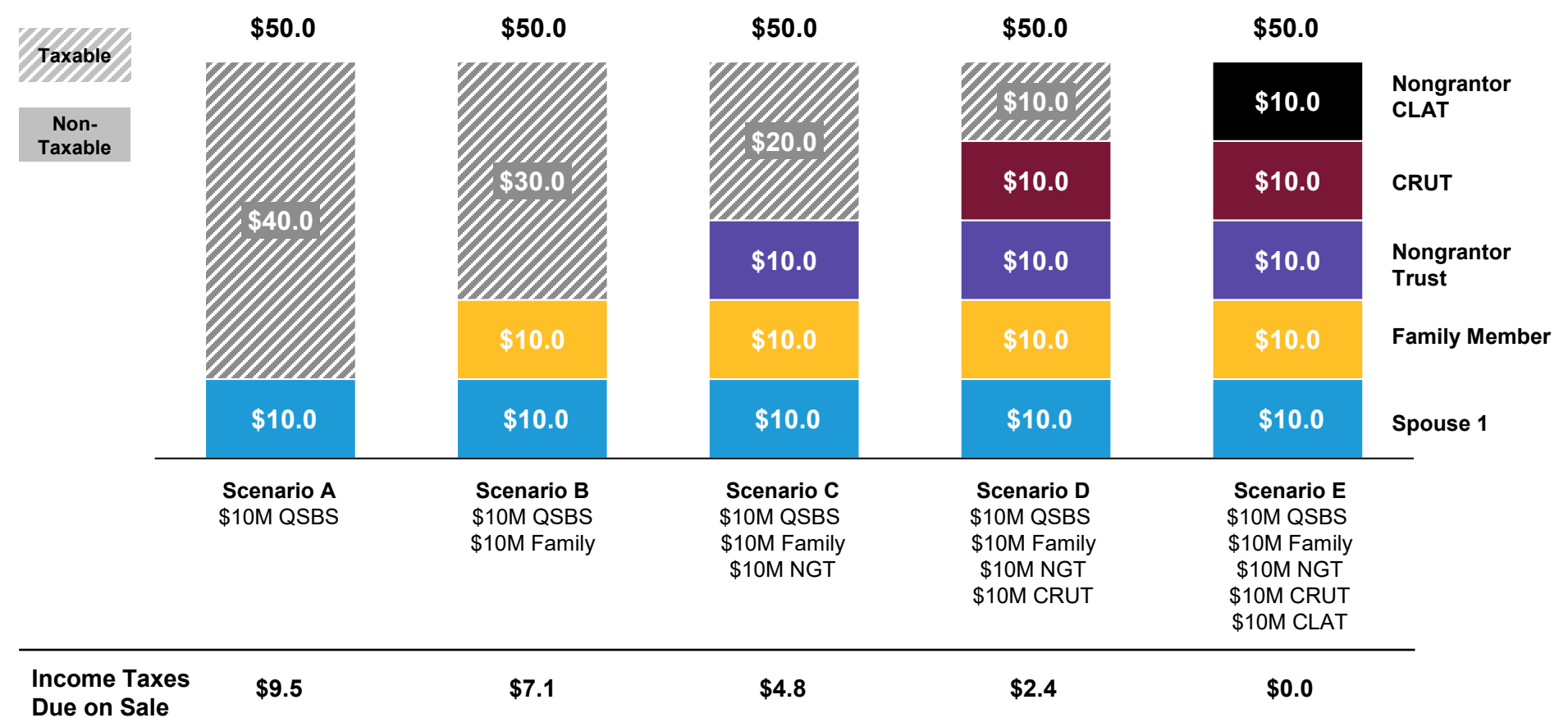


Bernstein does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions. Add wealth forecasting disclosure pages, this disclosure: The information contained herein reflects the views of AllianceBernstein L.P. or its affiliates and sources it believes are reliable as of the date of this publication. AllianceBernstein L.P. makes no representations or warranties concerning the accuracy of any data. There is no guarantee that any projection, forecast or opinion in this material will be realized. Past performance does not guarantee future results. The views expressed here may change at any time after the date of this publication. This document is for informational purposes only, does not constitute investment advice and should not be construed as an offer or solicitation for the purchase or sale of any financial instrument, product or service sponsored by AB or its affiliates. It does not take an investor's personal investment objectives or financial situation into account; investors should discuss their individual circumstances with appropriate professionals before making any decisions. AllianceBernstein L.P. does not provide tax, legal or accounting advice.

# Example “Stacking” the QSBS Exclusion

## \$50 Million Sale Proceeds before Income Taxes

USD Million



\*Values assume that the sale qualifies for QSBS tax treatment where the owner can exclude \$10 million of gains. All non-QSBS assets are subject to a 23.8% tax rate. It is assumed that the family member, the non-grantor trusts (NGT), the Charitable Remainder Trust (CRT), and nongrantor Charitable Lead Annuity Trust (CLAT) will also be able to exclude \$10 million of proceeds from taxation. Bernstein does not provide tax or legal advice; investors should consult with tax and legal professionals before making any decisions. See Notes on Wealth Forecasting System in the Appendix for further details.

# Tax Planning Tool Box

## Estate Tax Strategies

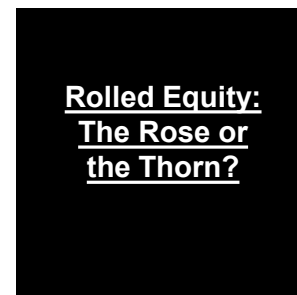
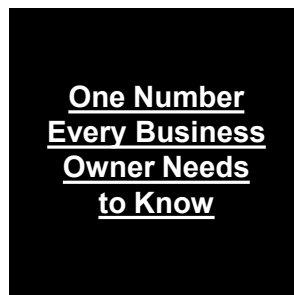
- Gifts
- Early Use of Exemption
- Grantor Retained Annuity Trusts (GRATs)
- Installment Sales
- Grantor Trusts
- Spousal Lifetime Access Trusts
- Charitable Lead Annuity Trusts (CLATs)

## Income Tax Strategies

- QSBS Stacking
- Out-of-State Non-Grantor Trusts
- Charitable Remainder Trusts (CRTs)
- Tax-Loss Harvesting
- Exchange Funds
- Donor Advised Fund
- Foundation

# Resources

Click on the links below to read more



Please feel free to reach out to Ed Wenrick with any additional questions at [edward.wenrick@bernstein.com](mailto:edward.wenrick@bernstein.com)

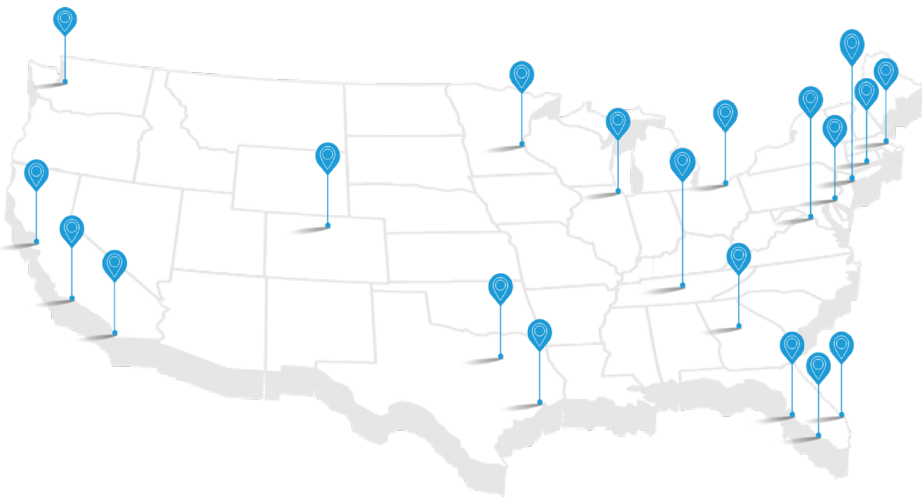
# Appendix

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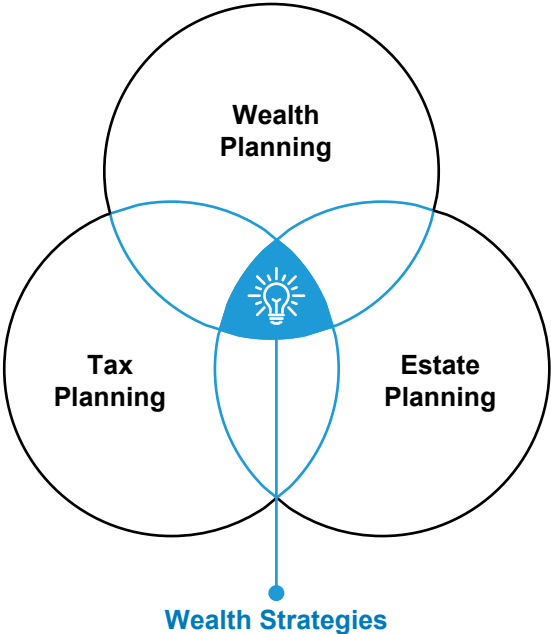
# Our Wealth Strategies Team—Innovative Research

Keeping you at the forefront of planning

## Access Talent from across the Country



## Quantifying Strategies



**51** | Number of Professionals

**60** | Average Research Pieces Published Annually

**Interdisciplinary Expertise**

- Estate planning lawyers
- Tax professionals
- Certified Financial Planners®
- Chartered Financial Analysts

Bernstein does not provide tax, legal, or accounting advice.

# Disclosures and Important Information

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# Notes on Wealth Forecasting System

## 1. Purpose and Description of Wealth Forecasting Analysis

Bernstein's Wealth Forecasting Analysis is designed to assist investors in making their long-term investment decisions as to their allocation of investments among categories of financial assets. Our planning tool consists of a four-step process: (1) Client-Profile Input: the client's asset allocation, income, expenses, cash withdrawals, tax rate, risk-tolerance level, goals, and other factors; (2) Client Scenarios: in effect, questions the client would like our guidance on, which may touch on issues such as when to retire, what his/her cash-flow stream is likely to be, whether his/her portfolio can beat inflation long-term, and how different asset allocations might effect his/her long-term security; (3) The Capital-Markets Engine: our proprietary model that uses our research and historical data to create a vast range of market returns, which takes into account the linkages within and among the capital markets, as well as their unpredictability; and (4) A Probability Distribution of Outcomes: based on the assets invested pursuant to the stated asset allocation, 90% of the estimated ranges of returns and asset values the client could expect to experience are represented within the range established by the 5th and 95th percentiles on "box-and-whiskers" graphs. However, outcomes outside this range are expected to occur 10% of the time; thus, the range does not establish the boundaries for all outcomes. Expected market returns on bonds are derived taking into account yield and other criteria. An important assumption is that stocks will, over time, outperform long bonds by a reasonable amount, although this is in no way a certainty. Moreover, actual future results may not meet Bernstein's estimates of the range of market returns, as these results are subject to a variety of economic, market, and other variables. Accordingly, the analysis should not be construed as a promise of actual future results, the actual range of future results, or the actual probability that these results will be realized. The information provided here is not intended for public use or distribution beyond our private meeting.

# Notes on Wealth Forecasting System

## 2. Modeled Asset Classes

The following assets or indexes were used in this analysis to represent the various model classes:

Asset Class	Modeled As	Annual Turnover
Cash Equivalents	3-month US Treasury bills	100%
Short-Term Treasuries	US Treasuries of 2-year maturity	50%
Short-Term Taxables	Taxable bonds of 2-year maturity	50%
Short-Term Diversified Municipals	AA-rated diversified municipal bonds of 2-year maturity	50%
Int.-Term Treasuries	US Treasuries of 7-year maturity	30%
Int.-Term Taxables	Taxable bonds of 7-year maturity	30%
Int.-Term Corporates	US investment-grade corporate debt of 7-year maturity	30%
Int.-Term Diversified Municipals	AA-rated diversified municipal bonds of 7-year maturity	30%
Global Int.-Term Taxables (Hedged)	50% sovereign and 50% investment-grade corporate debt of developed countries of 7-year maturity	30%
Int.-Term TIPS	US TIPS of 7-year maturity	30%
High Yield	Taxable bonds of 7-year maturity with credit characteristics of CSFB High Yield Index II	30%
Global Large-Cap (Unhedged)	MSCI World Index	15%
US Diversified	S&P 500 Index	15%
US Value	S&P/Barra Value Index	15%
US Growth	S&P/Barra Growth Index	15%
US Mid-Cap	Russell Mid-Cap Index	15%
US Small-/Mid-Cap	Russell 2500 Index	15%
US Small-Cap	Russell 2000 Index	15%
Developed International	MSCI EAFE Index (Unhedged)	15%
Emerging Markets	MSCI Emerging Markets Index	20%
Global REITs	NAREIT Index	30%
Real Assets	1/3 NAREIT, 1/3 MSCI ACWI Commodity Producer Index, 1/3 DJ-UBS Commodity Futures Index	30%
Diversified Hedge Fund	Diversified Hedge Fund Asset Class	33%

# Notes on Wealth Forecasting System

## 3. Volatility

Volatility is a measure of dispersion of expected returns around the average. The greater the volatility, the more likely it is that returns in any one period will be substantially above or below the expected result. The volatility for each asset class used in this analysis is listed on the Capital-Market Projections page preceding these Notes. In general, two-thirds of the returns will be within one standard deviation. For example, assuming that stocks are expected to return 8.0% on a compounded basis and the volatility of returns on stocks is 17.0%, in any one year it is likely that two-thirds of the projected returns will be between (8.9)% and 28.8%. With intermediate government bonds, if the expected compound return is assumed to be 5.0% and the volatility is assumed to be 6.0%, two-thirds of the outcomes will typically be between (1.1)% and 11.5%. Bernstein's forecast of volatility is based on historical data and incorporates Bernstein's judgment that the volatility of fixed-income assets is different for different time periods.

## 4. Technical Assumptions

Bernstein's Wealth Forecasting System is based on a number of technical assumptions regarding the future behavior of financial markets. Bernstein's Capital Markets Engine is the module responsible for creating simulations of returns in the capital markets. These simulations are based on inputs that summarize the current condition of the capital markets as of June 30, 2024. Therefore, the first 12-month period of simulated returns represents the period from June 30, 2024, through June 30, 2025, and not necessarily the calendar year of 2024. A description of these technical assumptions is available on request.

## 5. Expenses and Spending Plans (Withdrawals)

All results are generally shown after applicable taxes and after anticipated withdrawals and/or additions, unless otherwise noted. Liquidations may result in realized gains or losses, which will have capital-gains tax implications.

## 6. Tax Implications

Before making any asset-allocation decisions, an investor should review with his/her tax advisor the tax liabilities incurred by the different investment alternatives presented herein, including any capital gains that would be incurred as a result of liquidating all or part of his/her portfolio, retirement-plan distributions, investments in municipal or taxable bonds, etc. Bernstein does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

# Notes on Wealth Forecasting System

## 7. Tax Rates

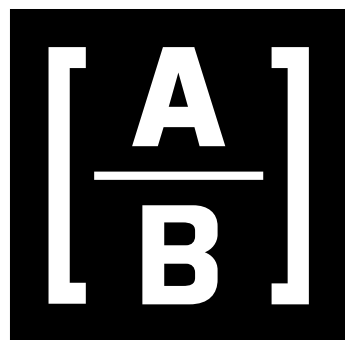
Bernstein's Wealth Forecasting Analysis has used the following tax rates for this analysis:

Taxpayer	Scenario	Start Year	End Year	Federal Income Tax Rate	Federal Capital-Gains Tax Rate	State Income Tax Rate	State Capital-Gains Tax Rate	Tax Method Type
Client	All	2024	2025	40.8%	23.8%	0.0%	0.0%	Top Marginal
Client	All	2026	2033	43.4%	23.8%	0.0%	0.0%	Top Marginal

The federal income tax rate represents Bernstein's estimate of either the top marginal tax bracket or an "average" rate calculated based upon the marginal rate schedule. The federal capital-gains tax rate is represented by the lesser of the top marginal income tax bracket or the current cap on capital gains for an individual or corporation, as applicable. Federal tax rates are blended with applicable state tax rates by including, among other things, federal deductions for state income and capital-gains taxes. The state income tax rate represents Bernstein's estimate of the "average" rate calculated based upon the applicable state's marginal tax schedule. Where an applicable state tax code permits the exclusion of a portion of capital-gains income from gross income for purposes of calculating state income tax such exclusions have been included in the calculation.

## 8. Core Capital Analysis

The term "Core Capital" means the amount of money necessary to cover anticipated lifetime net spending. All Noncore Capital assets are termed "Excess Capital." AB estimates Core Capital by inputting information supplied by the client, including expected future income and spending, into our Wealth Forecasting System, which simulates a vast range of potential market returns over the client's anticipated life span. From these simulations, we develop an estimate of the Core Capital the client will require to maintain spending level over time. Variations in actual income, spending, applicable tax rates, life span, and market returns may substantially affect the likelihood that a Core Capital estimate will be sufficient to provide for future expenses. Accordingly, the estimate should not be construed as a promise of actual future results, the actual range of results, or the actual probability that the results will be realized.



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