Synovus Market Update

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Three Critical Market Signals Before Year-End 2025

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As we approach the final months of 2025, investors face a market landscape that's equal parts promising and precarious. Think of it as navigating a three-way intersection where the Federal Reserve System (the Fed), corporate earnings and consumer behavior all flash different colored lights. Let's decode what really matters for your portfolio.

1. The Fed's Monetary Policy Pivot: A Cautious Easing Cycle
The Fed has embarked on a measured rate-cutting path, with projections showing the federal funds rate falling to the mid-3% range by year-end 2026. After cutting rates by 25 basis points in September 2025 to 4.00% to 4.25%, the Fed now targets a range of 3.50% to 3.75% by year-end.

Here's what's fascinating: The Fed projects inflation to remain elevated at 3.0% Personal Consumption Expenditures (PCE) — the Fed's preferred measurement tool of inflation — by year-end 2025, and 30 basis points higher than March projections, with near-2% inflation not expected until year-end 2027. Translation?

The Fed is walking a tightrope — cutting rates to support employment while wrestling with stubborn inflation. For your fixed income allocations, this suggests money market yields may deliver attractive returns through 2026, but long-duration bonds could finally catch a bid as rates descend. U.S. Treasury bond electronic funds transfers (ETFs) have already started pricing in the near-term rate cuts. Bond prices have increased from as low as 2% for short-term bonds, up to 4.8% for longer-term treasury bonds.

Portfolio Hot Take: Look for bond ETF prices to increase over the next three to six months, providing a tailwind for diversified stock and bond portfolios.

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Tech Corner: Is All This AI Spending Paying Off?

Daniel Morgan, Senior Trust Portfolio Manager,
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Meta's (META) highly scalable (3.6 billion-plus daily average users) platform is evolving to support advertising, commerce and messaging, built on an AI-enabled infrastructure. Significant CapEx investments in AI are driving improved engagement and monetization for users/advertisers/creators. Meta AI assistant had 700 million users as of FY24, making it one of the most-used AI apps. Long-term opportunities include incremental monetization from Reels, WhatsApp/Messenger, Threads, ecommerce and Reality Labs/Metaverse. Key growth drivers include: 1. Positive impact from Advantage + AI Tools on Ad Growth and AI's impact on engagement time for Reels versus TikTok; 2. Advertiser sentiment by vertical, with Ad Revenues in 3Q25 projected at $48.616 billion +21.9%; 3. Reality Labs spend and CapEx/OpEx outlook; 4. Potential for a $7 billion-plus revenue contribution for WhatsApp advertising; 5. For Threads, point to a $500 million-plus revenue opportunity; and 6. Finally, valuations appear compelling, with Meta shares trading at 25x FY2025 EPS-GAAP estimate of $28.192 per share and 24x FY2026 EPS-GAAP estimate of $30. This compares to a five-year average P/E of 23x. So the shares appear fairly priced at this point compared to historical averages.

Meta has a series of AI-based ad tools/products that customers can use to maximize their digital advertising ROI. As advertisers each innovate to improve the ease of setup and management of ad campaigns, believe Meta is well positioned given the Advantage+ ad product, broad portfolio of consumer data and wide variety of surfaces available to advertisers. META has emphasized AI-integration into Advantage+ across several major AI-driven enhancements aimed at streamlining campaign management and improving performance. The company reported that AI-assisted identification of high-quality leads for advertisers reduced cost per qualified lead by 10%. Similarly, by 1Q25, META saw strong adoption of its AI creative tools, with more than 4 million advertisers using Meta's generative AI ad creative tools.

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The Personal Trust Corner: A J.D.'s Perspective.

A Crucial Contingency Plan: Is Your Buy-Sell Agreement Ready for the Real World?

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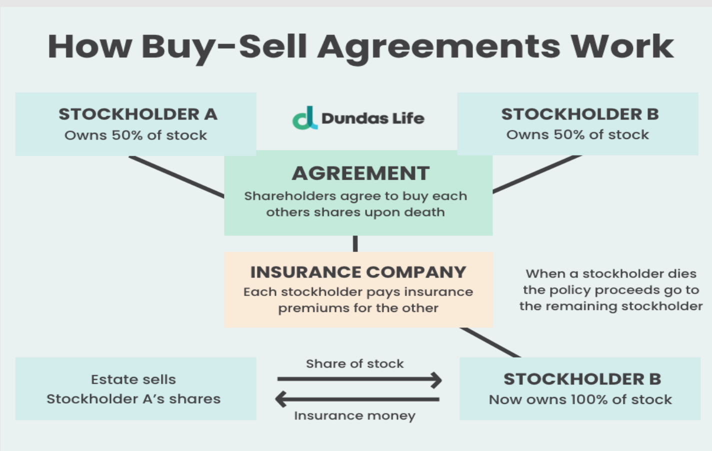
In our series, "The Personal Trust Corner: A J.D.'s Perspective," we aim to spotlight one planning strategy each month. These strategies can be employed individually or in combination. This month we focus on the importance of having a well-drafted buy-sell agreement to ensure your business continues in your absence. For most business owners, planning for future growth is a top priority. But what happens when an owner leaves the company unexpectedly due to death, disability, or a disagreement with partners? A well-structured buy-sell agreement is a vital succession tool that protects your business, your co-owners and your own family from the chaos of an unplanned exit.



Also known as a "business prenup" or "business will," a buy-sell agreement is a legally binding contract that establishes a clear process for handling an owner's departure. Without one, the transfer of a business interest could be left to chance, potentially jeopardizing the company's stability and triggering expensive legal disputes with a former partner's heirs.

The Key Components of a Robust Buy-Sell Agreement

A comprehensive buy-sell agreement should cover these critical provisions:

- **Triggering Events:** The agreement must explicitly define the events that will initiate the buyout process. Common triggers include:

  o Death or permanent disability of an owner
  o Retirement or voluntary exit
  o Divorce, which may transfer a business interest to a former spouse
  o Bankruptcy of an owner

- **Valuation Methodology:** One of the most contentious issues during a buyout is agreeing on a fair price for the business interest. The agreement should define a valuation method ahead of time to prevent disputes. Options include:

  o Fixed Price: A stated value, though this can become quickly outdated without regular review.
  o Formula Approach: A predetermined formula based on metrics like book value or a multiple of earnings.
  o Independent Appraisal: A fair market value determined by a third-party appraiser at the time of the event.

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We're here if you have questions.

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