WELLS FARGO
Investment Institute

Asset Allocation Strategy

Executive Summary

October 22, 2024

Monetary policy and portfolio positioning

The latest interest-rate cutting cycle began with a bang on September 18 when the Federal Reserve (Fed) delivered a 50-basis-point cut (100 basis points equals 1%) to its benchmark interest rate. While the onset of a new rate-cutting cycle was not much of a surprise for market observers, the size of the initial rate cut along with certain economic projections from Fed officials was, as the central bank's leaders continued to pencil a soft landing for the U.S. economy.

As we have entered the final quarter of 2024, fixed income markets and investors alike anticipate rate cuts at the two remaining meetings this year, along with more cuts in 2025. The next 15 months will likely be influenced by Fed actions that will largely depend on economic data updates, the evolving outlook, and the balance of risks. Still, in our view, the Fed is not committed to a single course of action; instead, it will calibrate between its dual mandate of price stability and a strong labor market.

Our assessment of interest rates and U.S. Treasury yields

Markets and investors will closely monitor this year's two remaining Fed meetings (November 7 and December 18) for signals alluding to meaningful changes in the data trends and macroeconomic outlook along with hints about an easing cycle trajectory in 2025. In our view, the Fed will continue to cut interest rates in the near term. We are forecasting a 25-basis-point cut at each of the remaining meetings this year, lowering the federal funds rate to a year-end target range of 4.25% to 4.50%, with additional rate cuts in 2025.

U.S. Treasury yields across all tenors are also likely to be influenced by Fed actions. Two-year U.S. Treasury yields could move lower, possibly below 3.5%, if the Fed remains dovish. However, we anticipate that 10-year U.S. Treasury yields will settle around current trading ranges — between 3.75% and 4.25% — by year-end. Should a gradual economic slowdown materialize over the next six months, we would expect intermediate and long-term bond yields to also decline. But since we expect a recovery to take hold in the second half of 2025, we anticipate intermediate and long-term bond yields to eventually climb back above 4%.

Fixed income guidance and portfolio implications

We have been encouraging investors to prepare a strategy for reallocating their excess cash positions into asset classes with greater expected returns as the Fed commences the rate-cutting cycle. For now, the data suggests that investors are largely disinclined to rotate out of ultra-short-term investments like U.S. Treasury bills or money market funds. We agree that money market rates declining from 5.00% to 4.25% over the next three to six months should not present a crushing blow to investors given the low level of market risk. Even so, in our view, the risk of staying concentrated in cash or cash-alternative investments relative to other fixed-income investments is that if the economy slows faster than expected, cash investors will not benefit from the price appreciation that bonds typically experience as interest rates fall across the curve. Bottom line, we believe that investors will be better rewarded from diversification across the curve rather than an overconcentration in the ultra-short-term fixed income class.

Economic summary: The odds of a mild U.S. economic slowdown have improved with recent economic data, reinforced by an aggressive start to the Fed's cycle of interest-rate cuts and a solid September jobs report. Economic growth estimates in the second and third quarters have been above the economy's 2% – 2.5% long-term potential rate.[1] Momentum continued heading into 2024's final quarter, likely overshadowing any disruption from Hurricane Helene, along with a brief U.S. dockworkers' strike. Dominant consumer spending provided core economic support through the summer, reinforced in recent months. Despite the latest rebound in consumer-goods demand, lopsided growth continues to center on service-sector strength overshadowing a lingering manufacturing recession.

Fixed income: All major U.S. fixed-income asset class indexes displayed positive returns in September as yields declined across the curve. U.S. Treasury Bills (+0.4%) underperformed other major U.S. fixed income asset classes, while U.S. long-term taxable fixed income (+2.3%) performed best during the month. Local currency and unhedged international bond market performance was also strong in September. Preferred stocks had another strong month and have been one of the best fixed-income major asset classes year-to-date at +10.4% through September 30.

Equities: Coming off the volatility in August, stocks rallied in September, with the S&P 500 Index hitting five new all-time highs. A 50-basis-point cut from the Fed, a stellar earnings season, encouraging economic data, and news of China stimulus drove returns. In September, U.S. mid caps (+2.2%) performed in line with U.S. large caps (+2.1%), while both outperformed U.S. small caps (+0.7%). U.S. dollar-denominated emerging market (EM) equities (+6.7%) significantly outperformed developed market (DM) equities (+1.0%) last month, as China stimulus announcements sparked a strong rally near month end.

Real assets: Master limited partnerships (MLPs) underperformed the broader market in September, with a -0.3% total return (as measured by the Alerian MLP Index) versus a +2.1% return for the S&P 500 Index. West Texas Intermediate (WTI) crude oil prices fell by 7.3% during the month. Overall, commodities (measured by the Bloomberg Commodity Total Return Index) were up by 4.9% in September. Over the past 12 months, many individual commodities have seen significant corrections, driven by concerns of weak economic conditions.

Alternative investments*: **Relative Value** strategies registered a gain of 0.8% for the month, with positive contributions from Structured Credit, Long/Short Credit, and Arbitrage strategies. **Macro** strategies scored a positive return of 1.3% in September. Systematic strategies returned 0.9% for the month, owing to long positions across fixed income, precious metals, and equities. **Event Driven** recorded a 1.8% gain for the month. All strategies, including Activist, Merger Arbitrage, and Distressed Credit recorded positive returns. **Equity Hedge** strategies posted a 1.2% gain in September but underperformed the MSCI All Country World Index. The accretive return was driven by both broad equity-market exposure and security selection gains.

1. Second- and third-quarter growth estimates of 3% and 3.2% are from the U.S. Commerce Department and the Atlanta Federal Reserve Bank, respectively, as of October 8, 2024.

*Alternative investments are not appropriate for all investors. They are speculative and involve a high degree of risk that is appropriate only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a fund and for which the fund does not represent a complete investment program.
Please see pages 9-11 for important definitions and disclosures.

Asset Allocation Strategy Report

Executive Summary

October 22, 2024

Wells Fargo Investment Institute forecasts

Global economy (%)	Latest (%)[1]	2024 target (%)[1]	2025 target (%)[1]
U.S. GDP growth	3.1 (Q2)	2.2	2.3
U.S. inflation[2]	2.4 (Sep.)	2.5 (Dec.)	3.0 (Dec.)
U.S. unemployment rate[3]	4.2 (Sep.)	4.4 (Dec.)	4.8 (Dec.)
Global GDP growth[4]	3.4 (Q2)	2.5	2.6
Global inflation[4]	5.8 (Q2)	3.3	3.2
Developed market GDP growth[5]	1.7 (Q2)	1.5	▼ 1.6
Developed market inflation[5]	4.5 (Q2)	2.5	2.3
Emerging market GDP growth	4.7 (Q2)	3.3	▲ 3.3
Emerging market inflation	6.8 (Q2)	4.0	3.8
Eurozone GDP growth	0.3 (Q2)	0.9	▼ 1.1
Eurozone inflation[2]	1.8 (Sep.)	2.5 (Dec.)	2.0 (Dec.)
Global equities	**Latest**	**2024 YE target**	**2025 YE target**
S&P 500 Index	5762	5300–5500	▲ 6200–6400
S&P 500 earnings per share	$225	$245	$270
Russell Midcap Index	3525	3300–3500	▲ 3900–4100
Russell Midcap earnings per share	$145	$170	$195
Russell 2000 Index	2230	2100–2300	2500–2700
Russell 2000 earnings per share	$59	$65	$85
MSCI EAFE Index	2469	2200–2400	2400–2600
MSCI EAFE earnings per share	$154	$160	$170
MSCI Emerging Markets (EM) Index	1171	950–1150	1100–1300
MSCI EM earnings per share	$71	$75	$85
Global fixed income (%)	**Latest**	**2024 YE target**	**2025 YE target**
10-year U.S. Treasury yield	3.78	3.75–4.25	4.00–4.50
30-year U.S. Treasury yield	4.12	4.00–4.50	4.25–4.75
Fed funds rate	4.75–5.00	4.25–4.50	3.50–3.75
Global real assets	**Latest**	**2024 YE target**	**2025 YE target**
West Texas Intermediate crude oil price ($ per barrel)	$68	$80–$90	$85–$95
Brent crude oil price ($ per barrel)	$72	$85–$95	$90–$100
Gold price ($ per troy ounce)	$2635	$2400–$2500	▲ $2800–$2900
Commodities	240	235–255	250–270
Currencies	**Latest**	**2024 YE target**	**2025 YE target**
Dollar/euro exchange rate	$1.11	$1.08–$1.12	▼ $1.02–$1.06
Yen/dollar exchange rate	¥144	¥146–¥150	¥150–¥154
ICE U.S. Dollar Index	101	101–105	▲ 105–109

Tactical guidance*

Cash Alternatives and Fixed Income

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
U.S. Short Term Taxable Fixed Income***		Cash Alternatives	U.S. Intermediate Term Taxable Fixed Income	
		Developed Market Ex.-U.S. Fixed Income		
		Emerging Market Fixed Income		
		High Yield Taxable Fixed Income		
		U.S. Long Term Taxable Fixed Income***		

Equities

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
	Emerging Market Equities	Developed Market Ex.-U.S. Equities	U.S. Large Cap Equities	
		U.S. Mid Cap Equities		
		U.S. Small Cap Equities		

Real Assets

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
		Private Real Estate	Commodities	

Alternative Investments**

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
		Hedge Funds — Equity Hedge	Hedge Funds — Event Driven***	
		Hedge Funds — Relative Value***	Hedge Funds — Macro	
		Private Debt		
		Private Equity		

Source: Wells Fargo Investment Institute, October 21, 2024. *Tactical horizon is 6-18 months. **Alternative investments are not appropriate for all investors. They are speculative and involve a high degree of risk that is appropriate only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a fund and for which the fund does not represent a complete investment program. Please see pages 9-11 for important definitions and disclosures. ***Changed this month.

Sources: Bloomberg, Wells Fargo Investment Institute (WFII), as of September 30, 2024. Targets are based on forecasts by WFII as of October 21, 2024 and provide a forecast direction over a tactical horizon. The closer the current date is to the year-end, the more WFII guidance focuses on the following year's target. GDP = gross domestic product. Q1 = first quarter, Q2 = second quarter. YE = year end. Forecasts are not guaranteed and based on certain assumptions and on our views of market and economic conditions, which are subject to change. Latest EPS (earnings per share) figures are 2023 year-end consensus estimates as of October 3, 2024. [1]Average % change in the latest four quarters from the same year-ago period, unless otherwise noted. [2]Latest month percent change from a year ago. [3]Three-month average as of the date indicated, percent of labor force. [4]Weighted average of developed country and emerging-market forecasts. [5]Weighted average of U.S. and other developed-country forecasts. **Past performance is no guarantee of future results.** An index is unmanaged and not available for direct investment. See pages 9-11 for important definitions and disclosures. ▲/▼: recent change.

Executive Summary

October 22, 2024

Total returns (%)

Fixed Income

Index	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Taxable Investment Grade Fixed Income	1.3	5.2	4.4	11.6	-1.4	0.3
High Yield Taxable Fixed Income	1.6	5.3	8.0	15.7	3.1	4.7
DM Ex-U.S. Fixed Income (Unhedged)	2.1	10.0	1.0	11.1	-6.9	-3.9
EM Fixed Income (U.S. dollar)	1.8	6.1	8.0	18.0	-0.1	1.2

Equities

Index	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Large Cap Equities	2.1	5.9	22.1	36.4	11.9	16.0
U.S. Mid Cap Equities	2.2	9.2	14.6	29.3	5.8	11.3
U.S. Small Cap Equities	0.7	9.3	11.2	26.8	1.8	9.4
DM Equities Ex-U.S. (U.S. dollar)	1.0	7.3	13.5	25.4	6.0	8.7
EM Equities (U.S. dollar)	6.7	8.9	17.2	26.5	0.8	6.1

Real Assets

Index	MTD	QTD	YTD	1 year	3 year	5 year
Public Real Estate	3.1	16.3	12.6	30.2	1.4	2.4
Master Limited Partnerships	-0.3	0.7	18.6	24.5	25.5	13.5
Commodities (BCOMTR)	4.9	0.7	5.9	1.0	3.7	7.8

Alternative Investments

Index	MTD	QTD	YTD	1 year	3 year	5 year
Global Hedge Funds	1.2	2.8	8.1	12.6	4.0	7.4

Sources: Bloomberg, J.P. Morgan, Standard & Poor's, Wells Fargo Investment Institute (WFII), Russell Indices, MSCI Inc., FTSE, Alerian, Hedge Fund Research, Inc.; as of September 30, 2024. MTD = month to date. QTD = quarter to date. YTD = year to date.

DM indicates Developed Market; EM indicates Emerging Market. Returns over one year are annualized.
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See pages 9-11 for important definitions and disclosures.

Fixed income sector tactical guidance* and total returns (%) U.S. investment-grade securities

Sector	Guidance	1 month	Year to date
Duration	▲ Favorable	–	–
U.S. Government	Neutral	1.2	3.8
Treasury Securities	Neutral	1.2	3.8
Agencies	Neutral	1.0	4.3
Inflation-Linked Fixed Income	Neutral	1.5	4.9
Credit	▲ Favorable	1.7	5.2
Corporate Securities	▲ Favorable	1.8	5.3
Preferred Securities	Neutral	2.5	10.4
Leveraged Loans	Unfavorable	0.7	6.5
Securitized	Favorable	1.2	4.6
Residential MBS	Favorable	1.2	4.5
Commercial MBS	Neutral	1.3	6.3
Asset Backed Securities	▲ Favorable	1.0	5.1
U.S. Municipal Bonds	▼ Neutral	1.0	2.3
Taxable Municipal	Neutral	1.5	5.3
State and Local General Obligation	Favorable	0.9	1.8
Essential Service Revenue	Favorable	1.0	2.5
Pre-Refunded	Neutral	0.5	2.6
High Yield Municipal	Neutral	0.9	7.5

Sources: Total returns: Bloomberg as of September 30, 2024. Guidance: Wells Fargo Investment Institute, as of October 21, 2024. *Tactical horizon is 6-18 months.
An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** MBS = mortgage-backed securities. Duration is a measure of a bond's interest rate sensitivity. See pages 9-11 for important definitions and disclosures.
▲/▼: recent change.

Asset Allocation Strategy Report

S&P 500 Index sector tactical guidance* and total returns (%)

Sector	S&P 500 Index weight (%)**	Guidance***	MTD	QTD	YTD	1 year	3 year	5 year
Communication Services	8.9	Favorable	4.6	1.7	28.8	42.9	6.5	14.6
Consumer Discretionary	10.1	▲ Neutral	7.1	7.8	13.9	28.1	4.8	12.1
Consumer Staples	5.9	Unfavorable	0.9	9.0	18.7	25.3	10.4	10.0
Energy	3.5	Most Favorable	-2.7	-2.3	8.4	0.8	24.1	13.9
Financials	13.0	Favorable	-0.5	10.7	21.9	39.0	8.6	12.4
Health Care	11.6	Neutral	-1.7	6.1	14.4	21.7	8.4	13.4
Industrials	8.6	Favorable	3.4	11.5	20.2	35.9	13.4	13.8
Information Technology	31.3	Neutral	2.5	1.6	30.3	52.7	19.9	26.7
Materials	2.2	▼ Neutral	2.6	9.7	14.1	25.2	9.1	13.0
Real Estate	2.3	▲ Neutral	3.3	17.2	14.3	35.8	3.7	6.2
Utilities	2.6	Unfavorable	6.6	19.4	30.6	41.8	11.7	8.0
Total	**100.0**							

Sources: S&P 500 Index weight and total returns: Bloomberg, as of September 30, 2024. Guidance: Wells Fargo Investment Institute, as of October 21, 2024. *Tactical horizon is 6-18 months. MTD = month to date. QTD = quarter to date. YTD = year to date. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** ▲/▼: recent change.

**Sector weightings may not add to 100% due to rounding.

***To reposition allocations for consistency with our guidance, add two percentage points of exposure to market weight for favorables, subtract two for unfavorables, and hold market weight for neutrals.

International equity tactical guidance* by region

Region	Benchmark weight (%)**	Regional guidance
DM Ex-U.S. Equities		Neutral
Europe	66	Neutral
Pacific	34	Favorable
EM Equities		Unfavorable
Asia	81	Neutral
Europe, Middle East and Africa	12	Most unfavorable
Latin America	8	Neutral

Sources: Bloomberg, Wells Fargo Investment Institute (WFII). Weightings are as of September 30, 2024. WFII guidance is as of October 15, 2024. An index is unmanaged and not available for direct investment. See pages 9-11 for important definitions and disclosures.

*Tactical horizon is 6-18 months.

** Benchmarks are MSCI EAFE Index for DM (developed markets) and MSCI Emerging Markets Index for EM (emerging markets). Weightings may not add to 100% due to rounding.

Asset Allocation Strategy Report

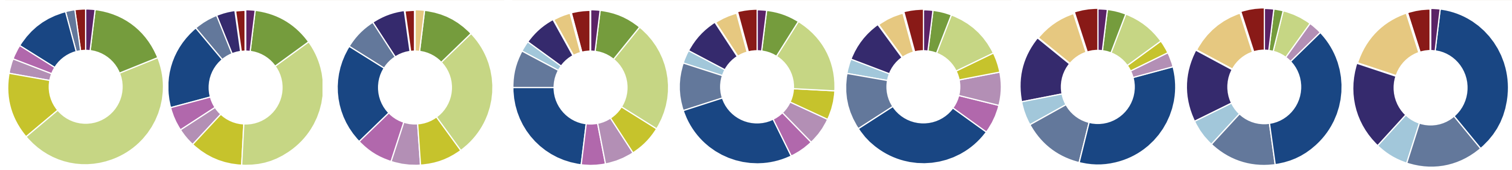
Executive Summary

October 22, 2024

Strategic and tactical asset allocation: Liquid

May include fixed income, equities, and real assets

STRATEGIC



	INCOME						GROWTH AND INCOME						GROWTH					
	Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Taxable Cash Alternatives (%)	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Total Global Fixed Income (%)	**82.0**	**80.0**	**69.0**	**68.0**	**61.0**	**59.0**	**50.0**	**48.0**	**41.0**	**38.0**	**33.0**	**30.0**	**19.0**	**17.0**	**11.0**	**9.0**	**0.0**	**0.0**
Total U.S. Taxable Investment Grade Fixed Income	76.0	74.0	60.0	59.0	47.0	45.0	39.0	37.0	30.0	27.0	20.0	17.0	16.0	14.0	8.0	6.0	0.0	0.0
U.S. Short Term Taxable*	17.0	12.0	13.0	9.0	11.0	6.0	9.0	4.0	7.0	1.0	4.0	0.0	4.0	0.0	2.0	0.0	0.0	0.0
U.S. Intermediate Term Taxable*	45.0	48.0	36.0	39.0	27.0	30.0	23.0	26.0	17.0	20.0	12.0	15.0	9.0	12.0	6.0	6.0	0.0	0.0
U.S. Long Term Taxable*	14.0	14.0	11.0	11.0	9.0	9.0	7.0	7.0	6.0	6.0	4.0	2.0	3.0	2.0	0.0	0.0	0.0	0.0
High Yield Taxable Fixed Income	3.0	3.0	4.0	4.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	3.0	3.0	3.0	3.0	0.0	0.0
Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market Fixed Income	3.0	3.0	5.0	5.0	8.0	8.0	5.0	5.0	5.0	5.0	6.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Global Equities (%)	**14.0**	**14.0**	**27.0**	**27.0**	**35.0**	**35.0**	**44.0**	**44.0**	**53.0**	**53.0**	**61.0**	**62.0**	**74.0**	**74.0**	**82.0**	**82.0**	**93.0**	**91.0**
U.S. Large Cap Equities	12.0	12.0	18.0	18.0	21.0	21.0	23.0	28.0	27.0	31.0	31.0	36.0	33.0	37.0	35.0	39.0	37.0	41.0
U.S. Mid Cap Equities	2.0	2.0	5.0	5.0	7.0	7.0	8.0	7.0	10.0	11.0	12.0	12.0	13.0	13.0	14.0	14.0	16.0	16.0
U.S. Small Cap Equities	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	3.0	3.0	3.0	3.0	5.0	5.0	6.0	6.0	7.0	7.0
Developed Market Ex-U.S. Equities	0.0	0.0	4.0	4.0	7.0	7.0	7.0	7.0	8.0	8.0	9.0	9.0	14.0	14.0	15.0	15.0	18.0	18.0
Emerging Market Equities	0.0	0.0	0.0	0.0	0.0	0.0	4.0	0.0	5.0	0.0	6.0	2.0	9.0	5.0	12.0	8.0	15.0	9.0
Total Global Real Assets (%)	**2.0**	**4.0**	**2.0**	**3.0**	**2.0**	**4.0**	**4.0**	**6.0**	**4.0**	**7.0**	**4.0**	**6.0**	**5.0**	**7.0**	**5.0**	**7.0**	**5.0**	**7.0**
Commodities	2.0	4.0	2.0	3.0	2.0	4.0	4.0	6.0	4.0	7.0	4.0	6.0	5.0	7.0	5.0	7.0	5.0	7.0

Strategic allocations are updated annually; last update was July 16, 2024. Tactical allocations are updated periodically; last update was October 21, 2024. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term.

*Wells Fargo Advisors only.

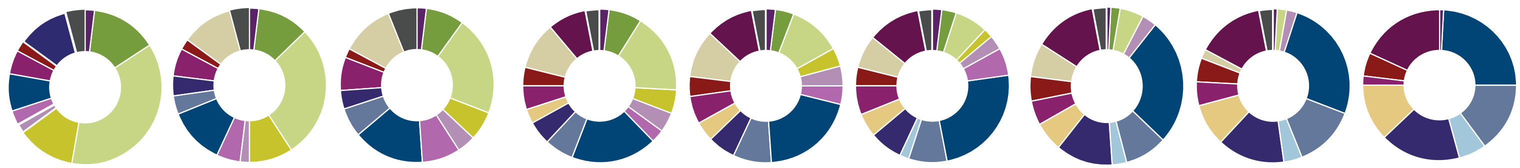
Asset Allocation Strategy Report

Executive Summary — October 22, 2024

Strategic and tactical asset allocation: Illiquid

May include fixed income, equities, real assets, and alternative investments

STRATEGIC



	INCOME						GROWTH AND INCOME						GROWTH					
	Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Taxable Cash Alternatives (%)	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Total Global Fixed Income (%)	**68.0**	**66.0**	**55.0**	**53.0**	**47.0**	**45.0**	**36.0**	**34.0**	**27.0**	**25.0**	**21.0**	**19.0**	**10.0**	**8.0**	**4.0**	**4.0**	**0.0**	**0.0**
Total U.S. Taxable Investment Grade Fixed Income	63.0	61.0	48.0	46.0	35.0	33.0	29.0	27.0	19.0	17.0	12.0	10.0	7.0	5.0	2.0	2.0	0.0	0.0
U.S. Short Term Taxable*	14.0	9.0	11.0	6.0	8.0	3.0	7.0	2.0	4.0	0.0	3.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0
U.S. Intermediate Term Taxable*	37.0	40.0	28.0	31.0	21.0	24.0	17.0	20.0	11.0	13.0	7.0	10.0	5.0	5.0	2.0	2.0	0.0	0.0
U.S. Long Term Taxable*	12.0	12.0	9.0	9.0	6.0	6.0	5.0	5.0	4.0	4.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
High Yield Taxable Fixed Income	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	2.0	2.0	0.0	0.0
Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market Fixed Income	3.0	3.0	5.0	5.0	8.0	8.0	3.0	3.0	4.0	4.0	6.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Global Equities (%)	**8.0**	**8.0**	**20.0**	**20.0**	**25.0**	**25.0**	**32.0**	**32.0**	**38.0**	**38.0**	**46.0**	**46.0**	**56.0**	**56.0**	**66.0**	**64.0**	**74.0**	**72.0**
U.S. Large Cap Equities	8.0	8.0	12.0	12.0	15.0	15.0	18.0	21.0	20.0	24.0	24.0	26.0	26.0	29.0	26.0	29.0	24.0	27.0
U.S. Mid Cap Equities	0.0	0.0	4.0	4.0	6.0	6.0	6.0	6.0	8.0	8.0	8.0	8.0	9.0	10.0	13.0	13.0	15.0	15.0
U.S. Small Cap Equities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	3.0	3.0	4.0	4.0	6.0	6.0
Developed Market Ex-U.S. Equities	0.0	0.0	4.0	4.0	4.0	4.0	5.0	5.0	6.0	6.0	7.0	7.0	12.0	12.0	14.0	13.0	17.0	17.0
Emerging Market Equities	0.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0	4.0	0.0	5.0	3.0	6.0	2.0	9.0	5.0	12.0	7.0
Total Global Real Assets (%)	**7.0**	**9.0**	**8.0**	**10.0**	**9.0**	**11.0**	**9.0**	**11.0**	**10.0**	**12.0**	**10.0**	**12.0**	**10.0**	**12.0**	**10.0**	**12.0**	**7.0**	**9.0**
Private Real Estate**	5.0	5.0	6.0	6.0	7.0	7.0	5.0	5.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	2.0	2.0
Commodities	2.0	4.0	2.0	4.0	2.0	4.0	4.0	6.0	4.0	6.0	4.0	6.0	5.0	7.0	5.0	7.0	5.0	7.0
Total Alternative Investments (%)**	**15.0**	**15.0**	**15.0**	**15.0**	**17.0**	**17.0**	**21.0**	**21.0**	**23.0**	**23.0**	**21.0**	**21.0**	**23.0**	**23.0**	**19.0**	**19.0**	**18.0**	**18.0**
Global Hedge Funds	11.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0	7.0	7.0	7.0	7.0	2.0	2.0	0.0	0.0
Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	8.0	8.0	10.0	10.0	11.0	11.0	13.0	13.0	14.0	14.0	18.0	18.0
Private Debt	4.0	4.0	4.0	4.0	6.0	6.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	0.0	0.0

Strategic allocations are updated annually; last update was July 16, 2024. Tactical allocations are updated periodically; last update was October 21, 2024. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. Hedge fund allocations are based on private hedge fund capital market assumptions. *Wells Fargo Advisors only.

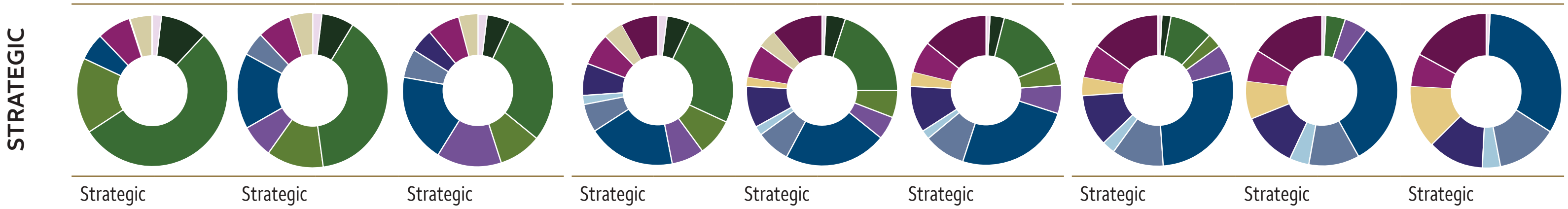
** Alternative investments are not appropriate for all investors. They are speculative and involve a high degree of risk that is appropriate only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a fund and for which the fund does not represent a complete investment program. Please see pages 9-11 for important definitions and disclosures.

Executive Summary

October 22, 2024

Strategic asset allocation: Tax-efficient illiquid

May include fixed income, equities, real assets, and alternative investments



	INCOME			GROWTH AND INCOME			GROWTH		
	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive
Tax Exempt Cash Alternatives (%)	**2.0**	**2.0**	**2.0**	**2.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Total Global Fixed Income (%)	**80.0**	**65.0**	**57.0**	**45.0**	**35.0**	**29.0**	**20.0**	**9.0**	**0.0**
Total U.S. Tax Exempt Investment Grade Fixed Income	80.0	58.0	43.0	38.0	30.0	23.0	14.0	4.0	0.0
U.S. Short Term Tax Exempt FI*	10.0	7.0	5.0	5.0	4.0	3.0	2.0	0.0	0.0
U.S. Intermediate Term Tax Exempt FI*	54.0	39.0	29.0	25.0	20.0	15.0	9.0	4.0	0.0
U.S. Long Term Tax Exempt FI*	16.0	12.0	9.0	8.0	6.0	5.0	3.0	0.0	0.0
High Yield Tax Exempt FI	0.0	7.0	14.0	7.0	5.0	6.0	6.0	5.0	0.0
Developed Market Ex-U.S. FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Global Equities (%)	**6.0**	**21.0**	**30.0**	**34.0**	**42.0**	**49.0**	**57.0**	**67.0**	**75.0**
U.S. Large Cap Equities	6.0	16.0	19.0	19.0	22.0	25.0	28.0	32.0	33.0
U.S. Mid Cap Equities	0.0	5.0	6.0	6.0	7.0	9.0	11.0	11.0	13.0
U.S. Small Cap Equities	0.0	0.0	0.0	2.0	2.0	2.0	3.0	4.0	4.0
Developed Market Ex-U.S. Equities	0.0	0.0	5.0	7.0	9.0	10.0	11.0	12.0	12.0
Emerging Market Equities	0.0	0.0	0.0	0.0	2.0	3.0	4.0	8.0	13.0
Total Global Real Assets (%)	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**
Private Real Estate**	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Alternative Investments (%)**	**5.0**	**5.0**	**4.0**	**12.0**	**15.0**	**14.0**	**15.0**	**16.0**	**17.0**
Global Hedge Funds	5.0	5.0	4.0	4.0	4.0	0.0	0.0	0.0	0.0
Private Equity	0.0	0.0	0.0	8.0	11.0	14.0	15.0	16.0	17.0
Private Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Tax-efficient strategic allocations are updated annually; last update was July 16, 2024. Tactical allocations are updated periodically. FI = fixed income. The U.S. Tax Exempt Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. Hedge fund allocations are based on private hedge fund capital market assumptions. *Wells Fargo Advisors only.

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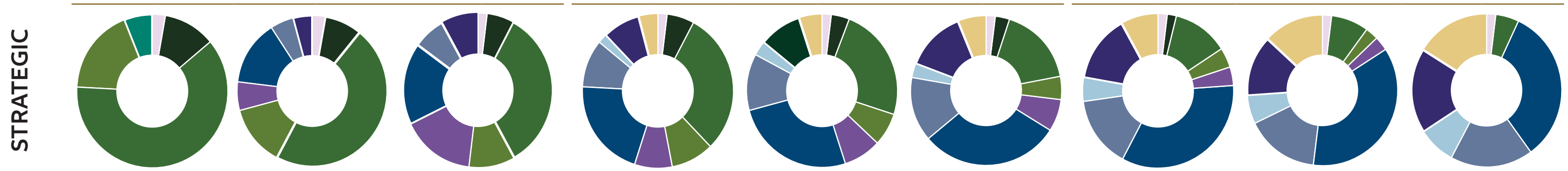
Asset Allocation Strategy Report

Executive Summary

October 22, 2024

Strategic asset allocation: Tax-efficient liquid

May include fixed income, equities, and real assets



	INCOME			GROWTH AND INCOME			GROWTH		
	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive
	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic
Tax Exempt Cash Alternatives (%)	**3.0**	**3.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Total Global Fixed Income (%)	**91.0**	**74.0**	**66.0**	**53.0**	**43.0**	**32.0**	**22.0**	**14.0**	**5.0**
Total U.S. Tax Exempt Investment Grade Fixed Income	91.0	68.0	50.0	45.0	35.0	25.0	18.0	11.0	5.0
U.S. Short Term Tax Exempt FI*	11.0	8.0	6.0	6.0	4.0	3.0	2.0	0.0	0.0
U.S. Intermediate Term Tax Exempt FI*	62.0	47.0	34.0	30.0	24.0	17.0	12.0	8.0	5.0
U.S. Long Term Tax Exempt FI*	18.0	13.0	10.0	9.0	7.0	5.0	4.0	3.0	0.0
High Yield Tax Exempt FI	0.0	6.0	16.0	8.0	8.0	7.0	4.0	3.0	0.0
Developed Market Ex-U.S. FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Global Equities (%)	**6.0**	**23.0**	**32.0**	**45.0**	**55.0**	**66.0**	**76.0**	**84.0**	**93.0**
U.S. Large Cap Equities	6.0	14.0	17.0	21.0	26.0	30.0	34.0	36.0	33.0
U.S. Mid Cap Equities	0.0	5.0	7.0	10.0	12.0	14.0	15.0	16.0	18.0
U.S. Small Cap Equities	0.0	0.0	0.0	2.0	3.0	3.0	5.0	6.0	8.0
Developed Market Ex-U.S. Equities	0.0	4.0	8.0	8.0	9.0	13.0	14.0	13.0	18.0
Emerging Market Equities	0.0	0.0	0.0	4.0	5.0	6.0	8.0	13.0	16.0
Total Global Real Assets (%)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Tax-efficient strategic allocations are updated annually; last update was July 16, 2024. Tactical allocations are updated periodically. FI = fixed income. The U.S. Tax Exempt Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term.

*Wells Fargo Advisors only.

Forecasts, targets, and estimates are based on certain assumptions and on our views of market and economic conditions which are subject to change.

Past performance does not indicate future results. The value or income associated with a security or an investment may fluctuate. There is always the potential for loss as well as gain. Investments discussed in this report may be inappropriate for some investors depending on their specific investment objectives and financial position.

Asset class risks

Asset allocation and diversification are investment methods used to manage risk and cannot eliminate the risk of investment losses. Your individual allocation may be different than the strategic long-term allocation above due to your unique individual circumstances, but is targeted to be in the allocation ranges detailed. The asset allocation reflected above may fluctuate based on asset values, portfolio decisions, and account needs.

Alternative investments, such as hedge funds, private capital funds, and private real estate funds, carry specific investor qualifications and involve the risk of investment loss, including the loss of the entire amount invested. While investors may potentially benefit from the ability of alternative investments to potentially improve the risk-reward profiles of their portfolios, the investments themselves can carry significant risks. Government regulation and monitoring of these types of investments may be minimal or nonexistent. There may be no secondary market for alternative investment interests and transferability may be limited or even prohibited.

The use of alternative investment strategies, such as Equity Hedge, Event Driven, Macro and Relative Value, are speculative and involve a high degree of risk. These strategies may expose investors to risks such as short selling, leverage risk, counterparty risk, liquidity risk, volatility risk, the use of derivatives and other significant risks. The use of alternative investment strategies may require a manager's skill in assessing corporate events, the anticipation of future movements in securities prices, interest rates, or other economic factors. No assurance can be given that a manager's view of the economy will be correct which may result in lower investment returns or higher return volatility.

Private capital funds use complex trading strategies, including hedging and leveraging through derivatives and short selling. These funds often demand long holding periods to allow for a turnaround and exit strategy. Hedge fund and private equity/private capital fund investing involves other material risks including capital loss and the loss of the entire amount invested. A fund's offering documents should be carefully reviewed prior to investing.

Privately offered real estate funds carry significant risks. They are unlisted making them hard to value and trade. They are generally only available to accredited investors within the meaning of the U.S. securities laws. There can be no assurance a secondary market will exist for these funds and there may be restrictions on transferring interests.

Investing in long/short strategies is not appropriate for all investors. **Short** selling involves sophisticated investment techniques that can add additional risk, and involves the risk of potentially unlimited increase in the market value of the security sold short, which could result in potentially unlimited loss for the Fund.

Cash alternatives typically offer lower rates of return than longer-term equity or fixed-income securities and provide a level of liquidity and price stability generally not available to these investments. Each type of cash alternatives has advantages and disadvantages which should be discussed with your financial advisor before investing.

Investing in commodities is not appropriate for all investors. Exposure to the commodities markets may subject an investment to greater share price volatility than an investment in traditional equity or debt securities. Investments in commodities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity. Products that invest in commodities may employ more complex strategies which may expose investors to additional risks.

Inflation-Indexed Bonds, including Treasury Inflation-Protected Securities (TIPS), are subject to interest rate risk, especially when real interest rates rise. This may cause the underlying value of the bond in the portfolio to fluctuate more than other fixed income securities.

Investing in foreign securities presents certain risks that may not be present in domestic securities. For example, investments in foreign, emerging and frontier markets present special risks, including currency fluctuation, the potential for diplomatic and potential instability, regulatory and liquidity risks, foreign taxation and differences in auditing and other financial standards.

Investments in fixed-income securities are subject to market, interest rate, credit/default, liquidity, inflation and other risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. Credit risk is the risk that an issuer will default on payments of interest and principal. High yield fixed income securities are considered speculative, involve greater risk of default, and tend to be more volatile than investment grade fixed income securities. Municipal bonds offer interest payments exempt from federal taxes, and potentially state and local income taxes. They are subject to credit risk and potentially the Alternative Minimum Tax (AMT). Quality varies widely depending on the specific issuer. All fixed income investments may be worth less than their original cost upon redemption or maturity.

Leveraged loans are generally below investment grade quality ("high-yield" securities or "junk" bonds). Investing in such securities should be viewed as speculative and investors should review their ability to assume the risks associated with investments which utilize such securities.

Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions and the perception of individual issuers. Investments in equity securities are generally more volatile than other types of securities.

Mortgage-related and asset-backed securities are subject to the risks associated with investment in debt securities. In addition, they are subject to prepayment and call risks. Changes in prepayments may significantly affect yield, yielding investments may not be available for the Fund to purchase. These risks may be heightened for longer maturity and duration securities. Commercial Mortgage Backed Securities (CMBS) are a type of mortgage-backed security backed by commercial mortgages rather than residential real estate. CMBS tend to be more complex and volatile than residential mortgage-backed securities due to the unique nature of the underlying property assets.

Master Limited Partnerships (MLPs) involves certain risks which differ from an investment in the securities of a corporation. MLPs may be sensitive to price changes in oil, natural gas, etc., regulatory risk, and rising interest rates. A change in the current tax law regarding MLPs could result in the MLP being treated as a corporation for federal income tax purposes which would reduce the amount of cash flows distributed by the MLP. Other risks include the volatility associated with the use of leverage; volatility of the commodities markets; market risks; supply and demand; natural and man-made catastrophes; competition; liquidity; market price discount from Net Asset Value and other material risks.

Preferred stocks are subject to issuer-specific and market risks. They are generally subordinated to bonds or other debt instruments in an issuer's capital structure, subjecting them to a greater risk of non-payment than more senior securities.

The prices of small and mid-cap company stocks are generally more volatile than large company stocks. They often involve higher risks because smaller companies may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions.

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility. **Communication Services** companies are vulnerable to their products and services becoming outdated because of technological advancement and the innovation of competitors. Companies in the Communication Services sector may also be affected by rapid technology changes, pricing competition, large equipment upgrades, substantial capital requirements, and government regulation and approval of products and services. In addition, companies within the industry may invest heavily in research and development which is not guaranteed to lead to successful implementation of the proposed product. Risks associated with the **Consumer Discretionary** sector include, among others, apparel price deflation due to low-cost entries, high inventory levels and pressure from e-commerce players, reduction in traditional advertising dollars, increasing household debt levels that could limit consumer appetite for discretionary purchases, declining consumer acceptance of new product introductions, and geopolitical uncertainty that could affect consumer sentiment. **Consumer Staples** industries can be significantly affected by competitive pricing particularly with respect to the growth of low-cost emerging market production, government regulation, the performance of the overall economy, interest rates, and consumer confidence. The **Energy** sector may be adversely affected by changes in worldwide energy prices, exploration, production spending, government regulation, and changes in exchange rates, depletion of natural resources, and risks that arise from extreme weather conditions. Investing in **Financial** services companies will subject an investment to adverse economic or regulatory occurrences affecting the sector. Some of the risks associated with investment in the **Health Care** sector include competition on branded products, sales erosion due to cheaper alternatives, research and development risk, government regulations and government approval of products anticipated to enter the market. There is increased risk investing in the

Industrials sector. The industries within the sector can be significantly affected by general market and economic conditions, competition, technological innovation, legislation and government regulations, among other things, all of which can significantly affect a portfolio's performance. **Materials** industries can be significantly affected by the volatility of commodity prices, the exchange rate between foreign currency and the dollar, export/import concerns, worldwide competition, procurement and manufacturing and cost containment issues. **Real Estate** investments have special risks, including possible illiquidity of the underlying properties, credit risk, interest rate fluctuations, and the impact of varied economic conditions. Risks associated with the **Technology** sector include increased competition from domestic and international companies, unexpected changes in demand, regulatory actions, technical problems with key products, and the departure of key members of management. Technology and Internet-related stocks, especially smaller, less-seasoned companies, tend to be more volatile than the overall market. **Utilities** are sensitive to changes in interest rates, and the securities within the sector can be volatile and may underperform in a slow economy.

Index definitions

An index is unmanaged and not available for direct investment.

Personal consumption expenditures (PCE) is the primary measure of consumer spending on goods and services in the U.S. economy. It accounts for about two-thirds of domestic final spending, and thus it is the primary engine that drives future economic growth.

Consumer Price Index (CPI). The CPI measures the price of a fixed basket of goods and services purchased by an average consumer.

The ICE U.S. Dollar Index is a weighted average of the value of the U.S. dollar relative to a basket of U.S. trade partner currencies, comprised of the euro, Japanese yen, pound sterling, Canadian dollar, Swedish krona, and Swiss franc. A higher index value indicates dollar appreciation.

Fixed income representative indexes

Cash Alternatives/Treasury Bills. Bloomberg U.S. Treasury Bills (1-3M) Index is representative of money markets.

U.S. Short Term Taxable Fixed Income. Bloomberg U.S. Aggregate 1-3 Year Bond Index is the 1-3 year component of the Bloomberg U.S. Aggregate Bond, which represents fixed-income securities that are SEC-registered, taxable, dollar-denominated, and investment-grade.

U.S. Intermediate Term Taxable Fixed Income. Bloomberg U.S. Aggregate 5-7 Year Bond Index is unmanaged and is composed of the Bloomberg U.S. Government/Credit Index and the Bloomberg U.S. Mortgage-Backed Securities Index, and includes Treasury issues, agency issues, corporate bond issues, and mortgage-backed securities with maturities of 5-7 years.

U.S. Long Term Taxable Fixed Income. Bloomberg U.S. Aggregate 10+ Year Bond Index is unmanaged and is composed of the Bloomberg U.S. Government/Credit Index and the Bloomberg U.S. Mortgage-Backed Securities Index, and includes Treasury issues, agency issues, corporate bond issues, and mortgage-backed securities with maturities of 10 years or more.

U.S. Taxable Investment Grade Fixed Income. Bloomberg U.S. Aggregate Bond Index is a broad-based measure of the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

High Yield Taxable Fixed Income. Bloomberg U.S. Corporate High-Yield Index covers the universe of fixed rate, non-investment grade debt.

Developed Market Ex-U.S. Fixed Income (Unhedged). J.P. Morgan GBI Global ex-U.S. Index (Unhedged) in USD is an unmanaged market index that is representative of the total return performance in U.S. dollars on an unhedged basis of major non-U.S. bond markets.

Developed Market Ex-U.S. Fixed Income (Hedged). J.P. Morgan GBI ex U.S. Hedged is an unmanaged market index representative of the total return performance in U.S. dollars on an unhedged basis of major non-U.S. bond markets.

Emerging Market Fixed Income (U.S. dollar). J.P. Morgan Emerging Markets Bond Index (EMBI Global) currently covers more than 60 emerging market countries. Included in the EMBI Global are U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities.

U.S. Investment Grade Corporate Fixed Income. Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Preferred Stock. **ICE BofA Fixed Rate Preferred Securities Index** tracks the performance of fixed rate US dollar denominated preferred securities issued in the U.S. domestic market.

Equity representative indexes

U.S. Large Cap Equities. S&P 500 Index is a capitalization-weighted index calculated on a total return basis with dividends reinvested. The index includes 500 widely held U.S. market industrial, utility, transportation and financial companies.

U.S. Mid Cap Equities. Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 27% of the total market capitalization of the Russell 1000 companies.

U.S. Small Cap Equities. Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

Developed Market Ex-U.S. Equities (U.S. dollar)/(Local). MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of 21 developed markets, excluding the U.S. and Canada.

Emerging Market Equities (U.S. dollar)/(Local). MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of 23 emerging markets.

MSCI All Country World Index (MSCI ACWI) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of 23 developed and 26 emerging markets.

Real assets representative indexes

Public Real Estate. FTSE EPRA/NAREIT Developed Index is designed to track the performance of listed real-estate companies and REITs in developed countries worldwide.

MLPs. Alerian MLP Index is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for this emerging asset class. The index, which is calculated using a float-adjusted, capitalization-weighted methodology, is disseminated real-time on a price-return basis and on a total-return basis.

Commodities (BCOMTR). Bloomberg Commodity Total Return Index (BCOMTR) is composed of future contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13 week (3 month) U.S. Treasury Bills. Bloomberg Commodity Index (BCOM) is comprised of 23 exchange-traded futures on physical commodities weighted to account for economic significance and market liquidity.

Alternative strategies representative indexes

Global Hedge Funds. HFRI Fund Weighted Composite Index. A global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net-of-all-fees performance in U.S. dollars and have a minimum of $50 million under management or a 12-month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.

Relative Value. HFRI Relative Value (Total) Index. Strategy is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager. Relative Value (RV) position may be involved in corporate transactions also, but as opposed to Event Driven (ED) exposures, the investment thesis is predicated on realization of a pricing discrepancy between related securities, as opposed to the outcome of the corporate transaction.

Macro. HFRI Macro (Total) Index. Encompass a broad range of strategies predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard-currency, and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top-down and bottom-up theses, quantitative and fundamental approaches and long- and short-term holding periods. Although some strategies employ RV techniques, Macro strategies are distinct from RV strategies in that the primary investment thesis is predicated on predicted or future movements in the underlying instruments rather than on realization of a valuation discrepancy between securities. In a similar way, while both Macro and Equity Hedge managers may hold equity securities, the overriding investment thesis is predicated on the impact movements in underlying macroeconomic variables may have on security prices, as opposed to Equity Hedge (EH), in which the fundamental characteristics on the company are the most significant are integral to investment thesis.

Event Driven. HFRI Event Driven (Total) Index. Maintains positions in companies currently or prospectively involved in corporate transactions of a wide variety including mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated and frequently involve additional derivative securities. Exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company-specific developments. Investment theses are typically predicated on fundamental (as opposed to quantitative) characteristics, with the realization of the thesis predicated on a specific development exogenous to the existing capital structure.

Equity Hedge. HFRI Equity Hedge (Total) Index. Equity Hedge: Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short.

Note: HFRI Indices have limitations (some of which are typical of other widely used indexes). These limitations include survivorship bias (the returns of the indexes may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indexes, and, therefore, the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI Indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indexes may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways. Returns of the underlying hedge funds are net of fees and are denominated in USD.

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