

Asset Allocation Strategy

Executive Summary

February 15, 2024

Stock-bond correlation impact on markets and portfolios

Correlations aim to measure how much asset classes have moved together and are based on historical observations.¹ During periods of stock market weakness, bonds have traditionally served as a cushion, often a perceived “flight-to-safety” to help offset equity market losses. However, the correlation between equities and fixed income has increased significantly over the past two years. In 2022, inflation rapidly accelerated, and capital markets faced an aggressively hawkish Federal Reserve (Fed), resulting in double-digit losses for both stocks and bonds. Last year, as inflation decelerated the Fed paused its tightening campaign, prompting investor expectations to pivot to future rate cuts, benefiting both asset classes.

While the stock-bond correlation has remained negative for much of the past 20 years (excluding 2022-23), it was frequently positive during the 30 years prior to the year 2000. Recognizing that the stock-bond correlation regime can change, it is useful to examine two key macroeconomic factors that historically have driven the performance of stocks and bonds:

- *Economic growth* – Positive growth data raises expectations of future earnings and hence, equity prices – and vice versa. It also raises expectations for higher interest rates (lower bond prices). Thus, stocks and bonds have opposite sensitivities to economic growth.
- *Inflation* – Rising inflation reduces the value of bonds’ fixed cash flows and leads to higher interest rates, reducing the value of existing bonds locked in at lower rates. But rising inflation is also associated with falling stock prices, as P/E (price-to-earnings) multiples contract, coinciding with competition from higher bond yields. Stocks and bonds, therefore, share similar sensitivities to inflation trends and expectations of inflation trends, both rising (negative) and falling (positive).

Although growth can affect stock-bond correlations, inflation historically has been the main driver on the relationship between equities and fixed income. Overall, during most periods when inflation was relatively elevated (1970–1991 and 2021–2023), stocks and bonds have been positively correlated. During periods when inflation was more consistently running near or below the Fed’s 2.0% target (1998–2020), the stock-bond correlation has generally been negative or near zero, as investor focus turns to economic growth which tends to drive equity and bond performance in opposite directions.

What it means for investors

We attribute the rise in stock-bond correlations over the last two years to the spike in inflation followed by rapid disinflation versus the stable inflationary environment prior to the pandemic. Our current forecast is that inflation will continue slowing, albeit less rapidly, and will likely stabilize at levels slightly above those of the pre-pandemic period. We also expect interest rates to remain near current levels or even slightly higher for the next few years. As a result, we envision that the stock-bond correlation will revert to being negative or near zero in the coming years. Based on historical performance, low correlations have helped to mitigate portfolio risk in uncertain market environments.² If our forecast is correct, bonds should provide the typical diversification benefits during periods of increased stock market volatility.

1. Correlation measures how two asset classes or investments move in relation to each other. A positive correlation indicates the extent to which those asset classes increase or decrease together; a negative correlation indicates the extent to which one asset class increases as the other decreases.

2. See “Why Asset Allocation Matters in Uncertain Times,” Wells Fargo Investment Institute, February 9, 2023.

Economic summary: Surprisingly strong U.S. economic activity at the end of last year was sustained into 2024. Fourth-quarter gross domestic product growth of 3.3% was all the more impressive atop the third-quarter’s brisk 4.9% clip. The latest batch of robust economic data was punctuated by a 353,000 increase in January non-farm payrolls, nearly twice consensus estimates and accompanied by sizeable upward revisions during the second half of the year. Solid job growth reflects a slow rebalance from post-pandemic distortions, boosting consumer confidence and spending directly and indirectly, by lifting year-over-year wage inflation to the September 2023 peak of 4.5%.

Fixed income: Many major U.S. fixed-income asset class indexes underperformed in January as yields rose on the long end of the curve. Preferred stock (+3.7%) outperformed other major fixed income asset classes, while long-term taxable fixed income fell the most (-1.5%). International bond markets also struggled as the U.S. dollar strengthened. The Fed remained on pause at its end of January meeting, recognizing that inflation has been slowing down; however, it mentioned that it needs more evidence of this trend before acting. Chair Powell also downplayed the possibility of a rate cut in March. The Fed’s expected number of rate cuts remain in contrast relative to the four or five rate cuts priced in by the market for 2024.

Equities: After a strong two-month rally, stocks struggled for direction in January. The best performing asset class benchmark, the S&P 500 Index, only managed a +1.7% January return. The other four asset class benchmarks were flat or negative on the month. A tempering of market expectations for early and aggressive Fed rate cuts was a headwind. The three main themes of 2023 — AI (artificial intelligence), the Fed, and the economy — will likely continue to be dominant return drivers in 2024. U.S. dollar-denominated developed market equities (+0.6%) outperformed emerging market equities (-4.6%) last month. The currency conversion into U.S. dollars was a drag on returns to both asset classes as the U.S. dollar broadly strengthened.

Real assets: Master limited partnerships (MLPs) outperformed the broader market in January, with a 4.4% total return (as measured by the Alerian MLP Index) versus a 1.7% return for the S&P 500 Index. West Texas Intermediate (WTI) crude oil prices gained 5.9% during the month. Overall, commodities (measured by the Bloomberg Commodity Index) rose by 0.4% in January, driven by stronger energy prices. Over recent months, most individual commodities have seen significant corrections, driven by demand concerns of a looming slowdown.

Alternative investments*:

Relative Value strategies registered a profit of 0.6% for the month, mostly driven by long/short credit and structured credit strategies. Declining credit and structured spreads were constructive for many relative value managers. **Macro** strategies marched up by 0.4% in January. Systematic strategies generated a 0.6% return for the month, benefiting from both commodity and stock holdings. **Event Driven** declined by 0.3% for the month. **Equity Hedge** strategies ended with a 0.2% return in January and trailed the MSCI All Country World Index. The positive return was driven by both equity market and security selection impacts.

*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.

Investment and Insurance Products: ► NOT FDIC Insured ► NO Bank Guarantee ► MAY Lose Value

Ask your investment professional about the full edition of the Asset Allocation Strategy Report for more detailed information.

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Wells Fargo Investment Institute forecasts

Global economy (%)	Latest (%) ¹	2024 YE target (%) ¹
U.S. GDP growth	2.5 (Q4)	1.3
U.S. inflation ²	3.1 (Jan.)	2.8 (Dec.)
U.S. unemployment rate ³	3.7 (Jan.)	4.7 (Dec.)
Global GDP growth ⁴	3.1 (Q3)	2.4
Global inflation ⁴	4.5 (Q4)	3.3
Developed market GDP growth	2.0 (Q3)	1.0
Developed market inflation	5.5 (Q4)	2.4
Emerging market GDP growth	4.0 (Q3)	3.3
Emerging market inflation	3.7 (Q4)	4.0
Eurozone GDP growth	0.5 (Q4)	0.6
Eurozone inflation ²	2.8 (Jan.)	2.0 (Dec.)
Global equities	Latest	2024 YE target
S&P 500 Index	4846	4800–5000
S&P 500 earnings per share (\$)	223	230
Russell Midcap Index	3066	3200–3400
Russell Midcap earnings per share (\$)	151	160
Russell 2000 Index	1947	2000–2200
Russell 2000 earnings per share (\$)	73	65
MSCI EAFE Index	2248	2200–2400
MSCI EAFE earnings per share (\$)	153	160
MSCI Emerging Markets (EM) Index	976	950–1150
MSCI EM earnings per share (\$)	84	75
Global fixed income (%)	Latest	2024 YE target
10-year U.S. Treasury yield	3.91	4.25–4.75
30-year U.S. Treasury yield	4.17	4.50–5.00
Fed funds rate	5.25–5.50	4.50–4.75
Global real assets	Latest	2024 YE target
West Texas Intermediate crude oil price (\$ per barrel)	\$76	\$85–\$95
Brent crude oil price (\$ per barrel)	\$82	\$90–\$100
Gold price (\$ per troy ounce)	\$2040	\$2100–\$2200
Commodities	\$227	235–255
Currencies	Latest	2024 YE target
Dollar/euro exchange rate	\$1.08	\$1.08–\$1.12
Yen/dollar exchange rate	¥146.92	¥136–¥140
ICE U.S. Dollar Index	103.3	99–103

Tactical guidance*

Cash Alternatives and Fixed Income

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

Equities

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
U.S. Small Cap Equities	Emerging Market Equities	Developed Market Ex.-U.S. Equities U.S. Mid Cap Equities	U.S. Large 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 Private Debt Private Equity	Hedge Funds — Macro Hedge Funds — Relative Value	

Source: Wells Fargo Investment Institute, February 15, 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.

Sources: Bloomberg, Wells Fargo Investment Institute, as of January 31, 2024. Targets are based on forecasts by Wells Fargo Investment Institute as of February 15, 2024 and provide a forecast direction over a tactical horizon. The closer the current date is to the year-end, the more WFI guidance focuses on the following year's target. YE = year-end. Q3 = third quarter. Q4 = fourth quarter. GDP = gross domestic product. 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 consensus estimates as of December 31, 2022. ¹Average % change in the latest four quarters from the same year-ago period, unless otherwise noted. ²Latest month percent change from a year ago. ³Three-month average as of the date indicated, percent of labor force. ⁴Global GDP and global inflation are calculated using GDP weights for developed market and emerging market economies. **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.

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Total returns (%)

Fixed Income

Index	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Taxable Investment Grade Fixed Income	-0.3	-0.3	-0.3	2.1	-3.2	0.8
High Yield Taxable Fixed Income	0.0	0.0	0.0	9.3	1.9	4.4
DM Ex-U.S. Fixed Income (Unhedged)	-3.0	-3.0	-3.0	-2.2	-10.2	-4.0
EM Fixed Income (U.S. dollar)	-1.2	-1.2	-1.2	5.9	-3.1	0.8

Equities

Index	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Large Cap Equities	1.7	1.7	1.7	20.8	11.0	14.3
U.S. Mid Cap Equities	-1.4	-1.4	-1.4	6.7	5.5	10.1
U.S. Small Cap Equities	-3.9	-3.9	-3.9	2.4	-0.8	6.8
DM Equities Ex-U.S. (U.S. dollar)	0.6	0.6	0.6	10.6	5.1	7.4
EM Equities (U.S. dollar)	-4.6	-4.6	-4.6	-2.5	-7.1	1.4

Real Assets

Index	MTD	QTD	YTD	1 year	3 year	5 year
Public Real Estate	-4.0	-4.0	-4.0	-2.4	1.0	0.8
Master Limited Partnerships	4.4	4.4	4.4	24.0	31.8	10.3
Commodities (BCOM)	0.4	0.4	0.4	-7.1	10.0	6.2

Alternative Investments

Index	MTD	QTD	YTD	1 year	3 year	5 year
Global Hedge Funds	0.3	0.3	0.3	5.6	4.2	6.4

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 January 31, 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	Neutral	–	–
U.S. Government	Favorable	-0.3	-0.3
Treasury Securities	Favorable	-0.3	-0.3
Agencies	Neutral	0.3	0.3
Inflation-Linked Fixed Income	Neutral	0.2	0.2
Credit	Neutral	-0.2	-0.2
Corporate Securities	Neutral	-0.2	-0.2
Preferred Securities	Neutral	3.7	3.7
Leveraged Loans	Unfavorable	0.7	0.7
Securitized	Neutral	-0.4	-0.4
Residential MBS	Neutral	-0.5	-0.5
Commercial MBS	Unfavorable	0.7	0.7
Asset Backed Securities	Neutral	0.5	0.5
U.S. Municipal Bonds	Favorable	-0.5	-0.5
Taxable Municipal	Neutral	-0.1	-0.1
State and Local General Obligation	Favorable	-0.6	-0.6
Essential Service Revenue	Neutral	-0.5	-0.5
Pre-Refunded	Neutral	0.1	0.1
High Yield Municipal	Unfavorable	-0.5	-0.5

Sources: Total returns: Bloomberg as of January 31, 2024. Guidance: Wells Fargo Investment Institute, as of February 15, 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.

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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	9.2	Neutral	5.0	5.0	5.0	42.9	6.6	12.2
Consumer Discretionary	10.4	Unfavorable	-3.5	-3.5	-3.5	19.4	2.3	10.7
Consumer Staples	6.1	Neutral	1.5	1.5	1.5	3.0	8.3	10.1
Energy	3.7	Favorable	-0.4	-0.4	-0.4	-4.4	34.4	11.0
Financials	12.9	Unfavorable	3.0	3.0	3.0	8.1	12.4	10.8
Health Care	12.7	Favorable	3.0	3.0	3.0	7.1	8.6	11.2
Industrials	8.6	Favorable	-0.9	-0.9	-0.9	12.9	11.9	11.6
Information Technology	29.8	Neutral	3.9	3.9	3.9	50.1	17.0	26.2
Materials	2.2	Favorable	-3.9	-3.9	-3.9	-0.8	7.4	11.5
Real Estate	2.3	Unfavorable	-4.7	-4.7	-4.7	-2.6	4.8	5.7
Utilities	2.2	Neutral	-3.0	-3.0	-3.0	-8.0	2.8	5.7
Total	100.0							

Sources: S&P 500 Index weight and total returns: Bloomberg, as of January 31, 2024. Guidance: Wells Fargo Investment Institute, as of February 15, 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.**

**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	77	Neutral
Europe, Middle East and Africa	13	Most unfavorable
Latin America	9	Neutral

Sources: Bloomberg, Wells Fargo Investment Institute (WFII). Weightings are as of January 31, 2024. *Tactical horizon is 6-18 months. WFII guidance is as of February 15, 2024. An index is unmanaged and not available for direct investment. See pages 9-11 for important definitions and disclosures.

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

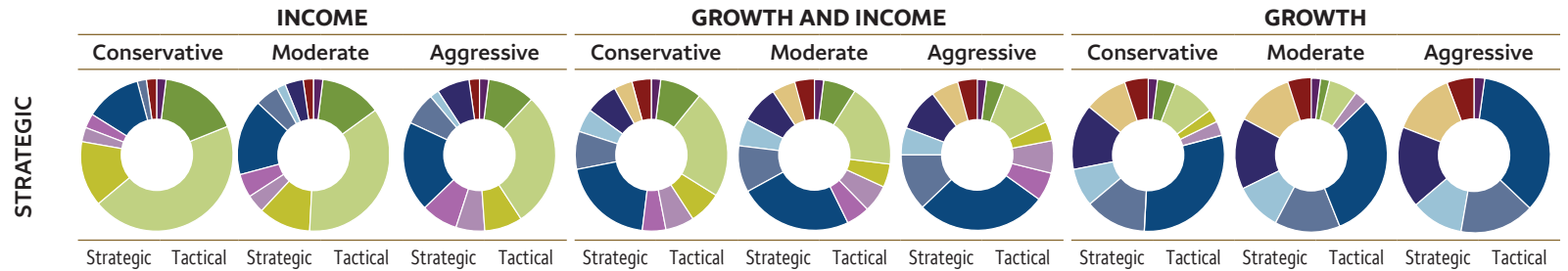
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Strategic and tactical asset allocation: Liquid

May include fixed income, equities, and real assets



	INCOME		GROWTH AND INCOME						GROWTH									
	Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive	
STRATEGIC	Strategic	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	86.0	69.0	72.0	61.0	64.0	50.0	54.0	41.0	45.0	33.0	37.0	19.0	25.0	11.0	16.0	0.0	8.0
Total U.S. Taxable Investment Grade Fixed Income	76.0	83.0	60.0	67.0	47.0	54.0	39.0	47.0	30.0	38.0	20.0	28.0	16.0	25.0	8.0	16.0	0.0	8.0
■ U.S. Short Term Taxable*	17.0	23.0	13.0	19.0	10.0	17.0	9.0	16.0	7.0	14.0	4.0	11.0	4.0	11.0	2.0	10.0	0.0	8.0
■ U.S. Intermediate Term Taxable*	45.0	45.0	36.0	36.0	29.0	29.0	23.0	23.0	18.0	18.0	12.0	12.0	9.0	9.0	6.0	6.0	0.0	0.0
■ U.S. Long Term Taxable*	14.0	15.0	11.0	12.0	8.0	8.0	7.0	8.0	5.0	6.0	4.0	5.0	3.0	5.0	0.0	0.0	0.0	0.0
■ High Yield Taxable Fixed Income	3.0	0.0	4.0	0.0	6.0	2.0	6.0	2.0	6.0	2.0	7.0	3.0	3.0	0.0	3.0	0.0	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	8.0	27.0	23.0	35.0	30.0	44.0	38.0	53.0	46.0	61.0	55.0	74.0	66.0	82.0	75.0	93.0	83.0
■ U.S. Large Cap Equities	12.0	8.0	16.0	16.0	19.0	19.0	20.0	22.0	24.0	27.0	28.0	32.0	30.0	34.0	31.0	34.0	31.0	33.0
■ U.S. Mid Cap Equities	2.0	0.0	5.0	3.0	7.0	4.0	8.0	9.0	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	2.0	0.0	2.0	0.0	5.0	0.0	6.0	0.0	6.0	0.0	8.0	0.0	10.0	4.0	13.0	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 18, 2023. Tactical allocations are updated periodically; last update was January 10, 2024. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term.

*Wells Fargo Advisors only.

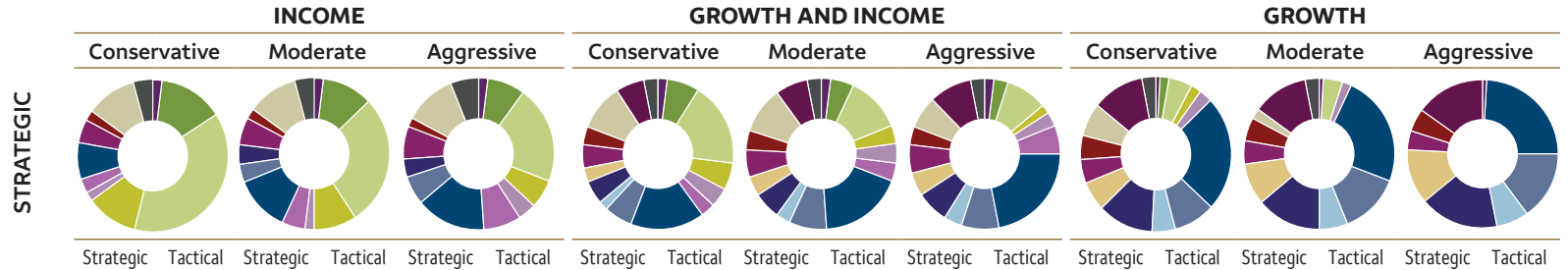
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Strategic and tactical asset allocation: Illiquid

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



	Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive	
STRATEGIC	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	70.0	55.0	57.0	47.0	49.0	38.0	41.0	29.0	32.0	23.0	26.0	12.0	17.0	6.0	12.0	0.0	6.0
Total U.S. Taxable Investment Grade Fixed Income	63.0	70.0	48.0	52.0	35.0	41.0	31.0	38.0	21.0	28.0	14.0	20.0	9.0	17.0	4.0	12.0	0.0	6.0
■ U.S. Short Term Taxable*	14.0	22.0	11.0	15.0	8.0	13.0	7.0	11.0	5.0	9.0	3.0	8.0	2.0	8.0	0.0	6.0	0.0	6.0
■ U.S. Intermediate Term Taxable*	38.0	37.0	28.0	28.0	21.0	21.0	18.0	18.0	12.0	12.0	9.0	9.0	5.0	5.0	4.0	6.0	0.0	0.0
■ U.S. Long Term Taxable*	11.0	11.0	9.0	9.0	6.0	7.0	6.0	9.0	4.0	7.0	2.0	3.0	2.0	4.0	0.0	0.0	0.0	0.0
■ High Yield Taxable Fixed Income	2.0	0.0	2.0	0.0	4.0	0.0	4.0	0.0	4.0	0.0	3.0	0.0	3.0	0.0	2.0	0.0	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	0.0	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	4.0	20.0	16.0	25.0	21.0	32.0	27.0	39.0	34.0	46.0	41.0	56.0	49.0	66.0	58.0	75.0	67.0
■ U.S. Large Cap Equities	8.0	4.0	12.0	10.0	15.0	13.0	16.0	17.0	18.0	20.0	22.0	25.0	24.0	25.0	24.0	27.0	24.0	27.0
■ U.S. Mid Cap Equities	0.0	0.0	4.0	2.0	6.0	4.0	6.0	5.0	8.0	8.0	8.0	6.0	9.0	10.0	13.0	13.0	15.0	13.0
■ U.S. Small Cap Equities	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0	3.0	0.0	4.0	0.0	5.0	0.0	6.0	0.0	7.0	3.0
■ 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	9.0	11.0
■ 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	4.0	4.0
■ 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	19.0	19.0	20.0	20.0	19.0	19.0	21.0	21.0	17.0	17.0	15.0	15.0
■ 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	6.0	6.0	7.0	7.0	9.0	9.0	11.0	11.0	12.0	12.0	15.0	15.0
■ 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 18, 2023. Tactical allocations are updated periodically; last update was January 10, 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.

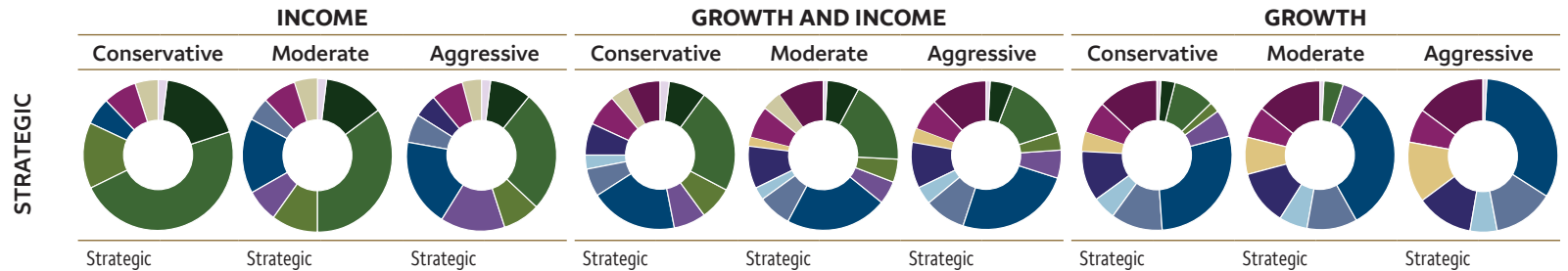
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Strategic asset allocation: Tax-efficient illiquid

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*	18.0	13.0	9.0	8.0	7.0	5.0	3.0	0.0	0.0
■ U.S. Intermediate Term Tax Exempt FI*	48.0	35.0	26.0	23.0	18.0	14.0	9.0	4.0	0.0
■ U.S. Long Term Tax Exempt FI*	14.0	10.0	8.0	7.0	5.0	4.0	2.0	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	35.0	43.0	51.0	59.0	69.0	77.0
■ 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	3.0	3.0	4.0	5.0	6.0	6.0
■ 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	11.0	14.0	12.0	13.0	14.0	15.0
■ 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	7.0	10.0	12.0	13.0	14.0	15.0
■ 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 18, 2023. 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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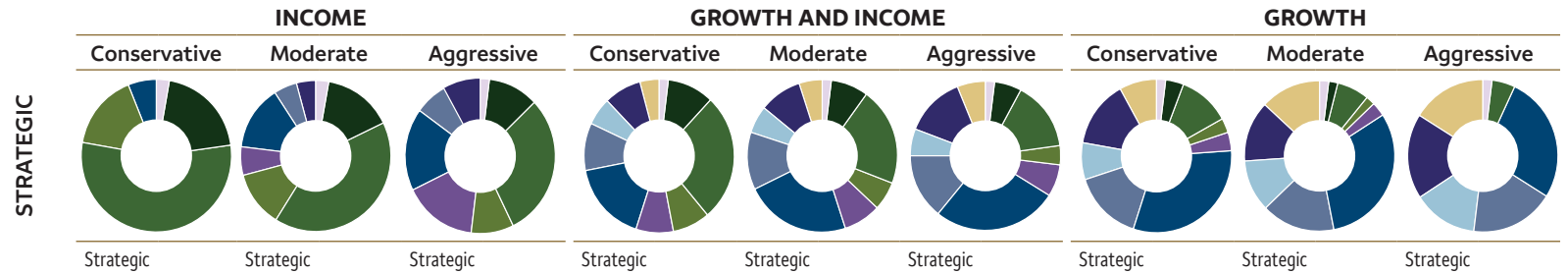
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May include fixed income, equities, and real assets



	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive
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*	20.0	15.0	11.0	10.0	8.0	6.0	4.0	2.0	0.0
■ U.S. Intermediate Term Tax Exempt FI*	55.0	41.0	30.0	27.0	21.0	15.0	11.0	7.0	5.0
■ U.S. Long Term Tax Exempt FI*	16.0	12.0	9.0	8.0	6.0	4.0	3.0	2.0	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	17.0	23.0	27.0	31.0	31.0	27.0
■ 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	6.0	6.0	6.0	8.0	11.0	14.0
■ 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 18, 2023. Tactical allocations are updated periodically. The U.S. Tax Exempt Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term.

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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.

Cash alternatives including bank certificates of deposits, Treasury bills, and ultra-short bond mutual funds have advantages and disadvantages depending on

the type of instrument. They typically offer lower rates of return than longer-term equity or fixed-income securities and may not keep pace with inflation over extended periods of time. While government securities are backed by the full faith and credit of the federal government as to payment of principal and interest if held to maturity and are considered free from credit risk, they are subject to interest rate risk.

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,

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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.

The Intercontinental Exchange (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. S&P U.S. Preferred Stock Index is designed to measure the performance of the U.S. preferred stock market. Preferred stocks pay dividends at a specified rate and receive preference over common stocks in terms of dividend payments and liquidation of assets.

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.

Note: MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed, or produced by MSCI.

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 (BCOM). Bloomberg Commodity Index 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.

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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.

Disclosures

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