WELLS FARGO
Investment Institute

Economic and Market Strategy Update

February 2024

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

Economic outlook

Global economy	2024 year-end forecasts	Latest[4]	Year-end 2023
Global GDP growth[1]	2.4%	3.1% (period ending Q3 2023)	–
Global inflation[2]	3.3%	4.5% (Q4 2023)	3.5%
U.S. GDP growth[1]	1.3%	2.5% (period ending Q4 2023)	2.5%
U.S. CPI[2]	2.8%	3.1% (Jan. 2024)	3.4%
U.S. unemployment rate[3]	4.7%	3.7% (Jan. 2024)	3.7%
Currency	**2024 year-end forecasts**	**January 31, 2024**	**Year-end 2023**
Dollars per euro	$1.08-$1.12	$1.08	$1.10
Yen per dollar	¥136-¥140	¥146.9	¥141.0
Dollar composite exchange rate	99-103	103.27	101.33

Sources: Bloomberg, Bureau of Labor Statistics, and Wells Fargo Investment Institute. 2024 year-end forecasts by Wells Fargo Investment Institute are as of February 15, 2024. All 2023 data is as of December 31, 2023.

[1] Average % change from the same period one year ago. [2] 12-month change as of month indicated. [3] Three-month average as of month indicated. [4] Latest economic data is as of date specified in table. GDP = Gross Domestic Product. CPI = Consumer Price Index. Q3 = third quarter. Q4 = fourth quarter. The CPI measures the price of a fixed basket of goods and services purchased by an average consumer. Global inflation is calculated using a weighted average of developed market inflation and emerging market inflation. The Dollar Composite Exchange Rate is a weighted average of the value of the United States 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. **Forecasts and estimates are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.**

Factors that affect the global economy

Global economic forces

TAILWINDS

- Likely approaching Federal Reserve (Fed) pivot to more accommodative monetary policy by mid-2024
- Ample global liquidity conditions
- Adequate real income growth supported by disinflation and by elevated wage and job gains
- Productivity-enhancing investment, including Artificial Intelligence (AI), supports growth potential
- Still sizeable cash balances among middle- and upper-income groups[1]
- Release of pent-up services demand still supporting growth
- Overall financial conditions easy except for bank credit standards, which have peaked
- Supportive fiscal stimulus, including likely extension of Trump tax cuts
- U.S. dollar pullback, price-supportive supply-demand balance underpins commodity producers' exports and emerging market finances

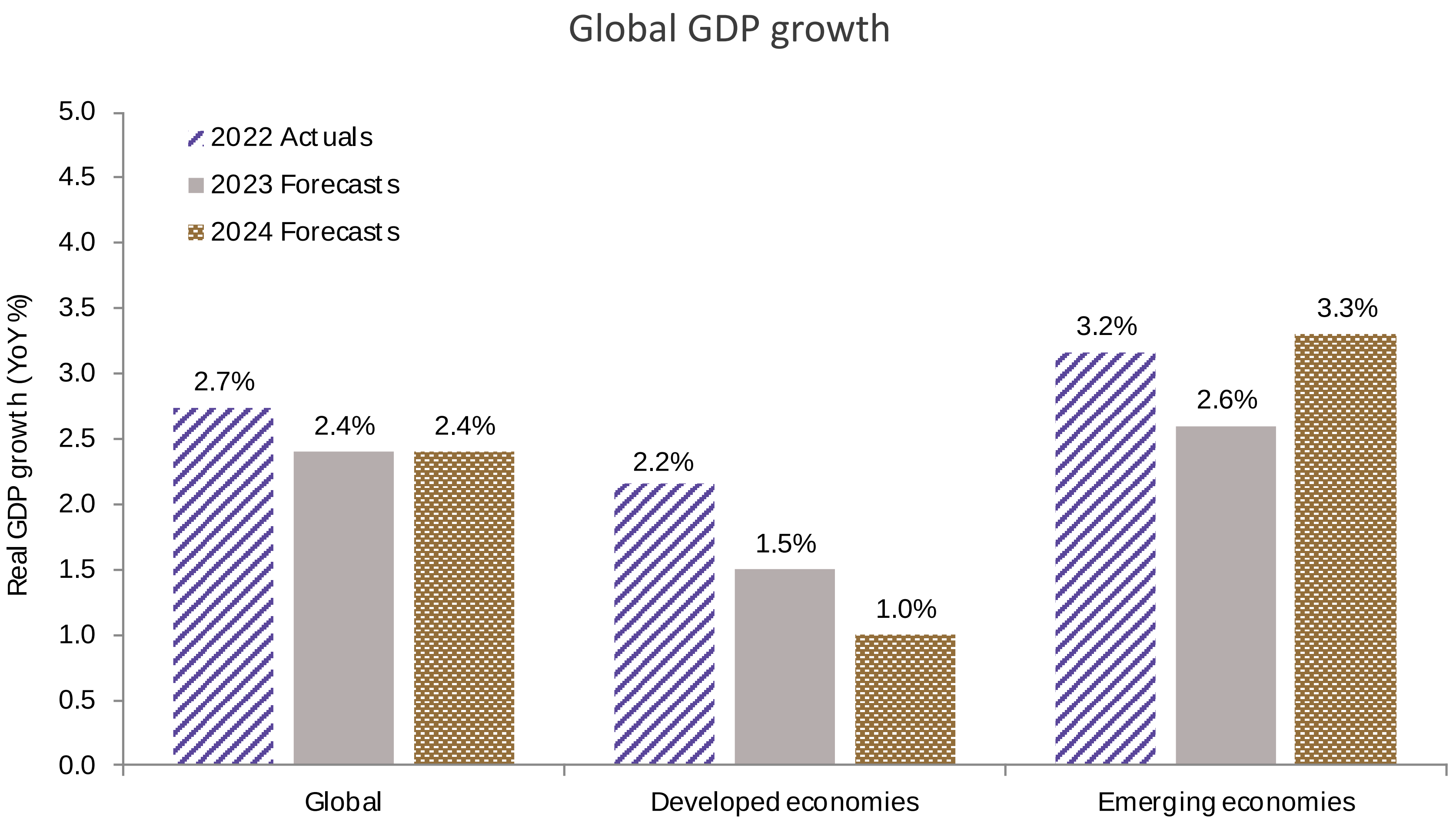
HEADWINDS

- Lagged impact of past central-bank rate hikes and rising real (inflation-adjusted) interest rates until policy pivots occur
- Slow decline in wage and service price pressures
- Sticky food and energy inflation from tight supply, geopolitical flare-ups
- Rising debt and increased distressed borrowing, particularly among lower-income households
- Historically low home "affordability" hampers full-blown housing recovery
- Deteriorating supply chains due to geopolitical strains
- Weak global trade losing support from China's struggling economy, fragile growth in Europe
- Potential budget impasse on April 30 triggers discretionary spending sequestration

Source: Wells Fargo Investment Institute; as of February 15, 2024. Subject to change.
1. Federal Reserve Board, Financial Accounts of the U.S., as of December 7, 2023.

Global GDP outlook

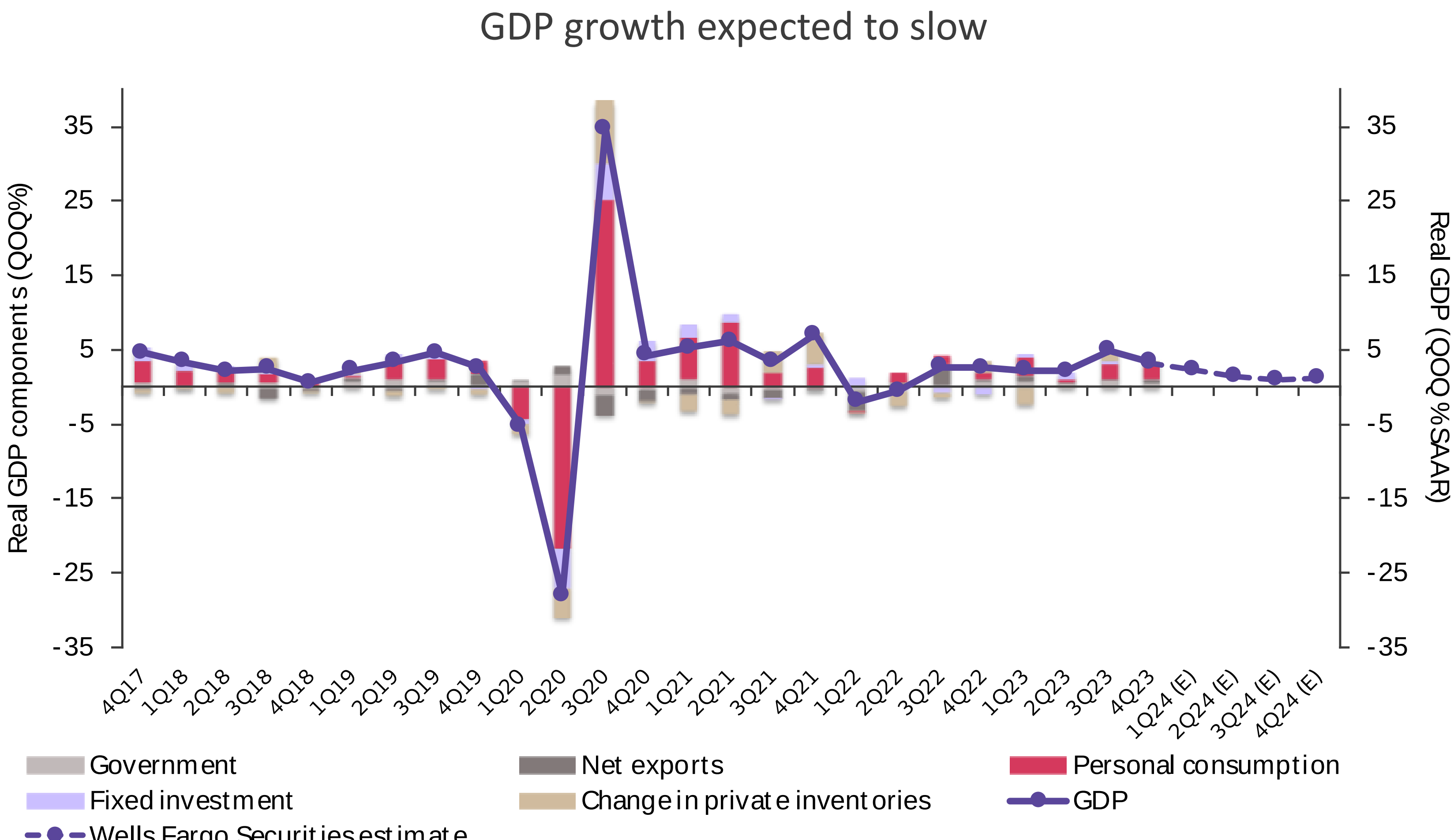
We expect the pace of global economic growth to slow modestly this year



Sources: Bloomberg and Wells Fargo Investment Institute. 2022 is the average % change from the same period one year prior (2022 versus 2021). The 2022 actuals are from Bloomberg and Wells Fargo Investment Institute as of December 31, 2022. 2023 and 2024 forecasts are Wells Fargo Investment Institute forecasts as of February 15, 2024. GDP = Gross Domestic Product. YoY = year-over-year. **Forecasts and estimates are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.**

U.S. GDP outlook

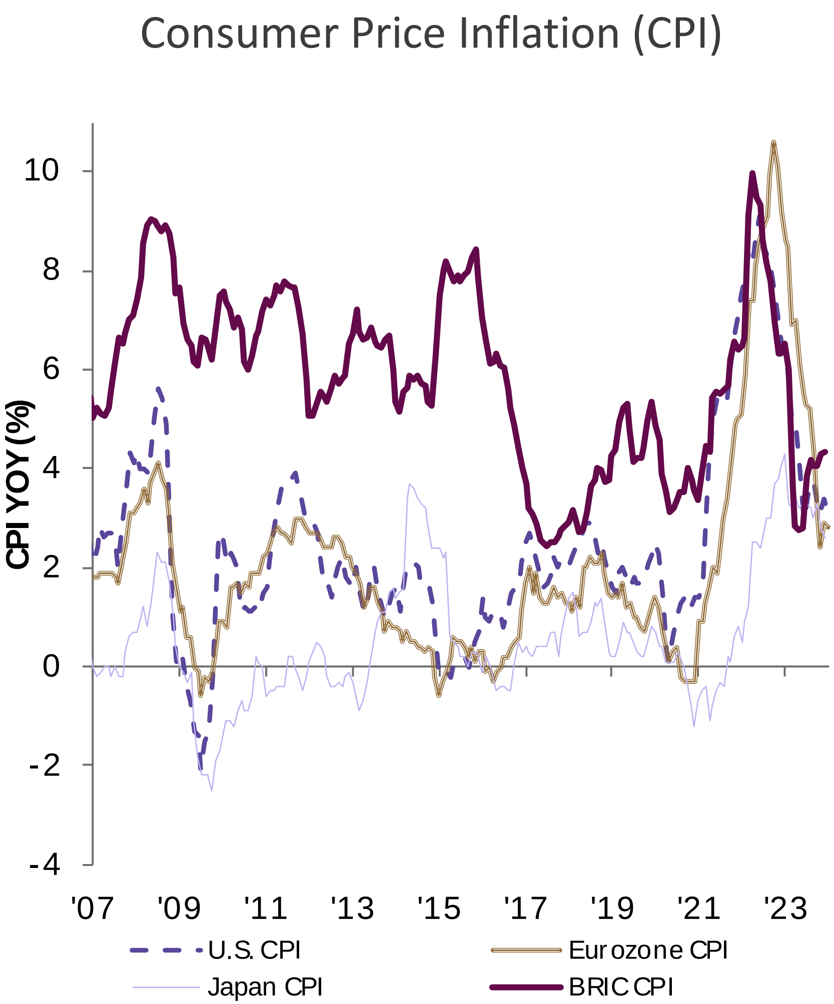
GDP growth is expected to trend lower in 2024

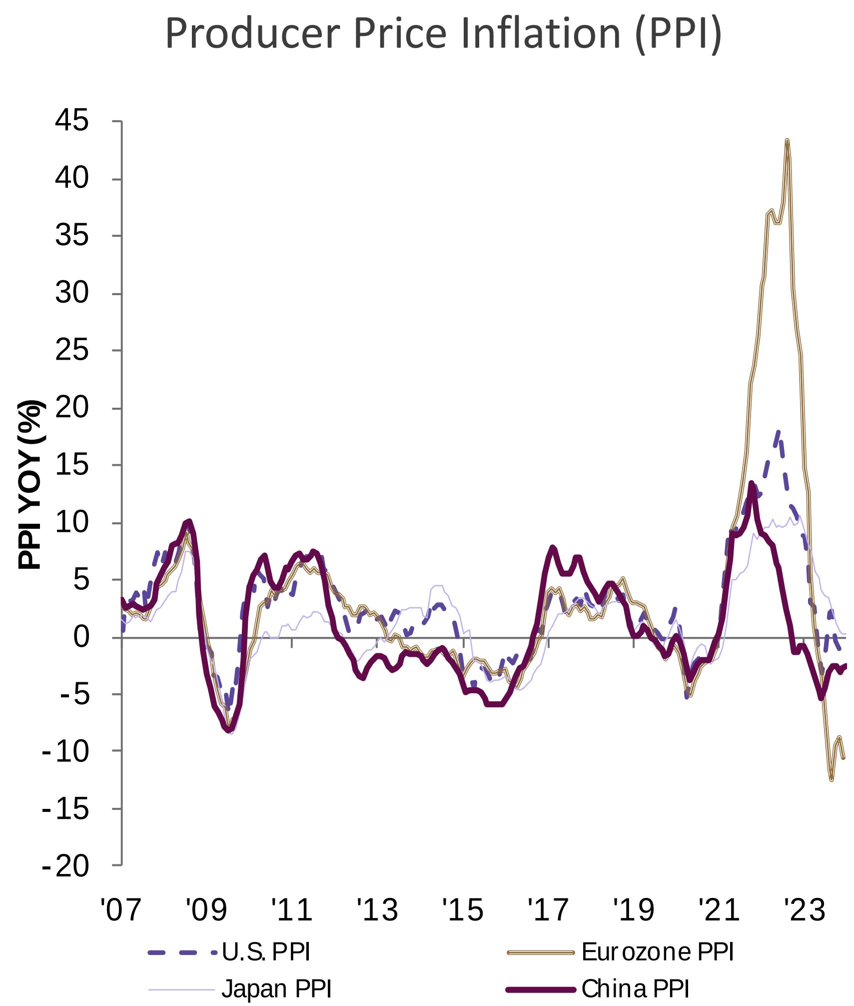


Source: Bloomberg, Bureau of Economic Analysis, Wells Fargo Securities Economics Group, and Wells Fargo Investment Institute. Quarterly data from October 1, 2017 to December 31, 2023. First quarter 2024-fourth quarter 2024 data is a Wells Fargo Securities Economics Group forecast as of February 8, 2024. QOQ = quarter over quarter. SAAR = Seasonally Adjusted Annual Rate. GDP = Gross Domestic Product. **Forecasts and estimates are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.** Wells Fargo Corporate & Investment Banking (CIB) and Wells Fargo Securities (WFS) are the trade names used for the corporate banking, capital markets, and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, member of NYSE, FINRA, NFA, and SIPC, Wells Fargo Prime Services, LLC, member of FINRA, NFA and SIPC, and Wells Fargo Bank, N.A., member NFA and swap dealer registered with the CFTC and security-based swap dealer registered with the SEC, member FDIC. Wells Fargo Securities, LLC and Wells Fargo Prime Services, LLC, are distinct entities from affiliated banks and thrifts.

Inflation remains above pre-pandemic levels

We expect consumer price inflation to moderate further as the money supply decline takes effect

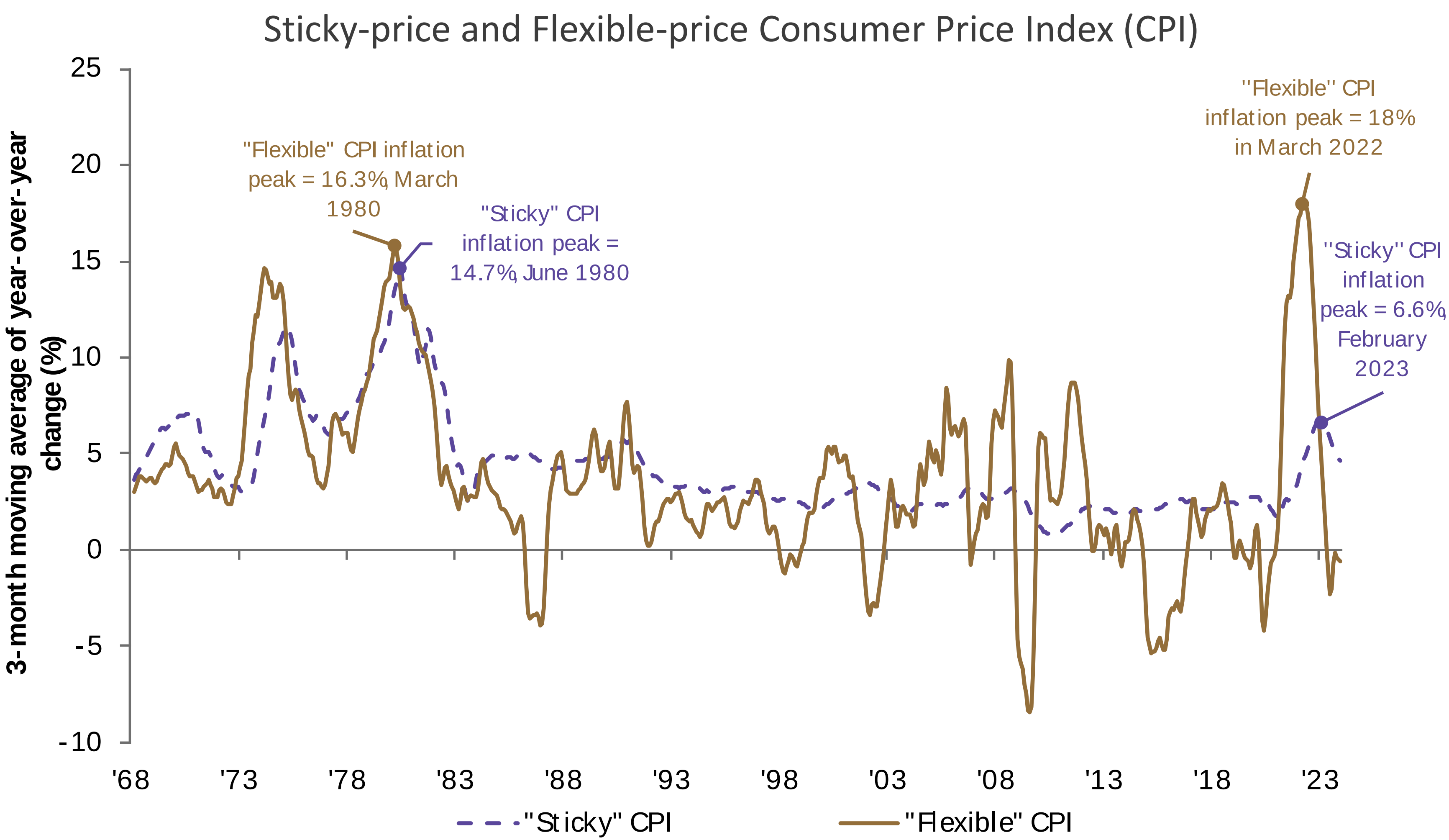




Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 2007 to January 31, 2024, except for Japan CPI, BRICs CPI, U.S. PPI, and eurozone PPI which are as of December 31, 2023. BRIC is an acronym for the economies of Brazil, Russia, India, and China. Consumer Price Index (CPI) measures the price of a fixed basket of goods and services purchased by an average consumer. Producer Price Index (PPI) measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. YOY = year-over-year.

“Sticky” inflation has been slow to ease

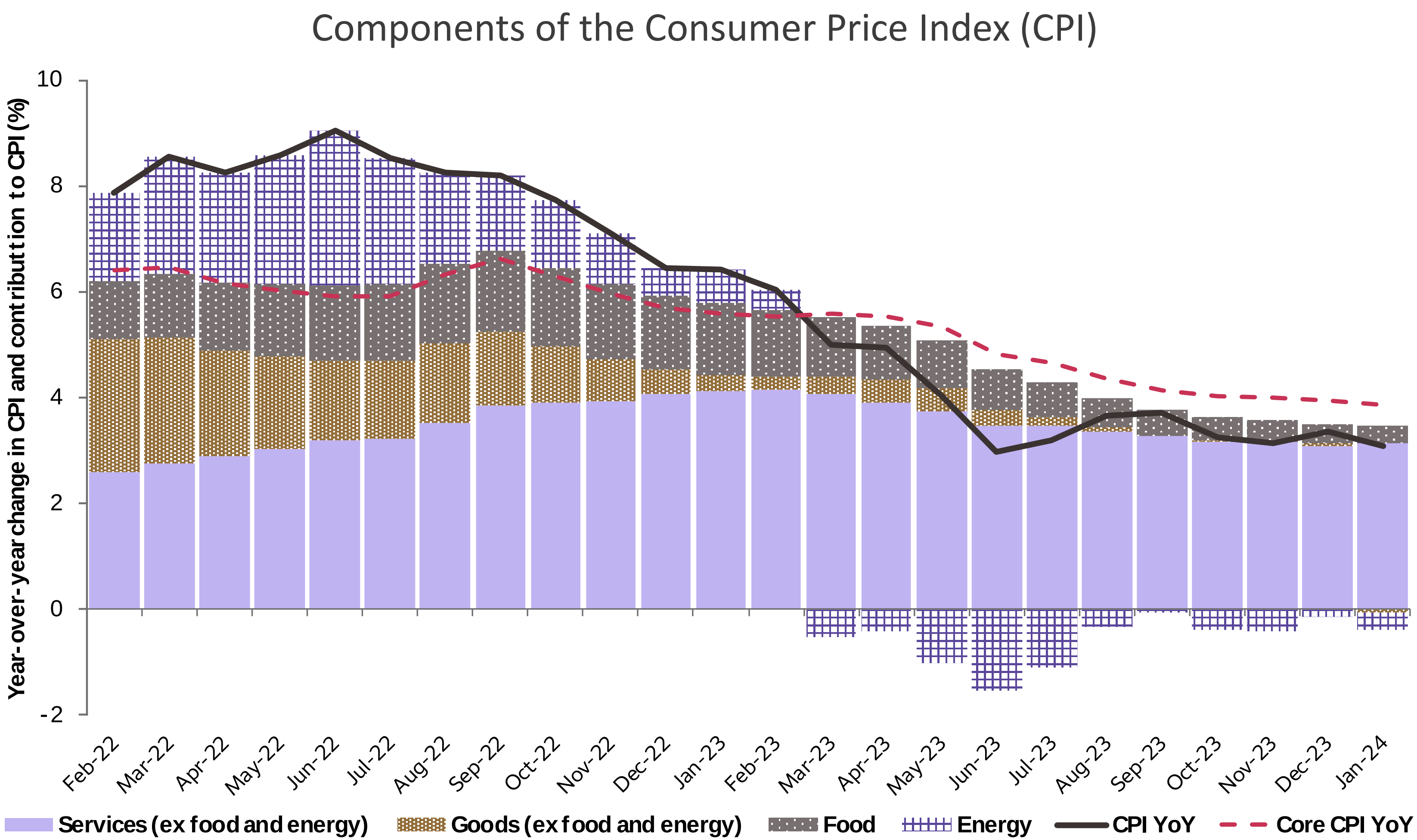
The path to the Federal Reserve’s (Fed’s) targeted inflation likely won’t be smooth as “sticky” inflation components remain elevated



Sources: Bloomberg, Federal Reserve Bank of Atlanta, U.S. Department of Labor, and Wells Fargo Investment Institute. Monthly data from January 1, 1968 to January 31, 2024. Consumer Price Index (CPI) measures the price of a fixed basket of goods and services purchased by an average consumer. Sticky inflation is measured by components that change pricing less frequently, such as rents, education and public transportations. Flexible inflation is measured by components that change pricing more frequently, such as car rental, gas, and electricity.

Inflation’s decline may get bumpy in the months ahead

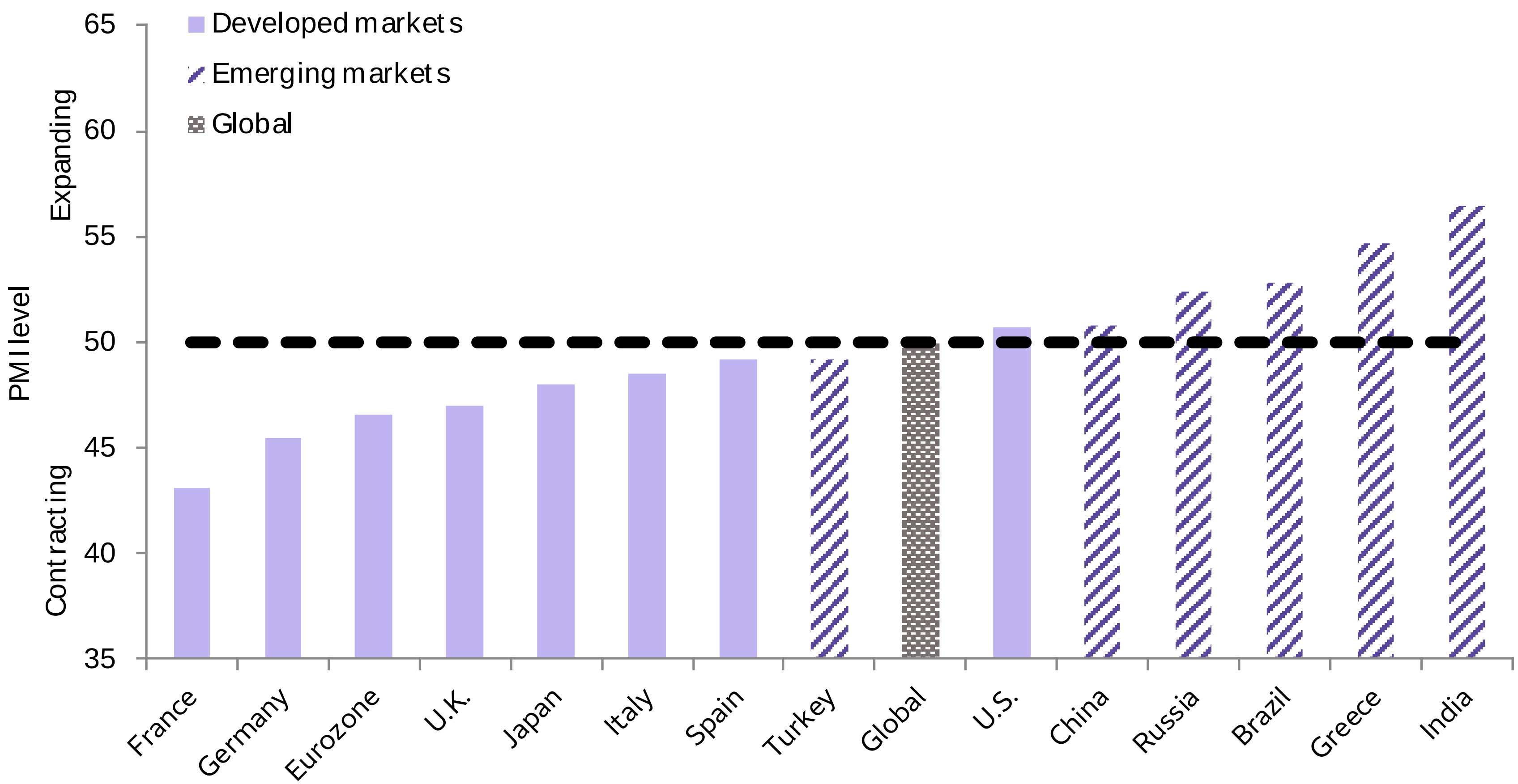
Services and core inflation have been slower to ease amid strong demand



Sources: Bloomberg, Bureau of Economic Analysis, and Wells Fargo Investment Institute. Monthly data from February 1, 2022 to January 31, 2024. Consumer Price Index (CPI) measures the price of a fixed basket of goods and services purchased by an average consumer. Core CPI excludes food and energy. YoY = year-over-year.

Global manufacturing sentiment

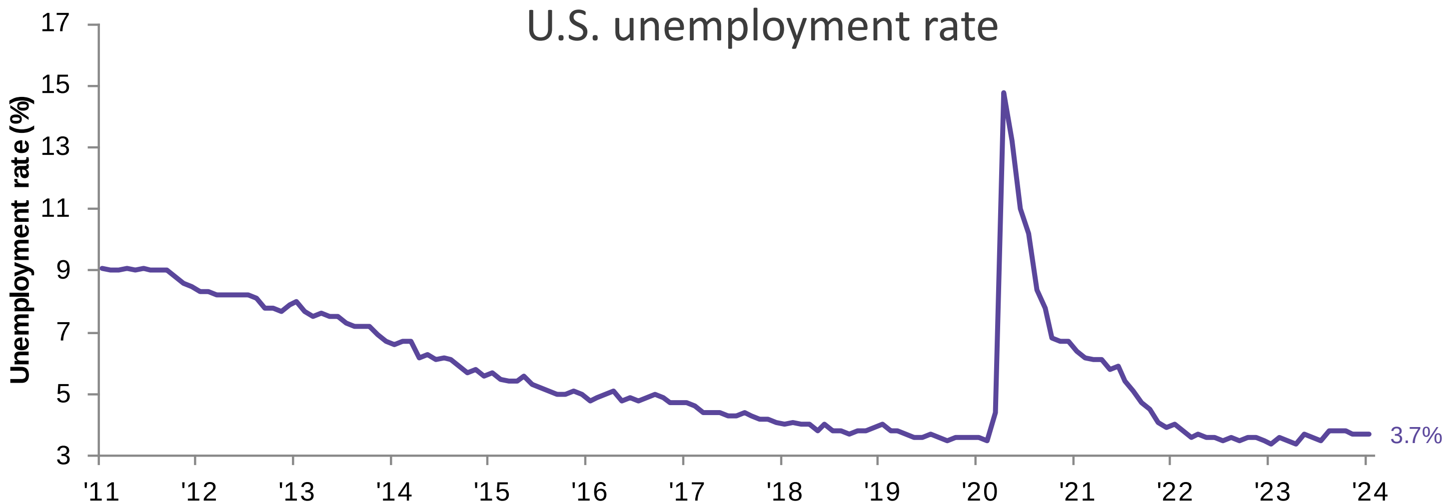
Manufacturing sentiment remains contractionary for many developed economies

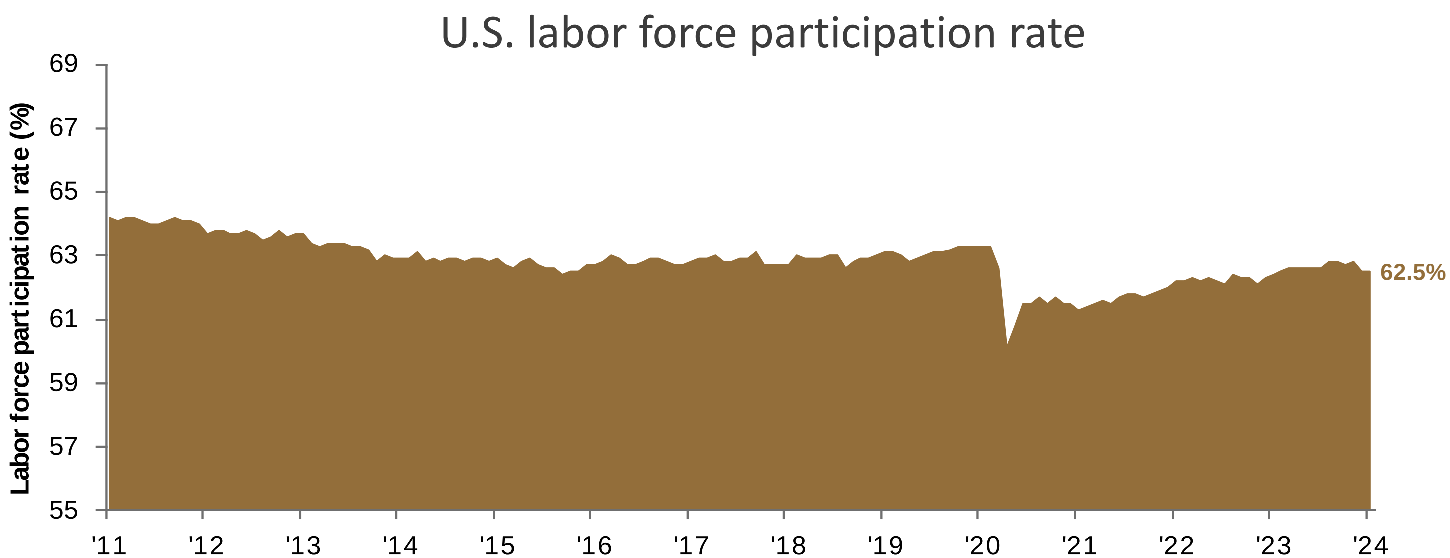


Sources: Bloomberg, HSBC Markit, and Wells Fargo Investment Institute. Data as of January 31, 2024. PMI = Purchasing Managers' Index (manufacturing). PMI is an indicator of the economic health of the manufacturing sector. PMI is based on five major indicators: new orders, inventory levels, production, supplier deliveries, and the employment environment Dotted line represents the threshold to signal expanding manufacturing sentiment.

U.S. labor market remains resilient

The unemployment rate is just above the post-pandemic low

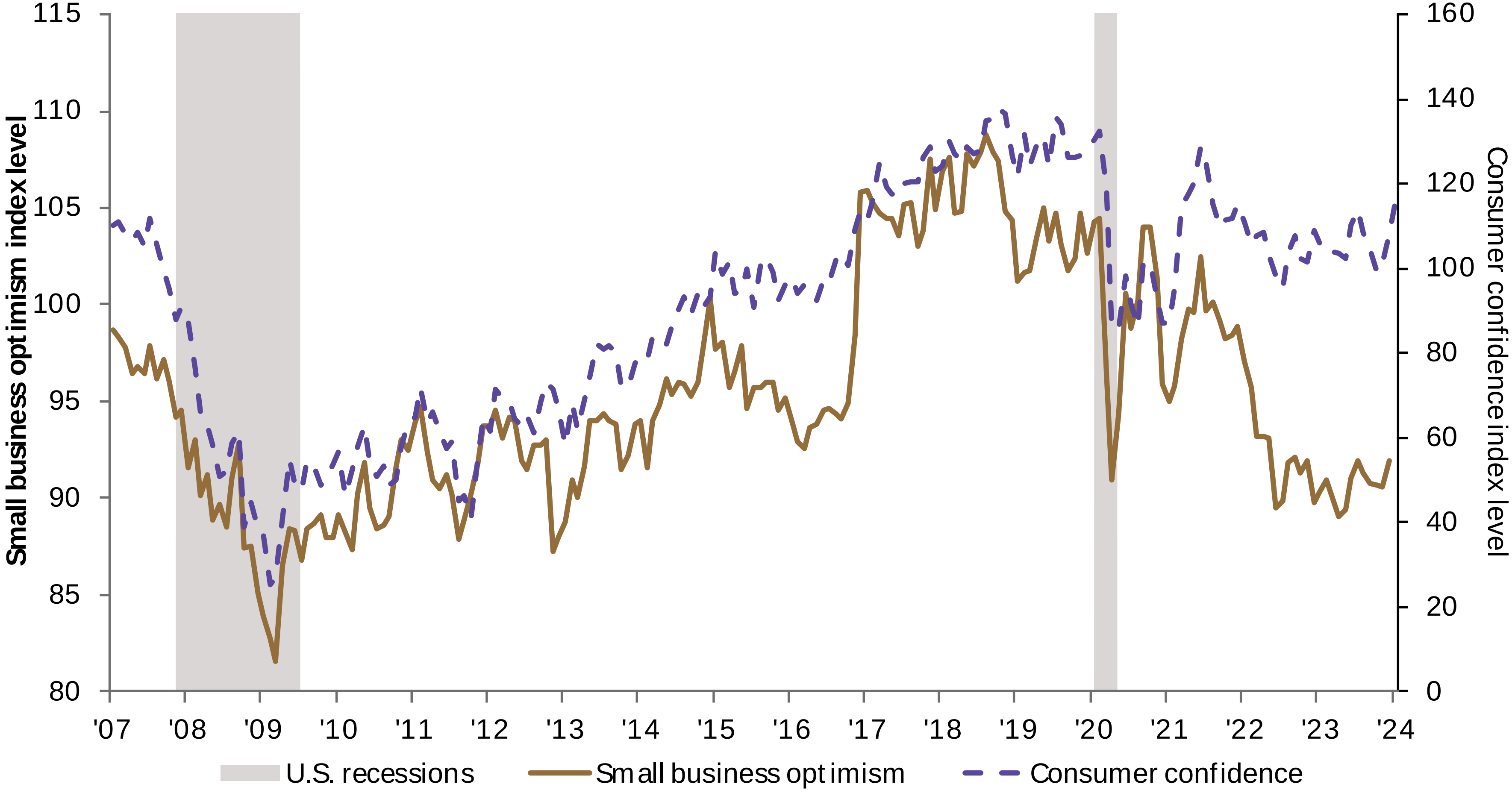




Source: Bloomberg, Bureau of Labor Statistics, and Wells Fargo Investment Institute. Monthly data from January 1, 2010 to January 31, 2024.

Consumer confidence is off lows

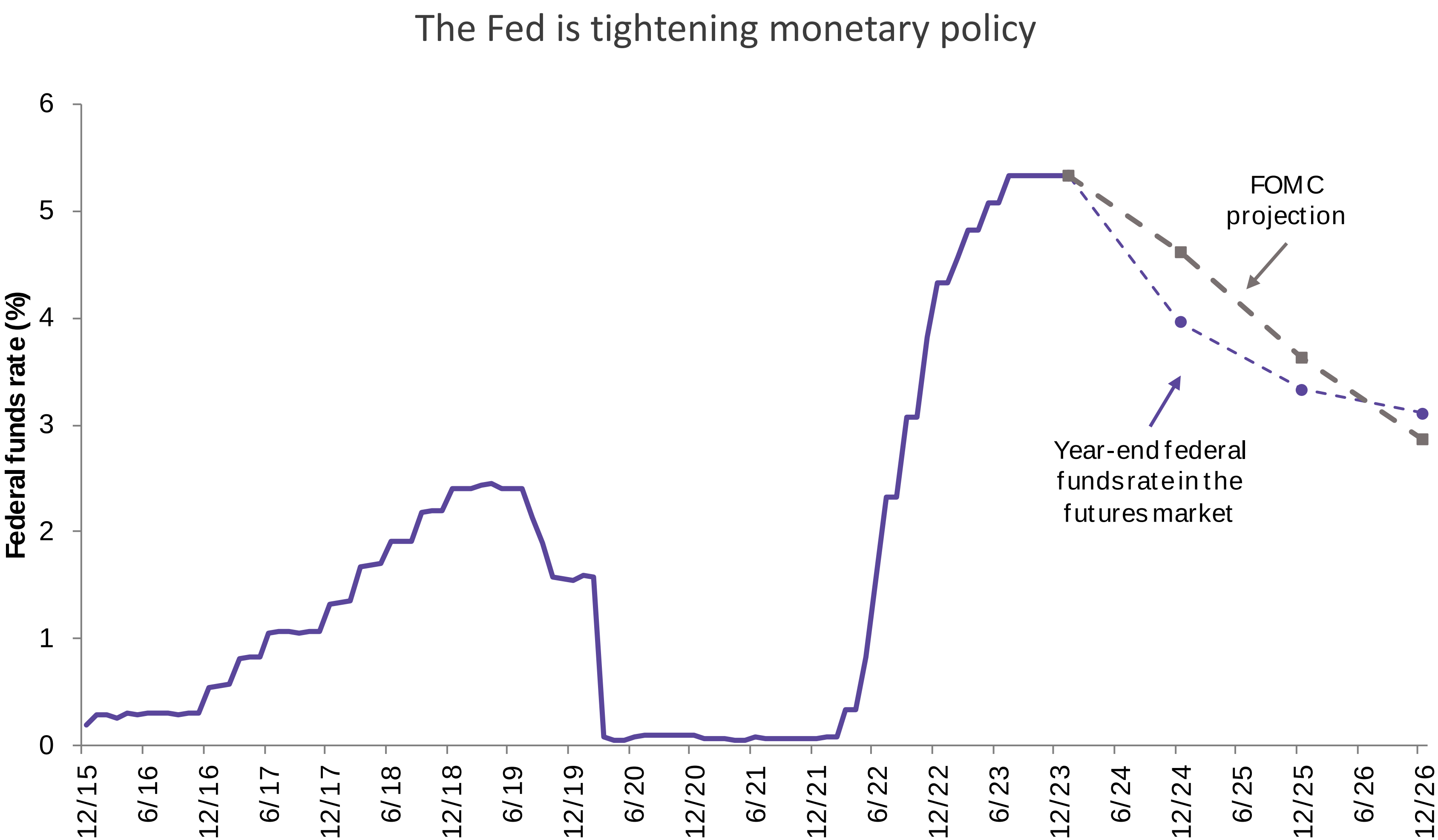
Small business sentiment remains below average while consumer confidence has improved



Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 2007 to January 31, 2024. The shaded bars represent a recession period. The Conference Board Consumer Confidence Index is a barometer of the health of the U.S. economy from the perspective of the consumer. The National Federation of Independent Business (NFIB) Small Business Optimism Index is a composite of ten seasonally adjusted components. It provides an indication of the health of small businesses in the U.S., which account of roughly 50% of the nation's private workforce.

Interest rate expectations

The futures market expects more rate cuts in 2024 than the Federal Reserve (Fed) anticipates

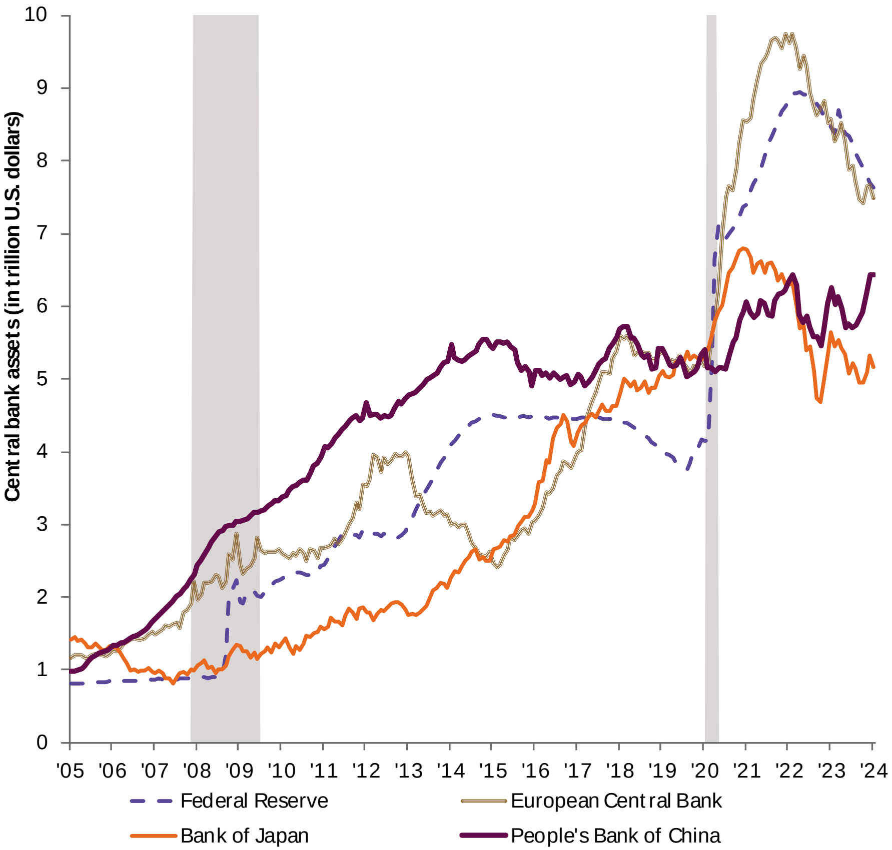


Sources: Bloomberg, Federal Reserve Board, and Wells Fargo Investment Institute. Monthly data from December 1, 2015 to January 31, 2024. 2024-2026 forecasts are as of January 31, 2024. FOMC = Federal Open Market Committee. FOMC projection is the median FOMC projection as of December 13, 2023. **Forecasts are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.**

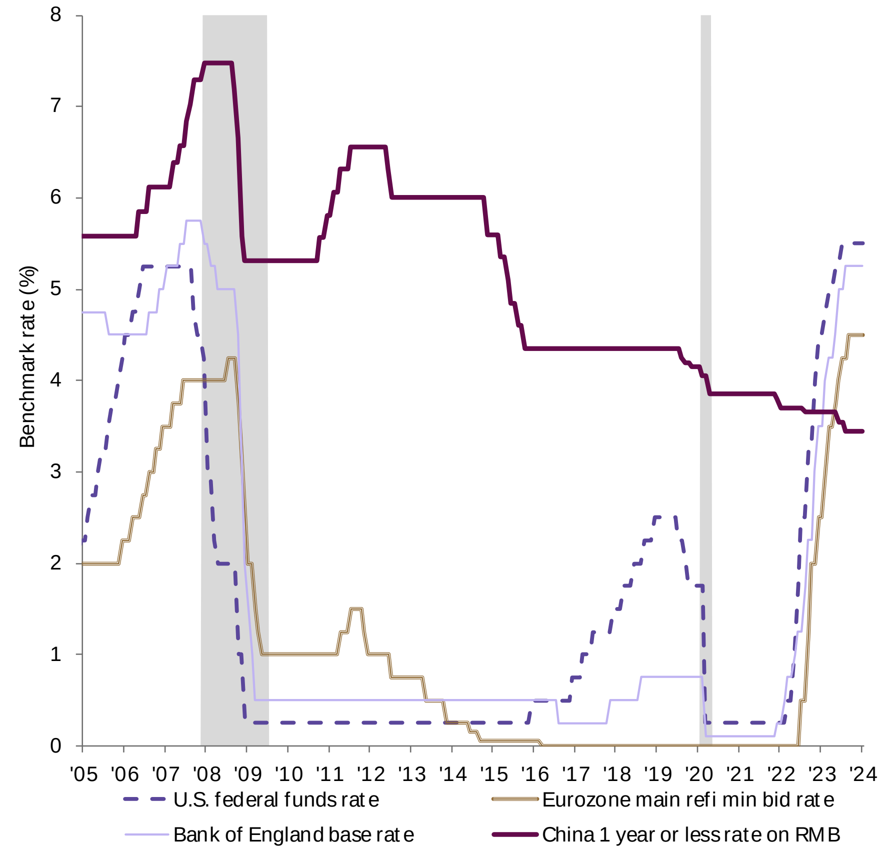
Global central banks remain hawkish

Central banks have become less accommodative by keeping interest rates elevated and reducing holdings

Central bank assets



Central bank benchmark rates



Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 2005 to January 31, 2024. Refi = refinance. Min = minimum. RMB = renminbi (China's currency). Shaded areas are U.S. recessions.

Market outlook

Equity	2024 year-end forecasts	January 31, 2024	Year-end 2023
S&P 500 Index	4800-5000	4846	4770
S&P 500 Index EPS	$230	–	$223
Russell Midcap Index	3200-3400	3066	3112
Russell 2000 Index	2000-2200	1947	2027
MSCI EAFE Index	2200-2400	2248	2236
MSCI Emerging Markets Index	950-1150	976	1024

Fixed income	2024 year-end forecasts	January 31, 2024	Year-end 2023
U.S. federal funds rate	4.50-4.75%	5.25-5.50%	5.25-5.50%
10-year U.S. Treasury	4.25-4.75%	3.91%	3.88%
30-year U.S. Treasury	4.50-5.00%	4.17%	4.03%

Commodities	2024 year-end forecasts	January 31, 2024	Year-end 2023
WTI crude oil ($ per barrel)	$85-$95	$76	$72
Brent crude oil ($ per barrel)	$90-$100	$82	$77
Gold ($ per troy ounce)	$2100-$2200	$2,040	$2,063
Bloomberg Commodity Index	235-255	227.33	226.43

Sources: Bloomberg and Wells Fargo Investment Institute. 2024 year-end forecasts as of February 15, 2024. All 2023 data is as of December 31, 2023. Forecasts: Wells Fargo Investment Institute estimates. 2023 EPS figures are consensus estimates as of January 31, 2024. EPS = earnings per share. WTI = West Texas Intermediate which is a grade of crude oil used as a benchmark in oil pricing. Bloomberg Commodity Index target represents total return. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results. Forecasts and estimates are not guaranteed and based on certain assumptions and on our current views of market and economic conditions, which are subject to change.** Please see the following page for risks associated with the representative asset classes and the definitions of the indexes.

Market outlook disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. **Small and mid-sized company stocks** involve greater risks than those customarily associated with larger companies. They often involve higher risks because of smaller and mid-sized companies may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions.

Bonds are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. Although **Treasuries** are considered free from credit risk, they are subject to other types of risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate.

Foreign securities entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

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.

Index definitions

Bloomberg Commodity Index is comprised of 22 exchange-traded futures on physical commodities and represents 20 commodities weighted to account for economic significance and market liquidity.

MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of 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 indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI.

Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index.

Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the total market capitalization of the Russell 3000 Index.

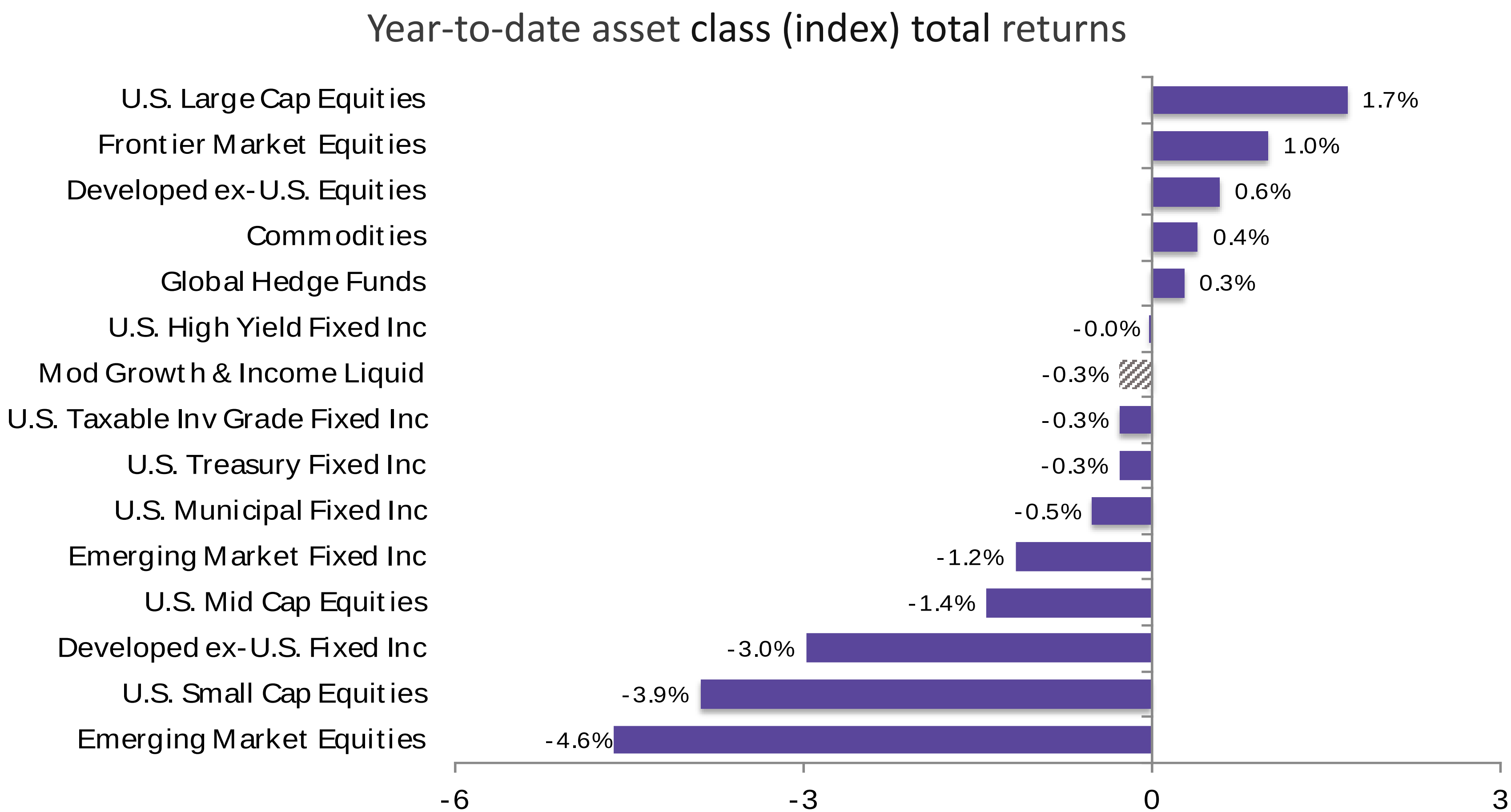
Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market.

Asset class performance

Equities continue to lead the way this year



Sources: Bloomberg, ©Morningstar. All Rights Reserved.(i), and Wells Fargo Investment Institute. Total return as of January 31, 2024. ***Index return information is provided for illustrative purposes only. Performance results for Moderate Growth & Income Liquid are calculated using blended index returns.*** *Index returns do not represent investment performance or the results of actual trading*. Index returns reflect general market results, assume the reinvestment of dividends and other distributions and do not reflect deduction for fees, expenses or taxes applicable to an actual investment. An index is unmanaged and not available for direct investment. Unlike most asset class indexes, HFR Index returns reflect deduction for fees. Because the HFR indexes are calculated based on information that is voluntarily provided actual returns may be higher or lower than those reported. **Past performance is no guarantee of future results.** (i)The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Please see the following pages for the allocation composition of Moderate Growth & Income Liquid, the risks associated with the representative asset classes, and the definitions of the indexes.

Asset class performance disclosures

Allocation Composition

Moderate Growth and Income Liquid: 2% Bloomberg U.S. Treasury Bill (1–3 Month) Index, 30% Bloomberg U.S. Aggregate Bond Index, 6% Bloomberg U.S. Corporate High Yield Bond Index, 5% JPMorgan EMBI Global Index, 24% S&P 500 Index, 10% Russell Midcap Index, 6% Russell 2000 Index, 8% MSCI EAFE Index, 5% MSCI Emerging Markets Index, 4% Bloomberg Commodity Index.

Risk considerations

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Index definitions

<u>**Fixed Income**</u>

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

U.S. Municipal Fixed Inc: **Bloomberg U.S. Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds.

U.S. High Yield Fixed Inc: **Bloomberg U.S. Corporate High Yield Bond Index** covers the universe of fixed rate, non-investment grade debt.

U.S. Treasury Fixed Inc: **Bloomberg U.S. Treasury Index** measures the total return US dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

Developed ex-U.S. Fixed Inc: **JPMorgan Global ex-U.S. Government Bond Index** measures the performance of non-U.S. government bonds.

Emerging Market Fixed Income: **JPMorgan Emerging Markets Bond Index (EMBI Global)** covers 27 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.

Bloomberg U.S. Treasury Bill (1-3 Month) Index includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have $250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non-convertible.

An index is unmanaged and not available for direct investment.

Asset class performance disclosures (continued)

Equities

U.S. Large Cap Equities: **S&P 500 Index** is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market.

U.S. Mid Cap Equities: **Russell Midcap Index** measures the performance of the 800 smallest companies in the Russell 1000 Index.

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: **MSCI EAFE Index** is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

Emerging Market Equities: **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Frontier Market Equities: **MSCI Frontier Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of frontier markets. The MSCI Frontier Markets Index consists of 24 frontier market country indexes.

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Hedge Funds

Global Hedge Funds: **HFRI Fund Weighted Composite Index** is a global, equal-weighted index of over 2000 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.

Note: HFRI Indices have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices 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 indices, 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 indices 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.

Real Assets

Commodities: **Bloomberg Commodity Index** is comprised of 22 exchange-traded futures on physical commodities and represents 20 commodities weighted to account for economic significance and market liquidity.

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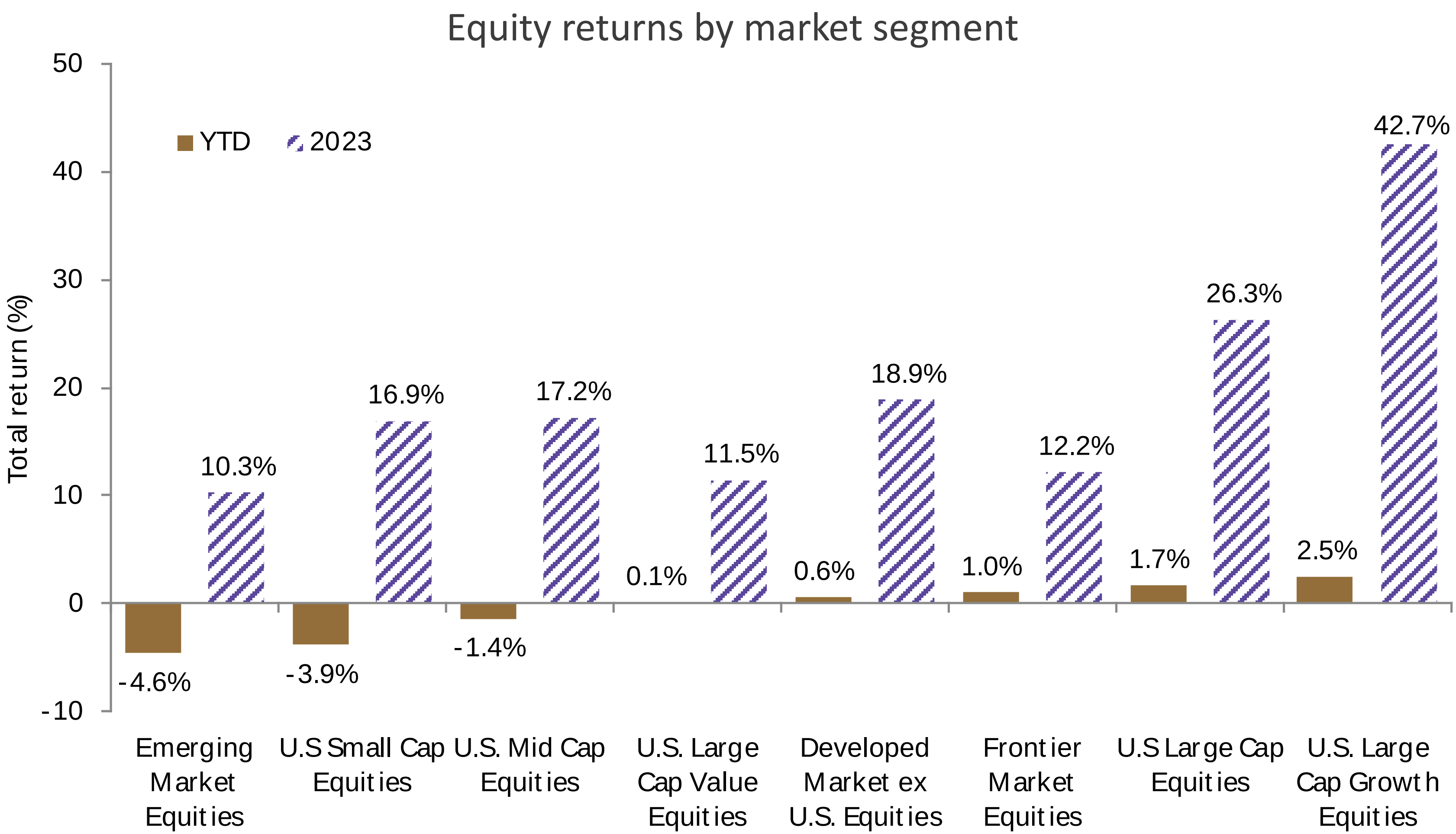
Equities performance

U.S. Large Cap Growth Equities continue last year's outperformance



Sources: Bloomberg and Wells Fargo Investment Institute. Total return as of January 31, 2024. U.S. Large Cap Equities: S&P 500 Index; U.S. Large Cap Growth Equities: Russell 1000 Growth Index; U.S. Large Cap Value: Russell 1000 Value Index; U.S. Mid Cap Equities: Russell Midcap Index; U.S. Small Cap Equities: Russell 2000 Index; Developed Market ex U.S. Equities: MSCI EAFE Index; Emerging Market Equities: MSCI Emerging Markets Index; Frontier Market Equities: MSCI Frontier Markets Index. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Please see the following page for risks associated with the representative asset classes and the definitions of the indexes.

Equities performance disclosures

Risk considerations

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Foreign securities entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

Index definitions

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Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

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An index is unmanaged and not available for direct investment.

Sector performance before and during recessions

Cyclical sectors have tended to underperform the more defensive sectors leading up to and during recessions

S&P 500 Index sector performance during recessions

Recession	Nov. 73 – Mar. 75	Jan. 80 – Jul. 80	Jul. 81 – Nov. 82	Jul. 90 – Mar. 91	Mar. 01 – Nov. 01	Dec. 07 – Jun. 09	Feb. 20 – Apr. 20	Median relative performance	% of time outperform
Health Care	-2.7%	5.1%	17.7%	12.4%	7.6%	12.3%	9.5%	9.5%	85.7%
Consumer Staples	0.5%	5.2%	27.0%	14.1%	3.9%	18.1%	2.2%	5.2%	100.0%
Information Technology	-10.4%	-8.0%	30.6%	-1.5%	2.9%	6.0%	5.1%	2.9%	57.1%
Utilities	2.1%	2.9%	12.1%	1.3%	-26.2%	4.8%	-6.0%	2.1%	71.4%
Real Estate*	2.0%	-2.2%	1.7%	1.2%	11.7%	-15.4%	-5.8%	1.2%	57.1%
Consumer Discretionary	-0.3%	-0.2%	31.4%	-0.2%	1.2%	7.2%	5.7%	1.2%	57.1%
Communication Services	19.1%	-1.3%	12.1%	-5.9%	-12.1%	1.8%	1.1%	1.1%	57.1%
Financials	-7.2%	-2.9%	16.9%	2.9%	-0.5%	-21.8%	-12.7%	-2.9%	28.6%
Materials	18.9%	-3.4%	-19.9%	-7.9%	13.1%	-3.1%	0.2%	-3.1%	42.9%
Industrial	-12.6%	-2.8%	-1.1%	-6.9%	1.6%	-8.5%	-11.0%	-6.9%	14.3%
Energy	-1.5%	3.1%	-37.7%	-8.1%	-8.3%	-1.2%	-14.3%	-8.1%	14.3%

S&P 500 Index sector performance six months prior to recession low

Date of S&P 500 Index low during recession	Oct. 3, 1974	Mar. 27, 1980	Aug. 12, 1982	Oct. 11, 1990	Sep. 21, 2001	Mar. 9, 2009	Mar. 23, 2020	Median relative performance	% of time outperform
Consumer Staples	-3.4%	-8.4%	14.6%	12.5%	12.6%	12.3%	6.3%	12.3%	71.4%
Health Care	-2.9%	2.2%	7.3%	17.9%	15.2%	13.4%	7.4%	7.4%	85.7%
Communication Services	14.4%	-3.8%	-0.1%	0.5%	11.4%	12.8%	6.0%	6.0%	71.4%
Energy	5.7%	17.4%	-12.6%	16.8%	-1.6%	9.5%	-34.6%	5.7%	57.1%
Utilities	-0.7%	-2.2%	12.4%	10.9%	-2.6%	9.5%	-4.2%	-0.7%	42.9%
Information Technology	-2.2%	-7.0%	2.7%	-9.8%	-16.4%	4.8%	12.7%	-2.2%	42.9%
Real Estate*	6.7%	-4.8%	4.3%	-2.7%	16.9%	-23.2%	-9.3%	-2.7%	42.9%
Consumer Discretionary	-3.9%	-11.3%	14.0%	-12.5%	-5.7%	-3.5%	0.1%	-3.9%	28.6%
Materials	3.9%	-3.6%	-8.1%	-6.7%	2.4%	-5.0%	-8.6%	-5.0%	28.6%
Industrial	-6.1%	1.4%	-3.6%	-8.9%	-2.4%	-10.4%	-12.0%	-6.1%	14.3%
Financials	-6.9%	-9.6%	-6.8%	-17.0%	2.8%	-25.0%	-12.0%	-9.6%	14.3%

Sources: Bloomberg, Ned Davis Research, and Wells Fargo Investment Institute, as of February 15, 2024. All relative performance measures are total returns of the respective S&P 500 sector index minus S&P 500 Index total returns. A positive number indicates the sector outperformed the S&P 500 Index, and a negative number indicates the sector underperformed the S&P 500 Index.*Prior to November 2001, the Real Estate sector is represented by the FTSE NAREIT All Equity Index. November 2001 to current is represented by the S&P 500 Real Estate Index. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Please see the following page for index definitions and equity sector risks.

Shading in the median relative performance and percent of time outperform columns represents a heat map, ranging from the highest value in the darkest green to the lowest value in the darkest red.

Sector performance before and during recessions disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments.

Index definitions

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market.

FTSE NAREIT All Equity REITs Index, a subset of the All REITs Index, is designed to track the performance of REITs representing equity interests in (as opposed to mortgages on) properties. It represents all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets, other than mortgages secured by real property that also meet minimum size and liquidity criteria.

FTSE NAREIT All REITs Index includes all REITs that are listed on NYSE, American Stock Exchange or NASDAQ. This includes mortgage REITs, Timber REITs, Infrastructure REITs, and Manufactured Housing REITs. It is the most expansive of all the FTSE REIT indices.

The S&P 500 Energy Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Energy sector. **The S&P 500 Consumer Discretionary Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® Consumer Discretionary sector. **The S&P 500 Consumer Staples Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® Consumer Staples sector. **The S&P 500 Financials Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® Financials sector. **The S&P 500 Health Care Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® Health Care sector. **The S&P 500 Industrials Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® Industrials sector. **The S&P 500 Information Technology Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® Information Technology sector. **The S&P 500 Materials Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® Materials sector. **The S&P 500 Real Estate Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® Real Estate sector. **The S&P 500 Utilities Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® Utilities sector. **The S&P 500 Communication Services Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® Communication Services sector.

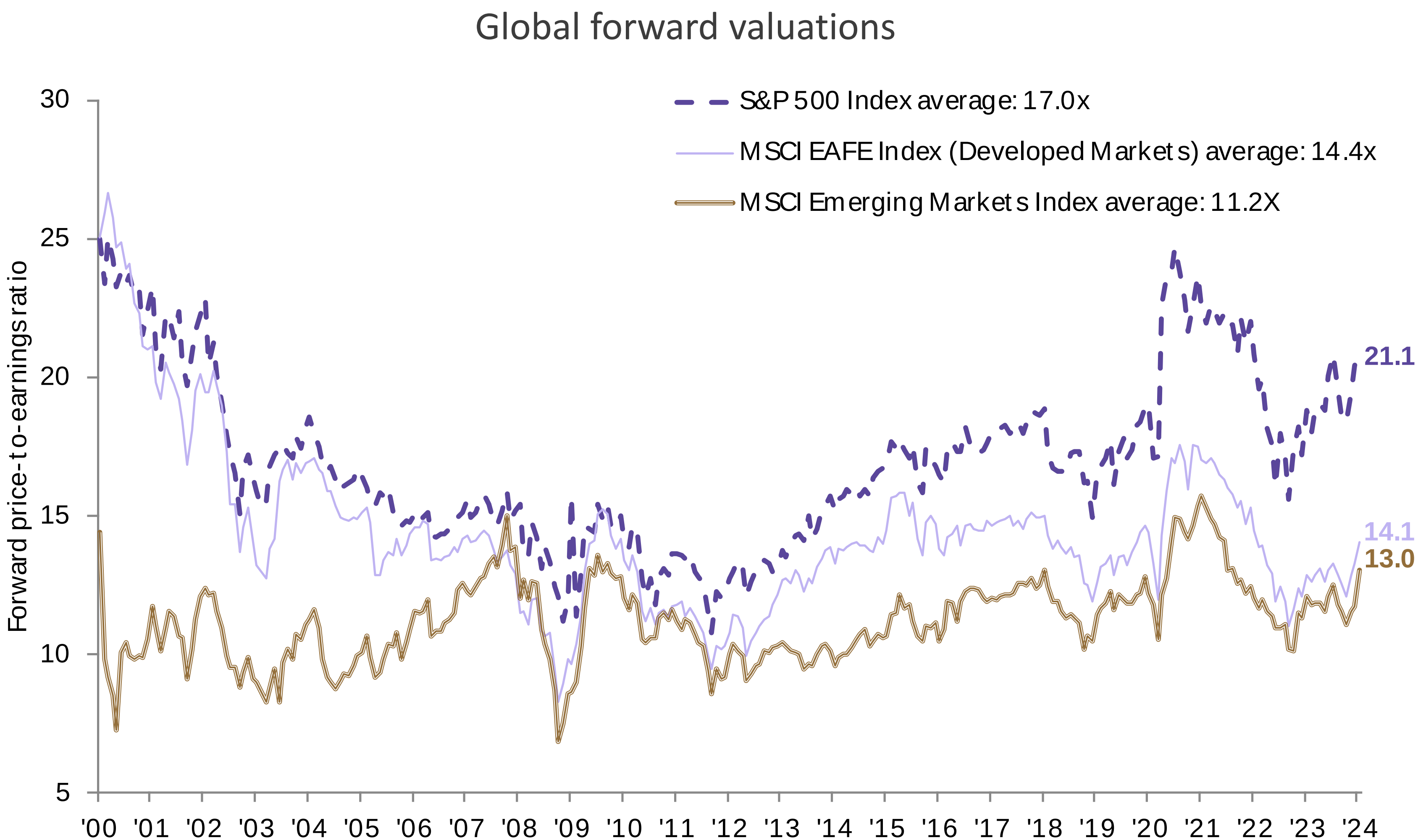
An index is unmanaged and not available for direct investment.

Equity sector risks

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. *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 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 a portfolio to adverse economic or regulatory occurrences affecting the sector. Key risks to the *Financials* sector include maturation of the credit cycle resulting in higher credit losses and tighter lending standards, lower interest rates leading to a reduction in profitability, and capital market weakness reducing assets under management as well as constraints around accessing the markets for growth capital. Some of the risks associated with investment in the *Health Care* sector include competition on branded products, sales erosion due to cheaper alternatives, research & development risk, government regulations and government approval of products anticipated to enter the market. Risks associated with investing in the *Industrial* sector include the possibility of a worsening in the global economy, acquisition integration risk, operational issues, failure to

Global equity valuations: too much or not enough?

U.S. large-cap price/earnings (P/E) ratios increased since mid-2022 lows to above historical average



Source: Bloomberg, Morgan Stanley Capital International (MSCI), and Wells Fargo Investment Institute. Monthly data from January 1, 2000 to January 31, 2024. P/E ratios represent the total price of the index divided by its total 12-month forward earnings per share (EPS). The most recent data point uses Wells Fargo Investment Institute's 2024 year-end estimate for EPS which is as of February 15, 2024. **Forecasts and estimates are not guaranteed and based on certain assumptions and on our current views of market and economic conditions, which are subject to change.** An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Please see the following page for risks associated with the representative asset classes and the definitions of the indexes.

Global equity valuations: too much or not enough? disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. **Foreign securities** entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

Index definitions

MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

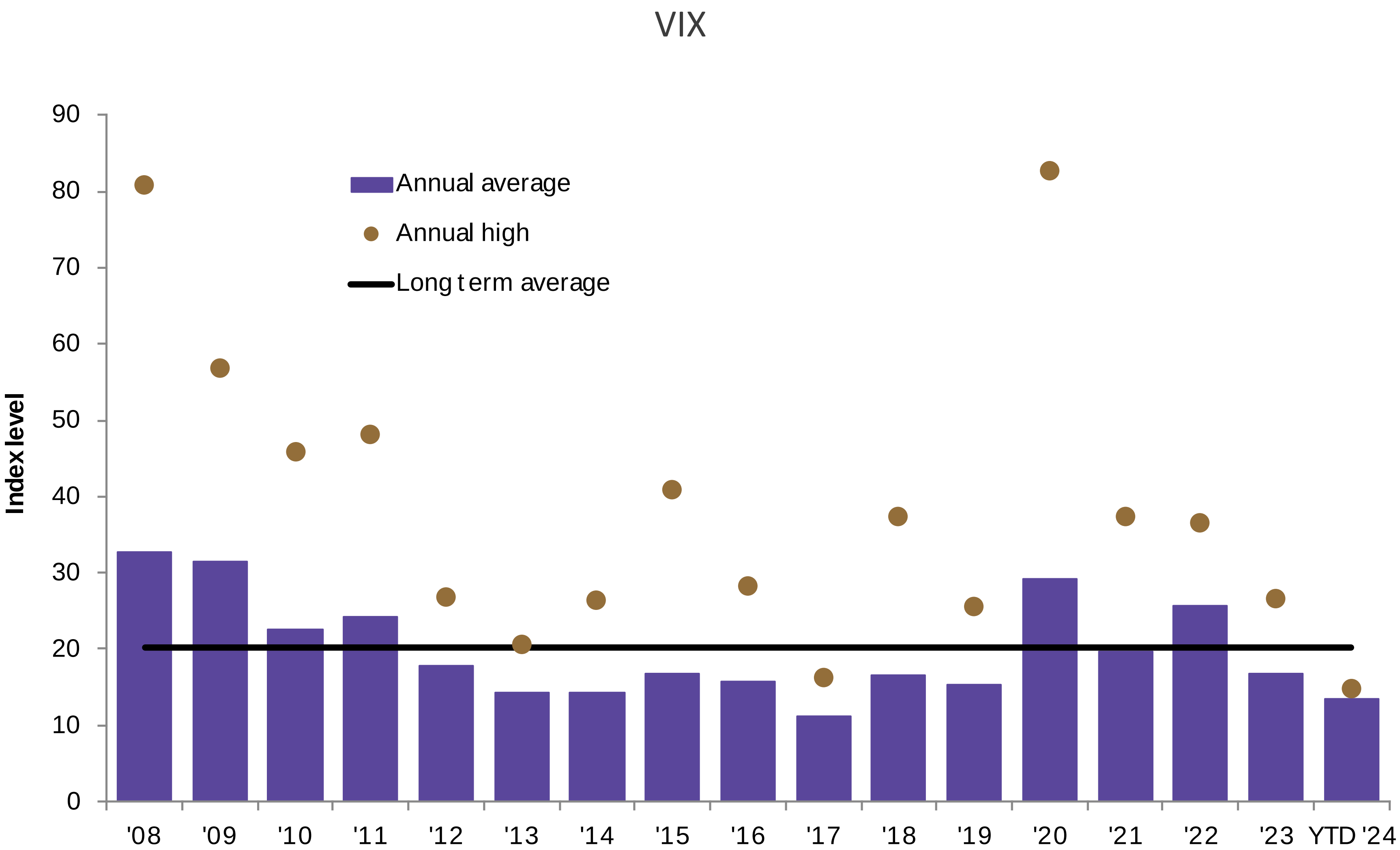
Note: MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved,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

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market.

An index is unmanaged and not available for direct investment.

Equity market volatility

Volatility has been below average so far in 2024



Sources: Bloomberg and Wells Fargo Investment Institute. Data from January 1, 2008 to January 31, 2024. YTD = year-to-date. The Chicago Board Options Exchange Volatility Index (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 Index option prices. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments.

The worst and best days in the market

The market's (S&P 500 Index) best and worst days have tended to occur during bear markets

20 worst days for S&P 500 Index
February 1994 – January 2024

Rank (worst days)	Date	S&P 500 Index daily return
1	3/16/2020	-12.0%
2	3/12/2020	-9.5%
3	10/15/2008	-9.0%
4	12/1/2008	-8.9%
5	9/29/2008	-8.8%
6	10/9/2008	-7.6%
7	3/9/2020	-7.6%
8	10/27/1997	-6.9%
9	8/31/1998	-6.8%
10	11/20/2008	-6.7%
11	8/8/2011	-6.7%
12	11/19/2008	-6.1%
13	10/22/2008	-6.1%
14	6/11/2020	-5.9%
15	4/14/2000	-5.8%
16	10/7/2008	-5.7%
17	1/20/2009	-5.3%
18	11/5/2008	-5.3%
19	11/12/2008	-5.2%
20	3/18/2020	-5.2%

20 best days for S&P 500 Index
February 1994 – January 2024

Rank (best days)	Date	S&P 500 Index daily return
1	10/13/2008	11.6%
2	10/28/2008	10.8%
3	3/24/2020	9.4%
4	3/13/2020	9.3%
5	3/23/2009	7.1%
6	4/6/2020	7.0%
7	11/13/2008	6.9%
8	11/24/2008	6.5%
9	3/10/2009	6.4%
10	11/21/2008	6.3%
11	3/26/2020	6.2%
12	3/17/2020	6.0%
13	7/24/2002	5.7%
14	11/10/2022	5.5%
15	9/30/2008	5.4%
16	7/29/2002	5.4%
17	12/16/2008	5.1%
18	10/28/1997	5.1%
19	9/8/1998	5.1%
20	1/3/2001	5.0%

Sources: Bloomberg and Wells Fargo Investment Institute. Data from February 1, 1994 to January 31, 2024. Analysis uses S&P 500 Index price returns. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments.

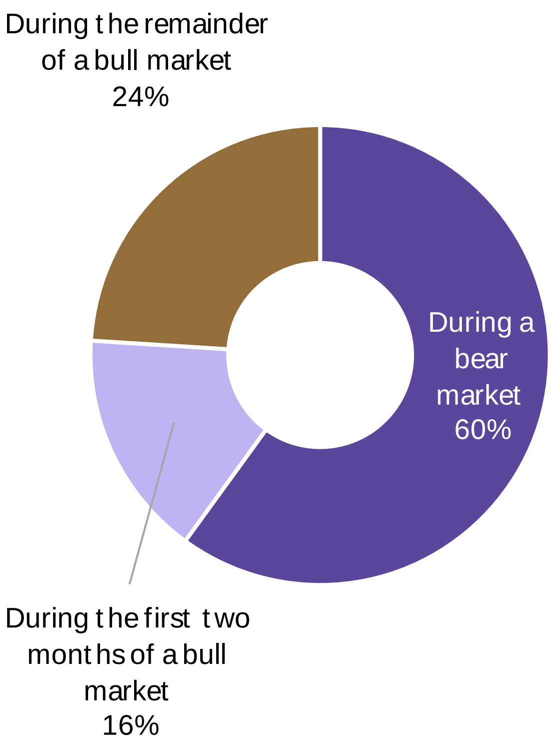
Green highlighted cells represent dates during the October 9, 2007–March 9, 2009 bear market. Orange highlighted cells represent dates during the February 19, 2020–March 23, 2020 bear market.

Missing the best days can have long-term consequences

Most of the best days have occurred during downturns or early in a recovery when investors may be tempted to exit the market

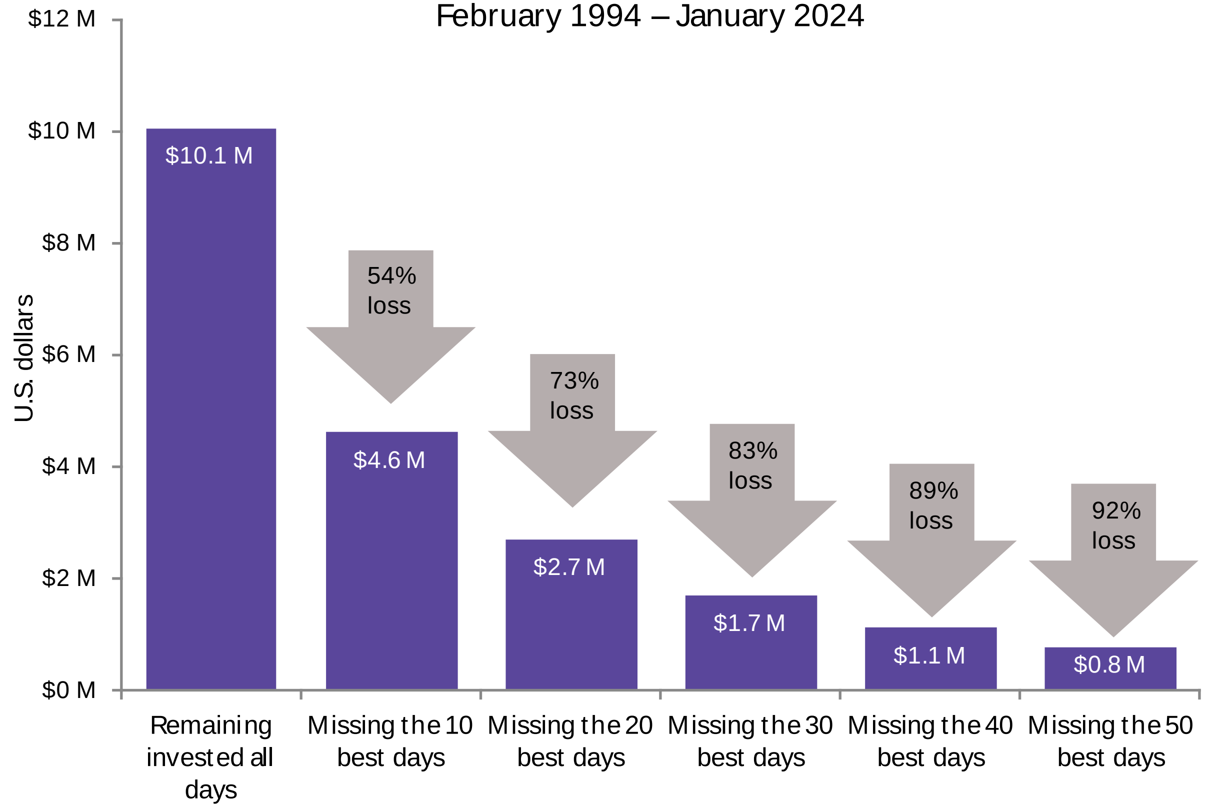
Many of the best days happened during a bear market or early in the recovery

S&P 500 Index 50 best days:
February 1994 – January 2024



Missing the best days in the market may be costly

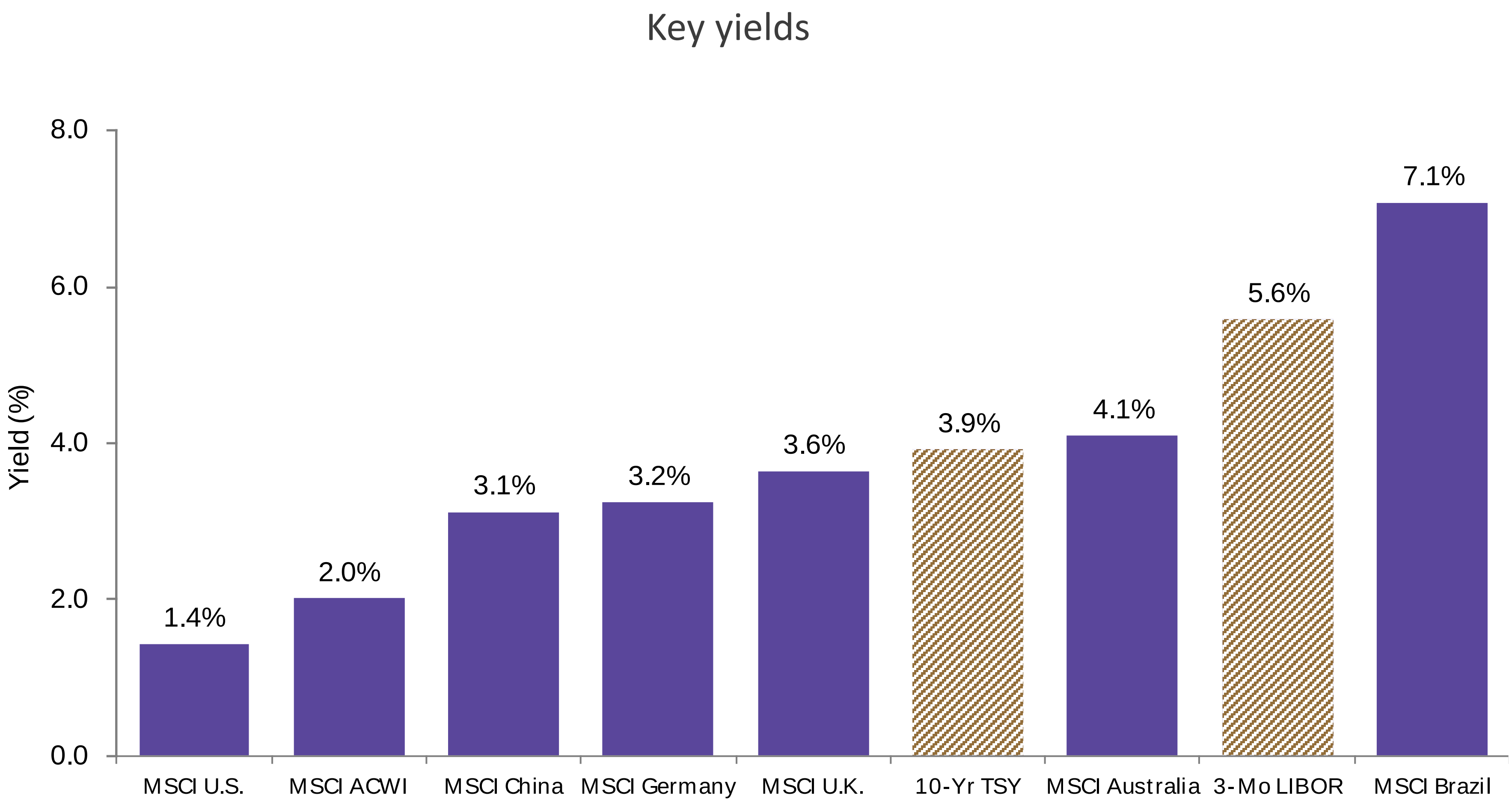
Growth of $1 million dollars:
February 1994 – January 2024



Sources: Bloomberg and Wells Fargo Investment Institute. Data from February 1, 1994 to January 31, 2024. Analysis uses annualized price returns from the S&P 500 Index. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results. The fact that buy and hold has been a successful strategy in the past does not guarantee that it will continue to be successful in the future.** The performance shown is not indicative of any particular investment. Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments.

Global dividend yields

U.S. bond yields remain more attractive than equity yields available in many countries



Sources: Bloomberg, Morgan Stanley Capital International (MSCI), and Wells Fargo Investment Institute. Data as of January 31, 2024. Yields represent past performance and fluctuate with market conditions. Current yields may be higher or lower than those quoted. **Past performance is no guarantee of future results.** An index is unmanaged and not available for direct investment. Cash and sovereign bond yields represented in gold; equity dividend yields represented in purple. Cash is represented by 3-Mo LIBOR and sovereign bond yields are represented by the 10-Yr U.S. Treasury bond. The LIBOR USD 3 Month rate is an average derived from the quotations provided by the banks determined by the International Exchange Benchmark Administration. Please see the following page for risks associated with the representative asset classes and the definitions of the indexes.

Global dividend yields disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. There is no guarantee that **dividend-paying stocks** will return more than the overall stock market. Dividends are not guaranteed and are subject to change or elimination. **Bonds** are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. Although **Treasuries** are considered free from credit risk, they are subject to other types of risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate. **Foreign securities** entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

Index definitions

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

MSCI Australia Index is designed to measure the performance of the large and mid cap segments of the Australia market. With 70 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Australia.

MSCI Brazil Index is designed to measure the performance of the large and mid-cap segments of the Brazilian market. With 75 constituents, the index covers about 85% of the Brazilian equity universe.

MSCI China Index captures large and mid-cap representation across China H shares, B shares, Red Chips and P Chips. With 140 constituents, the index covers about 85% of the China equity universe.

MSCI Germany Index is designed to measure the performance of the large and mid cap segments of the German market. With 54 constituents, the index covers about 85% of the equity universe in Germany.

MSCI United Kingdom Index is designed to measure the performance of the large and mid cap segments of the UK market. With 112 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the UK.

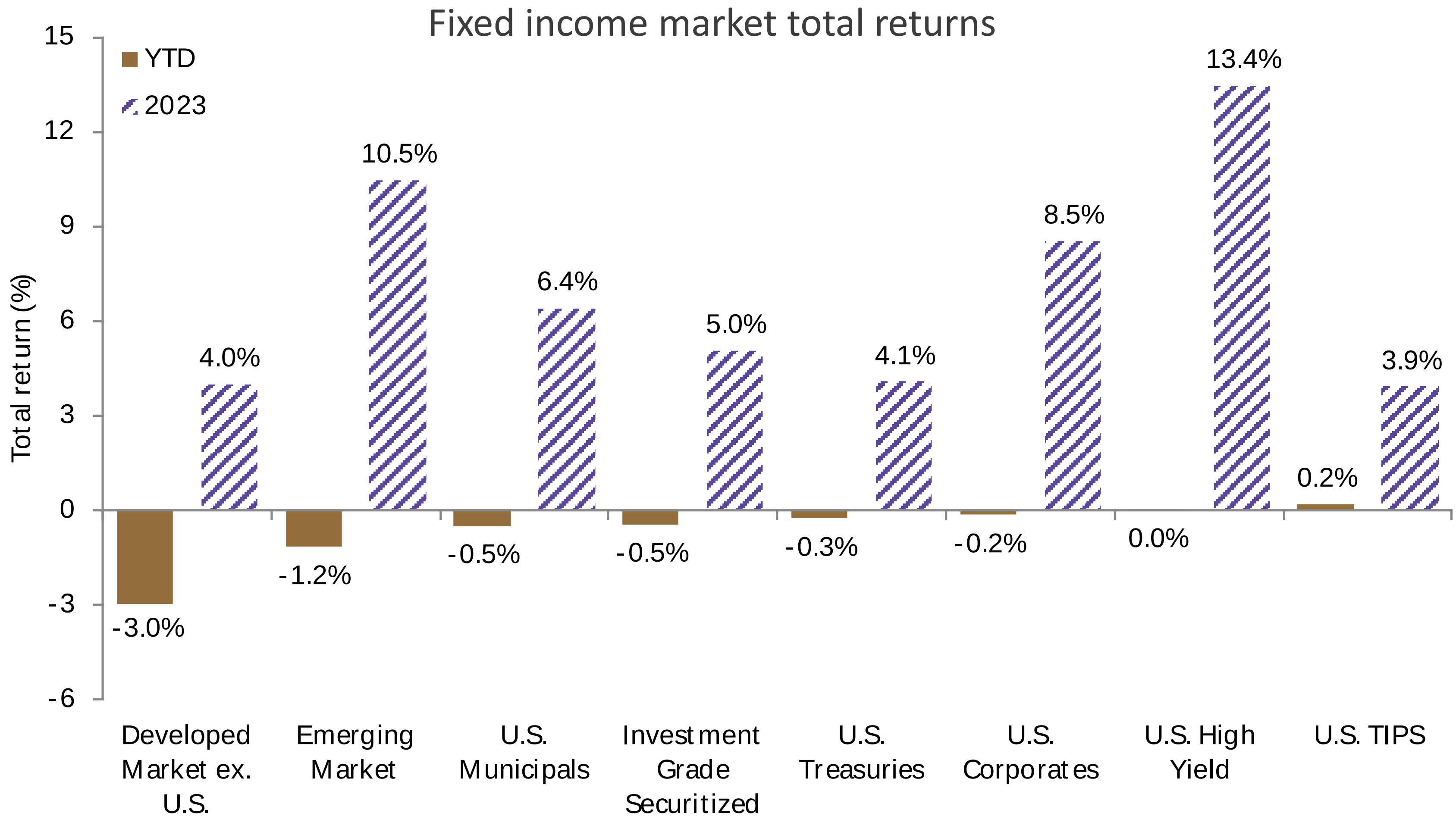
MSCI U.S. Equity Indexes are a domestic only series - independent from MSCI's Global Equity Index family – which reflect the investment opportunities in the U.S. equity markets by market capitalization size, by value and growth investment styles and by sectors and industries.

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.

An index is unmanaged and not available for direct investment.

Fixed income performance

Most fixed income assets have pulled back this year



Sources: Bloomberg and Wells Fargo Investment Institute. Total return as of January 31, 2024. Investment Grade Securitized: Bloomberg Mortgage-Backed Securities Index; U.S. TIPS: Bloomberg U.S. TIPS Index; U.S. Treasuries: Bloomberg U.S. Treasury Index; U.S. Corporates: Bloomberg U.S. Corporate Bond Index; U.S. High Yield: Bloomberg U.S. Corporate High Yield Index; U.S. Municipals: Bloomberg U.S. Municipal Bond Index; Developed Market ex U.S.: JPMorgan Global ex-U.S. Government Bond Index; Emerging Market: JPMorgan Emerging Markets Bond Index**.** An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Please see the following page for risks associated with the representative asset classes and the definitions of the indexes.

Fixed income performance disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

Bonds are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **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. Although **Treasuries** are considered free from credit risk, they are subject to other types of risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate. **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 to fluctuate more than other fixed income securities. TIPS have special tax consequences, generating phantom income on the "inflation compensation" component of the principal. A holder of TIPS may be required to report this income annually although no income related to "inflation compensation" is received until maturity. **Municipal bonds** offer interest payments exempt from federal taxes, and potentially state and local income taxes. Municipal bonds are subject to credit risk and potentially the Alternative Minimum Tax (AMT). Quality varies widely depending on the specific issuer. Municipal securities are also subject to legislative and regulatory risk which is the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income. **Mortgage-backed securities** are subject to prepayment, extension and call risks. Changes in prepayments may significantly affect yield, average life and expected maturity. **Foreign securities** entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

Index definitions

Bloomberg U.S. Corporate Bond Index includes publicly issued U.S. corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

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

Bloomberg U.S. Mortgage-Backed Securities Index measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of GNMA, FNMA and FHLMC.

Bloomberg U.S. Municipal Bond Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds.

Bloomberg U.S. TIPS Index is an unmanaged market index comprised of all U.S. Treasury Inflation-Protected Securities rated investment grade, have at least one year to final maturity, and at least $500 million par amount outstanding.

Bloomberg U.S. Treasury Index measures the total return US dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

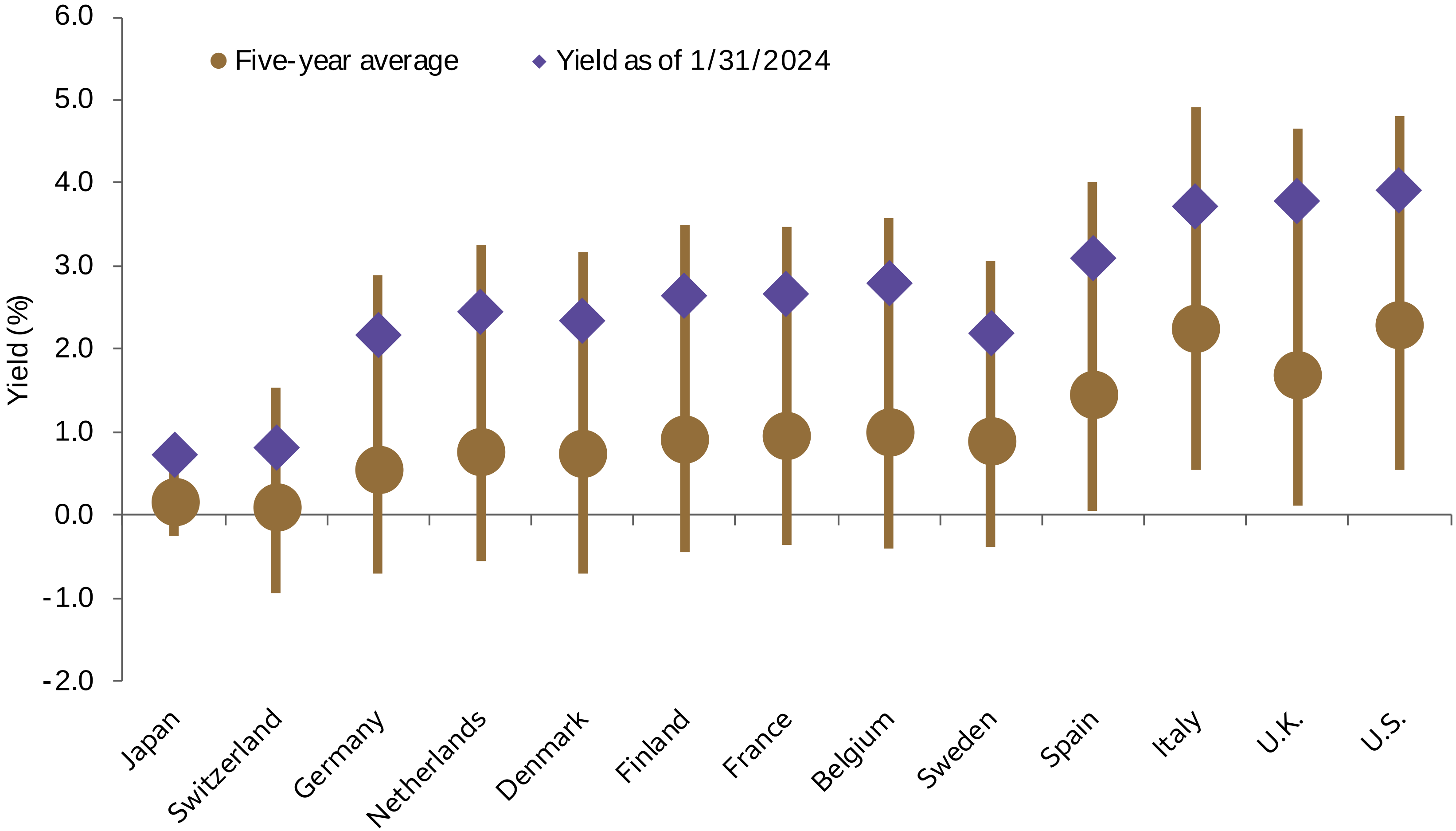
JPMorgan Emerging Markets Bond Index (EMBI Global) covers 27 emerging market countries. Included in the EMBI Global are U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities.

JPMorgan Global ex-U.S. Government Bond Index measures the performance of non-U.S. government bonds.

An index is unmanaged and not available for direct investment.

Global 10-year bond yields

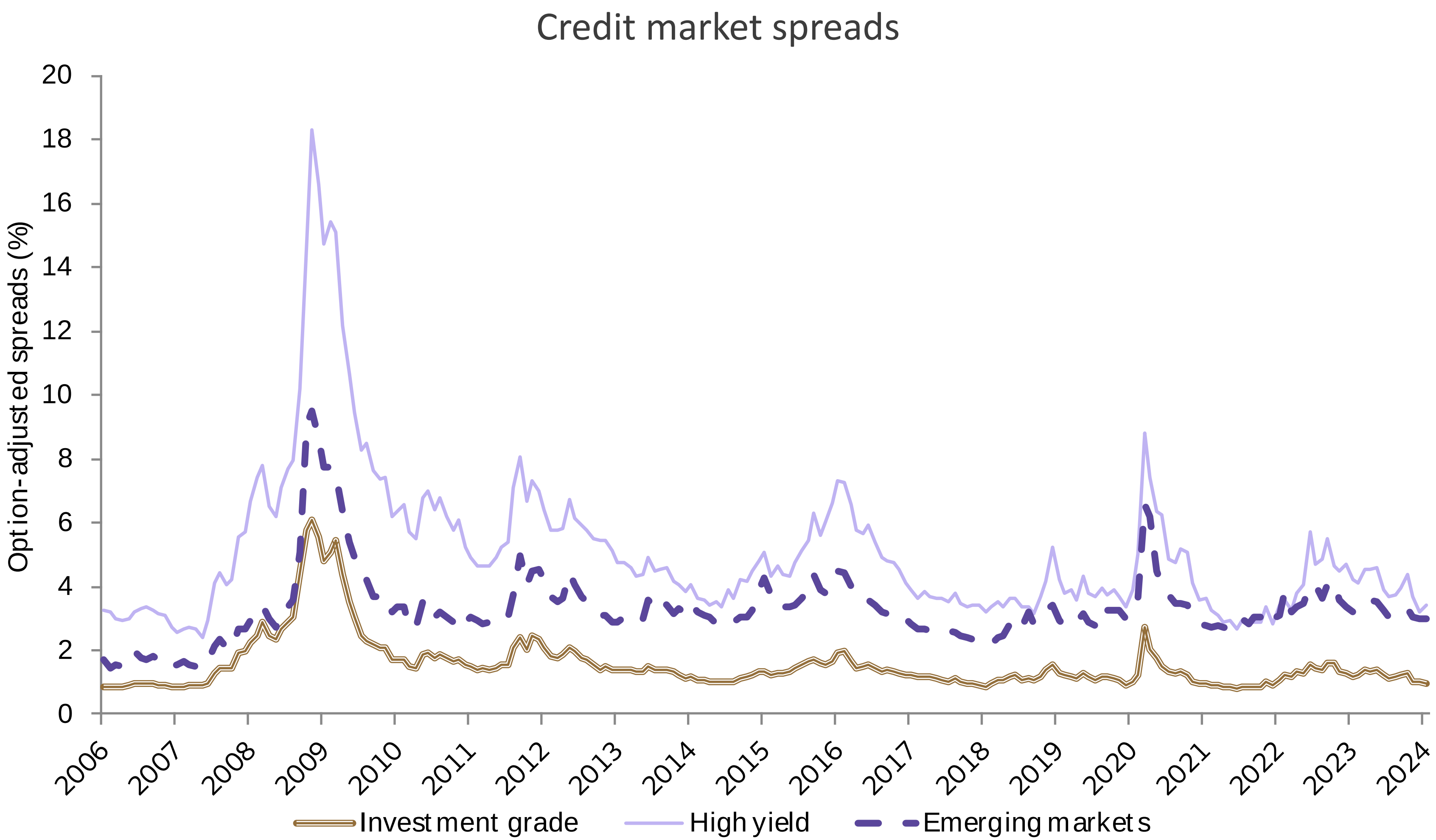
Interest rates remain well above five-year averages in many countries



Sources: Bloomberg and Wells Fargo Investment Institute. Data from February 1, 2019 to January 31, 2024. Yields represent past performance and fluctuate with market conditions. Current yields may be higher or lower than that shown. **Past performance is no guarantee of future results.** Yields represented are 10-year yields. Bonds are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. Foreign securities entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

Credit markets

Credit spreads remain subdued compared to prior economic and market shocks



Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 2006 to January 31, 2024. Credit spreads are based on the Bloomberg U.S. Corporate Bond Index, Bloomberg U.S. Corporate High Yield Index, and Bloomberg Emerging Markets Bond Index. The data shown represents the yield differential between the indexes and their comparable maturity U.S. Treasury security, adjusted for the effects of embedded options, a call feature in which the issuer retains the right to retire the debt, fully or partially before the scheduled maturity. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Please see the following page for risks associated with the representative asset classes and the definitions of the indexes.

Credit markets disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

Bonds are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **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. **Foreign securities** entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

Index definitions

Bloomberg U.S. Corporate Bond Index includes publicly issued U.S. corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

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

Bloomberg Emerging Markets Bond Index is a flagship hard currency emerging markets debt benchmark that includes USD denominated debt from sovereign, quasi-sovereign, and corporate emerging markets issuers.

An index is unmanaged and not available for direct investment.

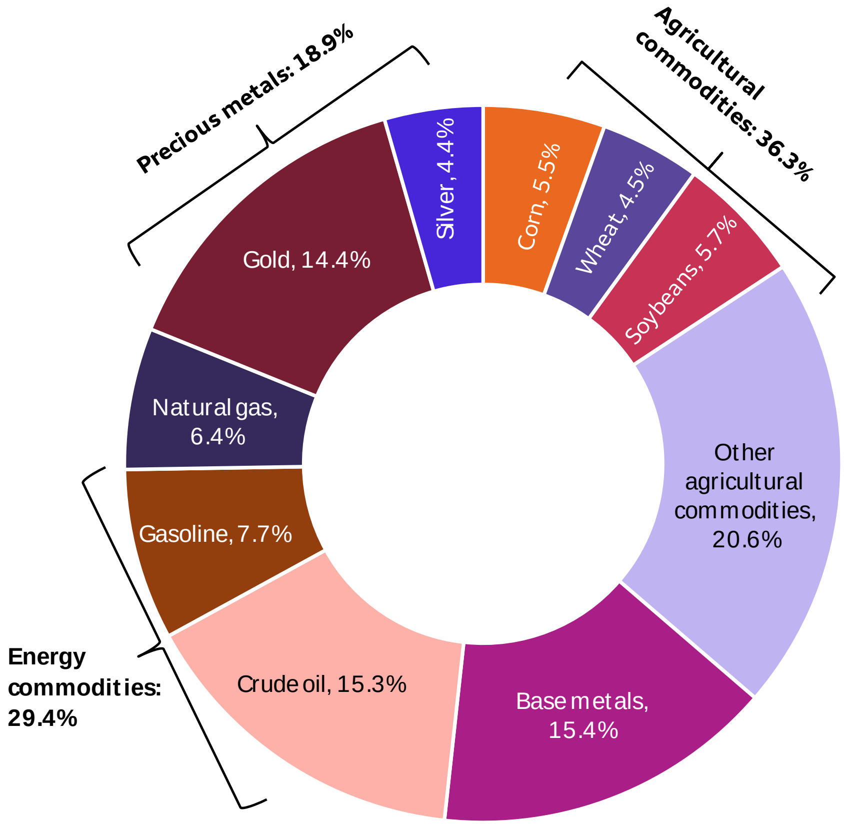
Real assets: Commodities

Energy commodities led the commodity complex higher in January

Bloomberg Commodity Index returns

Index	Jan. 2024 return (%)	YTD return (%)
Commodities: Bloomberg Commodity Index	**0.40**	**0.40**
Agricultural Commodities: Bloomberg Commodity Agriculture Subindex	-1.03	-1.03
Base Metals: Bloomberg Commodity Industrial Metals Subindex	-1.90	-1.90
Energy Commodities: Bloomberg Commodity Energy Subindex	2.79	2.79
Precious Metals: Bloomberg Commodity Precious Metals Subindex	-1.29	-1.29

Bloomberg Commodity Index weights



Sources: Bloomberg, and Wells Fargo Investment Institute. Data as of January 31, 2024. YTD = year-to-date. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results**. Other agricultural commodities include coffee, cotton, lean hogs, live cattle, soybean meal, soybean oil, and sugar. Please see the following page for risks associated with the representative asset classes and the definitions of the indexes.

Real assets: Commodities disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

The **commodities markets** are considered speculative, carry substantial risks, and have experienced periods of extreme volatility. Investing in a volatile and uncertain commodities market may cause a portfolio to rapidly increase or decrease in value which may result in greater share price volatility.

Index definitions

Bloomberg Commodity Index is comprised of 23 exchange-traded futures on physical commodities weighted to account for economic significance and market liquidity.

Bloomberg Commodity Agriculture Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on coffee, corn, cotton, soybeans, soybean oil, soybean meal, sugar and wheat.

Bloomberg Commodity Energy Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas.

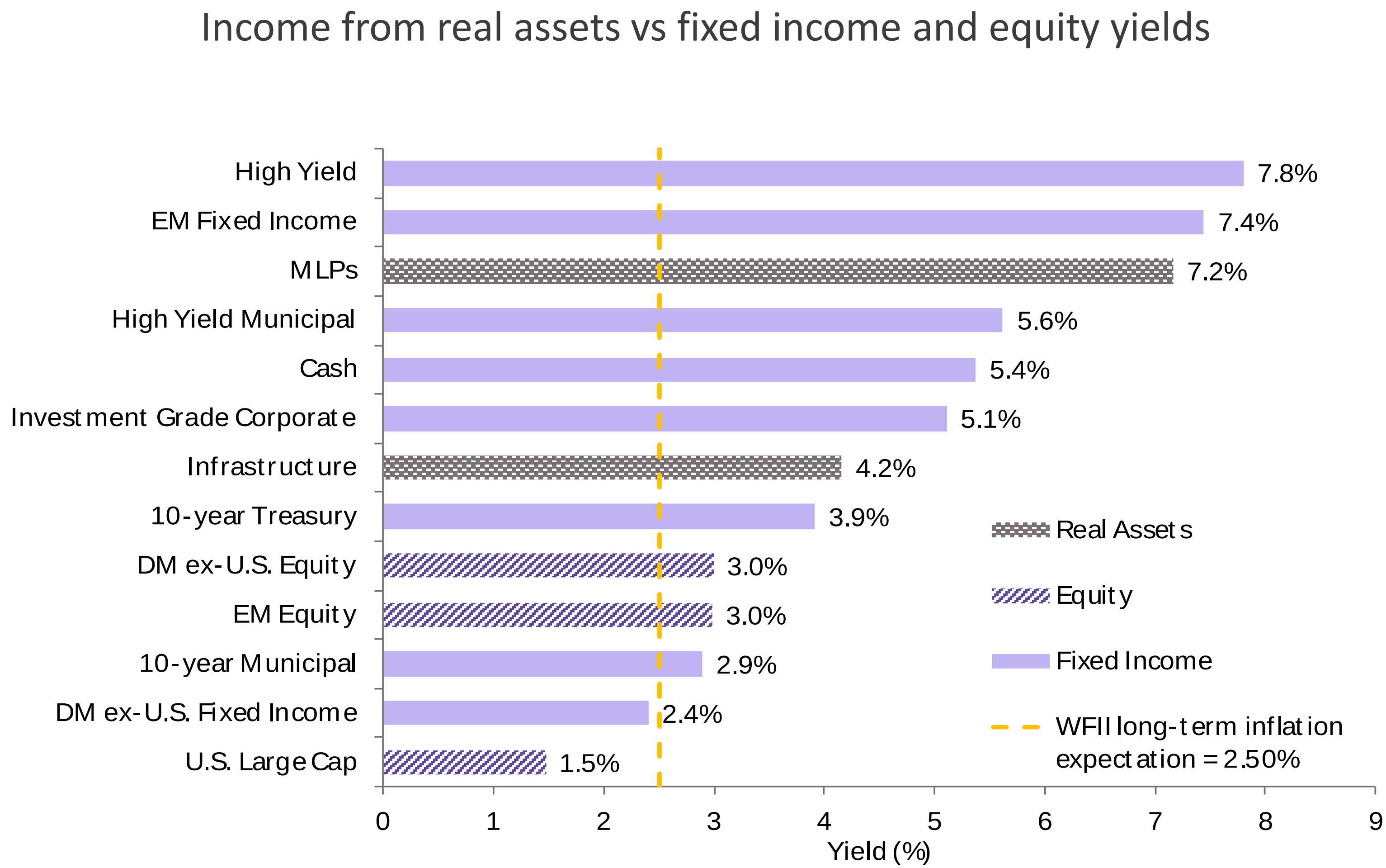
Bloomberg Commodity Industrial Metals Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on aluminum, copper, nickel, and zinc.

Bloomberg Commodity Precious Metals Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on gold and silver.

An index is unmanaged and not available for direct investment.

Real assets

Master limited partnerships (MLPs) have provided attractive yields in a higher inflationary environment



Sources: Bloomberg, Morgan Stanley Capital International (MSCI), and Wells Fargo Investment Institute. Data as of January 31, 2024. DM = developed market. EM = emerging market. MLPs = master limited partnerships. MLPs: Alerian MLP Index, High Yield: Bloomberg U.S. Corporate High Yield Bond Index, EM Fixed Income: J.P. Morgan EMBI Global Index, Infrastructure: S&P Global Infrastructure Index, High Yield Municipal: Bloomberg U.S. Municipal High Yield Index, DM ex-U.S. Equity: MSCI EAFE Index, EM Equity: MSCI Emerging Markets Index, Investment Grade Corporate: Bloomberg U.S. Corporate Bond Index, U.S. Large Cap: S&P 500 Index, Cash: Bloomberg U.S. Treasury Bills (1–3M) Index, and DM ex-U.S Fixed Income: J.P. Morgan Global ex-U.S. Government Bond Index. Yields represent past performance and fluctuate with market conditions. Current yields may be higher or lower than those quoted above. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Please see the following pages for risks associated with the representative asset classes and the definitions of the indexes.

Real assets disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. **Foreign securities** entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging and frontier markets. **Bonds** are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **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. Although **Treasuries** are considered free from credit risk, they are subject to other types of risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate. **Municipal bonds** offer interest payments exempt from federal taxes, and potentially state and local income taxes. Municipal bonds are subject to credit risk and potentially the Alternative Minimum Tax (AMT). Quality varies widely depending on the specific issuer. Municipal securities are also subject to legislative and regulatory risk which is the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income. Investments in securities of **Master Limited Partnerships (MLPs)** involve risks that differ from investments in common stock including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner and cash flow risks, 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 NAV and other material risks. Investments in **infrastructure companies** expose an investment to potentially adverse economic, regulatory, political and other changes affecting such companies. Infrastructure companies may also be subject to various other risks, including, governmental regulations, high interest costs associated with capital construction programs, costs associated with compliance and changes in environmental regulation, economic slowdown and surplus capacity, competition from other providers of services and other factors.

Index definitions

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.

Bloomberg U.S. Corporate Bond Index includes publicly issued U.S. corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

Bloomberg U.S. Municipal High Yield Index measures the non-investment grade and non-rated U.S. dollar-denominated, fixed-rate, tax-exempt bond market within the 50 United States and four other qualifying regions (Washington DC, Puerto Rico, Guam and the Virgin Islands).

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

JPMorgan Global ex-U.S. Government Bond Index measures the performance of non-U.S. government bonds.

JPMorgan Emerging Markets Bond Index (EMBI Global) covers 27 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.

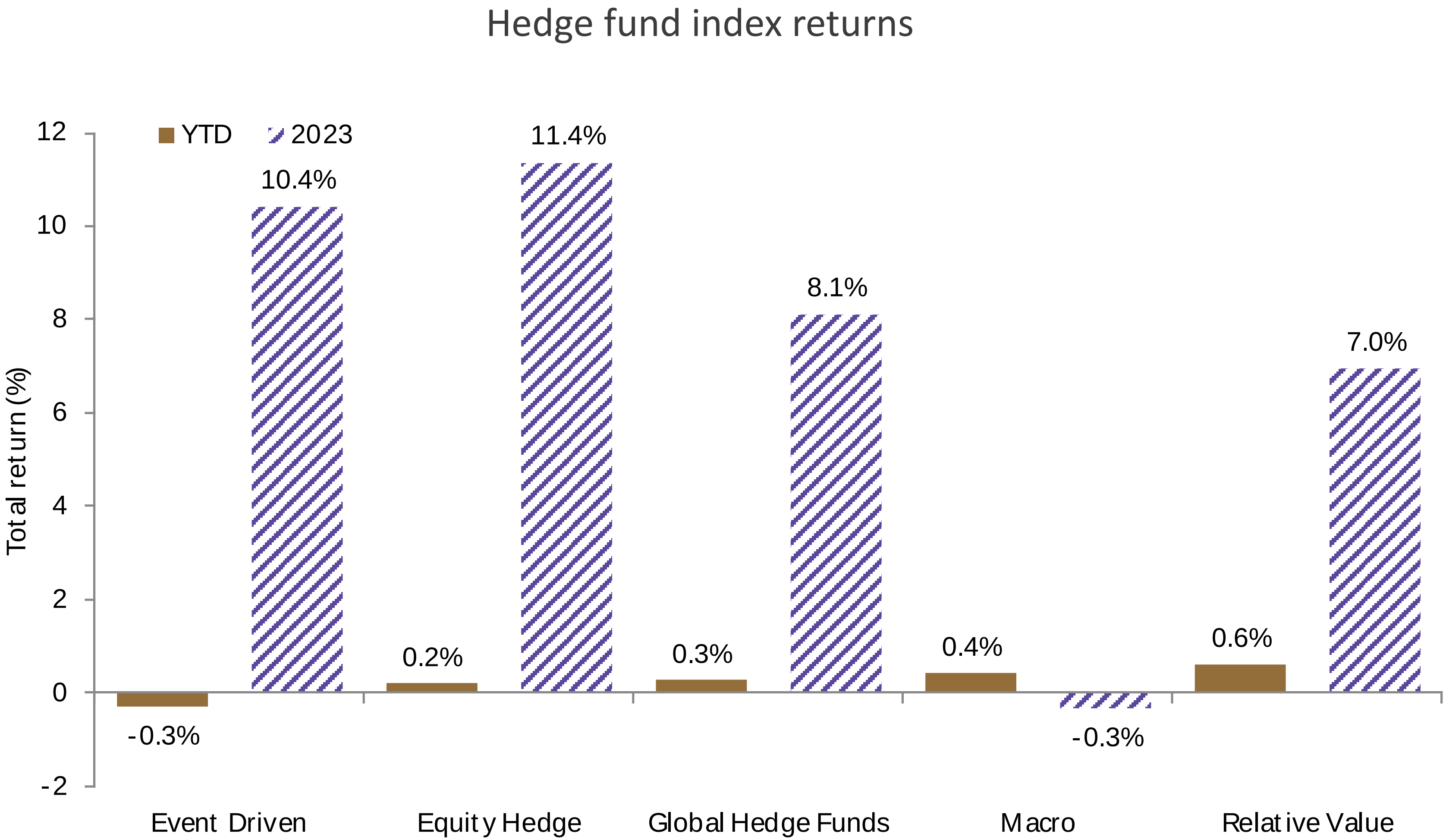
Bloomberg U.S. Treasury Bill (1-3 Month) Index includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have $250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non-convertible.

S&P Global Infrastructure Index provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure, the index includes three distinct infrastructure clusters: utilities, transportation and energy.

MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

Alternative investments performance

Relative Value and Macro strategies have taken the lead to start 2024



Sources: HFRI, Bloomberg, and Wells Fargo Investment Institute. Total return as of January 31, 2024. ***Alternative Investments, such as hedge funds 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.*** *Index returns do not represent investment performance or the results of actual trading*. Index returns reflect general market results, assume the reinvestment of dividends and other distributions and do not reflect deduction for fees, expenses or taxes applicable to an actual investment. An index is unmanaged and not available for direct investment. Unlike most asset class indexes, HFR Index returns reflect deduction for fees. Because the HFR indexes are calculated based on information that is voluntarily provided actual returns may be higher or lower than those reported. **Past performance is no guarantee of future results.** Please see the following pages for risks associated with the representative asset classes and the definitions of the indexes.

Alternative investments performance disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

Alternative investments, such as hedge funds, are speculative and entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds. Hedge fund investing involves other material risks including capital loss and the loss of the entire amount invested. They are intended for qualified, financially sophisticated investors who can bear the risks associated with these investments.

Hedge fund strategies, such as Equity Hedge, Event Driven, Macro and Relative Value, may expose investors to the risks associated with the use of short selling, leverage, derivatives and arbitrage methodologies. Short sales involve leverage and theoretically unlimited loss potential since the market price of securities sold short may continuously increase. The use of leverage in a portfolio varies by strategy. Leverage can significantly increase return potential but create greater risk of loss. Derivatives generally have implied leverage which can magnify volatility and may entail other risks such as market, interest rate, credit, counterparty and management risks. Arbitrage strategies expose a fund to the risk that the anticipated arbitrage opportunities will not develop as anticipated, resulting in potentially reduced returns or losses to the fund.

Alternative investments performance disclosures (continued)

Index definitions

Global Hedge Funds: HFRI Fund Weighted Composite Index is 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. The HFRI Fund Weighted Composite Index is a composite of the hedge funds that employ the alternative strategies and who report their performance figure to HFRI. The number of hedge funds reporting may vary between each reporting period.

HFRI Equity Hedge Index: 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. The HFRI Equity Hedge Index is a composite of the hedge funds that employ the alternative strategies and who report their performance figure to HFRI. The number of hedge funds reporting may vary between each reporting period.

HFRI Event Driven Index: Investment Managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to 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. Event Driven exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company specific developments. Investment theses are typically predicated on fundamental characteristics (as opposed to quantitative), with the realization of the thesis predicated on a specific development exogenous to the existing capital structure.

HFRI Macro Index: Investment Managers which trade a broad range of strategies in which the investment process is 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 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 opposes to EH, in which the fundamental characteristics on the company are the most significant are integral to investment thesis.

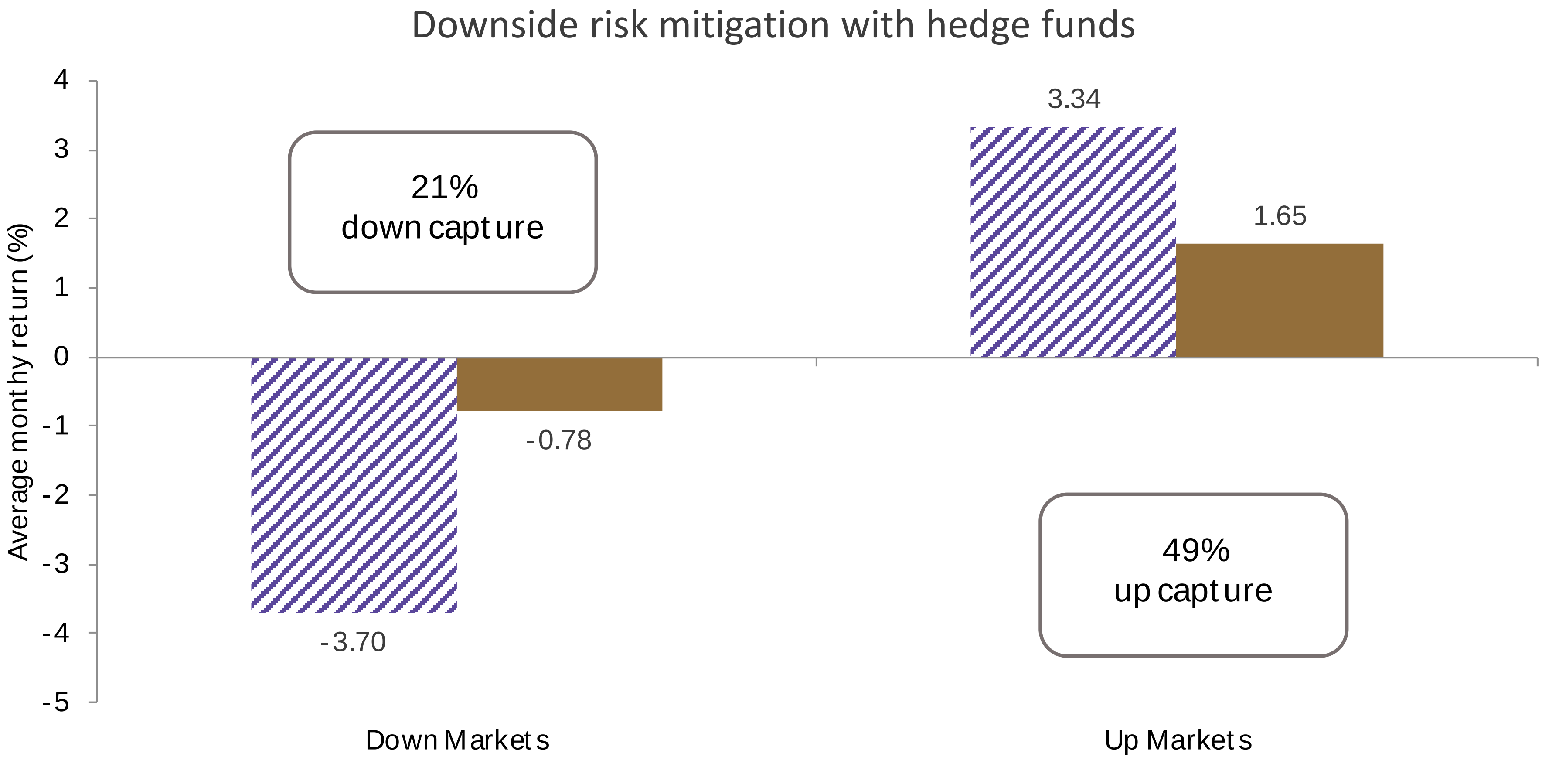
HFRI Relative Value Index maintains positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types 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. RV position may be involved in corporate transactions also, but as opposed to 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.

Note: HFRI indexes 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 indexes 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.

An index is unmanaged and not available for direct investment.

Alternative investments

Hedge funds can help reduce downside participation while still participating on the upside



Sources: HFRI, ©Morningstar. All Rights Reserved.[i], and Wells Fargo Investment Institute. Data from January 1, 1990 to January 31, 2024. Global equities = MSCI World Index. Hedge funds = HFRI Fund Weighted Composite Index. ***Alternative Investments, such as hedge funds 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***. *Index returns do not represent investment performance or the results of actual trading*. Index returns reflect general market results, assume the reinvestment of dividends and other distributions and do not reflect deduction for fees, expenses or taxes applicable to an actual investment. An index is unmanaged and not available for direct investment. Unlike most asset class indexes, HFR Index returns reflect deduction for fees. Because the HFR indexes are calculated based on information that is voluntarily provided actual returns may be higher or lower. than those reported. **Past performance is no guarantee of future results.** [i]The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Please see the following pages for risks associated with the representative asset classes and the definitions of the indexes.

Alternative investments disclosures

Risk considerations

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Alternative investments, such as hedge funds, are speculative and entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds. Hedge fund investing involves other material risks including capital loss and the loss of the entire amount invested. They are intended for qualified, financially sophisticated investors who can bear the risks associated with these investments.

Hedge fund strategies, such as Equity Hedge, Event Driven, Macro and Relative Value, may expose investors to the risks associated with the use of short selling, leverage, derivatives and arbitrage methodologies. Short sales involve leverage and theoretically unlimited loss potential since the market price of securities sold short may continuously increase. The use of leverage in a portfolio varies by strategy. Leverage can significantly increase return potential but create greater risk of loss. Derivatives generally have implied leverage which can magnify volatility and may entail other risks such as market, interest rate, credit, counterparty and management risks. Arbitrage strategies expose a fund to the risk that the anticipated arbitrage opportunities will not develop as anticipated, resulting in potentially reduced returns or losses to the fund.

Index definitions

Global Hedge Funds: HFRI Fund Weighted Composite Index is 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. The HFRI Fund Weighted Composite Index is a composite of the hedge funds that employ the alternative strategies and who report their performance figure to HFRI. The number of hedge funds reporting may vary between each reporting period.

Global Equities: MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets including the United States.

Note: HFRI indexes 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 indexes 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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How Wells Fargo Investment Institute (WFII) compares to consensus

- Our 2024 U.S. gross domestic product (GDP) growth forecast of 1.3% is slightly below consensus expectations of 1.6% growth.
- Our 2024 developed markets GDP growth forecast of 1.0% is ~~slightly~~ below the Bloomberg consensus of 1.3%. We are also below consensus for our 2024 emerging markets GDP growth forecast (3.3% WFII forecast versus 4.1% consensus estimate).
- Our year-end 2024 S&P 500 Index earnings per share target of $230 is below the consensus expectation of $243.
- The midpoint of our year-end 2024 target ranges for the 10-year Treasury yield (4.25-4.75%) and 30-year Treasury yield (4.50-5.00%) are above consensus expectations.
- Our year-end 2024 Gold target of $2100-$2200 per troy ounce is more positive than consensus.
- For 2024, our West Texas Intermediate (WTI) crude oil target of $85-$95 per barrel and Brent crude oil target of $90-$100 per barrel are above consensus.
- Bloomberg consensus expectations for foreign exchange rates are with our target ranges for the dollar composite index, the Euro, and the Japanese yen.

Source: Wells Fargo Investment Institute; as of February 15, 2024. Subject to change. **Forecasts are not guaranteed and based on certain assumptions and on views of market and economic conditions, which are subject to change.** An index is unmanaged and not available for direct investment. **Stocks** offer long-term growth potential but may fluctuate more and provide less current income than other investments. **Bonds** are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. Although **Treasuries** are considered free from credit risk, they are subject to other types of risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate. **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. **Foreign securities** entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

Key points

In our view:

- We maintain our view for an economic slowdown extending into 2024 with a recovery in the back half of the year. In 2024, we expect the U.S. and global economies to grow 1.3% and 2.4%, respectively.
- Inflation remains above the Federal Reserve's (Fed's) 2% target as it typically takes time for the Fed's tightening policy to fully take effect in the economy.
- The Fed aggressively increased the federal funds rate between March 2022 and July 2023, raising it a total of 5.25%. We expect the Fed will pivot away from tightening monetary policy in 2024 but not cut rates in the early months due to still-elevated inflation.
- We expect equity market volatility to be driven by uncertainties around economic growth and earnings in early 2024 before a recovery later in the year.
- As the markets face tightening Fed policy, sticky inflation, slowing economic growth, and geopolitical tensions, we recommend focusing on quality in investment portfolios. This includes reducing equity exposure in favor of fixed income and maintaining a bias toward U.S. large-cap equities over mid and small caps.

Source: Wells Fargo Investment Institute; as of February 15, 2024. Subject to change. **Forecasts are not guaranteed and based on certain assumptions and on views of market and economic conditions, which are subject to change. Stocks** offer long-term growth potential but may fluctuate more and provide less current income than other investments. **Bonds** are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates.

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