Wells Fargo Advisors

Mutual Funds Overview

Product Summary

A mutual fund pools money from investors and invests in a professionally managed portfolio of securities. The fund manager is responsible for selecting and diversifying the investments to meet the fund's investment objective. Funds invest in a variety of investments, including, but not limited to, U.S. or international stocks, bonds, money market instruments, or any combination of these.

In your new account paperwork, you received A Guide to Investing in Mutual Funds and the Regulation Best Interest Disclosure that provided additional information about our available mutual fund offerings, costs of mutual fund investing, compensation we receive when you purchase mutual funds, and risks of investing in mutual funds.

The following information applies to mutual funds transacted through commission-based brokerage accounts. For more information on fees and expenses in our fee-based advisory account programs, please refer to the applicable Wells Fargo Advisors ADV brochure.

Fees & Costs

This is a general disclosure. For specific information for your investment, refer to the fund's prospectus and trade confirmation delivered with your transaction. The fund's prospectus will include the fund's expense ratio (a measure of what it costs an investment company to operate a mutual fund, expressed as a percentage of the fund's net assets). The trade confirmation will include any sales charge amount.

These charges provide compensation for the fund company, Wells Fargo Advisors, and your financial advisor who helps you select funds to pursue your investment objectives. The Financial Industry Regulatory Authority (FINRA) maintains a Fund Analyzer tool on its website at www.finra.org/fundanalyzer that can help you compare funds, share classes, and fees.

Front-End Sales Charges: You typically pay a front-end sales charge to us and your financial advisor when you purchase a Class A share mutual fund. The front-end sales charge is deducted from the initial investment on certain share classes. This charge typically ranges from 1.00% to 5.75%. Some purchases qualify for breakpoint discounts based on the transaction amount and rights of accumulation (ROA) which reduces the front-end sales charges. In addition, some purchases qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. In some cases, the prospectus will give us discretion concerning whether to allow a given sales charge waiver.

Contingent Deferred Sales Charges (CDSC) - A CDSC, or back-end load, is a charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges typically range from 0.25% to 2% for Class A and C shares. CDSC periods can range up to two years. This charge typically is associated with share classes that do not have a front-end sales charge (e.g., Class C share classes), but other share classes can feature CDSC charges. Wells Fargo Advisors does not sell B shares, which have different CDSC charges.

12b-1 Fees – Also known as trails, 12b-1 fees get their name from the Securities and Exchange Commission rule that created them. The fund pays 12b-1 fees out of fund assets each year for marketing and distribution expenses. A distribution and servicing agreement between the mutual fund family and us provides for these payments. These payments cover distribution expenses and sometimes shareholder service expenses. Typically, these fees range between 0.05% and 0.35% for Class A Shares and Class B Shares, and these fees can range between 0.05% and 1% for Class C shares.

Share Classes Fees & Costs

Wells Fargo Advisors does not make all funds or all share classes of a fund available to its customers. You may be able to purchase mutual funds directly from the mutual fund company, through other financial intermediaries, or without using a financial advisor and pay no fees or sales charge, or for lower fees and expenses.

Depending on the share class you choose, you could pay the above charges in different ways.

Class A Shares – Class A share mutual funds typically charge a front-end sales charge when you first buy a mutual fund. The fund company typically reduces front-end sales charges based on the total investment within a fund family according to the breakpoint schedule and may offer sales charge waivers. It is important to consider that investing across multiple fund families reduces the opportunity to qualify for breakpoint discounts. You can find available breakpoint schedules in the fund's prospectus. Operating expenses of the fund are generally lower for A shares than C shares. Class A shares can be more economical for investors who have a longer-term time horizon.

Class C Shares – Class C share mutual funds typically do not have a front-end sales charge, but generally impose a contingent deferred sales charge (CDSC) if you sell the shares within one year. C shares normally impose higher annual operating expenses than A shares, so they become less economical for investors that hold their shares over the long term. Depending on the fund, C shares may convert to A shares.

	Class A Shares	Class C Shares
Front-End Sales Charge	Yes, typically range from 1.00% - 5.75%. Calculated by amount invested. If offered by prospectus, reductions or waivers are available.	Usually, none
CDSC	Yes, typically range from 0.25% to 2%.	Yes, typically range from 0.25% to 2%.
12b-1	Yes, typically range between .05% and .35%	Yes, typically range between .05% and 1.00%
Conversion	No	For participating fund families, typically converts to A shares after 10 years

No-Load Shares – You can buy no-load shares at any time through WFA paying a $50 No-Load accommodation fee and no further commission or sales charge. No-Load Shares will often have lower expense ratios. Many no-load mutual funds also charge fees that are not sales loads, such as redemption fees, exchange fees, and account fees. WFA does not charge a fee to sell your no-load fund shares.

Financial Advisor Compensation

Your financial advisor receives payments depending on the type of fund, amount invested, and share class that you select.

- For most purchases, a financial advisor's compensation is based on a formula applied to the front-end sales charge (for A shares) or on a percentage of the amount invested (for C shares).
- Financial advisors receive ongoing payments (trails) on mutual fund shares.

The compensation formula to determine the amount of payment to your financial advisor is the same for all mutual funds. However, some funds may carry higher sales charges than others. This creates a conflict of interest because a financial advisor has an incentive to recommend a fund or share class that pays more compensation. In addition, a financial advisor receives less compensation when you are eligible for a breakpoint discount, so a financial advisor has a financial incentive to recommend a purchase that does not provide a breakpoint. We address this conflict by setting a maximum portion of a front-end sales charge that a financial advisor receives.

Wells Fargo Advisors' Compensation

Per the prospectus, Wells Fargo Advisors retains a portion of the sales charge you pay to the fund family. In addition, the fund family may pay Wells Fargo Advisors a sales concession on shares that do not contain a sales charge, as well as ongoing distribution and service fees.

Fund companies also pay compensation not related to individual transactions. Wells Fargo Advisors reserves the right to restrict the mutual fund companies that we offer to clients based on the payment of additional cash compensation. This "non-commission" compensation received by Wells Fargo Advisors from mutual fund complexes can generally be broken down into six general categories:

(1) Networking and Omnibus Fees – Networking and omnibus fees compensate us for providing varying degrees of client account and administrative services. In recent years, mutual fund complexes have outsourced many of these operations functions to broker-dealers such as us. Examples of networking and administrative service fees include aggregating and processing purchases and redemptions, dividend reinvestments, preparation and mailing of consolidated account statements, delivery of fund proxies and shareholder materials, tax reporting, and maintenance of ownership records. We are responsible for all costs associated with networking and omnibus services we perform.

We separately negotiate the compensation paid for networking and omnibus services with each fund complex under arrangements we have with them and the amount varies depending on the mutual fund complex and each individual fund and/or share class. These fees are mutually exclusive in nature, so a single mutual fund position would not be charged networking and omnibus fees, only one or the other. Some mutual fund complexes do not pay networking or omnibus fees to us. If you own multiple funds in one mutual fund complex, we generally receive networking or omnibus compensation for each individual fund. We receive networking compensation based on a dollar amount per year, per client account with an individual fund or based on a percentage of assets in a fund. Networking compensation is paid at a rate between $2 to $12 per year, per client position or at a rate between five to 12 basis points on assets. Compensation paid to us for omnibus services are generally higher than networking compensation because we are required to perform a more extensive array of services to clients and the fund for omnibus accounts. We receive omnibus compensation based on a dollar amount per year per client position with an individual fund or based on a percentage of assets in a fund. Omnibus compensation is paid at a rate between $8.50 to $25 per year per client position or at a rate between two to 35 basis points on assets, as agreed upon by the mutual fund complex and us. Depending on asset levels, basis point pricing can result in higher or lower compensation than a per-position fee. These fees are indirectly borne by you.

A fund may offer a share class that does not include a fee for these services. You should not assume that you will be invested in the share class with the lowest possible expense ratio that the fund sponsor makes available to the investing public and in many cases, you will not.

Wells Fargo Advisors receives significantly more networking and administrative service fees from fund families with the largest client holdings. Different funds, share classes of funds, and fund families pay different amounts of networking and administrative services fees. This is a conflict of interest. There is a financial incentive to sell products from fund companies that pay us networking or omnibus fees. In addition, there is an incentive to sell funds, share classes, or shares from fund companies that make higher payments. To mitigate this conflict, financial advisors do not receive additional compensation from networking and administrative service fees for the sale of a particular fund family, fund, or share class.

(2) **<u>Revenue Sharing</u>** – Wells Fargo Advisors receives payments known as revenue sharing from many mutual fund companies for providing continuing due diligence, training, operations, systems support, and marketing to financial advisors and investors with respect to mutual fund complexes and their funds. A mutual fund company pays these fees from its revenues and profits, not from fund assets. These payments are in addition to the sales charge, annual sales fees, applicable redemption fees and deferred sales charges, and other fees and expenses disclosed in the fund's prospectus fee table. You can find a list of the mutual fund companies that Wells Fargo Advisors receives revenue sharing from in A Guide to Investing in Mutual Funds, which is located in your account opening documents.

We receive revenue sharing from mutual fund complexes in connection with your account assets through arrangements we have with them. Revenue sharing is not passed on to financial advisors. Revenue-sharing fees are usually paid by the fund's investment advisor, or an affiliate, as a percentage of Investment Advisor Management Fee, a percentage of our aggregate value of client assets invested in the funds. In certain instances, revenue sharing is paid as a percentage of annual new sales to clients, or as a combination of a percentage of new sales and a percentage of aggregate client assets. The percentage amounts are typically established in terms of basis points, which are equal to one one-hundredth of 1%. We receive different revenue-sharing rates from each mutual fund complex, and in some cases receive different revenue sharing rates for certain funds and/or share classes within a particular mutual fund complex. Some mutual fund complexes do not pay us revenue sharing. Mutual fund complexes pay us revenue-sharing compensation at an annual rate ranging from one to 20 basis points on aggregate client assets. These rates are up to 10 basis points on new sales of the mutual funds. Certain mutual fund complexes pay us a negotiated, fixed annual amount for revenue sharing, regardless of the amount of assets held in client accounts or in new sales to clients.

Revenue sharing creates conflict of interest because of the financial incentive to sell products from these mutual fund companies and from fund companies with higher revenue sharing payments. To mitigate this conflict, Financial Advisors do not receive additional compensation because of revenue-sharing payments.

(3) **<u>Training and Education Support</u>** – Many of the mutual fund families provide financial support for training and education for our financial advisors. Wells Fargo Advisors selects fund families to provide training at our nationally organized events. Mutual fund companies may pay to offset costs incurred in conducting educational meetings for financial advisors and customers at the branch or regional level. Financial advisors may receive promotional items, meals, entertainment, or other noncash compensation from funds. Mutual fund companies may host financial advisors for education and conferences at the fund company headquarters, regional office, or other locations. We receive varying amounts of training and education reimbursements from companies. The training and education reimbursements for centrally organized events and vendor products or services vary from $25,000 to $1,000,000 per company annually. Some companies do not compensate us for any training and education compensation.

This is a conflict of interest for Wells Fargo Advisors and our financial advisors because these educational events could lead our financial advisors to focus on the mutual funds offered from these mutual fund families. Although training and education reimbursements are not related to individual transactions or assets held in client accounts, it is important to understand that, due to the total number of product sponsors whose products are offered by us, it is not possible for all companies to participate in a single meeting or event. Consequently, those product sponsors that do participate in training or educational meetings, seminars or other events gain an opportunity to build relationships with financial advisors. These relationships could lead to sales of that particular company's products.

(4) Data Agreements – Some mutual fund families purchase from us aggregated sales information related to our client accounts. These payments are not attributable to a particular account or holdings, nor does the service include any information identifiable to a particular account or holding. For these services, we receive payments from mutual fund complexes. Payments range from $450,000 to $550,000. These payments are paid to and retained by us and are not directly shared with financial advisors.

(5) Additional Compensation for General Services – Some fund companies compensate Wells Fargo Advisors for investment banking, research, and trading. Wells Fargo Advisors also has a dedicated institutional sales force that specializes in facilitating trading for institutional investors, which may include portfolio managers of mutual funds sold by Wells Fargo Advisors.

(6) Availability of Affiliated Funds – Wells Fargo Asset Management, a Wells Fargo & Company subsidiary, provides investment advisory and administrative services for Wells Fargo Funds. Our affiliates and we receive additional compensation from your investments in Wells Fargo Funds. Wells Fargo Asset Management receives additional investment management fees, management credits and other fees, including administrative service fees, from these funds. Wells Fargo Advisors receives revenue sharing at an annual rate of up to 20 basis points on aggregate client assets from Wells Fargo Funds. Wells Fargo Advisors has compensation arrangements for assets under management in Wells Fargo Funds.

Wells Fargo Advisors has a conflict to recommend affiliated funds. Wells Fargo Advisors may benefit from increased sales of affiliated funds and products to a greater extent than from those provided by other firms without similar economic interest. To mitigate this conflict, financial advisors do not receive additional compensation for recommending affiliated funds.

Risks

Investing in mutual funds involves risks, including the potential loss of principal. The market value of the mutual fund's underlying securities fluctuates in value, which may increase or decrease the value of your mutual fund investment. Past performance is not indicative of future results.

Fixed Income Funds - It is possible to lose money by investing in funds holding fixed income securities, especially during periods of rising interest rates. Bond prices are negatively correlated to interest rates, so as general market interest rates rise, the price of a bond could decrease. The greater the movement in interest rates, the greater impact potential on a bond's price. The opposite is true as well; if rates fall, bond prices could rise. The lack of a fixed maturity date for mutual funds investing in bonds and potential redemption demands by investors are factors that can also have a negative impact on the NAV (Net Asset Value) and share price of the fund. Bond funds are subject to the same risks as their underlying investments which may include, but are not limited to, credit quality, duration, liquidity and security structure. Fixed income funds are not cash alternatives or money market fund equivalents. You should not buy a fixed income fund based solely on the yield. It is important to consider all risks and characteristics of a bond fund when making your investment decision.

Municipal Bond Funds - Investments in municipal securities are subject to the creditworthiness of their issuers. Municipal bond funds are subject to the same risks as their underlying municipal securities. Economic issues may impact the performance of the municipal bond issuer, as a result, principal is at risk and subject to fluctuation. For instance, if the underlying municipality defaults or the security is downgraded, a decrease in the value of these securities may impact your portfolio. Some single-state municipal bond funds may offer certain tax benefits, but may lack the diversification of a fund that invests in multiple state issues such as a multi-state or national fund. Municipal bond funds can, and often do, hold securities from outside their designated country or state (including securities from U.S. territories such as Puerto Rico).

High Yield and Floating Rate Mutual Funds - High yield and floating rate mutual funds both invest primarily in below investment grade securities (also known as junk bonds). The securities held within high yield and floating rate funds are often rated below investment grade by one or more of the nationally recognized rating agencies or may not be rated by a rating agency. These securities may offer higher than average yields but are considered speculative and carry increased risks of price volatility, underlying issuer creditworthiness, illiquidity and the possibility of default in the timely payment of interest and principal, which may impact the value of your portfolio. These funds should not be considered as an alternative to money market funds. You should carefully consider the risks of these products and not base your investment decision solely on the yield offered by the fund.

International Funds - Mutual Funds may invest in foreign securities and currencies of developed, emerging market, and frontier market countries. These investments (equity and fixed income) may be subject to increased risks and could lose value as a result of political, financial and economic events in foreign countries. It is also important to keep in mind that foreign investments typically have less publicly available information than U.S. investments, are subject to less stringent foreign securities regulations than domestic securities, and are influenced by different factors than in the U.S.

Complex Mutual Funds - Some mutual funds employ complex and specialized investment strategies. These funds may be given the flexibility to invest widely across asset classes and use complicated investment strategies such as leverage and short selling to manage their portfolios. In addition these funds commonly invest in alternative investments such as commodities, foreign currencies, and derivatives. The level and type of risk associated with mutual funds may vary significantly from one fund to another. It is important to have a complete understanding of the investment strategies and underlying products from which a mutual fund derives its value in order to evaluate risks. Complex funds are subject to a number of risks including increased volatility and greater potential for loss and are not appropriate for all investors. These and other risks are described in the mutual fund's prospectus.

Alternative Mutual Funds - Alternative mutual funds (alt funds) seek to accomplish the fund's objectives through non-traditional investments and trading strategies. Alt funds might invest in assets such as global real estate, commodities, leveraged loans, start-up companies and unlisted securities that offer exposure beyond traditional stocks, bonds and cash. To gain exposure to commodities, a fund may utilize an offshore subsidiary that is wholly-owned by the fund. A change in tax law or regulation could adversely affect the way the fund is taxed, operated, and managed. The strategies alternative mutual funds employ may be complex. Examples include hedging and leveraging through derivatives, short selling and "opportunistic" strategies that change with market conditions as various opportunities present themselves. Some alt funds employ a single strategy (single-strategy funds), while other funds may utilize multiple strategies within the same fund. Alt funds are managed to a wide range of investment objectives. In some cases, the fund's primary objective may be to generate above-market returns. In other cases, a fund's main goal may be to help investors better manage risk with strategies designed to smooth out volatility or offer greater diversification. Alt funds are not appropriate for all investors, and it's important to understand the strategy of the fund you are purchasing. In addition to the aforementioned characteristics, Alt funds may have relatively higher expense ratios when compared to traditional funds. Please see the fund's prospectus for details, as well as other characteristics and potential risks.

MLP Funds - While Wells Fargo Advisors does not provide tax advice it is important to note that MLP funds are classified for federal income tax purposes as a taxable regular corporation, or Subchapter "C" corporation. The Fund's accrued deferred tax liability, if any, may reduce the Fund's net asset value. Return of Capital distributions made by the Fund may reduce your cost basis, and therefore, may increase your tax liability upon selling the fund. Please contact your tax advisor for specific tax advice. MLP Funds have their own unique investment risks. For more information on MLP risk, see the Guide to Investing in MLPs at www.wellsfargoadvisors.com. For additional fund specific risks, please see the fund's prospectus.

Non-Traditional Mutual Funds - Non-Traditional funds, also known as leveraged, inverse, or inverse leveraged funds, are speculative trading vehicles that are complex and volatile due to the use of leverage and other complicated investment strategies. These products typically do not effectively track the underlying index over an extended period of time due to market volatility and daily or monthly reset periods. As a result, it is important that you monitor these products regularly within your account.

Target Date Funds - The goal of age-based or target-date funds is to actively manage the underlying portfolio toward a particular time horizon while adjusting the asset mix in the portfolio to help manage the level of risk and volatility as the target transition date approaches. Because these funds have an enhanced asset allocation component and are often composed of several individual funds, the expenses associated with them tend to be higher than with traditional funds. When managing these types of plans, each company formulates its own methodology and approach to risk. As a result, the allocation of one fund may be noticeably different from the allocation of another with the same target date. When considering investing in one of these funds, examine the specifics of the fund and make sure that the fund's objectives and holdings are consistent with your risk tolerance and investment objectives. It is possible that the funds could lose money and/or fail to reach the stated objective. These funds should also be reviewed on a periodic basis to ensure that they remain consistent with your expectations up to and beyond the target date.

Potential Conflicts of Interest

As outlined above, you should understand that compensation received from fund families varies between fund families and between funds within a family. Accordingly, a conflict of interest exists when Wells Fargo Advisors receives more compensation from one fund family/fund than it receives from others.

Wells Fargo Advisors has adopted policies and practices to limit these potential conflicts of interest. These include, but are not limited to, the following:

- Require networking, omnibus, platform service fees, and revenue sharing agreements to be in writing, and prohibit agreements or provisions that call for Wells Fargo Advisors to provide preferential marketing and promotional treatment to a fund family as a condition of paying or receiving networking, omnibus, platform service fees, or revenue sharing fees.
- Prohibit the sharing of any portion of networking fees, omnibus fees, revenue sharing fees, or intra-company compensation with financial advisors in their role as a financial advisor.
- Require the mutual fund distributor or advisor to directly compensate Wells Fargo Advisors for revenue sharing by wire transfer or check, and prohibit funds and their portfolio managers from directing investment portfolio trades to Wells Fargo Advisors as “indirect” compensation for revenue sharing.
- Require reporting and approval of reimbursement payments for general educational and training expenses and for expenses associated with conducting individual branch office training.
- Limit the annual dollar value of gifts or other noncash items that mutual fund companies and their representatives can provide to financial advisors.

To help increase transparency concerning these compensation relationships, you will find a list of all the fund families that pay Wells Fargo Advisors networking, omnibus, platform services, and/or revenue sharing compensation in A Guide to Investing in Mutual Funds, which is located in your account opening documents.

Wells Fargo Advisors offers a wide variety of fund families for our financial advisors to sell or recommend, including funds that do not compensate Wells Fargo Advisors for any or all of the services above. The payment of revenue sharing or any other compensation is not a prerequisite for Wells Fargo Advisors to make a fund available. However, Wells Fargo Advisors, in its discretion, reserves the right in the future to limit the mutual fund companies that do not adequately support the firm’s efforts or meet other economic criteria.

Reasonably Available Alternatives

ETFs: Lower overall costs, intraday liquidity, holdings transparency

Exchange-Traded Funds are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility, so that an investor’s shares, when redeemed, or sold, may be worth more or less than their original cost. Exchange Traded funds may yield investment results that, before expenses, generally correspond to the price and yield of a particular index. There is no assurance that the price and yield performance of the index can be fully matched.

UITs: No rebalancing of portfolio, holdings transparency, limited liquidity

Unit investment trusts are not actively managed. This means that securities in the trust will not be sold to take advantage of changing market conditions. The trust may continue to hold securities even though their market value and dividend yields may have changed. A UIT generally carries the same investment risk as the portfolio of securities within the UIT.

CEFs: Potential purchase below underlying holdings value, daily liquidity

Closed-End Funds are actively managed and can employ a number of investment strategies in pursuit of the fund's objectives. Some strategies may increase the overall risk of the fund and there is no assurance that any investment strategy will be successful or that the fund will achieve its intended objective. Closed-end funds are subject to different risks, volatility, fees and expenses. Many closed-end funds can leverage their assets to enhance yields. Leverage is a speculative technique that exposes a portfolio to increased risk of loss, may cause fluctuations in the market value of the fund's portfolio which could have a disproportionately large effect on the fund's NAV or cause the NAV of the fund generally to decline faster than it would otherwise. The use of leverage and other risk factors are more fully described in each closed-end fund's prospectus under the heading "Risk Factors."

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and nonbank affiliates of Wells Fargo & Company.