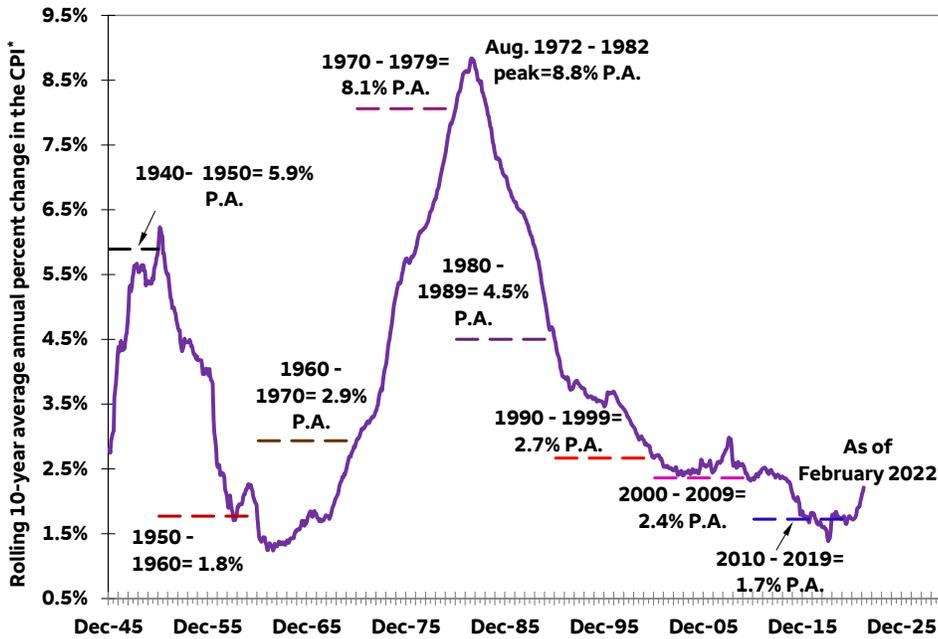


Putting today's inflation scare into perspective



Sources: U.S. Department Of Labor and Wells Fargo Investment Institute estimates. *Based on monthly data. P.A. = "per annum," or annual rate. CPI = Consumer Price Index.

Rolling 10-year average annual percentage change in the Consumer Price Index (CPI)

Many investors have expressed concerns over a possible repeat of the great inflation and stagnant economic growth that hampered markets during the 1970s and early 1980s. We believe, and the chart illustrates, that the great inflation of the 1970s and early 1980s, peaking at 8.8% in the 10 years to August 1982, was a 20th-century anomaly.

The CPI soared higher and for longer than at any time since at least the early 1920s, approached only when the U.S. lifted price controls after World War II. Since the beginning of 1946, the CPI 10-year average has exceeded 4% only about one-third of the time.

What it may mean for investors

Our view is that similarities to the 1970s are not as strong as current secular trends. As outside shocks subside, we believe inflation will return to what we view as historically moderate levels — although higher than the ultra-low average 1.7% CPI of the last decade. In 2022, however, we expect more pervasive and persistent inflation, which we anticipate will slow the U.S. economy later in the year.

In a period of higher but historically moderate interest rates, we are most favorable on high-quality, liquid U.S. Large Cap Equities, which are well positioned to deal with improvement in pricing power.

Gary Schlossberg, *Global Strategist*

This chart was excerpted from the Institute Alert report dated March 31, 2022.

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

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. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Foreign investing** has additional risks including those associated with currency fluctuation, political and economic instability, and different accounting standards. These risks are heightened in emerging markets. **Small- and mid-cap stocks** are generally more volatile, subject to greater risks and are less liquid than large company stocks.

Definitions

An index is unmanaged and not available for direct investment.

Consumer Price Index (CPI) produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

General Disclosures

Global Investment Strategy (GIS) is a division of Wells Fargo Investment Institute, Inc. (WFII). WFII is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

The information in this report was prepared by Global Investment Strategy. Opinions represent GIS' opinion as of the date of this report and are for general information purposes only and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally. GIS does not undertake to advise you of any change in its opinions or the information contained in this report. Wells Fargo & Company affiliates may issue reports or have opinions that are inconsistent with, and reach different conclusions from, this report.

The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to, any particular investor or potential investor. This report is not intended to be a client-specific suitability or best interest analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee to its accuracy or completeness.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

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 non-bank affiliates of Wells Fargo & Company. CAR-0422-00042