WELLS FARGO
Investment Institute

Asset Allocation Strategy

Executive Summary

June 15, 2022

Recapping our Midyear Outlook: Faster, further, and fragile

After the global economy worked through complications of the pandemic, the combination of a subsequent wave of COVID-19 outbreaks in China, fallout from the war in Ukraine, rising interest rates and inflation has presented new challenges for the global economy. With these factors as a backdrop, we believe a mild recession will likely occur by year-end and into 2023.

The Federal Reserve (Fed) is relying on monetary policy to ease inflationary pressures; yet, monetary tightening comes at a cost as raising interest rates undermines borrowing, spending, and economic growth. So, as the economy cools *faster* and the interest rate increases run *further*, we believe the economy and capital markets will remain *fragile*.

We expect the trends of slowing economic growth, rising inflation and interest rates, and periodic market volatility to continue through year-end and into 2023. There are still inefficiencies in the global supply chain related to the Russia-Ukraine war and China's COVID-19-related lockdowns, and we anticipate these headwinds to persist in the near term.

Looking ahead through year-end, we recommend the five following ideas for your portfolio:

Build portfolio resilience with diversifiers. Rising interest rates produced concerns that the decades-long bond bull market has ended. Although many equity and fixed-income classes may underperform our long-term assumptions as rates potentially rise further, and growth continues to wane, diversifiers such as commodities and alternative investments historically have served as a useful portfolio hedge against losses.

Be defensive on equity exposure late in an economic cycle. Against the backdrop of a fast-moving business cycle and global central bank tightening, we favor an equity exposure with a bent toward the higher-quality segments of the asset group. Specifically, we believe large- and mid-cap U.S. equities have the potential to provide higher-quality earnings than their international or U.S. small-cap counterparts.

Add to fixed-income holdings judiciously in a rising-rate (and inflationary) environment. We believe high-quality bonds have potential to provide traditional diversification attributes both for income — particularly given that yields have risen — and for reduced downside exposure during periods of heavy equity market volatility.

Match cash allocations to time horizon. Depending on an investor's risk tolerance, a modest cash allocation may be appropriate during this period of continued market volatility.

Seek to mitigate downside risk with alternative investments, including hedge funds. Given our expectations for higher market volatility due to slower growth, persistent inflation, and rising interest rates, investments that can mitigate risk and even provide upside potential under these challenging market conditions, warrant consideration for an allocation in a qualified diversified portfolio.

For more information, including economic and asset group highlights, please see our report — *2022 Midyear Outlook: Faster, further, and fragile.*

Economic summary: Cracks were appearing in the economy's moderate growth façade midway through the second quarter. The pattern of activity was similar to the first-quarter decline, now centered on improving foreign trade and seemingly top-heavy inventories outside autos. Those supports seem to have masked a slowdown in housing and, to a lesser extent, business investment. Manufacturing held up well, despite ongoing supply-chain problems. Output has been supported by broad-based strength in consumer spending, underpinned by solid job growth that belied recession-level readings on consumer sentiment. Job growth in April and May was coming off the boil in an orderly way, raising hopes for a soft landing for the economy.

Fixed income: Most fixed-income markets enjoyed a small respite from the negative performance experienced in the first four months as yields declined in the last weeks of May. Preferred securities was the best performer (2.6%), followed by municipal bonds (1.5%). Leveraged loans was the worst performing asset class (-2.6%), given the decline in appetite for bank credit risk and the expectation for slower Fed interest rate hikes after July. Emerging market (EM) (0.19%) and developed market (DM) sovereign bonds (-0.23%) displayed mixed performance in May as the U.S. dollar weakened while overseas yields increased. Year to date, all fixed income asset classes remain in negative territory.

Equities: Difficulties for U.S. equities carried over into May as Fed rate hikes and inflation concerns continued to weigh on the market. However, a month-end rally pushed the S&P 500 Index back into positive territory for the month. The S&P 500 Index returned 0.18% in May, rebounding from its worst monthly return since March 2020. Despite the rebound, the S&P 500 Index is still down -12.76% year to date (YTD) as of the end of May. U.S. dollar-denominated DM equities (0.9%) and EM equities (0.5%) continued to outperform their U.S. equity class counterparts in May. A weaker U.S. dollar was a tailwind.

Real assets: total return of -0.1% (as measured by the Alerian MLP Index) versus an S&P 500 Index total return of -8.7%. Oil's run higher — driven by market concerns over supply disruptions stemming from the Russia- Ukraine war — was a potent tailwind. Commodities continue to move higher, bolstered by higher inflation, concerns of supply disruptions across many commodities, and strength in demand. Commodities were one of the best-performing major asset classes in 2021, and performance has continued on that path so far in 2022 with all four commodity sectors posting positive returns for the year.

Alternative investments*: Against a difficult backdrop, hedge funds — on average — continue to post impressive relative returns. So far this year, the HFRI Fund Weighted Composite Index is down less than -3.0% after posting a negative return of -0.6% in May. Despite a slew of macro and geopolitical hurdles that continue to dominate the market narrative, hedge funds have largely remained well positioned to navigate the volatility.

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

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

Asset Allocation Strategy Report

Executive Summary

June 15, 2022

Wells Fargo Investment Institute forecasts

Global economy (%)	Latest (%)	2022 YE targets (%)	2023 YE targets (%)
U.S. GDP growth	3.5[1]	1.5	-0.5
U.S. inflation	8.6	7.7	3.5
U.S. unemployment rate	3.6	3.8	4.4
Global GDP growth	3.4	2.5	2.0
Global inflation	5.2	6.2	4.1
Developed market GDP growth	2.0[1]	1.5	0.0
Developed market inflation	7.2[1]	6.6	3.1
Emerging market GDP growth	4.4[1]	3.2	3.5
Emerging market inflation	3.7[1]	6.0	4.8
Eurozone GDP growth	5.1[1]	1.1	-0.8
Eurozone inflation	8.1	7.2	2.0
Global equities	**Latest**	**2022 YE target**	**2023 YE target**
S&P 500 Index	4132	4200-4400	4500-4700
S&P 500 earnings per share ($)	210	220	210
Russell Midcap® Index	2875	2800-3000	3000-3200
Russell Midcap earnings per share ($)	141	155	145
Russell 2000 Index	1864	1700-1900	1800-2000
Russell 2000 earnings per share ($)	70	85	75
MSCI EAFE Index	2038	1800-2000	1850-2050
MSCI EAFE earnings per share ($)	147	140	130
MSCI Emerging Markets (EM) Index	1078	900-1100	950-1150
MSCI EM earnings per share ($)	94	90	80
Global fixed income (%)	**Latest**	**2022 YE target**	**2023 YE target**
10-year U.S. Treasury yield	2.84	3.00–3.50	2.50–3.00
30-year U.S. Treasury yield	3.05	3.00–3.50	2.50–3.00
Fed funds rate	0.75–1.00	2.50–2.75	3.25–3.50
Global real assets	**Latest**	**2022 YE target**	**2023 YE target**
West Texas Intermediate crude oil price ($ per barrel)	$115	$90–$110	100–120
Brent crude oil price ($ per barrel)	$123	$95–$115	105–125
Gold price ($ per troy ounce)	$1,843	$2,000–$2,100	2100–2200
Commodities	281	260–280	270–290
Currencies	**Latest**	**2022 YE target**	**2023 YE target**
Dollar/euro exchange rate	$1.07	$0.97–$1.05	$1.00–$1.08
Yen/dollar exchange rate	¥128.7	¥132–¥142	¥125–135

Sources: FactSet, Bloomberg, Wells Fargo Investment Institute, as of May 31, 2022. Global economy: All latest numbers are from Bloomberg, as of May 31, 2022. All numbers are year-over-year, except the unemployment rate, which is a level. The targets for 2022 are based on forecasts by Wells Fargo Investment Institute as of June 15, 2022. YE = year-end. Forecasts are not guaranteed and based on certain assumptions and on our views of market and economic conditions, which are subject to change. GDP = gross domestic product. [1]As of March 31, 2022.
An index is unmanaged and not available for direct investment. See end of report for important definitions and disclosures.

Current tactical guidance

Cash Alternatives and Fixed Income

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

Equities

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

Real Assets

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
		Private Real Estate Commodities		

Alternative Investments*

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

Source: Wells Fargo Investment Institute, June 15, 2022.

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

**Changed this month.

Past performance is no guarantee of future results.

Asset Allocation Strategy Report

Executive Summary

June 15, 2022

Total returns (%)

Fixed Income

Index	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Taxable Investment Grade Fixed Income	0.6	-3.2	-8.9	-8.2	0.0	1.2
High Yield Taxable Fixed Income	0.2	-3.3	-8.0	-5.3	3.3	3.6
DM Ex-U.S. Fixed Income (Unhedged)	-0.2	-7.8	-14.4	-19.3	-4.1	-1.7
EM Fixed Income (U.S. dollar)	0.2	-5.3	-14.1	-13.8	-1.5	0.1

Equities

Index	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Large Cap Equities	0.2	-8.6	-12.8	-0.3	16.4	13.4
U.S. Mid Cap Equities	0.1	-7.6	-12.9	-6.8	12.9	10.5
U.S. Small Cap Equities	0.2	-9.8	-16.6	-16.9	9.7	7.7
DM Equities Ex-U.S. (U.S. dollar)	0.9	-5.5	-11.0	-9.9	6.9	4.7
EM Equities (U.S. dollar)	0.5	-5.1	-11.7	-19.6	5.4	4.2

Real Assets

Index	MTD	QTD	YTD	1 year	3 year	5 year
Public Real Estate	-4.3	-9.5	-12.9	-3.7	3.4	4.9
Master Limited Partnerships	7.7	7.6	27.9	27.5	6.1	2.6
Commodities (BCOM)	1.5	5.7	32.7	41.9	19.8	10.9

Alternative Investments

Index	MTD	QTD	YTD	1 year	3 year	5 year
Global Hedge Funds	-0.6	-2.0	-2.9	-2.3	8.0	5.8

Sources: Bloomberg, J.P. Morgan, Standard & Poor's, Russell Indices, MSCI Inc., FTSE, Alerian, Hedge Fund Research, Inc.; as of May 31, 2022. MTD = month to date. QTD = quarter to date. YTD = year to date.

DM indicates Developed Market; EM indicates Emerging Market. Returns over one year are annualized.
An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**
See end of report for important definitions and disclosures.

Fixed income sector guidance: U.S. investment-grade securities

Sector	Guidance
Duration	Neutral
U.S. Government	Unfavorable
Treasury Securities	Unfavorable
Agencies	Neutral
Inflation-Linked Fixed Income	Neutral
Credit	Neutral
Corporate Securities	Neutral
Preferred Securities	Neutral
Securitized	Unfavorable
Residential MBS	Unfavorable
Commercial MBS	Favorable
Asset Backed Securities	Neutral
U.S. Municipal Bonds	Favorable
Taxable Municipal	Neutral
State and Local General Obligation	Neutral
Essential Service Revenue	Favorable
Pre-Refunded	Neutral

Source: Wells Fargo Investment Institute, June 15, 2022.

Total sector returns (%)

Sector	1 month	YTD	12 month
U.S. Government	0.2	-8.2	-7.4
Credit	0.9	-11.5	-10.0
Securitized	1.1	-7.3	-7.6
U.S. Municipal Bonds	1.5	-7.5	-6.8

Source: FactSet, May 31, 2022.

WFII U.S. equity sector strategy

Sector	S&P 500 Index weight (%)*	Guidance ranges (%)**	Guidance
Communication Services	8.8	-2% to +2%	Neutral
Consumer Discretionary	10.9	-2% to -4%	Unfavorable
Consumer Staples	6.5	-2% to +2%	Neutral
Energy	4.8	+2% to +4%	Favorable
Financials	11.2	-2% to +2%	Neutral
Health Care	14.4	+2% to +4%	Favorable
Industrials	7.7	-2% to +2%	Neutral
Information Technology	27.1	+2% to +4%	Favorable
Materials	2.8	-2% to +2%	Neutral
Real Estate	2.8	-2% to -3%	Unfavorable
Utilities	3.0	-2% to +2%	Neutral
Total	**100.0**		

Sources: FactSet, Wells Fargo Investment Institute (WFII). Weightings are as of May 31, 2022.
WFII guidance is as of June 15, 2022.
*Sector weightings may not add to 100% due to rounding.

**We now provide ranges of recommended weights, instead of specific percentages. The ranges allow flexibility in sizing transactions, and may require less rebalancing as markets fluctuate.

International equity market strategy

Region	Benchmark weight*	Regional guidance
DM Ex-U.S. Equities		Most unfavorable
Europe	65	Unfavorable
Pacific	35	Favorable
EM Equities		Unfavorable
Emerging Asia	78	Neutral
Emerging Europe, Middle East and Africa	13	Most unfavorable
Latin America	9	Neutral

Source: Wells Fargo Investment Institute; as of May 31, 2022. WFII regional guidance is as of June 15, 2022.
* Benchmarks are MSCI EAFE Index for DM and MSCI Emerging Markets Index for EM.

Total returns (%): S&P 500 Index sectors

Sector	1 month	YTD	12 month
Communication Services	1.8	-24.3	-21.1
Consumer Discretionary	-4.9	-24.7	-11.8
Consumer Staples	-4.6	-3.2	9.2
Energy	15.8	58.5	76.0
Financials	2.7	-8.8	-4.9
Health Care	1.4	-5.8	8.7
Industrials	-0.5	-10.1	-8.6
Information Technology	-0.9	-19.4	2.0
Materials	1.1	-4.7	0.3
Real Estate	-5.0	-14.1	5.1
Utilities	4.3	4.7	17.7
S&P 500 Index	**0.2**	**-12.8**	**-0.3**

Source: FactSet, May 31, 2022. An index is unmanaged and not available for direct investment.
Past performance is no guarantee of future results.

Asset Allocation Strategy Report

Executive Summary

June 15, 2022

Strategic and tactical asset allocation: Liquid (three-asset-group)

May include fixed income, equities, and real assets

STRATEGIC

	INCOME						GROWTH AND INCOME						GROWTH					
	Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Cash Alternatives (%)	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Total Global Fixed Income (%)	**80.0**	**80.0**	**69.0**	**69.0**	**61.0**	**62.0**	**50.0**	**52.0**	**41.0**	**43.0**	**33.0**	**34.0**	**22.0**	**23.0**	**14.0**	**15.0**	**5.0**	**6.0**
Total U.S. Investment Grade Taxable Fixed Income	72.0	77.0	58.0	61.0	45.0	50.0	39.0	45.0	30.0	36.0	20.0	25.0	16.0	20.0	8.0	15.0	3.0	6.0
U.S. Short Term Taxable*	19.0	22.0	15.0	16.0	12.0	15.0	10.0	14.0	8.0	12.0	5.0	8.0	4.0	6.0	2.0	6.0	0.0	2.0
U.S. Intermediate Term Taxable*	37.0	39.0	30.0	32.0	23.0	25.0	20.0	22.0	15.0	17.0	10.0	12.0	8.0	10.0	4.0	7.0	3.0	4.0
U.S. Long Term Taxable*	16.0	16.0	13.0	13.0	10.0	10.0	9.0	9.0	7.0	7.0	5.0	5.0	4.0	4.0	2.0	2.0	0.0	0.0
High Yield Taxable Fixed Income	5.0	0.0	6.0	3.0	8.0	4.0	6.0	2.0	6.0	2.0	7.0	3.0	3.0	0.0	3.0	0.0	0.0	0.0
Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market Fixed Income	3.0	3.0	5.0	5.0	8.0	8.0	5.0	5.0	5.0	5.0	6.0	6.0	3.0	3.0	3.0	0.0	2.0	0.0
Total Global Equities (%)	**18.0**	**18.0**	**29.0**	**29.0**	**37.0**	**36.0**	**46.0**	**44.0**	**55.0**	**53.0**	**63.0**	**62.0**	**74.0**	**73.0**	**82.0**	**81.0**	**91.0**	**90.0**
U.S. Large Cap Equities	12.0	14.0	16.0	20.0	19.0	23.0	20.0	26.0	24.0	31.0	28.0	36.0	30.0	38.0	31.0	38.0	28.0	33.0
U.S. Mid Cap Equities	4.0	4.0	5.0	7.0	7.0	11.0	8.0	12.0	10.0	14.0	12.0	17.0	13.0	17.0	14.0	19.0	16.0	20.0
U.S. Small Cap Equities	0.0	0.0	4.0	2.0	4.0	0.0	5.0	2.0	6.0	3.0	6.0	3.0	8.0	5.0	10.0	7.0	13.0	13.0
Developed Market Ex-U.S. Equities	2.0	0.0	4.0	0.0	7.0	2.0	7.0	2.0	8.0	2.0	9.0	2.0	11.0	5.0	12.0	6.0	16.0	10.0
Emerging Market Equities	0.0	0.0	0.0	0.0	0.0	0.0	6.0	2.0	7.0	3.0	8.0	4.0	12.0	8.0	15.0	11.0	18.0	14.0
Total Global Real Assets (%)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

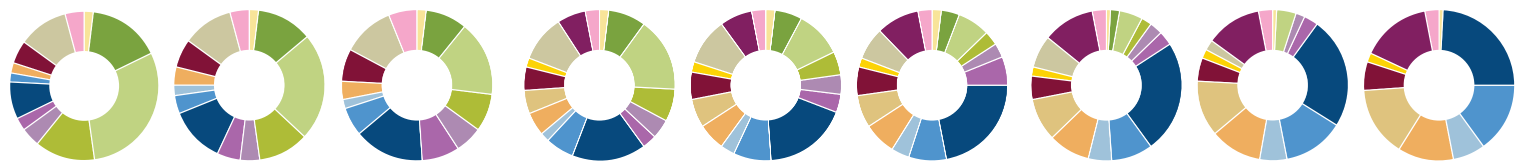
Strategic allocations are updated annually; last update was July 19, 2021. Tactical allocations are updated periodically; last update was June 14, 2022. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. *Wells Fargo Advisors only.

Asset Allocation Strategy Report

Strategic and tactical asset allocation: Illiquid (four-asset-group)

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

STRATEGIC



	INCOME						GROWTH AND INCOME						GROWTH					
	Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Cash Alternatives (%)	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Total Global Fixed Income (%)	**66.0**	**66.0**	**55.0**	**55.0**	**47.0**	**47.0**	**38.0**	**39.0**	**29.0**	**32.0**	**23.0**	**26.0**	**15.0**	**18.0**	**9.0**	**12.0**	**0.0**	**4.0**
Total U.S. Investment Grade Taxable Fixed Income	59.0	63.0	46.0	50.0	33.0	37.0	31.0	36.0	21.0	26.0	14.0	20.0	9.0	15.0	4.0	10.0	0.0	4.0
U.S. Short Term Taxable*	16.0	18.0	12.0	14.0	9.0	11.0	8.0	11.0	6.0	9.0	4.0	8.0	2.0	6.0	0.0	4.0	0.0	4.0
U.S. Intermediate Term Taxable*	30.0	32.0	23.0	25.0	16.0	18.0	16.0	18.0	10.0	12.0	7.0	9.0	5.0	7.0	4.0	6.0	0.0	0.0
U.S. Long Term Taxable*	13.0	13.0	11.0	11.0	8.0	8.0	7.0	7.0	5.0	5.0	3.0	3.0	2.0	2.0	0.0	0.0	0.0	0.0
High Yield Taxable Fixed Income	4.0	0.0	4.0	0.0	6.0	2.0	4.0	0.0	4.0	2.0	3.0	0.0	3.0	0.0	2.0	0.0	0.0	0.0
Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market Fixed Income	3.0	3.0	5.0	5.0	8.0	8.0	3.0	3.0	4.0	4.0	6.0	6.0	3.0	3.0	3.0	2.0	0.0	0.0
Total Global Equities (%)	**12.0**	**12.0**	**22.0**	**22.0**	**27.0**	**27.0**	**34.0**	**33.0**	**41.0**	**38.0**	**48.0**	**45.0**	**56.0**	**53.0**	**66.0**	**63.0**	**73.0**	**69.0**
U.S. Large Cap Equities	8.0	10.0	12.0	16.0	15.0	17.0	16.0	21.0	18.0	24.0	22.0	29.0	24.0	29.0	24.0	29.0	24.0	25.0
U.S. Mid Cap Equities	2.0	2.0	4.0	6.0	6.0	10.0	6.0	10.0	8.0	12.0	8.0	13.0	9.0	13.0	13.0	17.0	15.0	19.0
U.S. Small Cap Equities	0.0	0.0	2.0	0.0	2.0	0.0	2.0	0.0	3.0	0.0	4.0	0.0	5.0	3.0	6.0	4.0	7.0	7.0
Developed Market Ex-U.S. Equities	2.0	0.0	4.0	0.0	4.0	0.0	5.0	0.0	6.0	0.0	7.0	0.0	9.0	3.0	11.0	5.0	12.0	6.0
Emerging Market Equities	0.0	0.0	0.0	0.0	0.0	0.0	5.0	2.0	6.0	2.0	7.0	3.0	9.0	5.0	12.0	8.0	15.0	12.0
Total Global Real Assets (%)	**5.0**	**5.0**	**6.0**	**6.0**	**7.0**	**7.0**	**7.0**	**7.0**	**8.0**	**8.0**	**8.0**	**8.0**	**7.0**	**7.0**	**7.0**	**7.0**	**8.0**	**8.0**
Private Real Estate**	5.0	5.0	6.0	6.0	7.0	7.0	5.0	5.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	6.0	6.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total Alternative Investments (%)**	**15.0**	**15.0**	**15.0**	**15.0**	**17.0**	**17.0**	**19.0**	**19.0**	**20.0**	**20.0**	**19.0**	**19.0**	**21.0**	**21.0**	**17.0**	**17.0**	**18.0**	**18.0**
Global Hedge Funds	11.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0	7.0	7.0	7.0	7.0	2.0	2.0	0.0	0.0
Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	6.0	6.0	7.0	7.0	9.0	9.0	11.0	11.0	12.0	12.0	15.0	15.0
Private Debt	4.0	4.0	4.0	4.0	6.0	6.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0

Strategic allocations are updated annually; last update was July 19, 2021. Tactical allocations are updated periodically; last update was June 14, 2022. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. Hedge fund allocations are based on private hedge fund capital market assumptions. *Wells Fargo Advisors only.

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

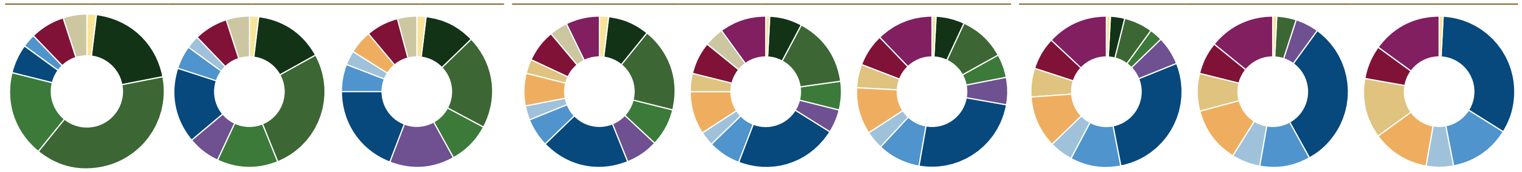
Executive Summary

June 15, 2022

Strategic asset allocation: Tax-efficient illiquid

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

STRATEGIC



	INCOME			GROWTH AND INCOME			GROWTH		
	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive
	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic
Cash Alternatives (%)	**2.0**	**2.0**	**2.0**	**2.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Total Global Fixed Income (%)	**77.0**	**62.0**	**54.0**	**42.0**	**33.0**	**27.0**	**18.0**	**9.0**	**0.0**
Total U.S. Investment Grade Tax Exempt Fixed Income	77.0	55.0	40.0	35.0	28.0	21.0	12.0	4.0	0.0
U.S. Short Term Tax Exempt FI*	20.0	15.0	11.0	9.0	7.0	6.0	3.0	0.0	0.0
U.S. Intermediate Term Tax Exempt FI*	39.0	27.0	20.0	18.0	15.0	10.0	6.0	4.0	0.0
U.S. Long Term Tax Exempt FI*	18.0	13.0	9.0	8.0	6.0	5.0	3.0	0.0	0.0
High Yield Tax Exempt FI	0.0	7.0	14.0	7.0	5.0	6.0	6.0	5.0	0.0
Developed Market Ex-U.S. FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Global Equities (%)	**9.0**	**24.0**	**33.0**	**38.0**	**45.0**	**53.0**	**61.0**	**69.0**	**77.0**
U.S. Large Cap Equities	6.0	16.0	19.0	19.0	22.0	25.0	28.0	32.0	33.0
U.S. Mid Cap Equities	3.0	5.0	6.0	6.0	7.0	9.0	11.0	11.0	13.0
U.S. Small Cap Equities	0.0	3.0	3.0	3.0	3.0	4.0	5.0	6.0	6.0
Developed Market Ex-U.S. Equities	0.0	0.0	5.0	7.0	9.0	10.0	11.0	12.0	12.0
Emerging Market Equities	0.0	0.0	0.0	3.0	4.0	5.0	6.0	8.0	13.0
Total Global Real Assets (%)	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**
Private Real Estate**	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Alternative Investments (%)**	**5.0**	**5.0**	**4.0**	**11.0**	**14.0**	**12.0**	**13.0**	**14.0**	**15.0**
Global Hedge Funds	5.0	5.0	4.0	4.0	4.0	0.0	0.0	0.0	0.0
Private Equity	0.0	0.0	0.0	7.0	10.0	12.0	13.0	14.0	15.0
Private Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Tax-efficient strategic allocations are updated annually; last update was July 19, 2021. Tactical allocations are updated periodically. FI = fixed income. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. Hedge fund allocations are based on private hedge fund capital market assumptions. *Wells Fargo Advisors only.

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

Asset Allocation Strategy Report

Executive Summary

June 15, 2022

Strategic asset allocation: Tax-efficient liquid

May include fixed income, equities, and real assets

STRATEGIC

	INCOME			GROWTH AND INCOME			GROWTH		
	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive
	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic
Cash Alternatives (%)	**3.0**	**3.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Total Global Fixed Income (%)	**85.0**	**70.0**	**62.0**	**51.0**	**41.0**	**32.0**	**22.0**	**14.0**	**5.0**
Total U.S. Investment Grade Tax Exempt Fixed Income	85.0	64.0	48.0	45.0	35.0	25.0	18.0	11.0	5.0
U.S. Short Term Tax Exempt FI*	23.0	17.0	13.0	12.0	9.0	7.0	5.0	3.0	0.0
U.S. Intermediate Term Tax Exempt FI*	43.0	32.0	24.0	23.0	18.0	12.0	9.0	5.0	5.0
U.S. Long Term Tax Exempt FI*	19.0	15.0	11.0	10.0	8.0	6.0	4.0	3.0	0.0
High Yield Tax Exempt FI	0.0	6.0	14.0	6.0	6.0	7.0	4.0	3.0	0.0
Developed Market Ex-U.S. FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Global Equities (%)	**12.0**	**27.0**	**36.0**	**47.0**	**57.0**	**66.0**	**76.0**	**84.0**	**93.0**
U.S. Large Cap Equities	6.0	14.0	17.0	17.0	23.0	27.0	31.0	31.0	27.0
U.S. Mid Cap Equities	4.0	5.0	7.0	10.0	12.0	14.0	15.0	16.0	18.0
U.S. Small Cap Equities	0.0	4.0	4.0	6.0	6.0	6.0	8.0	11.0	14.0
Developed Market Ex-U.S. Equities	2.0	4.0	8.0	8.0	9.0	11.0	12.0	13.0	18.0
Emerging Market Equities	0.0	0.0	0.0	6.0	7.0	8.0	10.0	13.0	16.0
Total Global Real Assets (%)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Tax-efficient strategic allocations are updated annually; last update was July 19, 2021. Tactical allocations are updated periodically. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. Hedge fund allocations are based on private hedge fund capital market assumptions. *Wells Fargo Advisors only.

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

Capital market and asset-class assumptions are estimates of how asset classes and combinations of classes may respond during various market environments. For example, downside risk is based on our assumptions about average returns, and the variability of returns represents the minimum return that would be statistically likely in 95% of annual returns. In other words, in 19 out of 20 years, performance likely would be better than this figure, and in the 20th year, it likely would be worse. There is no guarantee that any particular 20-year period would follow this pattern.

Asset class risks

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

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

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

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

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

Cash alternatives including bank certificates of deposits, Treasury bills, and ultra-short bond mutual funds have advantages and disadvantages depending on the type of instrument. They typically offer lower rates of return than longer-term equity or fixed-income securities and may not keep pace with inflation over extended periods of time. While government securities are backed by the full faith and credit of the federal government as to payment of principal and interest if held to maturity and are considered free from credit risk, they are subject to interest rate risk.

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

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

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

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

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

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

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

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

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

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility. **Communication Services** companies are vulnerable to their products and services becoming outdated because of technological advancement and the innovation of competitors. Companies in the Communication Services sector may also be affected by rapid technology changes; pricing competition, large equipment upgrades, substantial capital requirements and government regulation and approval of products and services. In addition, companies within the industry may invest heavily in research and development which is not guaranteed to lead to successful implementation of the proposed product. Risks associated with the **Consumer Discretionary** sector include, among others, apparel price deflation due to low-cost entries, high inventory levels and pressure from e-commerce players; reduction in traditional advertising dollars, increasing household debt levels that could limit consumer appetite for discretionary purchases, declining consumer acceptance of new product introductions, and geopolitical uncertainty that could affect consumer sentiment. **Consumer Staples** industries can be significantly affected by competitive pricing particularly with respect to the growth of low-cost emerging market production, government regulation, the performance of the overall economy, interest rates, and consumer confidence. The **Energy** sector may be adversely affected by changes in worldwide energy prices, exploration, production spending, government regulation, and changes in exchange rates, depletion of natural resources, and risks that arise from extreme weather conditions. Investing in **Financial** services companies will subject an investment to adverse economic or regulatory occurrences affecting the sector. Some of the risks associated with investment in the **Health Care** sector include competition on branded products, sales erosion due to cheaper alternatives, research and development risk, government regulations and government approval of products anticipated to enter the market. There is increased risk investing in the **Industrials** sector. The industries within the sector can be significantly affected by general market and economic conditions, competition, technological innovation, legislation and government regulations, among other things, all of which can significantly affect a portfolio's performance. **Materials** industries can be significantly affected by the volatility of commodity prices, the exchange rate between foreign currency and the dollar, export/import concerns, worldwide competition, procurement and manufacturing and cost containment issues. **Real Estate** investments have special risks, including possible illiquidity of the underlying properties, credit risk, interest rate fluctuations, and the impact of varied economic conditions. Risks associated with the **Technology** sector include increased competition from domestic and international companies, unexpected changes in demand, regulatory actions, technical problems with key products, and the departure of key members of management. Technology and Internet-related stocks, especially smaller, less-seasoned companies, tend to be more volatile than the overall market. **Utilities** are sensitive to changes in interest rates, and the securities within the sector can be volatile and may underperform in a slow economy.

A periodic investment plan such as dollar cost averaging does not assure a profit or protect against a loss in declining markets. Since such a strategy involves continuous investment, the investor should consider his or her ability to continue purchases through periods of low price levels.

Portfolio composition, chart page 1

Liquid (three-asset-group) Conservative Income portfolio composition: 2% Bloomberg U.S. Treasury Bill (1–3 Month) Index, 72% Bloomberg U.S. Aggregate Bond Index, 5% Bloomberg U.S. Corporate High Yield Bond Index, 3% JPM EMBI Global Index, 12% S&P 500 Index, 4% Russell Midcap Index, 2% MSCI EAFE Index

Index definitions

An index is unmanaged and not available for direct investment.

Fixed income representative indexes

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

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

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

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

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

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

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

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

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

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

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

Equity representative indexes

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

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

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

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

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

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

Real assets representative indexes

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

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

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

Alternative strategies representative indexes

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

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

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

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

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

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

Disclosures

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.

Opinions represent WFII opinion as of the date of this report and are for general informational 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 an offer to buy or sell or solicitation of an offer to buy or sell any securities mentioned. 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.

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.