



# Wells Fargo Funds Management, LLC

## Form ADV Part 2A

## Firm Brochure

One Front St, 22<sup>nd</sup> Floor

San Francisco, CA 94111

(415) 396-6122

[www.wellsfargofunds.com](http://www.wellsfargofunds.com)

March 30, 2018

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), Form ADV, Part 2A—our “Brochure”—is an important document that we furnish to our investment advisory clients. In this Brochure, “WFFM,” “we,” “us,” and “our” refer to Wells Fargo Funds Management, LLC but not to other companies affiliated with Wells Fargo & Company.

*This Brochure provides information about our qualifications and business practices. If you have any questions about the contents of this brochure, please contact us via email at [mas@wellsfargo.com](mailto:mas@wellsfargo.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any State Securities Authority.*

*Additional information about us also is available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, click “Investment Adviser Search” on the left navigation panel, select “investment adviser firm” and type in “Wells Fargo Funds Management, LLC” for the firm name). The search results will link you to both Parts 1 and 2 of our Form ADV.*

Wells Fargo Funds Management, LLC is a registered investment adviser with the SEC. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you may use to evaluate us (and other advisers) which may factor into your decision to hire us or to continue to maintain a mutually beneficial relationship.

## **Item 2 – Material Changes**

### **SUMMARY OF MATERIAL CHANGES**

The following is a discussion only of the material changes made since the last annual update of the WFFM brochure that was filed on March 29, 2017.

- Item 4 (Description of Advisory Services) has been reorganized and updated to reflect, among other things, WFFM serving as an investment adviser to an additional offshore fund.
- Item 6 (Performance-Based Fees and Side-By-Side Management) has been updated to include information about WFFM's performance-based fee arrangements.
- Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) has been updated to include additional information about the investment strategies offered by WFFM and their related risks and information about WFFM's handling of trade and other errors.
- Item 10 (Other Financial Industry Activities and Affiliations) has been updated to include information about services provided by Wells Capital Management Incorporated to WFFM in connection with managed account programs.
- Item 12 (Brokerage Practices) has been updated to include additional information related to WFFM's brokerage and trade-related practices.

We may, at any time, update this Brochure and either send a copy or a summary of the significant updates (either by electronic means (email) if you have agreed to receive electronic communications from us or in hard copy form).

If you would like another copy of this Brochure, please download it from the SEC Website as indicated on the cover page or you may request another by contacting us via email at [mas@wellsfargo.com](mailto:mas@wellsfargo.com).

## Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	5
Item 6 – Performance-Based Fees and Side-By-Side Management .....	6
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 – Disciplinary Information .....	19
Item 10 – Other Financial Industry Activities and Affiliations .....	19
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	22
Item 12 - Brokerage Practices.....	26
Item 13 – Review of Accounts.....	28
Item 14 – Client Referrals and Other Compensation.....	30
Item 15 – Custody.....	30
Item 16 – Investment Discretion.....	31
Item 17 – Voting Client Securities.....	32
Item 18 – Financial Information .....	34
Item 19 – Requirements for State-Registered Advisers.....	34

## **Item 4 – Advisory Business**

### **Description of Advisory Services**

Wells Fargo Funds Management, LLC is a directly and wholly-owned subsidiary of Wells Fargo Asset Management Holdings, LLC, which is an indirect wholly-owned subsidiary of Wells Fargo & Company ("WFC"), a diversified financial services company. WFC is a publicly held company that lists its shares on the New York Stock Exchange. Wells Fargo Asset Management (WFAM) is a trade name used by the asset management businesses of WFC. WFAM includes but is not limited to Analytic Investors, LLC; ECM Asset Management Limited; Wells Fargo Asset Management (International), LLC; Galliard Capital Management, Inc.; The Rock Creek Group, LP; Wells Capital Management Incorporated; Wells Fargo Asset Management Luxembourg S.A.; Wells Fargo Funds Distributor, LLC; and Wells Fargo Funds Management, LLC. WFFM serves as investment adviser for the portfolios of the Wells Fargo Funds (a family of U.S. registered investment companies), Wells Fargo (Lux) Worldwide Fund and Worldwide Alternative Fund SICAV-SIF (offshore funds organized in Luxembourg), and The Securities Lending Cash Investments, LLC (a private fund) (collectively, the "Funds"). We also participate as an investment adviser in several managed account programs offered by other financial institutions to their respective clients, including high net worth individuals, trusts, retirement plans, corporations, partnerships and charitable organizations. We commenced operations in March 2001 to succeed the former mutual fund advisory responsibilities of Wells Fargo Bank, N.A.

The descriptions of advisory services and other items of information in this Brochure below are generally organized under headings naming the category of client.

### **The Wells Fargo Funds**

We are responsible for implementing the investment objectives and strategies of the Wells Fargo Funds. To assist in fulfilling these responsibilities, and subject to Board approval, we have contracted with sub-advisers to provide day-to-day portfolio management services to the Wells Fargo Funds. We employ a team of investment professionals who identify and recommend the initial hiring of each Wells Fargo Fund's sub-adviser and monitor the activities of the sub-advisers on an ongoing basis. Wells Fargo Fund sub-advisers are institutional investment management firms that are registered under the Advisers Act. Some sub-advisers are affiliated with us and some are non-affiliated. We are responsible for the larger strategic investment decisions such as determining a Wells Fargo Fund's investment style and asset allocation targets as well as structural

issues such as whether to operate a Wells Fargo Fund as a stand-alone fund, in a master-gateway structure or in a fund-of-funds structure with Board approval. Day-to-day security selection is generally left to the sub-advisers. Certain Wells Fargo Funds are structured as fund-of-funds and pursue their investment objectives by investing in other investment companies that are advised by us and, in some cases, sub-advised by one of our advisory affiliates (“Underlying Wells Fargo Funds”). For those fund-of-funds that do pay us an investment management fee for allocation decisions across various Underlying Wells Fargo Funds, the Board of Trustees for such Wells Fargo Funds meet annually to determine that the amount of the management fee is appropriate given the services provided. In some cases, the decision to allocate across various Underlying Wells Fargo Funds includes an allocation to an Underlying Wells Fargo Fund sub-advised by one of our advisory affiliates, for which such affiliate receives a sub-advisory fee.

We also closely monitor sub-adviser performance and will from time to time recommend sub-adviser changes to the Board. We regularly report to the Board of Trustees of the Wells Fargo Funds regarding each Fund’s investment performance and compliance with various policies and procedures established to assist in managing the Wells Fargo Funds.

When appropriate, we recommend to the Board enhancements to Wells Fargo Fund features, including changes to Wells Fargo Fund investment objectives, strategies and policies. We also communicate with shareholders and intermediaries about Wells Fargo Fund performance and features.

### **Wells Fargo (Lux) Worldwide Fund**

We serve as investment adviser to Wells Fargo (Lux) Worldwide Fund (the “Worldwide Fund”), an offshore fund structured as a *Société d’Investissement à Capital Variable* (“SICAV”) and qualifying as an undertaking for collective investment of transferable securities (“UCITS”) under the laws of Luxembourg.

### **Worldwide Alternative Fund SICAV-SIF**

We serve as investment adviser to Worldwide Alternative Fund SICAV-SIF (the “Worldwide Alternative Fund”), an offshore fund structured as a *Société d’Investissement à Capital Variable – Fonds d’Investissement Spécialisé* (“SICAV-SIF”) and qualifying as an alternative investment fund (“AIF”) under the laws of Luxembourg.

### **The Securities Lending Cash Investments, LLC**

We serve as investment adviser to the Securities Lending Cash Investments, LLC (“Securities Lending Fund”), a private pooled investment vehicle through which cash collateral received in connection with the securities lending activities of participating Wells Fargo Funds is reinvested. The Securities Lending Fund is a Delaware limited liability company that is exempt from registration under the Investment Company Act of 1940. We have delegated direct portfolio management of this vehicle to our affiliate, Wells Capital Management Incorporated, which serves as its sub-adviser.

### **Managed Accounts**

We serve as an investment adviser/portfolio manager for separately managed accounts and model portfolios that are offered by other financial institutions, such as investment advisers and broker-dealers (“sponsors”) through various managed account programs, including traditional wrap account programs and model portfolio programs. The investment strategies that we manage for such programs invest in exchange-traded securities and fixed income securities. In connection with our management, we rely on affiliated and unaffiliated investment sub-advisers to provide security selection recommendations (each, a “Sub-adviser,” and collectively, the “Sub-advisers”). The Sub-advisers, which are also SEC-registered investment advisers, include 2 affiliated firms (Wells Capital Management Incorporated and Analytic Investors, LLC) and one unaffiliated firm (Cooke & Bieler, LP). We have entered into a written agreement with each such Sub-adviser, and each such Sub-adviser is subject to the same restrictions and limitations in investments as us.

With respect to traditional wrap account programs, the sponsor firm typically offers clients the ability to have their accounts managed by one or more participating investment advisers in the form of separately managed accounts. For a single unified or wrap fee, that typically includes investment management, brokerage, custody and other program services, these sponsors provide a variety of services to their clients in these programs including selecting and monitoring the services of the participating investment advisers, defining client investment objectives and risk tolerances, performing primary suitability analysis, evaluating performance, and maintaining records relating to the account. For separately managed accounts that we manage in such programs, we have discretion over and manage the account according to the individual client needs and guidelines provided to us.

Model portfolio programs have similar characteristics (and are often structured with wrap fee

arrangements), but we provide non-discretionary investment advisory services to the sponsor in connection with those programs in the form of a model portfolio. We provide the model portfolio to the sponsor, and the sponsor utilizes the model portfolio to provide discretionary advisory services to its clients as it sees fit. We do not provide advisory services to the sponsor's clients.

For both traditional wrap and model portfolio managed account programs, the program sponsor typically pays us a portion of the wrap or model program fee to compensate us for our investment advisory services. We pay a portion of our fee to the Sub-advisers to compensate them for their services.

For a detailed description of services offered under a wrap program, you may request from the sponsor a copy of Part 2A, Appendix 1 of the sponsor's Form ADV. Certain sponsors are affiliated with us. The names and sponsors of these wrap programs are listed on Section 5.I. (2) of Schedule D to our Part 1 of Form ADV, a copy of which is available upon request.

In our role as primary adviser, we oversee and regularly evaluate the performance of the Sub-advisers that provide security selection recommendations and implement the investment decisions recommended by the Sub-adviser. (With respect to accounts invested in accordance with our CoreBuilder Municipal Income investment strategy, the Sub-adviser has discretionary investment authority and implements the strategy.) In general, with respect to those programs in which we participate as a discretionary investment adviser, our management of individual separately managed accounts is done through replication, where accounts are periodically rebalanced to replicate the model portfolio provided by the Sub-adviser, and/or optimization, where accounts are customized to ensure compliance with client-imposed investment guidelines. Separately managed accounts are reviewed for continued adherence to the strategy's model portfolio. Strict adherence to a strategy's model portfolio is not feasible when a sponsor has requested an investment strategy with a target maximum number of positions or when clients have requested reasonable investment restrictions in their separately managed accounts.

### **Current Assets under Management**

As of December 31, 2017, we had \$218 billion in regulatory assets under management managed on a discretionary basis, and \$2.7 billion in model assets managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **The Funds**

Advisory fees are payable monthly in arrears based on a percentage of each Fund's average daily net assets as described in each Fund's prospectus or other offering document. We pay the sub-adviser of each Fund from the advisory fee paid to us. We may also receive performance fees with respect to the management of certain sub-funds of the Worldwide Alternative Fund, which generally are not shared with the sub-adviser of the relevant sub-fund.

Advisory fees are negotiable and are subject to approval by the Boards of the Funds and Fund shareholders in the case of SEC registered mutual funds. The Funds and the share classes that they issue incur other types of fees and expenses from its other service providers or in the operation of its business, including, but not limited to, distribution fees, shareholder servicing fees, administrative fees, custodian and accounting fees, registration costs, audit fees, legal fees and printing costs. The Funds also incur brokerage and other transaction costs.

### **Managed Accounts**

We negotiate our advisory fees with each managed account program sponsor. These fees can vary from the range of fees stated herein and from program to program. We are compensated for our investment advisory services by the sponsor. Our services provided to separately managed accounts in a program can differ from those provided to accounts in other programs depending upon the services provided by the program sponsor. The services provided by us and each of the sponsors are described in the sponsor's disclosure materials and the sponsor's client contract.

For managed account programs (including traditional wrap and model portfolio programs), our fee is determined by the agreement we have with the sponsor and generally falls within a range from 0.22% to 0.60% of the value of the client's assets in the program that are managed in accordance with one or more of our strategies. Total annual fees charged by sponsors generally include our fee. Sponsors typically collect the total account program fee and remit our fee to us. In some programs, the client pays our fee directly to us. In accordance with our agreement with each Sub-adviser, we pay a portion of the fees that we receive to the Sub-adviser for its sub-advisory services.



Fees are generally payable quarterly as determined by the sponsor based upon the calendar quarter-end market value. Although termination clauses provided by managed account program agreements vary, typically fees paid in advance are refunded on a pro-rata basis if the service is terminated within the payment period.

When considering account-level advisory fees, managed account program participants should be aware that accounts invested in investment company securities (e.g., money market funds, exchange-traded funds) will also bear their proportionate share of fees paid at the investment company level.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

WFFM has accepted performance-based fees for a small number of clients, including certain sub-funds of the Worldwide Fund and the Worldwide Alternative Fund. Potential conflicts of interest arise in circumstances where WFFM manages accounts that charge performance-based fees and accounts that charge other types of fees (e.g., asset-based fees) because we have an incentive to favor any account that pays a performance-based fee. For example, we could be in a position to earn more in investment advisory fee revenue if we were to allocate more profitable trading opportunities to our performance-based fee accounts rather than our asset-based fee accounts. Similarly, we could favor one group of similarly-managed accounts over another group of similarly-managed accounts by consistently trading one group of accounts prior to trading the other group of accounts. We have developed procedures that are intended to ensure that all accounts are treated fairly and to prevent this potential conflict from influencing the allocation of investment opportunities among clients. Our policies prohibit any trade allocation practice whereby any particular account or group of accounts receive more favorable treatment than other client accounts. WFFM seeks to assure that trades on behalf of different client groups involving the same security are executed in a fair order and that no client is unfairly disadvantaged over the long term.

## **Item 7 – Types of Clients**

We provide advisory services to a number of types of clients, including open-end and closed-end registered investment companies, and other public and private pooled investment vehicles, such as the Worldwide Fund, the Worldwide Alternative Fund, and The Securities Lending Cash Investments, LLC. We also provide advisory services in connection with managed account

programs, including wrap fee and model portfolio programs. The program sponsors with which we contract are typically financial institutions, and participants in the programs include high-net-worth individuals, trusts, retirement plans, corporations, partnerships, charitable organizations and other types of clients. Sponsor firms may include one or more of our affiliates (e.g., Wells Fargo Advisors).

### **Managed Accounts—Minimum Account Size Requirements**

Managed account program sponsors set account minimums that usually are in the range of \$50,000 to \$250,000 for equity accounts. We generally require a minimum of \$50,000 - \$100,000 to establish an equity separately managed account and \$250,000 to establish a fixed-income separately managed account. We reserve the right to waive our minimum account size requirements.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

As noted above, we provide advisory services to a number of types of clients, including the Wells Fargo Funds and other public and private pooled investment vehicles. In addition, we provide discretionary and non-discretionary portfolio management services in connection with managed account programs offered by other financial intermediaries. In all cases, we utilize the services of affiliated or unaffiliated investment sub-advisers to provide day-to-day portfolio management services. Those investment sub-advisers use a variety of methods of analysis in connection with their investment decisions, including fundamental, quantitative, qualitative, technical, cyclical, factor-based, credit and macro-economic analysis. The investment strategies that we offer include equity, fixed income and money market oriented strategies. Our strategies invest in a wide variety of financial instruments, including public and/or private equity securities, bonds and other debt securities, derivatives such as stock index futures and swaps, currency and currency related derivatives and other public and/or private collective investment vehicles. These investments may include, among others, U.S. and non-U.S. equity and fixed income securities and currencies, securities issued by small, medium and large capitalization companies and liquid and illiquid investments. The paragraphs below include a discussion of the material risks associated with our strategies and investments. This Brochure does not include every potential risk. Other detailed risk-related information can be found in the Form ADV brochures of the investment sub-advisers upon which we rely for investment advice, as well as in the Funds' disclosure documents (e.g., prospectuses).

Investing in securities and other financial instruments involves investment and related risks. All of the investment strategies and associated products and services offered by the firm present the risk of loss, and clients of the firm and investors in the Funds should be prepared to bear this risk. There can be no guarantee of any particular level of performance with respect to any strategy, product or service offered by the firm. Security and account values may decline for any number of reasons, including those that relate to the particular issuer of the security, as well as those that relate to the broader equity, bond or other financial markets and/or general economic conditions. Stock (equity) markets can be volatile, and fixed income (debt) investments fluctuate in value in response to interest rate changes, among other things. We encourage prospective investors in the Funds and managed account program participants to read applicable informational materials, including offering documents and managed account program brochures, prior to investing.

In addition to the risks noted elsewhere herein, we and our client accounts are subject to operational, technology and information security-related risks (collectively, “cyber risk”). As we increasingly rely on technology to collect, process, communicate and store information, the potential for a cyber-related incident and cyber risk increases. Cyber incidents can result from deliberate attacks by bad actors (e.g., denial-of-service attacks), unintentional actions or information system or power system failures, among other things. Specific risks associated with cyber incidents include, without limitation, unauthorized access to systems and/or information, communication transmission failures, misappropriation of information or assets, corrupted data, privacy breaches and interruptions/disruptions to operations, all of which have the potential to contribute to investment account losses and/or negative outcomes (e.g., privacy breach).

Another risk involves the identification and remediation of errors. We have policies and procedures to address identification and remediation of errors. Errors occasionally may occur in connection with our management of funds and client accounts. Investment decisions, portfolio construction and related activities, including trading and trade reconciliation, are inherently complex processes that pose inherent risks. These risks may from time to time result in an error. An incident is any occurrence or event that interrupts normal investment-related activities or that may deviate from applicable law, the terms of an investment management agreement, or applicable internal or external policies or procedures. Incidents can occur at WFFM or at one of our service providers.

Whether or not an incident rises to the level of an error will be based on the facts and circumstances of each incident. Errors may include: i) investment decision-making that violates a client’s

investment guidelines, purchases made with unavailable cash, and sales made with unavailable securities, etc.; and/or ii) an administrative error made prior to or during a trade's execution (e.g., trader executes the wrong security, or for an incorrect number of shares or units, etc.). We will address and resolve errors on a case by case basis, in its sole discretion, based on each error's facts and circumstances, including regulatory requirements, contractual obligations and business practices. We are not obligated to follow any single method of resolving errors.

Not all errors will be considered compensable errors. When we determine that reimbursement is appropriate, the account will be compensated as determined in good faith by WFFM. Resolution of errors may include, but is not limited to, permitting client accounts to retain gains or reimbursing client accounts for losses resulting from the error. The calculation of the amount of any loss will depend on the facts and circumstances of the error, and the methodology used by WFFM may vary. In the event of a compensable error, WFFM will make the account whole and will inform the client. In general, compensation is expected to be limited to direct monetary losses and will not include any "opportunity cost" nor; (i) any amounts related to opportunity cost; (ii) any amounts that we deem to be speculative or uncertain; (iii) investment losses not caused by error; (iv) any loss amount that results from technology or service provider failures that are beyond our reasonable control.

### **The Funds**

We are responsible for implementing the investment objectives and strategies of the Funds. To assist in fulfilling these responsibilities, and subject to Board approval, we have contracted with affiliated and non-affiliated sub-advisers to provide day-to-day portfolio management services to the Funds. In seeking to achieve the Funds' respective investment objectives, the sub-advisers employ their own methods of analysis and investment strategies and such methods and strategies are subject to risk of loss and other significant risks. The investment objectives, principal investments and investment strategies used in managing the Funds, and the associated principal investment risks, are described in the Funds' offering documents (e.g., prospectuses). For Funds that are closed-end investment companies, this information can be updated in press releases and/or annual reports to shareholders issued subsequent to the dates of prospectuses and statements of additional information.

### **Managed Accounts**

We currently participate as an investment adviser in various managed account programs offered

by other financial intermediaries. The investment strategies that we offer through such programs currently include several equity strategies and one fixed income strategy. Our equity strategies invest primarily in exchange-traded (listed) securities, and our fixed income strategy (i.e., the CoreBuilder Municipal Income strategy) invests primarily in fixed income securities issued by municipalities and one or more mutual funds. As noted above, we rely on affiliated and unaffiliated investment Sub-advisers for the day-to-day investment decision making for all of the strategies that we offer in connection with such programs. The affiliated Sub-advisers are Wells Capital Management Incorporated (“WellsCap”) and Analytic Investors, LLC (“AI”), and the unaffiliated Sub-adviser is Cooke & Bieler, L.P. (“C&B”). Each of the Sub-advisers also serves as an investment sub-adviser to one or more of the Wells Fargo Funds.

In our role as primary adviser, we oversee and regularly evaluate the performance of the Sub-advisers that provide security selection and implement the investment decisions recommended by the sub-adviser. (In the case of our CoreBuilder Municipal Income investment strategy, the Sub-adviser has investment discretion.) In general, with respect to those programs in which we participate as a discretionary investment adviser, our management of individual separately managed accounts is done through replication, where accounts are periodically rebalanced to replicate the model portfolio provided by the Sub-adviser, and/or optimization, where accounts are customized to ensure compliance with client-imposed investment guidelines. Separately managed accounts are reviewed for continued adherence to the strategy’s model portfolio. Strict adherence to a strategy’s model portfolio is not feasible when a sponsor has requested an investment strategy with a target maximum number of positions or when clients have requested reasonable investment restrictions in their separately managed accounts. With respect to those managed account programs in which we participate as a non-discretionary investment adviser, we regularly provide the updated model portfolio(s) that we receive from the Sub-advisers to the program sponsors.

The summaries of investment objectives, principal investment strategies and material risks provided below are necessarily limited, and are presented for general information purposes in accordance with regulatory requirements. These summaries should be read together with the descriptions of objectives, strategies and risks, portfolio reports, and other communications which are provided to each client in connection with the creation and maintenance of the client’s own account.

Investing in securities involves the risk of loss of money, and clients investing their money with WFFM should be prepared to bear that loss. None of the investment vehicles or Funds for which WFFM provides its services is a deposit in any bank, nor are those investment vehicles or Funds

insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

## **Objectives, Principal Investment Strategies and Material Risks**

Our managed account investment strategies currently include equity strategies and one fixed income strategy. Strategy offerings may change.

*Note: The narrative discussion of each investment strategy includes a list of the material risks that may be associated with an investment in that investment strategy. A description of each of the named risks is included at the end of this Item 8, following the narrative discussion of all of the equity and fixed income investment strategies.*

### **Equity Investment Strategies**

#### ***Fundamental All Cap Growth***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of equity securities, including securities of foreign issuers, including ADRs and similar investments. The strategy can invest in companies of any size that the portfolio managers believe have superior growth prospects. Intensive bottom-up research and stock picking is used, and valuations are also scrutinized in the investment process.

*Material Risks:* Foreign Investment Risk; Growth/Value Investing Risk; Management Risk; Market Risk; and Smaller Company Securities Risk

#### ***Fundamental Large Cap Select Growth***

*Investment Strategy /Objective(s):* The strategy seeks long-term capital appreciation. We invest principally in the equity securities of approximately 30 to 40 companies that we believe offer the potential for capital growth, including securities of foreign issuers, including ADRs and similar investments.

*Material Risks:* Focused Portfolio Risk; Foreign Investment Risk; Growth/Value Investing Risk; Management Risk; and Market Risk

***Fundamental Mid Cap Growth***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of mid-capitalization equity securities, including securities of foreign issuers, including ADRs and similar investments. The strategy seeks to identify companies that have the prospect for improving sales and earnings growth rates, enjoy a competitive advantage (for example, dominant market share) and that have effective management with a history of making investments that are in the best interests of shareholders (for example, companies with a history of earnings and sales growth that are in excess of total asset growth).

*Material Risks:* Foreign Investment Risk; Growth/Value Investing Risk; Management Risk; Market Risk; and Smaller Company Risk

***Fundamental SMID Growth***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of small- and medium-capitalization equity securities, including securities of foreign issuers, including ADRs and similar investments. The strategy seeks to identify companies that have the prospect for improving sales and earnings growth rates, enjoy a competitive advantage (for example, dominant market share) and that have effective management with a history of making investments that are in the best interests of shareholders (for example, companies with a history of earnings and sales growth that are in excess of total asset growth).

*Material Risks:* Foreign Investment Risk; Growth/Value Investing Risk; Management Risk; Market Risk; and Smaller Company Risk

***Heritage All Cap Growth***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of equity securities, including securities of foreign issuers, including ADRs and similar investments. The strategy seeks to identify companies that dominate their market, are establishing new markets or are undergoing dynamic change. Earnings and revenue growth relative to expectations are critical factors in determining stock price movements. The investment process is centered around finding companies with under-appreciated prospects for robust and sustainable growth in earnings and revenue.

*Material Risks:* Foreign Investment Risk; Growth/Value Investing Risk; Management Risk; and Market Risk

***Heritage Large Cap Growth***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of large-capitalization equity securities, including securities of foreign issuers, including ADRs and similar investments. The strategy seeks to identify companies that have the prospect for robust and sustainable growth of revenues and earnings.

*Material Risks:* Foreign Investment Risk; Growth/Value Investing Risk; Management Risk; and Market Risk

***Special U.S. Mid Cap Value***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of mid-capitalization equity securities. The strategy seeks to identify undervalued companies that have the potential for above average capital appreciation with below average risk. Rigorous fundamental research drives our search for companies with favorable reward-to-risk ratios and that possess a long-term competitive advantage provided by a durable asset base, strong balance sheets, and sustainable and superior cash flows.

*Material Risks:* Growth/Value Investing Risk; Management Risk; Market Risk; and Smaller Company Risk

***Special U.S. Small Cap Value***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of small-capitalization equity securities. The strategy seeks to identify undervalued companies that we believe have the potential for above average capital growth with below average risk. Rigorous fundamental research drives our search for undervalued, high quality companies, which we define as industry leaders with strong balance sheets and superior cash flows.

*Material Risks:* Growth/Value Investing Risk; Management Risk; Market Risk; and Smaller Company Risk

***Special Dividend Focused Equity***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of equity securities. The strategy seeks to incorporate both dividend yield as well as cash flow sustainability that supports dividend growth in its selection of companies.



*Material Risks:* Growth/Value Investing Risk; Management Risk; Market Risk; and Smaller Company Risk

***Large Cap Dividend Growth***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of large-capitalization equity securities. The strategy seeks to invest primarily in large capitalization equities that have a dividend yield that is higher than the S&P 500 Index or display the potential for capital appreciation.

*Material Risks:* Growth/Value Investing Risk; Management Risk; Market Risk

***MetWest Large Cap Intrinsic Value***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of approximately 30 to 40 large-capitalization equity securities. The strategy seeks investment opportunities presented by what appear to be short-term price anomalies in companies with established operating histories, financial strength and management expertise, among other factors.

*Material Risks:* Growth/Value Investing Risk; Management Risk; and Market Risk

***MetWest Capital International ADR Only***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of ADR equity securities of approximately 40 to 60 companies located worldwide, diversifying holdings across sectors, industries and countries.

*Material Risks:* Emerging Markets Risk; Focused Portfolio Risk; Foreign Investments Risk; Geographic Emphasis Risk; Growth/Value Investing Risk; Management Risk; and Market Risk

***MetWest Capital Global Intrinsic Equity***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of equity securities of approximately 40 to 60 companies located worldwide, diversifying holdings across Sectors, industries and countries.

*Material Risks:* Emerging Markets Risk; Focused Portfolio Risk; Foreign Investments Risk; Geographic Emphasis Risk; Growth/Value Investing Risk; Management Risk; and Market Risk

***MetWest Capital Global Dividend Payers Equity***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of equity securities of approximately 50 to 55 companies located worldwide, diversifying holdings across sectors, industries and countries.

*Material Risks:* Emerging Markets Risk; Focused Portfolio Risk; Foreign Investments Risk; Geographic Emphasis Risk; Growth/Value Investing Risk; Management Risk; and Market Risk

***US Equity All Cap***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via an *investment process that combines the Fundamental All Cap Growth, Special Mid Cap Value, and Large Cap Dividend Growth strategies into a portfolio, each representing one-third of the overall pool.*

*Material Risks:* Growth/Value Investing Risk; Management Risk; Market Risk; and Smaller Company Risk

***PMV REIT Equity***

*Investment Strategy/Objective(s):* The strategy seeks long-term growth via a concentrated portfolio invested exclusively in publicly traded U.S. real estate investment trusts (REITs).

*Material Risks:* Management Risk; Market Risk; Focused Portfolio/Concentration Risk; and Smaller Company Risk

***PMV Small Cap Equity***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of small-capitalization equity securities.

*Material Risks:* Growth/Value Investing Risk; Management Risk; Market Risk; and Smaller Company Risk

***Focused SMID Cap Equity***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of mid-capitalization equity securities. The strategy seeks to identify undervalued companies that have the potential for above average capital appreciation with below average risk. Rigorous fundamental research drives our search for companies with favorable reward-to-risk ratios and that possess, a

long-term competitive advantage provided by a durable asset base, strong balance sheets, and sustainable and superior cash flows.

*Material Risks:* Growth/Value Investing Risk; Management Risk; Market Risk; and Smaller Company Risk

***AI U.S. Low Volatility Equity***

*Investment Strategy/Objective(s):* The strategy seeks long-term capital appreciation by investing primarily in large-cap equity securities that have displayed lower market volatility and are expected to have higher forecasted returns over a full market cycle.

*Material Risks:* Growth/Value Investing Risk; Management Risk; and Market Risk

***AI U.S. Tax Sensitive Low Volatility Equity***

*Investment Strategy/Objective(s):* The strategy seeks long-term capital appreciation by investing primarily in large-cap equity securities that have displayed lower market volatility and are expected to have higher forecasted returns over a full market cycle.

*Material Risks:* Growth/Value Investing Risk; Management Risk; and Market Risk

***GC Large Cap Core***

*Investment Strategy/Objective(s):* The strategy seeks long-term capital appreciation by using a combination of quantitative methods and fundamental analysis to select a core portfolio of large-capitalization companies, including securities of foreign issuers.

*Material Risks:* Focused Portfolio Risk; Foreign Investment Risk; Growth/Value Investing Risk; Management Risk; and Market Risk

***GC SMID Cap Core***

*Investment Strategy/Objective(s):* The strategy seeks long-term capital appreciation by using a combination of quantitative methods and fundamental analysis to select a core portfolio of mid-capitalization companies, including securities of foreign issuers.

*Material Risks:* Focused Portfolio Risk; Foreign Investment Risk; Growth/Value Investing Risk; Management Risk; Market Risk; and Smaller Company Risk

***GC Small Cap Core***

*Investment Strategy/Objective(s):* The strategy seeks long-term capital appreciation by using a combination of quantitative methods and fundamental analysis to select a core portfolio of small-capitalization companies, including securities of foreign issuers.

*Material Risks:* Focused Portfolio Risk; Foreign Investment Risk; Growth/Value Investing Risk; Management Risk; Market Risk; and Smaller Company Risk

***C&B Large Cap Value***

*Investment Strategy/Objective(s):* The strategy seeks capital appreciation via a portfolio of large-capitalization equity securities and similar investments.

*Material Risks:* Focused Portfolio Risk; Growth/Value Investing Risk; Management Risk; and Market Risk

**Fixed Income Investment Strategy*****Core Builder Municipal Income***

*Investment Strategy/Objective(s):* The strategy seeks current income exempt from federal income tax from a portfolio consisting of two building blocks. More than half of the portfolio is comprised of individual municipal bond securities selected to match broad market duration characteristics. Up to half of the portfolio is invested in a well-diversified Wells Fargo municipal income fund to provide tactical market exposures.

*Material Risks:* Credit Risk; High Yield Securities Risk; Interest Rate Risk; Management Risk; Market Risk; and Municipal Securities Risk

**Material Risks**

**Emerging Markets Risk:** Emerging market securities typically present even greater exposure to the risks described under "Foreign Investment Risk" and may be particularly sensitive to global economic conditions. Emerging market securities are also typically less liquid than securities of developed countries and could be difficult to sell, particularly during a market downturn.

**Focused Portfolio/Concentration Risk:** Changes in the value of a small number of issuers are likely to have a larger impact on performance than if more broadly diversified across issuers.

**Foreign Investment Risk:** Foreign investments may be subject to lower liquidity, greater price volatility and risks related to adverse political, regulatory, market or economic developments. Foreign investments may involve exposure to changes in foreign currency exchange rates and may be subject to higher withholding and other taxes.

**Geographic Emphasis Risk:** A portfolio invests a significant portion of its assets in one country or geographic region will be more vulnerable than a strategy that invests more broadly to the economic, financial, political or other developments affecting that country or region. Such developments may have a significant impact on investment performance.

**Growth/Value Investing Risk:** Securities that exhibit growth or value characteristics tend to perform differently and shift into and out of favor with investors depending on changes in market and economic sentiment and conditions.

**Management Risk:** Investment decisions, techniques, analyses or models implemented by a manager or sub-adviser in seeking to achieve the strategy's investment objective may not produce the returns expected, may cause the strategy to lose value or underperform.

**Market Risk:** The values of, and/or the income generated by, securities held by a strategy may decline due to general market conditions or other factors, including those directly involving the issuers of such securities. Security markets are volatile and may decline significantly in response to adverse issuer, regulatory, political, or economic developments. Different sectors of the market and different security types may react differently to such developments.

**Smaller Company Securities Risk:** Securities of companies with smaller market capitalizations tend to be more volatile and less liquid than those of larger companies.

**Credit Risk:** The issuer or guarantor of a debt security may be unable or perceived to be unable to pay interest or repay principal when they become due, which could cause the value of the security to decline.

**High Yield Securities Risk:** High yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") have a much greater risk of default or of not returning principal and their values tend to be more volatile than higher-rated securities with similar maturities.

**Interest Rate Risk:** When interest rates (which are currently near historic lows) rise, the value of debt securities tends to fall. When interest rates decline, interest that a strategy is able to earn on its investments in debt securities may also decline, but the value of those securities may increase.

**Municipal Securities Risk:** Municipal securities may be fully or partially backed or enhanced by the taxing authority of a local government, by the current or anticipated revenues from a specific project or specific assets, or by the credit of, or liquidity enhancement provided by, a private issuer. Various types of municipal securities are often related in such a way that political, economic or business developments affecting one obligation could affect other municipal securities held by a strategy.

## **Item 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our firm's management.

As a subsidiary of WFC, a large financial services holding company, WFFM operates in a legal and regulatory environment that exposes it to risks due to WFC's involvement in various legal and regulatory matters, including litigation, arbitrations and investigations. Such cases are subject to many uncertainties, and their outcome is often difficult to predict, including the impact on WFC's operations or financial results, particularly in the early stages of a case. Many, but not necessarily all, of such matters are disclosed in WFC's securities and regulatory filings made under the Securities Act of 1933 and the Securities Exchange Act of 1934, among other laws and regulations, or otherwise may be reported on in the media from time to time. WFC's regulatory filings generally are available from WFC, the SEC or the Financial Industry Regulatory Authority (FINRA).

## **Item 10 – Other Financial Industry Activities and Affiliations**

WFFM is a directly and wholly-owned subsidiary of Wells Fargo Asset Management Holdings, LLC, which is an indirect wholly-owned subsidiary of WFC. WFC is one of the nation's largest financial services firms and has subsidiaries engaged in banking, investments and other financial services. Five wholly-owned registered investment advisory subsidiaries of WFC (Analytic Investors, LLC, First International Advisors, LLC, Galliard Capital Management, Inc., Wells Capital Management Incorporated and Wells Fargo Bank, N.A., d/b/a Wells Capital Management Singapore) and one indirect majority-owned registered investment advisory subsidiary of WFC

(The Rock Creek Group, LP) has contracted with us and the *Wells Fargo Funds* to provide sub-advisory services to the Wells Fargo Funds family. Each of Wells Capital Management Incorporated, Wells Fargo Bank, N.A. d/b/a Wells Capital Management Singapore, Wells Fargo Asset Management (International), LLC, ECM Asset Management Limited, and Analytic Investors, LLC, has also contracted with us to provide sub-advisory services to the Worldwide Fund. ECM Asset Management Limited has contracted with us to provide sub-advisory services to the Worldwide Alternative Fund. WFC also owns registered broker-dealer subsidiaries may provide brokerage services to the Wells Fargo Funds in accordance with Section 17(e) of and Rule 17e-1 under the Investment Company Act and whose registered representatives sell shares of the Wells Fargo Funds and shares of other mutual funds or registered investment companies advised by our affiliates. In addition to dealer reallowances and payments made by each Fund for distribution and shareholder servicing, we, the Fund's distributor (Wells Fargo Funds Distributor, LLC ("WFFD")) or our affiliates make additional payments to certain selling or shareholder servicing agents for a Fund, including their affiliates, in connection with the sale and distribution of shares of a Fund or for services to the Fund and its shareholders. The additional payments create potential conflicts of interest between an investor and a selling agent who is recommending a particular mutual fund over other mutual funds. Certain subsidiaries of WFC also receive revenue from us, WFFD or our affiliates through intra-company compensation arrangements and for financial, distribution, administrative and operational services. Trust officers of Wells Fargo Bank, N.A. ("WFB"), a banking subsidiary of WFC, invest customer assets in the Wells Fargo Funds.

WFFM is registered as a Commodity Pool Operator (CPO) with the Commodity Futures Trading Commission ("CFTC"), and is a member of the National Futures Association ("NFA"). Certain of our executive officers, including our President, certain Senior Vice Presidents and Vice Presidents are CPO principals, supervisors and associated persons.

As noted above, we have contracted with Wells Capital Management Incorporated and Analytic Investors, LLC, each of which is an indirect wholly-owned SEC-registered investment adviser subsidiary of WFC, to provide investment sub-advisory services in connection with managed account programs offered by other financial institutions with which we contract. (Analytic Investors, LLC is a wholly-owned subsidiary of Wells Capital Management Incorporated.) In addition to providing investment sub-advisory services, Wells Capital Management Incorporated provides various administrative and operational services in connection with our participation in managed account programs. For example, Wells Capital Management Incorporated manages the trading operations associated with our provision of services to managed account program participants and program sponsors. The involvement in trading operations creates potential

conflicts of interest between program participants and the clients of Wells Capital Management Incorporated. These potential conflicts and the manner in which they are addressed are described in Item 12, below. There is no separate charge to our clients for these services.

Subsidiaries of WFC, including registered broker-dealer subsidiaries, act as sponsors for managed account programs in which we serve as an investment adviser for the sponsor's clients. In operating such programs, the affiliated sponsor and/or our other affiliates can furnish investment management, brokerage, custody and a variety of other services for clients participating in the program. In this regard, the sponsor could have a financial incentive to recommend us or our affiliates over other managed account investment advisers/portfolio managers that are not affiliated with WFC because the fees paid to us or our affiliates contribute to the overall profitability of WFC.

Our principal business is that of an investment adviser. We also serve as fund administrator for the Wells Fargo Funds and to Asset Allocation Trust, a privately-offered, registered investment company, and provide administrative services to the collective investment funds for which our affiliate, Wells Fargo Bank, N.A. serves as manager. We also serve as investment adviser for the Worldwide Fund, the Worldwide Alternative Fund, and the Securities Lending Cash Investments, LLC. As described in the prospectus for each of the Worldwide Fund and the Worldwide Alternative Fund, WFFM may rebate to certain Fund shareholders a portion of the investment management fees that it receives for the investment services it provides to such Fund. Wells Fargo Asset Management Luxembourg S.A. acts as the management company of the Worldwide Fund and is responsible for providing administration, marketing, distribution, investment management and advisory services on a day- to-day basis, under the supervision of the WFAML Board of Directors, for all the sub-funds, and delegates part or all of such functions to third parties in some instances. We also provide services to and support the development of collective funds for which Wells Fargo Bank, N.A., serves as manager.

WFFD serves as a distributor of the shares of the *Wells Fargo Funds*, as the placement agent for private funds, and as sub-distributor of the Worldwide Fund and the Worldwide Alternative Fund. Certain of our principal executive officers, including our President, and certain Executive and Senior Vice Presidents are registered representatives of WFFD, and we share certain operating and overhead expenses. In addition, WFFD may provide referral and/or wholesale distribution and related services to us for compensation. Any amounts paid to these entities are paid by us out of the fees that we receive for our services.



The following affiliated firms also serve as a distributor for the Wells Fargo Funds: Wells Fargo Advisors (“WFA”) (a registered broker-dealer), Wells Fargo Securities, LLC (“WFS”) (a registered broker-dealer), and Wells Fargo Bank, N.A. Additionally, the following affiliated firms serve as a distributor for the Worldwide Fund and/or Worldwide Alternative Fund sub-funds: WFA, WFS, Wells Fargo Securities Asia Limited, and Wells Fargo Securities International Limited.

We provide investment advisory services to various clients (including affiliates) and give advice and take action for ourselves, our related persons, or certain clients that differs from the advice given, or the timing or nature of action taken, for other clients, provided that over a period of time we, to the extent practical, seek to allocate investment opportunities to each account in a manner that we reasonably believe is fair and equitable relative to other similarly situated clients. We, our principals and associates (to the extent not prohibited by our Code of Ethics), our affiliates, their principals and associates, and other clients of ours could hold, buy, or sell securities at or about the same time that we are buying or selling securities for an account that is, or may be deemed to be, inconsistent with the actions taken by these persons. Please see “Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” for further discussion.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

WFFM has adopted a Code of Ethics, or “Code,” which contains policies on personal securities transactions initiated by “reporting persons.” These policies comply with Rule 204A-1 under the Advisers Act and Rule 17j-1 under the Investment Company Act. The Code, among other things, permits our employees to invest in certain securities, subject to various restrictions and requirements, and requires employees to periodically report their personal securities holdings and transactions and pre-clear certain personal securities transactions.

The Code is designed to detect and prevent violations of securities laws while addressing the obligations we owe to you. The Code is comprehensive, is distributed to each employee at the time of hire as a condition of employment, and compliance with its terms must be acknowledged in writing by each employee annually thereafter. WFFM supplements the Code with on-going monitoring of employee activity.

When engaging in personal securities transactions, potential conflicts of interest arise between the interests of our employees and those of our clients. Our Code makes clear that any such conflicts that arise in such personal securities transactions must be resolved in a manner that does not inappropriately benefit our employees or adversely affect our clients. Our employees are also subject to WFC's corporate code of ethics, which among other things prohibits the misuse of material, nonpublic information and restricts the giving and receiving of gifts and entertainment.

WFFM employees who maintain brokerage or investment accounts for themselves and/or their immediate families are required to provide copies of their reportable securities transactions at the end of every quarter, and all holdings of reportable securities accounts must be reported at the end of every calendar year.

A copy of our Code of Ethics is available upon request without charge by contacting us at the email address on the front cover of this brochure.

The above restrictions do not apply to purchases or sales of certain types of accounts and securities, including shares of open-end registered investment companies that are unaffiliated with the Wells Fargo Funds family, money market instruments, and certain U.S. Government securities. To facilitate enforcement, our Code generally requires that our employees submit reports to a designated compliance person regarding transactions involving securities which are eligible for purchase by a Fund. Our Code is also on public file with, and available from, the SEC.

### **Participation or Interest in Client Transactions**

WFC or its subsidiaries purchase and trade securities when acting for their own accounts or in support of their own other customers, and this activity creates a potential conflict of interest to the extent that we also provide advisory services with respect to the same securities. For example, in some cases WFC invests for its own account in the same securities that are purchased for our clients and WFC may own securities of issuers whose securities are subsequently purchased for our clients. If, in the case of a sale, the market rises, or in the case of a purchase, the markets falls, after the client sale or purchase is completed, WFC would obtain a better price for its securities than the client. WFC could also sell a specific security for its own accounts for investment reasons, which we do not deem appropriate to sell for our clients. The management of these WFC and WFC subsidiary activities is operated separately from our business. The consolidated financial statements of WFC included in its current annual report to stockholders, a copy of which is available on WFC's website, describe the types of securities it holds in detail.

**The Wells Fargo Funds**

Registered broker-dealers who are our affiliates are authorized to conduct brokerage transactions for the Wells Fargo Funds. Any such transactions are required to be carried out in accordance with Section 17(e) of and Rule 17e-1 under the Investment Company Act and are reviewed by the Board of Trustees of the Wells Fargo Funds in accordance with that rule. Cross trades can be executed between different Wells Fargo Funds or between a Wells Fargo Fund and another advisory client of ours or a sub-adviser to the Wells Fargo Funds. All such cross trades are required to be done in compliance with Rule 17a-7 under the Investment Company Act and regulatory interpretations thereof and are reviewed by the Board of Trustees of the Wells Fargo Funds in accordance with that rule. We or our affiliates, acting as principal, are permitted to buy securities from a Wells Fargo Money Market Fund in compliance with Rule 17a-9 under the Investment Company Act or in a manner consistent with other applicable forms of exemptive relief. The Wells Fargo Funds are permitted to purchase or otherwise acquire during an underwriting or selling syndicate a security the principal underwriter of which is one of our affiliates. All such purchases or acquisitions are required to be done in compliance with Rule 10f-3 under the Investment Company Act and are reviewed by the Board of Trustees of the Wells Fargo Funds in accordance with that rule. Certain Wells Fargo Funds and the Securities Lending Fund are permitted to invest in repurchase agreements or certain other short-term instruments through a joint account in compliance with written procedures that are designed to comply with Section 17(d) of the Investment Company Act and Rule 17d-1 thereunder.

Some of the Wells Fargo Funds that we manage are “Gateway Blended Funds” that invest in multiple other Wells Fargo Funds. We earn fees for non-duplicative services that are provided at both the acquiring and acquired Funds levels. Similarly, our long-term funds use money market funds that we advise for cash management purposes, and we earn fees for non-duplicative services at both tiers of investment. These so-called fund-of-funds structures are made in compliance with applicable provisions of the Investment Company Act and the rules thereunder.

**Wells Fargo (Lux) Worldwide Fund**

Registered broker-dealers who are our affiliates are authorized to conduct brokerage transactions for the sub-funds. Cross trades can be executed between different sub-funds or between a sub-fund and another advisory client of ours or a sub-adviser to the sub-funds. The sub-funds can purchase

or otherwise acquire during an underwriting or selling syndicate a security the principal underwriter of which is one of our affiliates.

### **Worldwide Alternative Fund SICAV-SIF**

Registered broker-dealers who are our affiliates are authorized to conduct brokerage transactions for the sub-funds. Cross trades can be executed between different sub-funds or between a sub-fund and another advisory client of ours or a sub-adviser to the sub-funds. The sub-funds can purchase or otherwise acquire during an underwriting or selling syndicate a security the principal underwriter of which is one of our affiliates.

### **The Securities Lending Cash Investments, LLC**

Registered broker-dealers who are our affiliates are authorized to conduct brokerage transactions for the Securities Lending Fund. Any such transactions are required to be carried out in accordance with written procedures that are designed to comply with Section 17(e) of and Rule 17e-1 under the Investment Company Act except that we undertake the required duties that the Fund Board would assume if the Securities Lending Fund was a Fund. The Securities Lending Fund and the Funds invest in repurchase agreements or certain other short-term instruments through a joint account in compliance with written procedures that are designed to comply with Section 17(d) of the Investment Company Act and Rule 17d-1 thereunder.

### **Managed Accounts**

In connection with providing advisory services to managed account programs, neither we nor our affiliates (a) act as principal, sell securities to, or buy securities from, any client; or (b) effect securities transactions for compensation as broker or agent for any client, except that our affiliates that sponsor such programs may execute transactions and receive fees for the program services provided, including execution services. As noted above in Item 8, a significant portion of each account invested in the CoreBuilder Municipal Income strategy is typically invested in the Municipal Income Fund, an affiliated fund that does not pay fund-level expenses.

## Item 12 - Brokerage Practices

### The Funds

For investments in portfolio securities by the Funds, sub-advisers determine the broker or dealer to be used and the commission rates paid, and such brokerage costs, along with execution quality, are reviewed by the Board of the Funds. The factors considered by each sub-adviser in selecting broker-dealers and determining the reasonableness of commissions and any “soft dollar” practices of such sub-adviser, are described in the Brochure of each sub-adviser. In that regard, for any sub-adviser that engages in “soft dollar” practices, research services and products are typically used in servicing all clients collectively and not all such services and products are used in connection with the specific client(s) that paid commissions to the broker providing such services or products.

### Managed Accounts

For advisory accounts associated with wrap account programs, we typically direct trades in equity securities to the broker-dealer associated with the program (the “Program broker-dealer”). The primary reason for utilizing the services of the Program broker-dealer is that there is typically no separate execution charge (e.g., commission) associated with trades effected through the Program broker-dealer. (Rather, the account pays an all-inclusive wrap fee that is intended to cover advisory, custody, brokerage and/or other fees.) Absent circumstances that suggest that the Program broker-dealer is not able to provide best execution on a given trade, we will direct particular program trades to the Program broker-dealer. Equity security trades that are directed away from a managed account Program broker-dealer will typically incur execution charges (e.g., commissions) that are not included in the managed account program’s wrap fee.

Trading in fixed income securities on behalf of accounts invested in the CoreBuilder Municipal Income strategy will typically be directed by the investment sub-adviser (Wells Capital Management Incorporated) to third-party broker-dealers. The transaction costs associated with buying and selling fixed income securities (e.g. mark-ups, mark-downs, and/or “spread”) are generally reflected in the price of the security and are not included within the account’s “wrap” fee.

When WFFM receives instructions from an investment sub-adviser to initiate “across-the-board” trade decisions for any given investment strategy, WFFM will aggregate (or block) the trades for each managed account program and follow the trade order process described below. For trade

decisions that are not across-the-board recommendations (e.g., individual account inception, contribution, liquidation, tax-loss harvesting), WFFM does not generally aggregate orders, and instead places each trade order with the Program broker-dealer when the trade is ready for execution.

WFFM has an established process for creating a trade rotation among managed account program sponsors, which determines the order in which trade instructions (or the updated model for the model programs) are transmitted to each Program broker-dealer. The trade rotation seeks to allocate trading opportunities such that, over time, no managed account program receives preferential treatment as a result of the timing of the receipt of its trade execution instructions (or, in the case of model programs, the model portfolio). Traditional wrap program and model program sponsors that are able to provide prompt confirmation of order implementation and execution are grouped together in the primary rotation. WFFM communicates trades and model portfolio information to the Program broker-dealers in the primary rotation in an order that changes each day. Following completion of the primary rotation, WFFM immediately begins the secondary rotation and communicates trades and model information to the remaining program sponsors that are unable to provide implementation and execution information back to WFFM. Those communications also take place in a sequential order that is adjusted each day.

Each of the investment sub-advisers manages client assets in accordance with the same or substantially similar investment strategies that are offered by WFFM in connection with managed account programs. This means that the investment sub-advisers' clients are often buying and selling the same securities that are (i) bought and sold by WFFM on behalf of managed account program accounts and/or (ii) the subject of buy or sell recommendations in WFFM's model portfolios communicated to model program sponsors. The investment sub-advisers typically engage in trading on behalf of their own clients' accounts before WFFM initiates the trade rotation process described above. As a result, WFFM's trading on behalf of managed account program accounts (or the related trading effected by model program sponsors) may result in managed account program participants receiving transaction prices that are less favorable than the transaction prices obtained by the clients of the investment sub-advisers whose accounts were traded earlier in time. For more information about the investment sub-advisers' brokerage practices and trade allocation and rotation policies, see the respective sub-adviser's brochure, which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Managed account program participants should review all materials available from the managed account program sponsor concerning the program and the program's terms, conditions and fees.

Among other things, participants should consider the managed account program fees charged by the program sponsor, the amount of portfolio activity (i.e., transactions) in their account, the value of the custodial and brokerage services that are provided and the potential for differences in order execution prices that result from the trading practices described above.

For newly established separately managed accounts, securities initially contributed (“legacy positions”) are evaluated and all or a portion of such legacy positions can be sold to the extent that such securities are not consistent with model portfolio holdings for such account (unless such securities are subject to another express arrangement). The separately managed account client will be responsible for all tax liabilities that result from any sale transactions. Generally, the sponsor or program broker-dealer sells legacy positions, subject to the sponsor’s requirements or limitations, however if the sponsor is unavailable to sell such legacy positions, WFFM could step the trades out away from the sponsor trade desk. For fixed income securities, the smaller size of the position could produce a less favorable sales price than normally received in a large, institutional-sized position.

For terminating separately managed accounts, the sponsor or program broker also sells holdings when directed by a client or the sponsor.

## **Item 13 – Review of Accounts**

### **The Funds**

Our investments team, which includes a Senior Vice President, Vice Presidents and Assistant Vice Presidents, regularly and closely monitor sub-adviser performance in their management of the Funds and will from time to time recommend sub-adviser changes to the Board. We provide written reports to the Boards of the Funds on a quarterly basis showing each Fund’s investment performance. In addition, our risk and compliance teams provide oversight of the Funds to ensure that all relevant investment and regulatory requirements are being met.

### **Managed Accounts**

Our investments team, which includes a Senior Vice President, Vice Presidents and Assistant Vice Presidents, regularly monitors and reviews the performance of the Sub-advisers and their respective model portfolios that provide the basis for the investment services WFFM provides to managed account program sponsors and their clients.

In general, for all investment strategies other than the CoreBuilder strategy, WFFM manages its accounts in accordance with a model portfolio that is provided by one of the investment Sub-advisers. Subject to applicable individual account guidelines, restrictions and/or other individual circumstances, WFFM will replicate the strategy's model portfolio in each account following the strategy. The CoreBuilder strategy is structured to hold up to a specified percent of the portfolio in a no-fee mutual fund and the remainder in individual bonds in a laddered maturity configuration. The Sub-adviser is responsible for individual bond selections within the ladders. On our behalf, Managed Account Services, a division within our affiliate, Wells Capital Management Incorporated, monitors each account's adherence to the model portfolio as a means of ensuring that each account is managed in a consistent manner in accordance with the Sub-adviser's recommendations. In addition, Managed Account Services performs reviews of separately managed account portfolio holdings and account activity for conformity with strategy guidelines, client investment guidelines and restrictions, if any, best execution, and other considerations on our behalf. As part of this monitoring process, certain third-party systems are utilized to provide an automated review. Alerts on these systems are monitored by Managed Account Services and any warnings are researched and resolved in a timely manner. For separately managed accounts that are invested in a blended strategy, a multi-factor risk model is used to measure and minimize the projected tracking error of each separately managed account to the strategy's model portfolio. Separately managed accounts are regularly reviewed to ensure adherence to any client-imposed guidelines. Also, wash-sale violations are monitored in all tax-managed accounts and those requesting tax harvesting. To maintain market exposure during the 30-day wash sale period, tax loss proceeds are typically invested in shares of an exchange-traded fund ("ETF") representing the portfolio's benchmark. The managed account model portfolio will not, however, be fully replicated when we utilize shares of an ETF, and, as a result, during such periods, client-imposed objectives and guidelines (*e.g.*, social screens for clients following a social sustainability strategy) might not be achieved or observed with respect to the investment in shares of the ETF. In addition, WFFM's risk team provides oversight to ensure that all relevant investment and regulatory requirements are being met.

Sponsors prepare and provide written periodic transaction and performance reports to clients, which may include information we supply. We do not provide any regular reports to clients.



## **Item 14 – Client Referrals and Other Compensation**

In the course of performing their assigned functions and responsibilities within the organization certain employees may refer clients to us and receive compensation as our employees. In addition, we compensate certain affiliated companies (e.g., Wells Fargo Funds Distributor, LLC) for referrals to our managed account program business. The compensation paid to any such entity is based on a formula that takes into account the expenses of the entity related to the referral activity.

## **Item 15 – Custody**

### **The Funds**

The SEC imposes a set of rules under the Investment Company Act with respect to the arrangements for custody of the securities and assets of registered investment companies. Accordingly, Advisers Act rules pertaining to custody do not apply to the Funds.

### **Wells Fargo (Lux) Worldwide Fund**

Brown Brothers Harriman (Luxembourg) S.C.A. serves as custodian to the Worldwide Fund. We are not deemed to have custody over the sub-funds and assets in the accounts of the Worldwide Fund.

### **Worldwide Alternative Fund SICAV-SIF**

Brown Brothers Harriman (Luxembourg) S.C.A. serves as custodian to the Worldwide Alternative Fund. We are not deemed to have custody over the sub-funds and assets in the accounts of the Worldwide Alternative Fund.

### **The Securities Lending Cash Investments Fund, LLC**

We serve as the managing member of, and investment adviser to, the Securities Lending Fund. Our position as the managing member of the Securities Lending Fund provides us with legal ownership of or access to the funds or securities of the Securities Lending Fund and we are authorized to withdraw funds or securities maintained with its custodian upon our instruction. SEC rules deem us to have custody over the Securities Lending Fund's funds or securities by virtue of these arrangements. The financial statements of the Securities Lending Fund are subject to audit by an independent public accountant at least annually, and within 120 days of the end of its fiscal

year it will distribute its audited financial statements prepared in accordance with generally accepted accounting principles to the Fund's Treasurer and President.

### **Managed Accounts**

Managed account program sponsors and their clients designate a custodian (e.g., a broker-dealer, bank or other qualified custodian) for the clients' funds and securities maintained in accounts managed by us. If the custodian is an unaffiliated entity, we are not deemed to have custody of such funds or securities. In instances where a managed account program sponsor has designated one of our affiliates as custodian of separately managed account client funds or securities, the affiliate holds, directly or indirectly, client funds or securities, or has authority to obtain possession of them, so we are deemed to have custody of client assets under SEC rules. Clients will receive quarterly account statements from their qualified custodian, and clients should review those statements carefully. We do not send account statements to managed account program participants.

## **Item 16 – Investment Discretion**

### **The Funds**

We generally have discretionary authority over the Funds. This means that we have the authority to determine which securities are to be bought or sold and the amounts of the securities to be bought or sold. We are responsible for the larger strategic investment decisions such as determining a Fund's investment style and asset allocation targets with Board approval. Day-to-day security selection is generally the decision of the sub-advisers. We have contracted with sub-advisers to provide day-to-day portfolio management services. We have authority to manage Fund assets on a discretionary basis through our investment advisory contract with the Funds.

### **Managed Accounts**

We generally have discretionary authority over separately managed accounts. This means that we have the authority to determine which securities are to be bought or sold and the amounts of the securities to be bought or sold. In exercising our discretionary authority, we rely on investment recommendations provided by affiliated and unaffiliated investment sub-advisers. With respect to accounts invested in the CoreBuilder Municipal Income strategy, we delegate discretionary authority to our affiliate, Wells Capital Management Incorporated. Our discretionary authority (and that of Wells Capital Management Incorporated) is subject to reasonable investment

restrictions imposed by the client or the managed account program sponsor, which we will endeavor to follow unless they are unduly burdensome, materially incompatible with our investment approach, or affect a significant percentage of the account. Investment restrictions are imposed as directed in writing by the client and/or the program sponsor and as agreed upon by us.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

### **The Funds**

We, as well as the Funds, have adopted policies and procedures (“Procedures”) that are used to vote proxies relating to portfolio securities held by the Funds. The Procedures are designed to ensure that proxies are voted in the best interests of Fund shareholders, without regard to any relationship that any affiliated person of the Fund (or an affiliated person of such affiliated person) could have with the issuer of the security. The responsibility for voting proxies relating to the Funds’ portfolio securities has been delegated to us. In accordance with the Procedures, we exercise our voting responsibility with the goal of maximizing value to shareholders consistent with governing laws and the investment policies of each Fund. We have established a Proxy Voting Committee (the “Proxy Committee”) that is responsible for overseeing the proxy voting process and ensuring that the voting process is implemented in conformance with the Procedures. We have retained an independent, unaffiliated nationally recognized proxy voting company, ISS, as proxy voting adviser and agent (“Proxy Voting Company”). The Proxy Committee monitors the Proxy Voting Company and the voting process and, in certain situations, votes proxies or directs the Proxy Voting Company how to vote.

Proxies generally are voted in accordance with the recommendations of the Proxy Voting Company with two exceptions: (1) proxy items for meetings deemed of high importance—such as proxy contests, mergers, capitalization proposals and anti-takeover defenses—where the Proxy Voting Company opposes management recommendations and (2) mutual fund proxies. These items are referred to the Proxy Committee for case-by-case review and vote determination.

The Proxy Committee may consult a Fund sub-adviser on a specific proxy voting issue as it deems appropriate or if a sub-adviser makes a recommendation regarding a proxy voting issue. The Proxy Committee is permitted to exercise a discretionary vote if it determines that a case-by-case review of a particular matter is warranted. As a general matter, proxies are voted consistently in the same manner when securities of an issuer are held by multiple Funds.

In most cases, any potential conflict of interest involving us or any affiliate regarding a proxy is avoided through the strict and objective application of the Procedures. However, when the Proxy Committee is aware of a material conflict of interest regarding a matter that would otherwise be considered on a case-by-case basis by the Proxy Committee, the Proxy Committee will address the material conflict by using any number of specified conflict management methods.

While we use our best efforts to vote proxies, in certain circumstances, it is impractical or impossible for us to vote proxies (*e.g.*, limited value or unjustifiable costs). Due to these restrictions, we must balance the benefits to the Funds of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time. As a result, we will generally not vote those proxies in the absence of an unusual, significant vote or compelling economic importance.

### **Managed Accounts**

We have also adopted proxy voting policies and procedures (“Procedures”) that are used to vote proxies relating to portfolio securities held in managed accounts for which we have voting authority. The Procedures are designed to ensure that proxies are voted in the best interests of separately managed account clients, without regard to any relationship that any affiliated person could have with the issuer of the security. In accordance with the Procedures, we exercise our voting responsibility with the goal of maximizing value to separately managed account clients consistent with governing laws and the Procedures. We have established a Proxy Voting Committee (the “Proxy Committee”) that is responsible for overseeing the proxy voting process and ensuring that the voting process is implemented in conformance with the Procedures. We have retained an independent, unaffiliated nationally recognized proxy voting company, as proxy voting adviser and agent (“Proxy Voting Company”). The Proxy Committee monitors the Proxy Voting Company and the voting process and, in certain situations, votes proxies or directs the Proxy Voting Company how to vote.

Proxies generally are voted in accordance with the recommendations of the Proxy Voting Company with two exceptions: (1) proxy items for meetings deemed of high importance—such as proxy contests, mergers, capitalization proposals and anti-takeover defenses—where the Proxy Voting Company opposes management recommendations and (2) mutual fund proxies. These items are referred to the Proxy Committee for case-by-case review and vote determination.

The Proxy Committee may consult a sub-adviser on a specific proxy voting issue as it deems appropriate or if a sub-adviser makes a recommendation regarding a proxy voting issue. The Proxy Committee is permitted to exercise a discretionary vote if it determines that a case-by-case review of a particular matter is warranted. As a general matter, proxies are voted consistently in the same manner when securities of an issuer are held by multiple separately managed accounts.

In most cases, any potential conflict of interest involving us or any affiliate regarding a proxy is avoided through the strict and objective application of the Procedures. However, when the Proxy Committee is aware of a material conflict of interest regarding a matter that would otherwise be considered on a case-by-case basis by the Proxy Committee, the Proxy Committee will address the material conflict by using any number of specified conflict management methods.

We use our best efforts to vote proxies; however, in certain circumstances, it is impractical or impossible for us to vote proxies (*e.g.*, limited value or unjustifiable costs). We balance the benefits to our separately managed account clients of voting proxies against a decision not to vote and any material adverse consequences that could result, which could include a reduced flexibility to sell the underlying shares at the most advantageous time.

### **Availability of Procedures**

A copy of our proxy voting procedures is available upon request without charge by contacting us at the email address on the front cover of this brochure.

## **Item 18 – Financial Information**

Not Applicable.

## **Item 19 – Requirements for State-Registered Advisers**

Not Applicable.