

# Global Alternative Investments

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This Brochure provides information about the qualifications and business practices of the Global Alternative Investments (“GAI”) division of Wells Fargo Investment Institute, Inc. (“WFII”). If you have any questions about the contents of this Brochure, please contact us at the number above.

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. For more information regarding any of the funds discussed in this Brochure, please reference the respective fund’s Confidential Private Placement Memorandum.

WFII is registered with the SEC as an investment adviser. Registration as an investment adviser does not imply any level of skill or training. Additional information about GAI and WFII is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2            Material Changes from Prior Form ADV Part 2A**

This updated Form ADV Part 2A contains the following changes since our last filing on July 1, 2019:

### Item 10 | Other Financial Industry Activities and Affiliations

- Removed references to former Head of GAI conflicts

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## **Item 4            Advisory Business**

WFII is a wholly-owned subsidiary of WFB, a bank affiliate of Wells Fargo & Company (“WFC”), that was formed in 1995 and registered with the SEC as an investment adviser in 2005. In 2014, WFII divided into separate operating divisions doing business under separate names. This brochure is for the Global Alternative Investments division, or GAI. Accordingly, all references to GAI throughout this brochure also include a reference to WFII, including when referring to legal structures or legal capacities in which GAI is acting, such as managing member or general partner.

GAI offers investment advice with respect to a limited array of investments. It sponsors, manages and makes available privately offered investment funds appropriate for sophisticated investors and certain institutional investors, many of which have a relationship with a representative of one or more WFC affiliates including WFB, Wells Fargo Advisors<sup>1</sup> (“WFA”) and Wells Fargo Securities, LLC (“WFS”). In addition, GAI manages option strategies for high net worth clients under a sub-advisory arrangement with WFB and through an advisory arrangement with WFA, for certain WFA clients investing in WFA’s Customized Portfolio wrap program. The investment advice rendered by GAI is limited to these types of investments. Consistent with our privacy policies and applicable law, GAI and its affiliates may provide access to client information to affiliated and third party service providers throughout the world. When client information is accessed, we maintain protective measures as described in our privacy policies and notices.

GAI had approximately \$5,933,746,132 in regulatory assets under management as of December 31, 2018.

### **Fund Management**

GAI serves as the managing member for a domestic platform of private funds (collectively, the “Platform Feeder Funds”) and for another domestic platform of private funds (collectively, the “DPIP Funds” and, together with the Platform Feeder Funds, the “Platform Funds”) that are each exempt from registering as investment companies in reliance upon Section 3(c)(7) of the Company Act. The Platform Feeder Funds are sponsored and managed by GAI and provide access to underlying “master funds” which are advised by unaffiliated investment advisers. Certain Platform Feeder Funds also invest in one or more other Platform Feeder Funds. The Platform Feeder Funds offer investors access to master funds that have been selected by GAI based upon recommendations developed within WFII.

Certain of the Platform Feeder Funds also invest in the Alternative Strategies Private Capital Bridge Vehicle, LLC (the “Bridge Fund”), an affiliated fund for which GAI serves as managing member. The Bridge Fund serves as a lending vehicle to the Platform Feeder Funds that are also the Bridge Fund’s only investors.

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<sup>1</sup> 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.

The DPIP Funds are sponsored and managed by GAI and are offered as part of GAI's Alternative Strategies Direct Private Investment Program ("DPIP"). The DPIP Funds provide access to investments in private companies and other private investments (collectively, "Portfolio Investments"). DPIP is a program available to qualified investors with \$25 million in eligible assets. DPIP presents qualified participants with opportunities to invest in pre-IPO and other privately issued equity and debt, private real estate and other private investments across a Portfolio Investment's capital structure. Participants in DPIP may select investments that are suitable for their investment profile. Each DPIP Fund invests in a single Portfolio Investment.

As used throughout this document, "Funds" collectively refers to the Platform Funds and the Bridge Fund. "Clients" refers to the separately managed accounts managed by the Option Strategies Group within GAI.

### **Option Strategies Group**

GAI offers tailored investment advisory services through its Option Strategies Group ("OSG") to high net worth clients who desire an investment strategy that emphasizes options or who would like to incorporate options into their portfolios. Clients may direct GAI to restrict certain investments on a limited basis. GAI's current activities focus on the following types of equity portfolio overlay strategies:

#### ***Hedging Strategies***

- Protective Puts
- Collars
- Portfolio Hedging

#### ***Income Enhancement Strategies***

- Covered Calls
- Bear Call Spreads

#### ***Tactical Strategies***

- Long Calls
- Short Puts
- Bull Put Spreads

## **Item 5 Fees and Compensation**

### **Platform Feeder Funds**

GAI charges each Platform Feeder Fund an Operational Support Expense ranging from 0.20% to 0.75% per annum of the net asset value of each Platform Feeder Fund to compensate GAI for certain expenses it incurs in managing the Platform Feeder Funds, including the oversight and operational maintenance of the Platform Feeder Funds and due diligence on underlying master fund managers. GAI will, in its discretion (or if and to the extent required by applicable law), credit to certain Wells Fargo Clients all or any portion of the Operational Support Expense that it receives from the Platform Feeder Funds that is attributable to investments by such Wells Fargo Clients. GAI may also receive service fees from managers of the master funds in which the Platform Feeder Funds invest. GAI may contribute these service fees to the applicable

Platform Feeder Funds. Platform Feeder Funds charge Class A Shareholders a platform fee which will be paid to the Platform Feeder Funds Placement Agents.

Investors holding Class A interests issued by the Platform Feeder Funds pay a one-time placement fee up to 2.00% of the amount of the investment. The placement fee may be negotiable.

### **Direct Funds**

GAI is retained by various third-party funds to provide certain administrative services on behalf of certain investors in the funds who are otherwise clients of WFB and WFA. In addition, Global Alternative Investment Services, Inc. ("GAISI"), an affiliate of WFII provides wholesaling services with respect to such third-party funds. For these services, GAI and GAISI receive negotiable asset-based fees that range from 0% to 1% pursuant to a written agreement.

### **DPIP**

GAI charges each DPIP Fund an Operational Support Expense of 0.50% per annum (the "DPIP Operational Support Expense") of the fair value of each investor's capital account balance with respect to such DPIP Fund, as determined by GAI in its sole discretion as of the most recent semi-annual period of each calendar year, to compensate GAI for certain expenses it incurs in managing the DPIP Fund, including the oversight and operational maintenance of the DPIP Fund. The DPIP Operational Support Expense is accrued monthly and is payable quarterly in arrears within sixty (60) days after the end of each calendar quarter beginning with the first calendar quarter ending after the one-year anniversary of the initial closing of the DPIP Fund. GAI will, in its discretion (or if and to the extent required by applicable law), waive for certain Wells Fargo Clients all or any portion of the DPIP Operational Support Expense that it receives from the DPIP Funds that is attributable to investments by such Wells Fargo Clients.

Investors holding Class A interests issued by the DPIP Funds pay a one-time placement fee up to 2.00% of the amount of the investment. This placement fee may be negotiable and, with respect to the DPIP Funds, all or a portion of the placement fee may be paid by GAISI, an affiliate of WFII and wholesaler for the DPIP Funds.

### **Bridge Fund**

GAI does not charge the Bridge Fund any advisory, program, service or management fees. Investors in the Bridge Fund each pay a pro rata portion of the Bridge Fund's expenses (such as those described below), and investors in the Bridge Fund that borrow from it are subject to interest on the amount borrowed as determined by GAI.

### **Other Fees and Expenses**

In addition to the above described fees, the Funds will also be subject to certain expenses incurred in their operation, which could include, without limitation, placement fees and/brokerage commissions, legal fees and expenses, independent valuation agent expenses, custody expenses, administrative fees, auditor fees,

taxes, a pro rata portion of the fees and expenses of the underlying funds or investments in which the Funds invest, transfer agent fees or registrar fees.

### **Option Strategies Group**

GAI charges fees for OSG's advisory services at a rate that ranges from .10% to .50% of assets being advised by OSG. See below for the general rate schedule. All OSG Clients are WFB or WFA clients, and GAI fees are collected by WFB or WFA on behalf of their Client accounts. WFB charges other expenses to these Client accounts, such as trustee or investment management fees, and WFA charges other expenses to Client accounts that are related to the applicable wrap program. The accounts could also experience brokerage costs or other expenses. Fees charged to clients may be negotiable, therefore OSG clients should contact their adviser for fees charged by WFA or WFB.

Except with respect to the WFA wrap fee program, fees are accrued monthly and paid quarterly, accrued monthly and paid monthly, or accrued quarterly and paid quarterly. All fees are charged and paid in arrears; therefore no refunds are required. In connection with the WFA wrap fee program, fees are charged quarterly on an upfront basis and are pro-rated if a client terminates their agreement before the quarter ends.

For WFB clients, brokerage commissions on trades in an account are charged to the account, commissions are generally \$0.50 per contract, but may be negotiated in an attempt to secure execution for larger orders or less liquid instruments.

Fees for the OSG services are calculated based on the total market value of assets subject to hedging or call writing strategies. Fees are calculated and collected monthly and taken in arrears. Fees are subject to change upon notice.

<u>Strategy</u>	<u>First \$10MM</u>	<u>Additional Beyond \$10MM</u>
Hedging Strategies	Included in Annual Rate	Included in Annual Rate
Call Writing (Customized)		
Single Stock	0.25%	0.15%
Strategic	0.50%	0.30%
Long Strategies	0.50%	0.30%
Call Writing (Sector-Focus)	0.50%	0.30%

### **Item 6          Performance-Based Fees and Side-by-Side Management**

The Funds and Clients are not directly subject to a performance-based fee.

## **Item 7           Types of Clients: Funds and Clients**

GAI provides investment advisory services to domestic privately offered pooled investment vehicles. Investors in the Funds have to meet certain regulatory standards to invest, generally, either the “accredited investor,” “qualified purchaser,” “qualified client” and/or “qualified eligible person” standard, or a combination thereof. In addition, in order to participate in DPIP, investors will generally have to have at least \$25 million in eligible assets.

The minimum initial investment requirement varies by Fund but may be negotiable and can be as low as \$25,000 or as high as \$500,000.

The Bridge Fund, which is only available to certain other Platform Funds, has no minimum investment requirement.

In addition to fund services, GAI provides investment advisory services through OSG to Clients such as high net worth individuals, or to accounts which are for the benefit of individuals such as personal trusts, under advisory arrangements for clients of WFB and WFA. On a limited basis, GAI provides investment advisory services to entities such as foundations or charitable trusts.

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

### Methods of Analysis

#### **Fund Management**

GAI uses an up-front and an ongoing manager selection process that is supported by a team of research analysts within either GAI or other divisions within WFII, such as Global Manager Research (“GMR”), to evaluate and provide due diligence on unaffiliated and affiliated investment managers. The process is proprietary to WFII and involves analyzing a variety of factors at both the firm and investment level. It is GAI’s intent to utilize WFII’s due diligence process to identify investment talent, products, and firms.

#### Platform Feeder Funds

With respect to the Platform Feeder Funds, the GAI Investment Committee (“GAI IC”) reviews strategies used by each existing master fund, approves new master fund managers to be included on the Feeder Fund Platforms, and monitors master funds to determine if any should be removed from the applicable Feeder Fund Platforms or if applicable Platform Feeder Funds should be closed to new investments. In making the aforementioned decisions, GAI IC uses information including, but not limited to, firm overviews, investment philosophies, investment processes, fund overviews, performance reviews, operational reviews and information provided by GAI or other divisions within WFII.

## DPIP

GAI has discretionary authority over the DPIP Funds. Investment opportunities deemed appropriate for DPIP will be reviewed by GAI and presented to the GAI IC for its review and consideration. Each individual investment opportunity is evaluated based on a number of factors which may include financial modeling and projected growth, business model, management expertise, transaction valuation, business infrastructure soundness and path to investment exit.

## **Option Strategies Group**

The OSG portfolio management team uses proprietary investment models, quantitative analytics and continuous risk monitoring. Pre-trade portfolio analysis sets the framework for implementation through an in-depth portfolio review followed by an investment process that utilizes proprietary models and analytics to seek optimal strategies.

OSG monitors macroeconomic conditions and security-specific trends that may have an impact on Client portfolios in order to anticipate these impacts in trading activity.

## **General**

Active monitoring is an important part of managing Fund and Client portfolios. Monitoring includes periodic reviews of performance and adherence to stated strategies and disciplines, regular telephone conferences and visits to Master Fund advisers, portfolio reviews, monthly, quarterly, and annual reviews of various factors or written reports and updates, and annual reviews of audited financial statements for Funds, Portfolio Investments and Master Funds.

## **Investment Strategies**

### Platform Feeder Funds

The Platform Feeder Funds invest all or substantially all of their respective assets in corresponding master funds or in other Platform Feeder Funds that invest into master funds. The master funds engage in a variety of different strategies either directly or through other pooled investment vehicles including, but not limited to long/short equities investing, global/macro investing, commodities and commodity-linked instruments, relative value arbitrage, long/short credit, event driven/special situations, real estate, private equity investing, and distressed securities investing.

Certain of the Platform Feeder Funds are permitted to invest a portion of their assets into the Bridge Fund in order to be able to borrow from the Bridge Fund if needed. The Bridge Fund typically invests in bank or other interest-bearing accounts, money market funds or other liquid investments.

## DPIP

DPIP is a program available to qualified investors with \$25 million in eligible assets. DPIP presents qualified participants with opportunities to invest in pre-IPO and other privately issued equity and debt, private real estate and other private investments across a Portfolio Investment's capital

structure. Participants in DPIP may select investments that are suitable for their investment profile. Among other investments, DPIP provides investors with access to equity investments that are intended to provide capital appreciation through investing in private Portfolio Investments seeking capital to accelerate growth or through investments in private Portfolio Investments seeking to move into the next phase of corporate development. Program participation provides investors with indirect access to investments sourced by Wells Fargo's investment bank, WFS, as well as other private investment managers where appropriate. Only investors enrolled in DPIP will be able to view individual investments offered by DPIP as they come to market. DPIP participants are not required to invest in all of the DPIP Funds offered to remain in DPIP. The initial investment minimum for each DPIP Fund is \$500,000, or such lesser amount as approved by GAI. On the initial drawdown date, 100% of an investor's capital commitment is due and additional capital calls will be made for an investor's pro-rata share of applicable fees and expenses. WFII, as managing member of DPIP, anticipates the life of most investments to range between 18-36 months<sup>2</sup>.

### **Option Strategies Group**

GAI provides equity portfolio overlay strategies including:

#### ***Hedging Strategies***

- Protective Puts
- Collars
- Portfolio Hedging

#### ***Income Enhancement Strategies***

- Covered Calls
- Bear Call Spreads

#### ***Tactical Strategies***

- Long Calls
- Short Puts
- Bull Put Spreads

### **Risk of Loss**

Investing in any of the Funds entails substantial risks. There can be no assurance that the investment objectives of the Funds will be achieved or that their investment programs will be successful. In particular, use of leverage, short sales, and derivative transactions as well as limited diversification or concentration can, in certain circumstances, result in significant losses to the Funds.

Investors should consider the Funds as a supplement to an overall investment program and should invest only if they are willing to undertake the risks involved. Investors in the Funds could lose some or all of

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<sup>2</sup> No guarantee can be provided the anticipated term will be met. Investments offered by DPIP are highly illiquid and may have a long period until investment realization.

their investment. In addition it might not be possible to liquidate holdings in a timely manner. The offering document for each of the Funds offered by GAI discusses the risk factors specific to each Fund.

Investing in options involves risks which could be material depending on the type of strategy employed. Investors in the strategies noted above utilized by OSG could lose some or all of their investment. Options are a form of derivative security. The use of derivatives presents risk that is potentially higher than investing in traditional securities because the value of the investment could fluctuate at a greater magnitude relative to the cost of the security due to embedded leverage. Thus, buying an option on a security might cost less than buying the security itself, but the fluctuation in value could be much more significant relative to the cost of the investment.

## **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 wholly-owned subsidiary of WFB, a bank affiliate of WFC, GAI 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**

Global Alternative Investment Services, Inc. ("GAISI"), a subsidiary of WFB, is a registered broker-dealer providing wholesaling support services to the Funds offered by GAI. Certain of the directors and officers of GAISI are also officers of WFII.

Wells Capital Management Incorporated ("WellsCap") is incorporated in California and is an SEC registered investment adviser. WellsCap is a directly and wholly-owned subsidiary of Wells Fargo Asset Management Holdings, LLC, which is an indirect wholly-owned subsidiary of WFC. WellsCap provides investment management services to mutual funds and other investment vehicles, institutional portfolios for endowments, foundations, healthcare organizations, educational organizations, public agencies, multi-employer plans, sovereign organizations, insurance companies, and Taft-Hartley plans. WellsCap and WFII share a Chief Compliance Officer as of March 29, 2019.

Wells Capital Management Singapore ("Wells Capital Singapore") is an SEC registered investment adviser. Wells Capital Singapore is a separately identifiable department of WFB, which is a wholly owned subsidiary of WFC. Wells Capital Singapore is an affiliate of WellsCap. Wells Capital Singapore is closely aligned

operationally with WellsCap. The firm actively manages discretionary portfolios subject to each client's investment objective, risk profile and investment guidelines and tailored to the individual needs of the client. Wells Capital Singapore and WFII share a Chief Compliance Officer as of March 29, 2019.

WFA 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. WFA serves as placement agent for the Platform Funds sponsored by GAI. WFA receives placement fees from investors investing in certain groups of Interests issued by the Platform Feeder Funds as well as from investors and/or GAISI with respect to investments in A Interests issued by the DPIP Funds. WFA also receives other fees from GAI, including trail fees based on the net asset value of the interests of the Platform Funds sold by WFA.

WFS is a registered-broker dealer, and a wholly-owned subsidiary of Everen Capital Corporation ("Everen"). Everen is a wholly-owned subsidiary of WFC. WFS provides investment banking and other underwriting services to various companies. Through its affiliate relationship with WFS, GAI anticipates that it will be offered opportunities to participate through the DPIP Funds in private offerings of securities issued by Portfolio Investments for which WFS provides investment banking, underwriting or other advisory services, although WFS is not under any obligation to propose investment opportunities to GAI for inclusion in DPIP. GAI could also source investment opportunities for DPIP from unaffiliated investment banks and other third parties. WFS pays GAISI a fee (the "Wholesaling Fee") which payment is based on assets invested in securities issued by the Portfolio Investments that are attributable to applicable DPIP Funds. A portion of the Wholesaling Fees received by GAISI are paid by GAISI to WFA, the placement agent for the DPIP Funds, as placement fees on behalf of Class A investors in the DPIP Funds.

WFII, through GAI, is retained by various third-party funds to provide certain administrative services on behalf of certain investors in the funds who are otherwise clients of WFB and WFA. In addition, GAISI provides wholesaling services with respect to such third-party funds. In some cases, GAI and GAISI receive a negotiable asset-based fee pursuant to a written agreement. One or more of the funds to which GAI and GAISI provides such services are Platform "master funds," as described in Item 8. As a result of the service fees received from such "master funds" under these arrangements, there is a potential conflict of interest as GAI has an incentive to keep such "master funds" on the Platform. However, only a minimal amount of GAI's and GAISI's time is devoted to providing these services for "master funds" that are available on the Platform.

WFB is a bank affiliate of WFC and is a national bank that purchases interests in the Funds on behalf of its clients. WFB does not receive fees from the Funds in connection with such activities and therefore we believe such purchases by WFB do not pose a conflict of interest. WFB also retains GAI to advise certain fiduciary clients in their option strategies. WFB does not receive fees from GAI in connection with this activity and therefore we believe these activities do not pose a conflict of interest for either WFB or for GAI.

WFA also retains GAI to advise certain fiduciary clients in its Customized Portfolio wrap fee program with respect to option strategies. WFA does not receive fees from GAI in connection with this activity and therefore we believe these activities do not pose a conflict of interest for either WFA or for GAI.

Certain Platform Feeder Funds for which GAI serves as managing member invest in other Platform Feeder Funds for which GAI serves as managing member. GAI does not receive a fee from the funds referenced in this paragraph that are making the investments.

Certain Platform Feeder Funds for which GAI serves as managing member invest in the Bridge Fund for which GAI serves as managing member. GAI does not receive a fee from the Bridge Fund. Platform Feeder Funds that make investments into the Bridge Fund will have no ability to dictate the terms of loans to, or assess the creditworthiness of, other Platform Feeder Funds, which terms and creditworthiness will be determined by GAI in its sole discretion. In addition, although not anticipated, there is a risk that a Platform Feeder Fund that is authorized to borrow from the Bridge Fund will do so at a rate of interest that is higher than the rate of interest that would be charged by an unaffiliated bank for short-term borrowings.

With respect to certain Platform Feeder Funds, GAI is registered as a Commodity Pool Operator with the Commodity Futures Trading Commission. GAI is also a member of the National Futures Association.

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

### Code of Ethics and Personal Trading

WFII has adopted a code of ethics to address conflicts of interest. All GAI personnel must comply with the Code of Ethics, which is designed to detect and prevent violations of securities laws while putting the interests of WFII's clients before those of GAI personnel. It imposes restrictions on the purchase and sale of certain securities for the accounts of GAI employees, officers and directors, and the accounts of certain affiliated persons to eliminate situations where a personal transaction by a person related to WFII would be adverse or detrimental to a client of WFII.

WFII's Code of Ethics is available upon written request to: Wells Fargo Investment Institute Compliance, 401 S Tryon Street, 2<sup>nd</sup> Floor, MAC D1050-026, Charlotte, NC 28202-1934, or by contacting WFII's Chief Compliance Officer, Daniel J. Mavico, via email at [Daniel.Mavico@wellsfargo.com](mailto:Daniel.Mavico@wellsfargo.com).

### Participation or Interest in Fund or Client Transactions

As described more fully above in Item 10, WFA serves as placement agent or sub-placement agent for the Funds and places Interests in the Funds with their brokerage customers. GAISI provides wholesaling support services to the Funds.

GAI, its affiliates, and related parties could have an interest in securities that GAI purchases or sells, or recommends for purchase or sale, by its Funds or Clients. Because directors, officers, and employees of GAI are permitted to buy, sell, or own securities that are bought, sold, or owned by GAI's Funds or Clients, there is a potential conflict of interest; however, as discussed in this Item 11, restrictions imposed by the Code of Ethics are designed to address this potential conflict of interest.

Subject to regulatory limitations, GAI and/or its affiliates may invest in Funds managed by GAI, including the DPIP Funds, Platform Feeder Funds, and the Bridge Fund. GAI does not provide seed capital to the Funds at this time. GAI has implemented policies to ensure that GAI does not value the Funds' portfolios in a manner that disadvantages investors in such Funds. As with all Fund investors, investments in and redemptions from the Funds made by GAI and its affiliates are transacted at a price based on the valuation of Fund interests determined in accordance with GAI's Valuation Policy.

Investments in shares of Wells Fargo & Company (NYSE symbol: WFC) will not be made directly by the Funds or Clients although the master funds on the Feeder Fund Platform, either directly or through investment funds in which they invest, are permitted to, and might, invest in shares of WFC, or derivative securities relating to such shares. Generally, however, GAI does not have detailed portfolio holdings information for the underlying investment funds to know whether, and to what extent, investments relating to shares of WFC are being made by the investment funds.

GAI provides investment advisory and other services to the Platform Feeder Funds, DPIP Funds and the Bridge Fund. While the advice rendered to such Funds is furnished in light of their respective investment objectives and policies, securities owned by one Fund could also be owned by other Funds and therefore the same or different investment advice or decision for more than one Fund could be made at the same time. Furthermore, a particular security could be bought or sold for only some Funds even though it might be held or bought or sold for other Funds. Investment decisions are made for each Fund separately based on the investment strategies and existing circumstances of the Fund at the time. As a result, different investment decisions could be made with respect to the same investment.

A manager of a master fund in which a Platform Feeder Fund invests is permitted to recommend for purchase, and in the exercise of discretion could purchase, for the master funds (i) securities in the secondary market that were originally underwritten by a related person of GAI, (ii) to the extent permitted by law, securities in an offering underwritten by a related person of GAI, and/or (iii) securities of issuers in which GAI or an affiliate has an interest. In addition, the DPIP Funds could purchase securities issued by Portfolio Investments that are underwritten or privately placed by WFS.

## **Item 12      Brokerage Practices**

### **Fund Management**

The Funds do not typically utilize brokers with respect to investments in underlying investment funds.

GAI relies on the underlying investment managers' policies and procedures relating to brokerage with respect to the investments made by the investment managers in the investment funds and accounts they manage.

### **Options Strategies Group**

#### **Client Referrals**

GAI does not use Client brokerage to compensate brokers for client referrals.

#### **Client Directed Brokerage**

Given the nature of GAI's business, GAI's Clients are not permitted to direct brokerage.

#### **Trade Aggregation**

GAI is permitted to aggregate similar trades by multiple clients and route the trade as a single block, including aggregation with trades on behalf of clients of GAI's affiliates. When transactions are so aggregated, the securities purchased or sold will be allocated among the participating accounts pursuant to a policy such that allocations are made in a fair and equitable manner over time. GAI will not aggregate transactions unless it believes that aggregation is in the best interests of the affected clients, and is consistent with the terms of its investment advisory agreement with each client for whom transactions are being aggregated. Nevertheless, there is no assurance that aggregation of transactions will benefit all clients equally, and in some instances combined orders could adversely affect the price or volume of a security. Also, it is possible that GAI will not aggregate trades in circumstances where it would have been beneficial to do so.

## **Item 13      Review of Accounts**

GAI, along with the GMR division of WFII, reviews the Platform Feeder Funds on an ongoing basis, no less frequently than quarterly. This review includes analysis of investment performance, drivers of risk and return, capital allocation, and multi-variable sensitivity. It also includes analysis of the underlying funds and their managers in which the Funds invest, including changes in assets under management, client concentration, personnel and third party service providers. GAI has established the GAI IC which meets as needed to discuss any issues resulting from the quarterly Platform Feeder Fund review, including performance and investment related matters. The GAI IC is also tasked with discussing potential master funds that will be added to the GAI Platform pending GMR diligence and various committee approvals.

Ongoing review of DPIP Portfolio Investments is performed by GAI. The depth and type of analysis done for each investment will vary based on available information and timing of availability for that information.

Members of the team within GAI that manage options strategies for WFB and WFA review Client accounts daily for compliance with specific investment parameters, including investment goals, fiduciary guidelines, execution, asset allocation, and pricing.

Client reports are typically generated by WFB and WFA, as applicable. On an ad hoc basis, GAI will prepare supplemental reports that are shared with applicable investment professionals within WFB and WFA, and also may be shared with the applicable Client. Fund reports are generated on an ad hoc basis and on a periodic basis according to their custody statement schedule.

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

### Client Referrals

GAI does not directly or indirectly compensate any person for investor referrals.

### Other Compensation

As described more fully in Item 5 and Item 10, WFA has agreements to act as placement agent for certain Funds and receive fees and/or trail commissions for their services from investors, the respective Funds, GAISI and/or GAI. GAISI has agreements in place with each of the Funds to act as wholesaling agent. In addition, in connection with GAISI's role as wholesaler of the DPIP Funds, WFS pays GAISI Wholesaling Fees, which payment is based on assets invested in securities issued by the Portfolio Investments that are attributable to applicable DPIP Funds. A portion of the Wholesaling Fees received by GAISI are paid by GAISI to WFA, the placement agent for the DPIP Funds, as placement fees on behalf of Class A investors in the DPIP Funds.

In some cases, GAI receives from managers of the master funds in which the Platform Feeder Funds invest (or from such master funds themselves) a service fee constituting a portion of the management fees paid on the Platform Feeder Funds' investments in the master funds. However, in order to offset the operating expenses associated with the Platform Feeder Funds, including the Operational Support Expense (discussed below), GAI will transfer to each Platform Feeder Fund (except for certain private equity funds on the Platform that are described in Footnote 3, below) 100% of the service fee it receives from the corresponding master fund manager. In any instance where GAI does not transfer 100% of the service fee, prior written notification will be provided to investors.

Certain Platform Feeder Funds are subject to an operational support expense ranging from 0.20% to 0.75% per annum of the net asset value of the Platform Feeder Fund to compensate GAI for certain expenses it incurs in managing the Platform Feeder Funds, including the oversight and operational maintenance of the Platform Feeder Funds and due diligence on underlying master fund managers ("Operational Support

Expense”).<sup>3</sup> The Operational Support Expense is accrued monthly and is payable quarterly in arrears promptly after the end of each calendar quarter. GAI will, in its discretion (or if and to the extent required by applicable law), credit to certain Wells Fargo Clients all or any portion of the Operational Support Expense that it receives from the Platform Feeder Funds that is attributable to investments by such Wells Fargo Clients.

Each DPIP Fund could be subject to an operational support expense of 0.50% per annum (the “DPIP Operational Support Expense”) of the fair value of each investor’s capital account balance with respect to such DPIP Fund, as determined by GAI in its sole discretion as of the most recent semi-annual period of each calendar year, to compensate GAI for certain expenses it incurs in managing the DPIP Fund, including the oversight and operational maintenance of the DPIP Fund. The DPIP Operational Support Expense is accrued monthly and is payable quarterly in arrears within sixty (60) days after the end of each calendar quarter beginning with the first calendar quarter ending after the one-year anniversary of the initial closing of the DPIP Fund. GAI will, in its discretion (or if and to the extent required by applicable law), waive for certain Wells Fargo Clients all or any portion of the DPIP Operational Support Expense that it receives from the DPIP Funds that is attributable to investments by such Wells Fargo Clients.

Please reference the Confidential Private Placement Memorandum of the respective Fund in order to determine if it is subject to the Operational Support Expense or DPIP Operational Support Expense, as applicable.

To the extent that GAI or any of its affiliates has invested in a Fund, it will benefit from appreciation of the Fund’s value and could also receive any distributions or interest paid by the Fund to its investors on the same basis as the Fund’s other investors.

## **Item 15      Custody**

Investment advisers with custody or possession of client funds or securities must comply with Rule 206(4) of the Advisers Act (the “Custody Rule”). Because GAI acts as managing member and investment adviser to private funds, such as the Platform Feeder Funds and the DPIP Funds, and has the authority to dispose of securities and other assets in those Funds, it is deemed to have custody of the assets of those Funds.

The Funds for which GAI serves as managing member and investment adviser are subject to an annual audit by an independent public accountant. The audited financial statements are delivered to the investors in those Funds, in order for GAI to comply with the provisions of the Custody Rule applicable to investment advisers of private funds.

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<sup>3</sup> Private equity funds on the Feeder Fund Platform launched prior to July 2011 are not subject to the Operational Support Expense. Accordingly, any service fee that GAI receives from the master fund managers in which these Platform Feeder Funds invest is not transferred to the associated Platform Feeder Fund.

GAI is also deemed to have custody of Client accounts due to the related party custody of cash and securities held by WFB as custodian or WFA as broker although most assets in this strategy are held by a non-affiliated sub-custodian. Please review any Client account statements you receive carefully and compare the holdings reflected in the statement you receive from the custodian with any additional reporting you receive from GAI.

## **Item 16 Investment Discretion**

### **Fund Management**

#### Platform Feeder Funds

GAI determines the master funds in which the assets of the Platform Feeder Funds are invested, and also determines the securities and instruments in which the Bridge Fund is invested.

#### DPIP

GAI has investment discretion for the DPIP Funds and determines investment opportunities deemed appropriate for DPIP. Program participants will be informed of investment opportunities only to the extent the GAI IC has approved an investment for DPIP.

#### Option Strategies Group

GAI exercises investment discretion with regard to the portion of Client accounts that it manages. WFB and WFA contract with GAI to provide advisory services on a discretionary basis to selected clients.

## **Item 17 Voting Client Securities**

### **Fund Management**

GAI has proxy voting authority for the Platform Feeder Funds and the DPIP Funds. GAI has adopted and implemented policies and procedures that are designed to vote proxies in the best interest of clients, in accordance with SEC Rule 206(4)-6 under the Advisers Act.

#### Platform Feeder Funds

In the event that a Platform Feeder Fund receives a proxy or notice from its corresponding master fund asking that GAI vote its interests on a matter, the Head of GAI or his designee will consider the issue on its own merits and vote in a manner that best serves the interests of the Platform Feeder Fund. GAI could, under certain circumstances, have a potential conflict of interest in voting proxies on behalf of the Platform Feeder Funds. GAI shall consult with the Wells Fargo Legal Department for any such potential conflicts in order to determine an appropriate course of action.

## DPIP

In the event that a DPIP Fund receives a proxy or notice from its corresponding Portfolio Investment asking that GAI vote its interests on a matter, the Head of GAI or his designee will consider the issue on its own merits and vote in a manner that best serves the interests of the DPIP Fund. GAI could, under certain circumstances, have a potential conflict of interest in voting proxies on behalf of the DPIP Funds. GAI shall consult with the Wells Fargo Legal Department for any such potential conflicts in order to determine an appropriate course of action.

## **Option Strategies Group**

GAI does not have proxy voting authority for its Client accounts unless required by law.

GAI has established written procedures to help the firm evaluate corporate governance issues. Investors may obtain a copy of these procedures or information on how GAI voted proxies with respect to their securities upon written request to: Global Alternative Investments Proxy Department; 401 South Tryon Street, 5th Floor; Charlotte, NC 28202.

## **Item 18 Financial Information**

GAI is required to provide certain financial information or disclosures about GAI's financial condition. GAI has no financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

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

Not Applicable.