

Wrap Fee Brochure for Mutual Fund Advisory Programs:



**CustomChoice
FundSource®**

801 - 37967

Investment Advisory Services of Wells Fargo Advisors, LLC

Revised March 2012

Wells Fargo Advisors is the trade name used by two separate broker-dealers: Wells Fargo Advisors, LLC and Wells Fargo Advisors Financial Network, LLC. Members SIPC, and non-bank affiliates of Wells Fargo & Company.

One North Jefferson, St. Louis, MO 63103

Phone (314) 955-3000

www.wellsfargoadvisors.com

This wrap fee brochure provides information about the qualifications and business practices of Wells Fargo Advisors, LLC and our Mutual Fund Advisory Programs (the "Programs"). This information should be considered before becoming a Client of one of these Programs. If you have any questions about the Programs or the contents of this brochure, please contact us at the telephone number above.

This information has not been approved or verified by United States Securities and Exchange Commission or by any state securities authority. Additional information about Wells Fargo Advisors also is available on the SEC's website at www.adviserinfo.sec.gov.

The advisory services described in this brochure are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency and involve risk, including the possible loss of principal.

Summary of Material Changes

Material changes in the Mutual Fund Advisory Programs since March 31, 2011:

- The FundSource® Program has added the Alternative Strategies Model.
- The Pathways Program has been incorporated into the FundSource program. Previously, the Pathways Program was a standalone advisory program offered by Wells Fargo Advisors, LLC.
- The FundSource® Program has added the following models; Moderate Growth & Income with Alternatives, Moderate Growth with Alternatives, Conservative Growth & Income with Alternatives, Long-Term Growth & Income with Alternatives, Conservative Growth with Alternatives and Long-Term Growth with Alternatives.
- The FundSource® Program has removed the Socially Responsible models.

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Wells Fargo Advisors, LLC ("WFA"), whose predecessors span more than 150 years, is a leading national securities firm providing investment and other financial services to individual, corporate, and institutional Clients. It is a non-bank affiliate of Wells Fargo & Company ("Wells Fargo"), a publicly held company (NYSE: WFC), and financial holding company and bank holding company founded in 1852. Wells Fargo and its affiliates are engaged in a number of financial businesses, including retail brokerage and investment advisory services.

Wells Fargo Advisors, LLC is affiliated with Wells Fargo Advisors Financial Network ("WFAFN"), a broker-dealer also providing advisory and brokerage services. Information about the advisory and brokerage services offered by WFAFN is available by contacting them directly.

The terms "Client," "you," and "your" are used throughout this document to refer to the person(s) or organization(s) who contract with us for the services described here. "WFA," "we," "our," and "us" refer to WFA together with our affiliates, including but not limited to, Wells Fargo & Company and its agents with respect to any services provided by those agents. "Affiliate" means any entity that is controlled by, controls or is under common control with WFA. Each Affiliate is a separate legal entity, none of which is responsible for the obligations of the other.

"Account" means collectively or individually any brokerage Account and/or any Advisory Program Account you have with us, including any and all funds, money, securities and/or other property you have deposited with us. "Securities and/or Other Property" means, but is not limited to, money, securities, financial instruments and commodities of every kind and nature and related contracts and options, distributions, proceeds, products and accessions of all property.

Services, Fees and Compensation

Types of Advisory Services

We sponsor a number of wrap fee advisory programs that are designed to help you meet your investment objectives and goals. They include Separately Managed Account Programs, Mutual Fund Advisory Programs, Financial Advisor-Directed Programs and Non-Discretionary Advisory Programs. We also offer Consulting and Financial Planning advisory services. This Disclosure Document is being provided pursuant to Section 204 of the Investment Advisers Act of 1940 and deals solely with our Mutual Fund Advisory Programs; CustomChoice, FundSource and Pathways (collectively referred to as "the Programs") below. Descriptions of the services and fees for the other programs and services we offer can be found in separate disclosure documents, copies of which are available upon request.

Mutual Fund Advisory Programs

The CustomChoice and FundSource Programs include investments in certain select mutual fund shares from our Recommended, Allowable and PathwaysSM Funds Lists. These Lists include only open-end mutual funds that offer shares at net asset value through advisory programs, such as those described in this Disclosure Document. On the basis of research we reasonably deem to be reliable, we may give you recommendations for mutual funds or a blend of funds that are consistent with your investment objectives, financial circumstances and risk tolerance.

Regardless of which Program you select, you will retain the right to: (1) withdraw securities or cash; (2) vote on shareholder proposals of beneficially owned security issues, or delegate the authority to vote on such proposals to another person; (3) be provided, in a timely manner, with a written confirmation or other notification of each securities transaction, and all other documents required by law to be provided to security holders; and (4) proceed directly as a security holder against the issuer of any security in your Account and not be obligated to join any person involved in the operation of the applicable Program, or any other Client of the applicable Program, as a condition precedent to initiating such proceeding. We will provide you with periodic monitoring and reporting of your portfolio's performance.

A Client request to establish program services is not considered a market order due to the administrative processing time needed to establish your advisory Account. However, we will make every effort to process Client requests promptly.

As described below in Section '*Other Financial Industry Activities and Affiliations*', we are engaged in a wide range of securities services. We may also give advice and take action in the performance of our duties to other Clients that differ from the advice we give you, or the timing and nature of actions we may take for any of these Programs. Additionally, we may be limited in our ability to divulge or act upon certain information we possess as a result of investment banking activities or other confidential sources.

The CustomChoice Program

CustomChoice is a non-discretionary investment advisory Program designed to help you allocate your assets among open-end mutual funds in accordance with your individual investment goals, objectives, and expectations. Based on your investment objectives and risk tolerance, your Financial Advisor will recommend an appropriate mix of various open-end mutual funds and money market funds. Funds on both the Recommended, Allowable and Pathways Fund lists (described more fully below in Section '*Portfolio Manager Selection and Evaluation*') may be included.

You have the option of accepting any of our recommendations, or selecting an alternative combination of funds. We will implement your investment decisions, but will not have investment discretion over your Account, except for the limited discretion to rebalance your target asset allocation, if you authorize us to do so. Over time, as changes occur in the financial markets and/or your investment objectives and circumstances, we may recommend changes in your portfolio. In making these recommendations, we will take the updated information into account. You are advised that your decisions relating to investment in mutual funds may have tax consequences that should be discussed with your tax advisor.

In order to maintain your portfolio in conformance with your target asset allocation, you may authorize us to rebalance your Account using our automated Rebalance Trading System. See the description of the Rebalance Trading System below. You may select a quarterly, semi-annual or annual rebalance option.

The FundSource® Program

FundSource is a discretionary investment advisory Program that offers a broad array of complementary mutual funds from different investment classes and styles. We have created a number of "Optimal Blends" from the roster of Recommended Funds representing target allocations and/or fund combinations that we believe are appropriate for a number of different investment objectives. See the detailed description of the various Optimal Blends in Section 'Methods of Analysis, Investment Strategies and Risk of Loss'. Based on your investment objectives, financial circumstances and risk tolerance, your Financial Advisor will recommend either an Optimal Blend or a Customized Blend, created in consultation with you, which you may select as the target allocation for your Account. Once you choose an Optimal or Customized Blend, the assets in your Account will be invested by your Financial Advisor on a discretionary basis.

The target allocation among the selected mutual funds in an Optimal Blend is based on our determination of the appropriate target asset allocation for your investment objective and risk tolerance, and on our opinion as to which mutual funds will optimally fulfill that allocation. This target allocation may be modified from time to time based upon our view of the appropriate asset allocation strategy and the optimal mix of mutual funds within the portfolio. The target allocation for Customized Blends is applied at the time your Account is established in the FundSource Program. Additions to and withdrawals from your Account will generally be allocated based on the target allocation you established for the Customized Blend.

Fluctuations in the market value of assets, as well as other factors, will affect the actual allocation at any given time. In order to maintain the Account in conformance with your target allocation, we will automatically rebalance it periodically if actual allocations vary by more than certain established percentages from the target allocation. We will generally rebalance the Account annually, unless market conditions indicate we should do so more frequently. You may also request us to rebalance your Account as necessary. If your Account is managed pursuant to a Customized Blend, you may opt out of automatic rebalancing.

PathwaysSM Portfolios

Pathways is an asset allocation option within the FundSource Program that allows you to allocate assets among various mutual funds portfolios ("Pathways Funds") operated and administered by the Russell Investment Company ("Russell"). Prior to May 2011, Pathways was a standalone advisory program offered by us. Russell, which is registered under the Investment Company Act of 1940, evaluates and retains one or more investment management organizations to manage each Pathways Fund. You may access Pathways Funds via a pre-determined model portfolio, a *Pathways Optimal Blend*, or by creating your own allocation of Pathways funds, a *Pathways Customized Blend*.

Russell has created multiple Optimal Blend Portfolios that contain risk-based allocations of Russell's funds designed to meet specific investment objectives. When you select a Pathways Optimal Blend, you appoint WFA to manage your portfolio on a discretionary basis. Under the Customized Blend option, you create a customized allocation of Pathways and/or Recommended Funds by selecting them on the Customized Blend Form. If Russell makes changes to specific model portfolios, or we remove a fund from the roster of available funds, we will act as your attorney-in-fact with full power and authority to buy, exchange, sell or otherwise effect transactions in your name in shares of mutual funds in your Pathways portfolio.

Fund-selected investment managers are terminated or replaced by Russell generally due to changes in senior investment personnel and/or a deviation from the desired investment discipline. Such changes to fund investments are made without prior notice to you. We will rebalance your Pathways portfolio periodically should the values of the funds vary by more than certain established percentages from the target allocation you selected. Customized blend Clients may opt out of the rebalancing feature.

Rebalance Trading System

The Rebalance Trading System reviews the actual allocation of funds in your mutual fund portfolios versus the target allocation established for your Account. Generally, subject to certain minimum constraints, if any of the funds in your Account vary by more than 40% (30% for retirement Accounts) from your Target Allocation, we will rebalance the Account by initiating sell and buy transactions. These percentages may be changed without notice. You are aware that any transactions initiated to rebalance these assets may cause you to incur tax consequences.

We will conduct periodic reviews, and you can request that a review be done on demand. We generally conduct reviews in FundSource and Pathways Accounts on an annual basis. In addition, you can select to have annual, semi-annual or quarterly rebalance reviews conducted for CustomChoice and Pathways Accounts. You also have the option to direct us not to rebalance CustomChoice, FundSource Customized Blends and Pathways Customized Blends periodically. Finally, if you direct us to, we can use the Rebalance Trading System to allocate any contributions to or withdrawals from the Account based on the fund targets specified for the Account. The Rebalance Trading System will not rebalance any assets that are not offered through the Programs (i.e., "Non-Program Assets").

Market Timing in Mutual Funds

Market timing is defined as excessive short-term purchase and sale transactions or exchanges with the intention of capturing short-term profits in violation of the terms of the fund's prospectus. We will not support market timing strategies or activities for mutual funds or any extreme trading activity that we deem, in our sole discretion or by direction of the fund company, detrimental to the interest of average mutual fund shareholders, or contrary to the policies or interest of mutual fund companies with whom we maintain relationships. We, in our sole discretion or by direction of the fund company, reserve the right to reject any transactions or to assess a redemption fee for any partial or full liquidation executed in which the Account trading appears to be inconsistent with the fund's prospectus. Furthermore, when asked by a fund company, we will cooperate and aid in its attempt to identify and impede the efforts of anyone engaged in market timing or extreme trading activity. If the fund company notifies us to reject or cancel a trade for any reason, we reserve the right to cancel it without prior notice to you or any other Client. We will not be held accountable for any losses resulting from market timing activities or any action taken under our market timing policies. Finally, the frequency of mutual fund transactions and exchanges is subject to any limits established by the applicable mutual funds and us.

Fees and Compensation

The standard Fee Schedule, which may be negotiable, is as follows:

Account Asset Value	Annual Fee
First \$500,000	1.50%
Next \$500,000	1.25%
Next \$1,000,000	1.00%
Over \$2,000,000	Negotiable

Notwithstanding this fee calculation, the minimum fee charged to the Account will be \$75 per quarter. You should be aware that the imposition of the minimum fee may cause the Program fee rate (expressed as a percentage) to be greater than the fee stated in the Fee Schedule table for the Program. Under certain circumstances, the minimum fee may be waived.

We may act as sub-adviser and/or service provider for the advisory Programs offered by our affiliate, Wells Fargo Advisors Financial Network, LLC, as well as for certain fully-disclosed firms that clear their transactions through First Clearing, LLC, our affiliate and clearing firm. The fees charged by these firms may differ from those charged and required by us as stated in this Disclosure Document.

You should be aware that Program fees charged may be higher or lower than those otherwise available if you were to select a separate brokerage service and negotiate commissions in the absence of the extra advisory service provided. Our fee schedules may be subject to negotiation depending upon a range of factors including, but not limited to, Account sizes and overall range of services provided. Advisory Programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity may result in higher fees than if commissions were paid separately for each transaction.

A portion of the fees or commissions charged for the Programs described here will be paid to our FAs in connection with the introduction of Accounts as well as for providing client-related services within the Programs. This compensation may be more or less than a FA would receive if you paid separately for investment advice, brokerage, and other services, and may vary, depending on the program or services offered. If a Financial Advisor wishes to discount the Program Fee below certain levels, they may have the ability to do so, but may earn reduced compensation associated with the discount. This creates an incentive for Financial Advisors to price accounts at or above those levels. We may also advance to Financial Advisors a portion of the future estimated fees for Clients who invest in a Program. Therefore, your Financial Advisor may have an incentive to recommend these Programs over other Programs or services.

Unless agreed upon otherwise, Program Clients authorize us to deduct from their Account(s) a quarterly fee, in advance, calculated at the rate indicated in the Fee Schedule for that Program. For the purposes of calculating the Program fees, "value of the Account" shall mean the sum of the long market value of all Program eligible mutual funds. Margin debit balances do not reduce the value of the Account. In valuing the Account, we will use the fund's most current net asset value, as computed by the fund company. In so doing, we will utilize information provided by quotation services believed to be reliable. If any such prices are unavailable or believed to be unreliable, we will determine prices in good faith so as to reflect our understanding of fair market value. The Program fee will be applied to cash alternatives (i.e., money market funds) held inside the Account. Clients may pay more in program fees with respect to money market and sweep vehicle holdings than the interest earnings that may be generated by these cash and cash alternative assets. Smaller Accounts may be affected more due to the program fee structure.

The initial fee is calculated as of the date that the Account is accepted into the Program and covers the remainder of the calendar quarter. There may be a short delay between inception and initial transactions. Subsequent fees will be determined for calendar quarter periods and shall be calculated on the basis of the market value of the securities and eligible cash held for your Account on the last business day of the prior calendar quarter.

No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in your Account during that period. The Account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the Account during a month. Fees will be charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. Fees will be assessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in your Account and we will not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of your funds (i.e., performance fee).

Whenever there are changes to the fee schedule, the schedule charges previously in effect shall continue until the next billing cycle. We may modify or change any provision of the Client Agreement after 15 days written notice to the Client.

Other Account Fees

Your Financial Advisor may suggest that you use other products and services that we offer, but that are not available through the Account ("Non-Program Assets"). Non-Program Assets are not charged a program fee and are not considered a part of the Program or Program services. We generally recommend that you hold these Non-Program assets in a separate brokerage Account. If a non-Program Fund is purchased or transferred into the Account and later becomes a Program eligible Fund, Program fees will apply to that Fund and it may become subject to the Rebalance Trading System. You will incur any usual and customary brokerage charges and fees imposed on transactions in Non-Program Assets which may include (i) any dealer markups and odd lot differentials and transfer taxes; (ii) charges imposed by broker-dealers and custodians other than us and fees for other products and services that we may offer; (iii) offering discounts, commissions and related fees in connection with underwritten public offerings of securities; (iv) margin interest and operational fees and charges; (v) IRA fees; and (vi) any redemption fees, exchange fees and or similar fees imposed in connection with mutual fund transactions whereby we and your Financial Advisor may receive additional compensation on these Non-Program Assets.

Costs of Investing in Mutual Funds

You should be aware that investing in mutual funds through a Program might cost you more or less than purchasing such services separately. You may invest in many of the Recommended, Allowable or Pathways Funds directly with the applicable fund company without incurring the Program fee. Certain funds may charge a redemption fee if you redeem a fund within a specified time period. These periods may be up to 180 days after purchase and are disclosed in the fund's prospectus. Certain funds are also available for purchase through our broker-dealer services. You may also invest in a single fund family and obtain "breakpoints" that may lower the cost of the funds. However, when you purchase fund shares directly or through a broker-dealer, you will not receive the asset allocation and portfolio monitoring services or access to the funds we provide through the Programs. In addition, some mutual funds may impose a sales load on direct investments.

As a shareholder in mutual funds, Program participants will also bear a proportionate share of the funds' expenses, including management and administrative fees paid to the Fund's investment advisers, which may be paid to us or an affiliate (see 'Other Financial Industry Activities and Affiliations' below), in addition to fees paid to us under the Programs. Please review the funds' prospectus for a full explanation of fund expenses and charges.

We may earn compensation in connection with the cash and cash alternative funds, including, but not limited to, an administrative fee that is based on the assets invested in money markets used for cash sweep purposes. The details of this fee can be found in the Client Agreement signed at the time you established the brokerage Account with us. You understand that the Program fee would not be charged on non-sweep cash and cash alternatives if they were held outside the Account.

We or our service provider may collect compensation from any of the mutual funds in which you invest for recordkeeping, sub-accounting, shareholder communications, administrative, and other similar services provided to a fund for the benefit of you, or other asset-based fees for the execution of purchases of fund shares, or the performance of clearance, settlement, custodial or other functions ancillary thereto, and may pay any such fees it receives to our Financial Advisors. The amount of fees received by us or such a person will vary, depending on the percentage paid pursuant to a fund's Rule 12b-1

plan or as otherwise agreed by us (or such person) and the fund. These fees will not exceed a maximum of .55% per year of the value of your Program assets invested in a fund, or may include a fixed charge not to exceed \$16 per shareholder Account with the fund.

You understand and agree to the payment of such compensation. In the case of Accounts subject to ERISA, any fees described in the preceding paragraph paid to us (or such other person) will be credited against the Program fees otherwise payable by you under the Program.

Subject to restrictions imposed by applicable laws, you authorize us to grant a general lien and security interest in your mutual fund securities, or any series or class of your mutual fund shares that have not been settled through us or our clearing agent, together with any and all payments, dividends, distributions and proceeds of or on those shares, to secure any amounts we or our clearing agent owe in payment for mutual fund shares we purchase for your Account.

Certain Funds make multiple no-load, institutional, advisory, or load-waived share classes available for purchase through investment advisory Programs. These share classes may be available only through our investment advisory Programs and have different and lower shareholder servicing, sub-accounting, investment management and 12b-1 fees and charges from other shares classes offered by those Funds. As a result, some Clients may have purchased these lower-cost institutional share classes, while others may have purchased a non-institutional share class. We review our policies, procedures and systems to determine whether to continue to support these multiple no-load and load-waived share classes, and reserve the right to no longer offer certain share classes within our Programs.

To the extent that cash used for investment in the Program comes from redemption proceeds or deposits of your existing mutual funds or other securities investments, you should consider the cost of any sales charges or commissions you paid, which are in addition to the Program fee on the same assets.

Account Termination

Client Agreements may be terminated by either party at any time upon written notice. If you terminate your Agreement, a pro rata refund will be made, less reasonable start-up costs. You have the right, within five (5) days of execution, to terminate the Client Agreement without penalty. In the event of cancellation of the Client Agreement, fees previously paid pursuant to the Fee Schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-canceling party, less reasonable start-up costs.

If you choose to terminate your Agreement with any of our investment advisory Programs, we can liquidate your Account if you instruct us to do so. If so instructed we will liquidate your Account in an orderly and efficient manner. We do not charge for such redemption; however, you should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. You should also keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with your tax advisor.

We are not responsible for market fluctuations in your Account from the time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that may affect the orderly and efficient liquidation of an Account might be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate an advisory Account, termination orders cannot be considered market orders. It may take several business days under normal market conditions to process your request.

If a Program Account is terminated, but you maintain a brokerage Account with us, the money market fund used in a "sweep" arrangement may be changed and/or your shares may be exchanged for shares of another series of the same fund. You will bear a proportionate share of the money market fund's fees and expenses. You are subject to the customary brokerage charges for any securities positions sold in your Account after the termination of Program services.

Account Requirements and Types of Clients

Account Requirements

A minimum initial Account value of at least \$25,000 is required. Under certain circumstances the Account minimum may be waived. We may act as sub-adviser and/or service provider for the advisory programs offered by our affiliate, Wells Fargo Advisors Financial Network, LLC, as well as for certain fully-disclosed firms that clear their transactions through First Clearing, LLC, our affiliate and clearing firm. The minimum and maximum Account sizes that these firms require may differ from those required by us as stated in this Disclosure Document. You should refer to the Disclosure Document of Wells Fargo Advisors Financial Network, LLC, or the fully-disclosed brokerage firm, as appropriate, to determine the fee levels charged and the minimum and maximum Account sizes permitted by those firms. We may terminate your Accounts with written notice if they fall below minimum Account value guidelines established by us.

Types of Clients

We provide the advisory services described in this brochure to individuals, pension or profit sharing plans, trusts, estates or charitable organizations, corporations or other business entities, governmental entities and educational institutions, as well as banks or thrift institutions.

Portfolio Manager Selection and Evaluation

We classify the mutual funds used in our Mutual Fund Advisory Programs as Recommended, Allowable or Pathways Funds. Recommended Funds and Pathways funds are those funds used in our FundSource discretionary investment advisory service. Analysts in the WFA Manager Strategy Group use both quantitative and qualitative criteria when evaluating funds for inclusion on the Roster of Recommended Funds ("Roster"). We allow Clients of our non-discretionary investment advisory service, CustomChoice, to select funds from a larger roster of Recommended, Allowable and Pathways Funds. Our analysts do not conduct quantitative and qualitative analysis on the mutual funds listed on the Allowable and Pathways Funds lists. Pathways Funds are limited to shares of certain funds operated and administered by Russell Investment Management Company ("Russell"), and are the only funds offered through the FundSource-Pathways option discussed above. Certain mutual funds may not be available to all Clients because of Account types, fee schedules, geographic availability, or other factors.

WFA Manager Strategy Group analysts review candidates for the Recommended List based on a number of criteria. They will typically arrange meetings with Portfolio Managers or representatives of a fund candidate to discuss the underlying investment philosophy of the fund manager and how that philosophy is manifested in security buy and sell decisions. They also seek to understand the capabilities of the Portfolio Manager, and assess how the investment philosophy will perform in different market environments. Additional factors influencing the inclusion of a mutual fund on our Recommended Fund Roster may include a statistical analysis of the fund's past record and management style; the assessed quality of the investment process; changes in investment process or personnel; the number, continuity and experience of the investment professionals; a completed questionnaire, database information on the firm and interviews with members of the mutual fund management team. This process is a continuing one, and funds may be added or removed from the Roster based on these ongoing assessments.

We use information, financial data and investment research from a variety of sources to evaluate mutual funds. We believe the information we collect on the Recommended Funds is reliable and accurate, but we do not necessarily independently review or verify it on all occasions.

Our Optimal Blends are built based on specified investment objective and/or targeted asset allocations incorporating the following major asset classes: cash alternatives, commodities, and domestic and international equity and fixed income securities. Optimal Blends may also incorporate asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. The allocation targets are generally based on longer-term risk/return assumptions for varied asset classes and may change from time to time in light of new research and analysis. The asset allocation guidelines are selected such that the Conservative Income model could be expected to have the lowest investment risk, based on historical average risk levels for these asset classes, but it also offers the lowest potential return. As an investor moves to models with higher allocations in equities, historical averages suggest that expected investment risk and potential return increase. A description of the Optimal Blends can be found in Section *'Methods of Analysis, Investment Strategies and Risk of Loss'*.

The stated investment objectives and allocation guidelines for the Optimal Blends provide the general basis by which these portfolios will be managed. We modify these allocations and/or selected funds when we believe it is in the interests of our investors to do so. Individual mutual funds are selected to fill the allocations based on both quantitative and qualitative methods. Quantitative methods include examination of historical performance as well as the biases that have characterized a given manager's investment approach. Qualitative considerations may include the tenure and assessed experience of the investment professionals, the perceived quality of the investment process, and other factors that may bear on the investment decision.

From time to time, one or more of the Funds held in a Program Account may experience relatively large investments or redemptions due to research and/or model recommendations that we and/or Russell make. These transactions may adversely affect these mutual funds, since they may have to sell portfolio securities as a result of redemptions, or invest the cash that results from additional purchases. Representing the interests of our Clients, we may, but are not required to, take measures to minimize the impact of such transactions if consistent with your investment objectives and those of other Clients participating in the Program.

Other than in connection with our consulting responsibilities, we do not assume responsibility for the conduct of mutual funds you select, including their performance or compliance with laws or regulations. You are advised and should understand that (a) a mutual fund's past performance is no guarantee of future results; (b) there is a certain market and/or interest rate risk which may adversely affect any mutual fund's objectives and strategies, and could cause a loss in a Client's Account; (c) Client risk parameters or comparative index selections provided to us are guidelines only; there is no guarantee that they will be met or exceeded. You should also be aware that shares of any particular fund may fluctuate in value and when redeemed may be worth less than their original cost. There is no guarantee that your target allocation or FundSource fund research recommendations will protect against such loss of investment.

We reserve the right to remove a mutual fund from either an Optimal or Customized Blend and replace it with another fund with a similar management style. In such a case, we may amend the mutual funds you selected for your Account without your consent. You are aware that fund replacements in either an Optimal Blend or a Customized Blend may cause tax consequences.

Our reasons for removing a mutual fund may include its failure to adhere to expected investment objectives or a given management style, a material change in the professional staff managing the fund, unexplained poor performance, and/or our decision to no longer include the mutual fund on our roster of Recommended Funds. We will, in our sole discretion, determine whether any or all of these factors are material when deciding to make a replacement. In addition to replacing a mutual fund within an Optimal Blend, we may adjust the target allocation within an Optimal Blend from time to time without your consent. You may also elect to remove a mutual fund from your Account. As mutual funds reach capacity, they may be closed to new contributions by existing investors and/or to new investors. The Manager Strategy Group, which is responsible for making investment recommendations for the portfolios, may seek appropriate, alternative mutual funds for the affected Optimal Blend portfolio(s), or may establish a new version of the model for new FundSource Clients.

We have established an Investment Strategy Committee that meets, as necessary, to make appropriate changes to the firm's current asset allocation recommendations. The WFA Manager Strategy Group will review these recommendations and apply them to the portfolios, as appropriate. We and/or our agent will review the use of any affiliated managers within an Optimal Blend strategy at least annually to ensure objective and consistent due diligence standards are applied to both affiliated and unaffiliated managers. The WFA Manager Strategy Group has established an investment committee, whose responsibility is to make and approve investment recommendations in the FundSource Program. The investment committee meets regularly to review the current FundSource recommendations and make appropriate changes to the current asset allocation models and/or the list of research recommended mutual funds.

The affiliated funds offered through the Programs may have provisions to allow sales through advisers at net asset value. In such cases, you should understand that there is a potential conflict of interest where the adviser and/or we offer, recommend, and invest you in the affiliated funds because, where permitted by law, we and our affiliates would receive the Program compensation and the compensation for services provided to the fund. Affiliated funds included on the Recommended List are reviewed using the same criteria as non-affiliated funds.

We may give advice and take action in the performance of our duties to you that differ from advice given, or the timing and nature of action taken, with respect to other Program Clients and/or Clients in other advisory Programs. Additionally, we, from time to time, may not be free to divulge or act upon certain information in our possession on behalf of investment banking or other Clients.

We, at our discretion, may undertake share class conversions of mutual funds if an advisory or institution share class becomes available, as long as the fund company allows the conversion to be processed on a tax-free exchange basis. We reserve the right to convert mutual fund shares back to non-advisory or institutional share class shares if you leave the Program.

Services Tailored to Individual Client Needs

All of our investment recommendations for Program Accounts are based on an analysis of your individual financial needs. They are drawn from research and analysis we believe to be reliable and appropriate to your financial circumstances. Each of the advisory services we offer is tailored to a specific type of investor and designed to meet their individual investment objectives, financial needs and tolerance of risk. A detailed description of these Programs is provided in Section '*Services, Fees and Compensation*'.

Client Restrictions and Instructions

We will comply with any reasonable instructions and/or restrictions you give us when making recommendations for your Account. Reasonable instructions generally include the designation of particular mutual fund or types of mutual funds that should not be purchased for the Account.

If your restrictions are unreasonable or if we or your Financial Advisor believe that the restrictions are inappropriate, we will notify you that, unless they are modified, we may remove your Account from the Program. You will not be able to provide instructions that prohibit or restrict the investment advisor of an open-end mutual fund with respect to the purchase or sale of specific securities or types of securities within the fund.

Our policy is generally to liquidate your existing securities portfolio immediately in newly established Program Accounts and reinvest the Account in conformity with your target allocations. If you wish to hold certain positions for tax or investment purposes, you should consider holding these positions in a separate Account.

Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees in any of its investment advisory programs. We do not have any side-by-side management situations.

Methods of Analysis, Investment Strategies and Risk of Loss

As stated above in Section 'Services, Fees and Compensation' the WFA Manager Strategy Group and/or Russell have created a number of "Optimal Blends" from the roster of Recommended Funds representing the target allocations and/or fund combinations that we believe are appropriate for a number of identified investment objectives. Additional information regarding the criteria used to select funds for the Roster and inclusion in "Optimal Blends" can be found above in Section 'Portfolio Manager Selection and Evaluation'.

Description of FundSource® Optimal Blends and PathwaysSM Blends:

Conservative Income

Conservative Income investors seek current income and preservation of capital as primary goals. With respect to risk considerations, investors are willing to forgo capital appreciation opportunities and accept lower levels of income and total return in exchange for lower risk. To achieve the overall objective the vast majority of assets will be maintained in investment grade fixed income, with relatively moderate exposure to equities (including REITs) and high-yield and emerging market bonds for both return and diversification considerations.

Conservative Growth & Income

Conservative Growth & Income investors are characterized as having the dual objectives of generating both capital appreciation and current income while maintaining risk levels that are consistent with a more conservative investment approach. Based on overall risk considerations, these investors seek growth of assets to meet financial goals and protect purchasing power, while, relative to more aggressive mandates, maintaining safety of principal. As such, they are willing to accept lower potential returns in exchange for lower risk. Based on the combined risk, return and yield objectives, the asset allocation for these investors generally maintains the majority of assets in diversified fixed income investments, but with a complementary significant allocation to broadly diversified domestic and international equities.

Conservative Growth

Conservative Growth investors are characterized as seeking capital appreciation consistent with a majority of assets being held in equities, but with broader diversification and a level of risk-reducing exposures that result in volatility levels that are substantially below an all-equity portfolio. Investors seek growth of capital over current income, but with the maintenance of a more conservative risk profile and willingness to accept lower returns in exchange for lower risk. Based on these combined objectives, the majority of the asset allocation for these investors is maintained in broadly diversified equities, but with significant exposure to fixed income and other complementary assets to reduce risk.

Moderate Income

Moderate Income investors place emphasis on income generation versus capital appreciation. While the growth of assets and the maintenance of purchasing power remain considerations and are reflected in measured risk-taking, these objectives are constrained by both the income-generation objective and a greater emphasis on maintaining safety of principal. Based on these combined goals, these investors are expected to remain predominately invested in fixed income investments, including relatively moderate allocations to high yield and emerging market bonds, complemented by a moderate allocation to broadly diversified equities.

Moderate Growth & Income

Moderate Growth & Income investors are characterized as seeking both income and capital appreciation while incurring moderate levels of risk. Investors seek to balance potential risk with their goals for current income and moderate growth of capital. Based on these combined goals and risk considerations, both diversified fixed income and equities will typically account for significant portions of the overall asset allocation.

Moderate Growth

Moderate Growth investors are characterized as primarily pursuing growth of principal and being willing to tolerate volatility consistent with the maintenance of a primarily equity portfolio in pursuit of this objective. These investors do not need their portfolios to provide current income, but will look to non-equity exposure as a means to reduce risk and further enhance diversification. Based on these objectives, the asset allocation for these investors will remain predominately in diversified domestic and international equities, while relying on fixed income securities to moderately temper the overall risk level. Within equities considerable exposure will be maintained in asset classes with relatively higher longer-term growth potential, including mid- and small-cap stocks and emerging markets.

Long-Term Income

Long-Term Income investors seek higher levels of current income, and, given a long-term time horizon and the financial willingness and ability to risk investment capital to achieve their income objectives, will employ more aggressive, higher-risk strategies that may offer higher potential income. In seeking to achieve its income objectives, the vast majority of the blend's assets will generally remain in fixed income investments, complemented by broadly diversified and higher yielding equities, including REITs. To accentuate yield, the fixed income portion will typically maintain substantial exposures to longer maturities and high yield and emerging market bonds.

Long-Term Growth & Income

Long-Term Growth and Income investors are characterized as seeking significant growth of capital and income with a higher tolerance for risk. The dual mandate, greater risk tolerance and longer-term time horizon allow these investors to pursue higher-risk and generally more aggressive strategies that may offer higher potential returns. Diversified equities typically represent the majority of the blend. In addition to seeking income through dividend-paying equities, substantial fixed income exposure is generally maintained to enhance income yield and diversification.

Long-Term Growth

Long-Term Growth investors are characterized as seeking long-term capital appreciation as their primary investment goal, with a long-term time horizon, little need for current income and a higher risk tolerance allowing for the potential of considerable volatility and interim periods of substantial loss of capital in exchange for potential higher longer-term returns. Risk levels are expected to be consistent with a broadly diversified all-equity portfolio. With an emphasis on long-term capital appreciation, exposures to small- to mid-cap and developed and emerging market international equities will typically represent the majority of the overall asset allocation.

Long Term Conservative Equity (Pathways Only)

The long term conservative equity blend may be appropriate for long-term investors seeking growth of capital with a minimum need for current income. Investors are willing to accept moderate short-term fluctuation in portfolio returns in order to achieve above-average, long-term capital appreciation. Equities are typically 100% of the allocation, with a significant allocation to large cap and domestic equities.

Tax Managed (Available in the FundSource Program Only)

(Constructed the same as the portfolios above with tax sensitivity considered as stated below.) To complement the FundSource Optimal Blends, the Manager Strategy Group offers FundSource Tax Managed Optimal Blends. The Tax Managed blends are asset allocation portfolios intended for investors with tax* sensitivity. These blends use municipal bond funds where possible within fixed income allocations. The equity funds within these blends tend to exhibit lower portfolio turnover or employ other means intended to increase tax efficiency. Manager Strategy also generally favors funds that have a bottom-up approach to investing (focused on individual company considerations, merits and investment holding periods) as opposed to a top-down approach (more macro-economic focused) that could result in periods of substantially greater turnover. Since tax efficiency is not typically a concern in qualified accounts, the Tax Managed Optimal Blends are not recommended for IRA or ERISA accounts.

Global Opportunities (Available in the FundSource Program Only)

Relative to other FundSource Optimal Blends, Global Opportunities Optimal Blends (GO Optimal Blends) are designed to facilitate a more dynamic asset allocation framework through the use of managers with relatively flexible mandates that collectively allow for the pursuit of investment opportunities across market capitalizations, geographic regions and asset classes. The managers are intended to employ complementary investment processes that vary by style, investment approach, and risk/return profile. While most managers within the GO optimal Blends maintain longer-term views (i.e. typically at least a three-year outlook), the inherent flexibility in their investment approaches generally provides increased opportunity to take advantage of the market's often short-term focus and corresponding herd-based overreactions. As a complement, other funds within these blends can focus on shorter-term trends or changes in market conditions based on either qualitative or quantitatively driven systematic approaches. The individual manager flexibility and varied investment approaches and timeframes generally result in more dynamic allocation changes within the context of both risk and return considerations. However, because the outlook for most managers remains multi-year in duration, changes in the blends overall allocations tend to be more incremental versus radical in nature. It is also important to note that the Optimal Blends are managed from both a risk and return perspective and, in general, should not be considered be either continually higher risk or return-seeking in approach versus more strategically oriented asset allocation approaches. In this context the more dynamic and opportunistic nature of these Optimal Blends is intended to be based on a combined assessment of market factors that may at times lead to either increased portfolio concentrations/risk or increased risk avoidance based on the collective views of the blends' constituents.

The Global Opportunities Optimal Blends include Global Opportunities Income, Global Opportunities Growth & Income, Global Opportunities Asset Allocator, Global Opportunities Moderate Growth, and Global Opportunities Growth.

* WFA does not render legal, accounting, or tax advice. Please consult your tax or legal advisors before taking any action that may have tax consequences.

Core American (Available in the FundSource Program only)

To complement the FundSource Optimal Blends, the Manager Strategy Group offers five Core American blends. The directive for the Core American blends is premised on portfolio allocations with approximately 50% or more of assets invested in mutual funds from the American Funds Family of funds. The remaining assets are allocated among other complementary FundSource recommended funds. The Core American blends include the Core American Conservative Growth blend, Core American Moderate Growth & Income blend, Core American Moderate Growth blend, Core American Growth blend, Core American Long Term Growth blend and Core American Global Moderate Growth blend.

Alternative Strategies

The Alternative Strategies Model seeks to offer low-volatility, absolute-return-focused investment results that are relatively independent of those generated by long-only exposures to traditional equity and fixed income asset classes. As such, the model is ideally suited to complement portfolios of traditional long-only assets as a means to further enhance portfolio diversification, reduce overall portfolio volatility and better protect capital in periods of prolonged market distress, thereby offering the potential for enhanced risk/reward outcomes over a full market cycle. The model's low volatility characteristics are generally expected to result in relatively attractive downside protection in difficult market environments, but limit participation in pronounced upmarket moves. To achieve its objectives, the model's individual constituents may incorporate more sophisticated trading and portfolio management strategies, including short-selling and the use of leverage and derivative securities.

Conservative Growth & Income with Alternatives

Conservative Growth and Income investors seek a balance between current income and moderate capital appreciation. Based on these combined goals, Conservative Growth & Income Optimal blends will generally maintain the majority of assets in fixed income, but with a complementary significant allocation of broadly diversified equities as a means to support longer-term growth of capital. Given the mix of assets, relatively moderate short-term declines in the value of the portfolio should be expected to occur within the course of a market cycle. Alternative strategies are used to further enhance portfolio diversification and balance portfolio risk.

Moderate Growth & Income with Alternatives

Moderate Growth and Income investors seek a combination of income and capital appreciation. Investors are willing to forego some income in exchange for moderate growth of capital. Investors generally have a longer investment horizon and are willing to accept modest short-term declines in the value of their portfolio over a market cycle. Based on its dual income and growth mandate, the blend will maintain sizable allocations to both equities and fixed income. Equities are diversified across domestic, emerging and international securities. Alternative strategies and fixed income managers are used to further enhance portfolio diversification, balance portfolio risk and, in the case of fixed income, produce current income.

Long-Term Growth & Income with Alternatives

Long-Term Growth and Income investors are characterized as seeking significant levels of growth and income. The risk profile is expected to remain commensurate with the majority of the asset allocation being invested in diversified equities, but with volatility levels that are substantially below an all-equity portfolio. To achieve this combined goal, Long-Term Growth & Income Optimal Blends will maintain a significant allocation to fixed income. The longer-term objective does allow for significant allocations to strategies expected to provide relatively higher long-term growth and/or income generation potential within both the equity and fixed income allocations, including small-caps, mid-caps, and emerging market equities and higher yielding domestic credits and foreign fixed income securities, including emerging market debt. In addition to providing higher long-term growth and income potential, these asset classes can experience relatively higher volatility and periods of loss. Alternative strategies are used to further enhance portfolio diversification and in seeking to reduce overall portfolio volatility and better preserve capital in periods of market distress.

Conservative Growth with Alternatives

Conservative Growth investors are characterized as seeking levels of capital appreciation consistent with a majority of assets being held in equities, but with volatility levels that are substantially below an all-equity portfolio. To achieve this combined goal, the Conservative Growth Optimal Blend will maintain a significant allocation to fixed income. Within equities, greater allocations are given to large-cap managers, but with sizable allocations to mid- and small-cap stocks being included for both growth and diversification considerations. Within fixed income, short- to intermediate-term maturities are generally emphasized over longer-term maturities. Investments in international equities are broadly diversified by region, including a significant allocation in emerging market equities. Alternative strategies are used to further enhance portfolio diversification and in seeking to reduce overall portfolio volatility and better preserve capital in periods of market distress.

Moderate Growth with Alternatives

Moderate Growth investors seek to maximize capital appreciation but with risk levels that are below those of an all-equity portfolio. In this context, investors are willing to accept a lower rate of return in exchange for less risk. These investors do not need their portfolios to provide current income, but will look to non-equity exposure as a means to reduce risk and further enhance diversification. Based on these objectives, the asset allocation for these investors will remain predominately in diversified domestic and international equities, while relying on fixed income and other investments to moderately temper the overall risk level. Within equities considerable exposure will be maintained in asset classes with relatively higher longer-term growth potential, including mid- and small-cap stocks and emerging markets. Alternative strategies are used to further enhance portfolio diversification and reduce overall portfolio volatility and better protect capital in periods of market distress.

Long-Term Growth with Alternatives

Long-Term Growth investors seek to maximize growth of capital over longer periods of time with a risk profile that is willing to tolerate relatively higher levels of volatility and periods of potential loss. The blend will include allocations to cash equivalents, REITs, long-only commodities and alternative strategies, but with the preponderance invested in diversified equities, including substantial allocations to small- and mid-cap stocks and international developed and emerging market equities. Alternative strategies are used to further enhance portfolio diversification and reduce overall portfolio volatility and better preserve capital in periods of market distress.

Risk of Loss

All investments shall be at your risk exclusively, and you must understand that we do not guarantee any return on the investments recommended or advised upon and may not be responsible for losses resulting from such trading or for any transactions that we have not recommended to you.

Voting Client Securities

We vote proxies for Advisory Program Accounts over which we exercise discretion, unless otherwise instructed by you. We have adopted proxy voting policies and procedures that describe our practices. We use a third-party proxy voting service to provide independent, objective research and voting recommendations and to vote proxies on your behalf. We generally adopt a voting methodology that maximizes shareholder value, but reserve the right to recommend a different voting strategy that is consistent with your needs and constraints, such as a socially responsible strategy. In addition, we have the ability to override votes recommended by the proxy voting service. Our proxy voting policies and procedures and a record of proxies voted on your behalf are available from your Financial Advisor.

Client Information Provided to Portfolio Managers

All Clients must provide information on their investment objectives, financial circumstances, risk tolerance and any restrictions they may wish to impose on investment activities. We will notify you in writing at least annually to update your information and indicate if there have been any changes in your financial situation, investment objectives or instructions; and you agree to inform us in writing of any material change in your financial circumstances that might affect the manner in which your assets should be invested. Your Financial Advisor will be reasonably available to you for consultation on these matters, and will act on any changes deemed to be material or appropriate as soon as practical after we become aware of the change.

Client Contact with Portfolio Managers

Your contact for information and consultation regarding your Program Accounts is generally your Financial Advisor. In certain instances, your Financial Advisor may coordinate their response with the Portfolio Manager (if applicable) or arrange for you to consult directly with the Portfolio Manager.

Additional Information

Disciplinary Information

We are both a broker-dealer and investment advisory Firm. The disciplinary events listed below are related to the activities of the broker-dealer, investment advisor or predecessor firms.

For more information on broker/dealer related disciplinary events you may visit:

<http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/>

Our investment advisory disciplinary history is available by going to:

<http://www.adviserinfo.sec.gov/>

- In May 2011, Wells Fargo Advisors agreed to a settlement with FINRA regarding allegations that the Firm failed to deliver prospectuses to customers on a timely basis and failed to timely file certain amendments to Uniform Applications for Securities Industry or Transfer ("Forms U4") and Uniform Termination Notices for Securities Industry Registration ("Forms U5"). Without admitting or denying the allegations, The Firm agreed to a censure and a \$1,000,000 fine. The Firm also agreed to adopt and implement systems and procedures reasonably designed to achieve compliance with the federal securities laws and FINRA rules applicable to timely filing of Forms U4 and U5.
- In 2009 and 2010, Wachovia Securities agreed to settlements with the SEC and multiple state regulatory agencies regarding allegations that the Firm misrepresented the liquidity risks of auction rate securities sold to customers. Without admitting or denying the allegations, the Firm agreed to pay \$50,000,000 in fines to state regulatory agencies. The Firm also agreed to offer to repurchase auction rate securities, not subject to current calls or redemptions in the relevant class, that were the subject of unsuccessful auctions. The Firm complied with all terms of these settlements as of June 30, 2010.
- In May 2009, WFA agreed to a settlement with FINRA regarding allegations the Firm failed to deliver prospectuses and product descriptions to certain customers who purchased investment products, failed to have adequate supervisory systems and appropriate written supervisory procedures in place to ensure that offering documents were being sent to

customers in connection with transactions, and failed to adequately supervise the submission of information to FINRA staff and ensure that its submissions were accurate, complete and timely submitted. Without admitting or denying the allegations, the Firm agreed to a censure and a \$1,400,000 fine. In addition, the Firm completed a subsequent review and certification that it had adopted and implemented supervisory systems and procedures reasonably designed to achieve compliance with the federal securities laws and FINRA rules applicable to the delivery of prospectuses and product descriptions.

- In February 2009, Wachovia Securities agreed to a settlement with FINRA regarding allegations that it failed to accurately make certain customer mailings. FINRA noted that the Firm failed to send customers confirmation of changes to: investment objectives, customer addresses and certain asset movements. In addition, customer profile information verification forms were not delivered to customers. Without admitting or denying the allegations, the Firm consented to a fine of \$1,100,000 and agreed to hire an outside consultant to conduct a review of the Firm's policies, procedures, testing and systems related to these issues, which was completed on or about August 2009.
- In February 2009, Wachovia Securities agreed to a settlement with FINRA regarding allegations that the Firm (1) made recommendations through its registered representatives to customers to purchase Class B and Class C mutual fund shares where an equal investment in Class A shares would have been more advantageous for certain clients, (2) did not provide certain eligible customers with the benefit of net asset value ("NAV") transfer programs in connection with mutual fund purchases and sales discounts in connection with purchases of Unit Investment Trusts ("UIT") and (3) failed to establish, maintain and enforce supervisory systems and procedures reasonably designed (a) to provide consideration, on a consistent basis, of the benefits of various mutual fund classes as they applied to individual customers, (b) to identify opportunities for investors to purchase mutual funds at NAV and (c) to ensure that sales charge discounts were applied to eligible UIT purchases by customers. Without admitting or denying the findings, the firm consented to a censure, a fine of \$4,410,000 and undertakings that included remediation to certain customers. In determining appropriate sanctions, FINRA considered the Firm's proactive remedial actions taken upon its discovery of, and before FINRA's inquiry into, certain conduct. After identifying failures to provide certain customers with NAV pricing and UIT sales discounts, the Firm acted promptly and in good faith to repay customers approximately \$5.4 million and correct its systems and procedures.
- In October 2008, Wachovia Securities entered into a settlement with FINRA, regarding allegations that it permitted an individual to function as a principal without being properly licensed as a General Securities Principal ("GP"), permitted an individual to supervise its equity research analysts without being properly licensed as a Research Principal ("RP") and failed to ensure that a GP or RP manage and supervise the Firm's Advisory Services Group. Without admitting or denying the allegations, the Firm consented to a censure and a \$75,000 fine.
- In September 2007, Wachovia Securities entered into a settlement with the SEC regarding allegations that the Firm entered into an agreement to allow a registered representative to market time in an affiliate mutual fund in excess of trading limits set forth in the fund's prospectus. Without admitting or denying the allegations, the Firm agreed to a censure, to pay disgorgement of \$1 and a civil penalty of \$500,000, and to cease and desist any further violations of this kind.
- In June 2007, Wachovia Securities entered into a settlement with the NASD regarding alleged supervisory failures in connection with its fee in lieu of commission account program based on low activity, opening accounts below stated minimums and distributing a piece of sales literature that inaccurately stated that the fee in lieu account was a fee based advisory account. Without admitting or denying the findings, the Firm agreed to a censure, a \$2,000,000 fine and paid restitution to specified clients.
- In October 2006, Wachovia Securities consented to a finding by a NYSE hearing panel that the Firm violated NYSE Rules by failing to provide for, establish and maintain adequate procedures and controls for certain activities at its bank affiliate related to Command Asset Program Accounts, including a system of follow-up and review of its business activities relating to changes of customer address. Without admitting or denying the findings, the Firm consented to a censure and fine of \$300,000.
- In February 2004, Wachovia Securities entered into settlements with the SEC and the NASD regarding allegations that it failed to adequately disclose to clients their eligibility for receiving mutual fund breakpoint discounts. Without admitting or denying the allegations, the Firm consented to a censure, a \$4,844,465 fine and an undertaking to complete a review and reconciliation of certain fund and mutual fund sales from January 1999 through November 2003.

Other Financial Industry Activities and Affiliations

We are a leading national securities firm providing investment and other financial services to individual, corporate and institutional Clients. We are a registered broker-dealer, investment adviser and futures commission merchant.

Accounts are carried by First Clearing, LLC (FCLLC), a qualified custodian. FCLLC is an affiliate of WFA, LLC and is owned indirectly by Wells Fargo & Company (Wells Fargo). WFA, LLC and FCLLC are members of all principal stock exchanges in the United States, including the New York Stock Exchange and NASDAQ. WFA, LLC and FCLLC are also members of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). FCLLC may also route Client transactions through its affiliate, Wells Fargo Securities, LLC.

We are a non-bank affiliate of Wells Fargo. We are not a bank or thrift and are a separate and distinct corporate entity from our affiliated banks. **Unless otherwise stated as the case, the investment advisory services offered and the underlying stock, bonds, mutual funds and other securities bought or sold through us are not deposits of any bank and are not insured or otherwise protected by the Federal Deposit Insurance Corporation ("FDIC") or another government agency. They are not obligations of any bank or any affiliate of us; are not endorsed or guaranteed by Wells Fargo, WFA, or any bank or any affiliate of us; and involve investment risk including possible loss of principal. Cash balances in your Accounts may be held in a depository product sponsored by a Wells Fargo entity. Deposit products, like the cash sweep program, are protected by FDIC insurance up to applicable limits.**

Our obligations and commitments do not extend to any affiliated bank or thrift, and any such bank or thrift is not responsible for securities we sell or purchase. As a general matter, unless otherwise stated, we may be a principal or engaged in underwriting securities for which we are providing broker, advisory or other services to our Clients. We may also purchase those securities from an affiliate or sell them to an affiliate. In addition, we or our affiliates may act as an investment adviser to issuers whose securities may be sold to you.

From time to time, a bank or thrift affiliated with us may lend money to an issuer of securities underwritten or privately placed by us. The prospectus or other offering documentation provided in connection with such underwriting or private placement will disclose to the extent required by applicable securities laws: (i) the existence of any material lending relationship by any affiliate of ours with such an issuer and (ii) whether the proceeds of an issuance of such securities will be used by the issuer to repay any outstanding indebtedness to any of our affiliates.

We have a number of related persons who may provide investment management and related financial services to our Program Clients. The advisory services these investment advisers offer are described more fully in their Disclosure Documents and/or Form ADV, Part 2A. The identity of these related persons and summary of the products and services follows.

- Wells Fargo also provides retail brokerage and investment advisory services through Wells Fargo Advisors Financial Network, LLC ("WFAFN"), and FCLLC.
- Wells Fargo Funds Management, LLC, is a registered investment adviser and wholly owned subsidiary of Wells Fargo & Company that provides investment advisory services to the Wells Fargo Advantage Funds. These funds may be purchased in WFA brokerage Accounts and advisory Programs. Wells Fargo Funds Management, LLC is also an advisor to certain money market sweep vehicles available to Program Clients.
- Wells Capital Management Incorporated, Tattersall Advisory Group, Inc., First International Advisors, LLC, Metropolitan West Capital Management, LLC, and Golden Capital Management, LLC are all affiliates of Wells Fargo & Company may serve as advisers and/or sub-advisers through WFA's Separately Managed Account program and to certain of the Wells Fargo Advantage Funds.
- Alternative Strategies Group, Inc. (formerly known as Wachovia Alternatives Strategies, Inc.), a registered investment adviser and wholly owned subsidiary of Wells Fargo & Company, provides investment advisory services and is the adviser to alternative investments available to Asset Advisor Clients.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Our Associates are subject to a Code of Ethics that is designed to ensure our business activities are performed with the highest possible standards of ethics and business conduct, and to comply with all applicable laws, rules, and regulations that govern our businesses. Key requirements of our *Code of Ethics* are summarized below, and you may obtain a complete copy through your Financial Advisor.

- Conduct all aspects of Wells Fargo's business activities in an honest, ethical, and legal manner, and in accordance with all applicable laws, rules, and regulations and our policies and procedures.
- Provide accurate and complete information in dealings with Clients and others, including disclosure of conflicts of interest when they exist.
- Prepare and maintain accurate business records.
- Refrain from improper disclosure or misuse of confidential Client information and material, non-public information. Wells Fargo protects the private, personal, and proprietary information of Clients and others.
- Avoid conflicts of interest in personal and business activities.
- Rules specific to personal trading.

Participation or Interest in Client Transactions

Under the Programs, we are generally appointed as sole and exclusive broker by you with respect to the referenced Account for the execution of transactions. Our Program Fee covers transaction costs when transactions are executed through us. On occasion, Clients may designate, or the law may require, the use of other brokers. Investment advisers may also elect to execute transactions with other firms as they deem appropriate, taking into account a number of factors such as best execution, research services and other qualitative factors. When transactions are executed with other firms, including transactions executed through our affiliates, the cost of execution is imbedded in the price of the security. Any imbedded execution costs on trades done away from us are in addition to our Program Fee.

In connection with these transactions, we may act as agent or, where permitted by law, principal (including instances wherein we are acting as underwriter or selling group members). You authorize that we may effect and execute brokerage transactions, including on a national exchange, as permitted by current provisions of Section 11(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and rules promulgated thereunder including any future amendments or changes to such statutes and rules.

With respect to money market sweep vehicles investments, you receive disclosures about our affiliates and the advisory and other fees paid to affiliates by the Funds in the Fund's prospectuses and our Disclosure Documents, and Client Agreements, as applicable.

We or our affiliates may have investment banking or other relationships with certain publicly traded companies. These relationships may from time to time require us to restrict trading in the securities of these companies. As a result of these investment banking or other activities, our affiliates may acquire confidential or material non-public information that may prevent us or our affiliates, for a period of time, from purchasing, selling or recommending particular securities for your account. We and our affiliates are not permitted to divulge or to act upon this information with respect to our advisory or brokerage activities.

We have certain restrictions, internal procedures and client disclosures regarding conflicts of interest that we may have with respect to our participation or interest in client transactions. We communicate our policies and procedures related to participation in Client transactions to our Associates through compliance policies and procedure manuals and program-specific policy guidelines.

Personal Trading

We maintain policies and procedures to mitigate conflicts of interest between transactions in our Associates' personal investment Accounts, including Accounts of their immediate family members and transactions in our Clients' Accounts. To ensure Associate trading requirements are observed, certain Associate trading activity is subject to pre-approval. All Associates are subject to regular review by their supervisors, independent oversight by our Compliance Department, and systemic controls that automatically restrict entry of certain orders and generate related surveillance reporting.

Review of Accounts

Program services include review and monitoring of your Account by our personnel and facilities. We will provide you with periodic portfolio monitoring services, which may include a statistical presentation of the performance of your Account(s), based on the information on our records, and ongoing comparisons with selected industry indices or benchmarks. Normally, the periodic portfolio monitoring report is calculated based on the activity of the Account since its inception in our Program. As an additional service, we may include supplemental historical information that you provide or that is provided by the previous custodian or investment advisor for the Account when it was held outside of our Program. At your direction, where feasible, we will incorporate this information in a consolidated periodic portfolio monitoring report.

We have not reviewed or audited any of this supplemental historical information and do not in any way certify, guarantee, or provide any assurance as to the reliability of the information. In addition, we do not guarantee the accuracy of the calculations performed on such information nor offer any assurance that the portfolio monitoring report was calculated in accordance with Accounting or industry standards. The additional time necessary to obtain, input, and report on the historical information may cause a delay in producing the portfolio monitoring reports for Accounts new to our Program.

We will provide you with the following: (a) trade confirmations reflecting all transactions in securities, and (b) a statement of Account activity at least quarterly. We may, however, furnish periodic statements of Account activity in lieu of transaction-by-transaction confirmations to the extent permitted by Rule 10b-10 under the Exchange Act.

When you open a Program Account, your investment objectives and strategy are reviewed for consistency with each Program's guidelines. Thereafter, your Accounts may be reviewed on a transaction, monthly, quarterly or annual basis, as applicable. As applicable, we examine adherence to criteria and program guidelines on security selection, concentration, diversification, activity and certain restrictions that may apply. Our reviews are performed by the branch office manager, and to the extent applicable, product management personnel, who are assisted by various data processing reports, as the reviews relate to their supervisory and oversight responsibilities, respectively. We review these guidelines periodically and can modify them without notice.

Client Referrals and Other Compensation

From time to time, we initiate incentive programs for Associates including Financial Advisors. These programs may compensate them for attracting new assets and Clients, referring business to our affiliates (such as referrals for mortgages, trusts, or insurance services) and promoting investment advisory services. We may also initiate programs that reward Financial Advisors who meet total production criteria, prepare Envision investment plans, participate in advanced training and improve Client service.

Financial Advisors who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums and recognition trips. Portions of these programs may be subsidized by external vendors and/or our affiliates, such as mutual fund companies, insurance carriers, or investment advisers. Therefore, Financial Advisors and other Associates may have a financial incentive to recommend the programs and services included in these incentive programs over other available products and services we offer.

We may also enter into arrangements with other persons to whom we pay compensation for referrals to our advisory Programs. This compensation is generally in the form of a percentage of the fees described in the Program contracts. The details of such arrangements and the amount of compensation will be described in a separate disclosure provided at the time of such referrals.

From time to time, we compensate Associates other than Financial Advisors for referrals of possible Clients to the Programs. Our Financial Advisors, not the referring Associate will make the actual presentation and solicitation of these services. The referral compensation takes the form of a payment to the Associate of a percentage of the fees described in the Programs contracts and results in no additional fees to you of other Clients.

We may use our affiliates to effect certain securities transactions. We and our Financial Advisors may effect brokerage transactions and receive commissions from the advisors for Accounts other than those of Program Clients; such commissions may be for other brokerage Account relationships that Clients maintain with us, as directed by the particular advisor in connection with its responsibilities and obligations to such other Clients.

We do not pre-condition the recommendation of mutual funds for inclusion in our managed Account programs based on any compensation we may receive, with the exception of certain mutual fund clearance and administration fees. In addition, Wells Fargo & Company is a full-service financial services firm with many affiliates. Wells Fargo & Company encourages its subsidiaries to use the products and services offered by affiliated firms, when appropriate. During the course of annual business planning, business with our affiliates is included in establishing our sales goals. As a result, we may have an incentive to hire affiliate service providers for our advisory Programs. We may recommend affiliated mutual funds to Program Clients, and may hire other affiliates to provide trade execution, clearing, and platform administration services for the Programs. We intend, however, to make all recommendations independent of any such goals and based solely on our obligations to consider your objectives and needs.

Brokerage Practices

Under a brokerage compensation arrangement, you agree to effect all transactions in securities for your Account with or through us, or, in the event your investment decisions are made by an investment manager(s), you agree to direct such investment manager(s) to effect all transactions in securities for your Account with or through us. Notwithstanding the foregoing, you or, if applicable, your investment manager(s) shall have no obligation to effect a particular transaction with or through us, if in your (or any such investment manager's) reasonable judgment, it would be unlawful to do so.

Each investment manager retained by you will act solely as agent for you and not for us. We will not accept any direct compensation from the investment manager on your behalf. However, fees may be offset by measured commissions in lieu of fees, 12b-1 fees, or other accepted methods as referenced specifically in the Institutional Consulting Services program agreement.

Money Market Sweep Program

Under the Programs, you will receive disclosures about our affiliates and the advisory and other fees paid to our affiliates by the Funds in each Funds' Prospectus, Disclosure Documents and Agreements applicable to investments in money market sweep vehicles. The following may be used for the investment of cash "sweep" balances in Program Accounts:

- (1) Money market mutual funds managed and/or administered by Wells Fargo Funds Management, LLC.
- (2) Money market mutual funds managed and/or administered by non-affiliates.
- (3) FDIC-insured depository products ("Depository Products") provided by banking affiliates of Wells Fargo & Company.

You are advised and understand that overall fees charged on Account values will include these money market fund balances to the extent permitted by law. You should also be aware that your choice of investment of cash balances may be limited by the Program or by law, as applicable. When an affiliated money market fund is used, we or our affiliates may serve as adviser, sub-adviser, distributor, or administrator to the fund and receive compensation for the services provided. Additional

information about these funds is found in their prospectuses. We and our banking affiliates benefit financially from cash balances held in the Depository Product. A portion of these fees may be paid to your Financial Advisor.

Our banking affiliates earn net income from the difference between the interest they pay on deposit Accounts, such as the Depository Product, and the income they earn on loans, investments and other assets. The banking affiliates do not have a duty to provide the highest rates prudently available and may instead seek to pay as low a rate consistent with their view of competitive necessities. Therefore, they may pay rates of interest on the Depository Product that are lower than prevailing market interest rates. As a result of fees and benefits received by us and our affiliates, the Depository Product may be significantly more profitable to us and our affiliates than other cash sweep options.

We may receive fees and compensation of up to two percent (2%) from our affiliates based on the average monthly deposit balances in the Depository Product. In addition, we may receive incentive compensation based in part on the profitability of the Depository Product for Wells Fargo Bank, N.A. or Wachovia Bank, a division of Wells Fargo Bank, N.A., and Wells Fargo & Company.

There are differing risks and protection between the money market funds and the bank deposit sweep options. For additional information about available cash sweep options and the fees associated with sweep products, see the Cash Sweep Program Disclosure Statement, which we provided to you when you opened your brokerage Account.

In addition to Program fees, as a shareholder of a money market, mutual fund or closed-end fund, you will bear a proportionate share of the fund's expenses, including investment management fees that are paid to the fund's investment adviser, who may be an affiliate of ours. We or our affiliates may receive fees from these mutual funds or closed-end funds. We may earn fees from our possession and temporary investment of cash balances in your Account(s) before they are "swept" into a money market fund or Depository Product. You may elect not to participate in the cash sweep program. It is your responsibility to monitor the cash sweep options, and determine whether you prefer to invest cash balances in products offered outside the sweep program.

We and our affiliated or third-party service providers may collect from any of the mutual funds in which you invest compensation for record keeping, sub-accounting, shareholder communications, administrative and other similar services that we provide to a fund for your benefit. In addition, we may collect other asset-based fees for the execution of fund share purchases, or the performance of clearance, settlement, custodial or other ancillary functions, except as indicated below. We or our service providers may collect such fees directly or indirectly from some or all of the mutual funds in which you invest, and we may pay any such fees it receives to our Financial Advisors. The amount of the fees we or your Financial Advisor receive will vary, depending on the percentage paid pursuant to a fund's Rule 12b-1 plan or as otherwise agreed to by the fund. You understand and agree to the payment of such compensation. These fees are in addition to the quarterly program fee and are imbedded in the mutual fund pricing. We may also receive payments in the form of marketing support from mutual fund companies for mutual fund sales. In the case of ERISA Accounts, the fees described in this paragraph that are paid to us or our affiliate will be credited against your Program fees.

We have policies and procedures in place to ensure that we execute Client orders for the purchase and sale of mutual funds in compliance with the cutoff times established by the mutual fund companies. These times vary, depending on the mutual fund company. We may, at our discretion, recognize the earliest mutual fund company cutoff time when determining the cutoff time for a particular Client Account. Orders received before the cutoff time will receive that day's closing price, while those after the cutoff time will receive the next day's closing price. If we are unable to obtain a closing price for your order of a mutual fund, we will not execute any trades in that mutual fund for your Account on that day.

We will not sell your information to other companies for marketing purposes. We employ strict security standards and safeguards to protect your personal information and prevent fraud. In addition, we will continue to protect your privacy even if you are no longer our Client.

For more information, please read our Privacy Statement, visit a WFA office or call your Financial Advisor. With your written permission, obtained via Client Agreement or other written communication, we may provide your information electronically to your investment adviser and/or agent of such adviser. We reserve the right, at our discretion, to refuse to provide such requested information. Furthermore, in compliance with our Privacy Policy, we accept your instructions to discontinue providing such information.

Financial Information

We have no financial condition that is likely to impair our ability to meet our contractual commitments to you.