

**Wrap Fee Brochure for  
Financial Advisor & Client Directed  
Advisory Programs:**

**Asset Advisor  
Private Investment Management  
Fundamental Choice  
Quantitative Choice**

801 - 37967

Investment Advisory Services of Wells Fargo Advisors  
Revised June 2017

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

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**This wrap fee brochure provides information about the qualifications and business practices of Wells Fargo Advisors and our Financial Advisor & Client Directed 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](http://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 to the Wrap Fee Brochure for Financial Advisor & Client Directed Advisory Programs since March 31, 2017:

- Effective June 9, 2017, the fee schedules for all Programs have been changed. This change impacts Accounts opened on or after this date only.

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Wells Fargo Advisors ("WFA") is a trade name used by Wells Fargo Clearing Services, LLC ("WFCS"). 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.

WFA 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. WFA is also affiliated with Wells Fargo Investment Institute, Inc. ("WFII"), a registered investment adviser that provides advisory services and research to WFA.

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*," "*WFCS*," "*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 ("FA") Directed Programs and Non-Discretionary, Client Directed 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 FA & Client Directed Advisory Programs; Asset Advisor, Private Investment Management, Fundamental Choice and Quantitative Choice (collectively referred to as "the Programs"). 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.

### **FA & Client Directed Advisory Programs**

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 your request promptly.

As described below in the "Other Financial Industry Activities and Affiliations" section, 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 Asset Advisor Program**

Asset Advisor is a non-discretionary, Client directed investment Program in which your Financial Advisor may provide a broad range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or selecting different investments for your Account.

Most types of securities are eligible for purchase in an Asset Advisor Account including, but not limited to, common and preferred stocks, exchange-traded funds ("ETF"), closed-end funds ("CEF"), fee-based unit investment trusts ("UIT"), corporate and government bonds, certificates of deposit ("CD"), options, structured products, certain open-end mutual funds whose shares can be purchased at net asset value, certain wrap class alternative investments, such as hedge funds and managed futures funds, and certain wrap class variable annuities. Collectively, these are referred to as "Program Assets." Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes.

Hedge funds and managed futures are not suitable for all investors. Hedge funds are complex investment vehicles that often use leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that

may increase the risk of investment loss. Managed futures are speculative investments that are subject to a significant amount of risk. Prospective investors must be provided a risk-disclosure statement. This Disclosure Document is not a solicitation, recommendation or invitation to invest in alternative investments and is intended solely to disclose the availability of alternative investments within the Asset Advisor Program. Over time, your total expenses to own an alternative investment inside your investment advisory Account may be greater than the total expenses to own a similar alternative investment outside your investment advisory Account.

Certain assets, such as commodity futures contracts, options on such contracts, non-eligible annuities, limited partnership interests, and mutual funds that cannot be purchased at net asset value are not eligible as Program Assets, and are referred to collectively as "Excluded Assets." You may purchase or sell Excluded Assets in your Account, but these transactions will incur commissions or charges.

While new-issue CDs are an eligible Program Asset, the yield of new-issue CDs takes into account a sales concession in order to compensate the brokerage firms that sell the CDs. For certain advisory Accounts, the underwriter retains this sales concession. Although we do not receive the sales concession, it has an impact on the overall yield paid to you. Since we charge an advisory fee on all eligible assets within an advisory Account, you are effectively charged both the sales concession (retained by the underwriter) and the advisory fee on the CD. These charges reduce the overall yield on the CD and, in some cases, this may result in a negative yield. You should be aware that you could obtain the same CDs without being subject to the advisory fee if you purchase it in a non-advisory brokerage Account.

### **Rebalance Trading System**

Domestic Clients may request periodic rebalancing of the mutual funds in their Account. We can rebalance your Account either at predetermined intervals (e.g., annually) or when you direct us to do so. The Rebalance Trading System reviews the actual allocation of mutual funds in your Asset Advisor Account 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 on the predetermined interval you selected, we will rebalance the Account by initiating sell and buy transactions. These tolerance percentages may be changed without notice. You are aware that any transactions initiated to rebalance these assets may cause you to incur tax consequences.

### **Private Investment Management, Fundamental Choice and Quantitative Choice Programs**

For these Programs, certain specially trained WFA Financial Advisors (called Portfolio Managers) provide investment advisory and brokerage services to your Account on a discretionary basis. As a minimum criterion for providing advisory services, we require our Portfolio Managers to possess satisfactory past business experience, plus any required industry examinations and registrations. Unless they possess satisfactory portfolio management experience, they must also attain established firm or industry experience levels, and complete an independent specialized portfolio management class. Your Financial Advisor will recommend a Program based on your investment objectives and individual needs.

**Fundamental Choice** ("FC") is built on the foundation of both fundamental and quantitative equity research provided by WFA, WFA's affiliate Wells Fargo Securities, LLC, WFA's affiliate Golden Capital Management, and/or several non-affiliated research providers. Aside from equities, this Program allows investments in ETFs, CEFs, Program eligible mutual funds, fee-based UITs, cash and cash alternatives. Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. The Program guidelines are based on equity research ratings, diversification, percentage weightings within economic macro sectors and security concentration limits.

**Quantitative Choice** ("QC") is based on a quantitative research tool provided by WFA's affiliate Golden Capital Management, LLC. Quantitative Choice is a highly disciplined, objective approach to portfolio management that utilizes equities and cash only. Three management styles have been developed for Financial Advisors to use: Growth, Core and Value. The Program guidelines are based on Golden Capital Management, LLC's quantitative research ratings, diversification, percentage weightings within economic macro sectors and security concentration limits.

**Private Investment Management** ("PIM") is based on both fundamental and quantitative research and other independent research. Allowable securities include stocks, bonds, cash, Program eligible mutual funds, ETFs, CEFs, fee-based UITs, CDs and covered options. Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Individual PIM Portfolio Managers may develop specific investment strategies using a mix of these analytic methods. They also establish quality and concentration requirements to provide overall discipline. Such strategies ordinarily include long and short-term securities purchases and, depending on your objectives and the Portfolio Manager's investment philosophy, supplemental covered option writing. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short sale transactions.

Some Portfolio Managers follow the investment recommendations that are the basis for investment decisions for Wells Fargo Compass Advisory Program ("Wells Fargo Compass") for some or all assets in these Program Accounts. Wells Fargo Compass is another advisory service offered by WFA. Wells Fargo Compass advisory fees are not charged to Clients whose assets are invested following the Wells Fargo Compass investment recommendations. Clients whose Accounts are invested in whole or in part in accordance with Wells Fargo Compass recommendations may wish to consider placing that portion of their Account into a

Wells Fargo Compass Advisory portfolio. Although Wells Fargo Compass has a lower fee structure than the PIM, FC and QC Programs, PIM, FC and QC Portfolio Managers provide an additional level of service to Program Accounts.

We may also use WFA, WFII or third-party research to assist in developing security selection models for PIM, FC and QC Portfolio Managers. When seeking to anticipate trends and identify undervalued securities with sound fundamentals, Portfolio Managers for PIM, FC and QC may also use a security selection and portfolio modeling process that incorporates fundamental, technical and statistical analyses of historical data. In QC, the security selection is limited to securities that are identified through this process. Due to any number of factors, including timing of Client asset deposits, investment selection process or Client investment needs, certain Clients may receive different execution prices and investment results.

### **Portfolio Manager Termination**

If for any reason your Portfolio Manager is unable to render investment services to your Account, WFA will provide written notice to you that it will either continue to provide the Program services by assigning a new Portfolio Manager to you or, if one is not available, that it is terminating the Account in accordance with the terms of your Agreement.

### **Fees and Compensation**

All of the Program Accounts described in this brochure are charged a "Wrap Fee" on Eligible Program Assets that covers advisory, execution, custodial, and reporting services. The Standard Fee Schedules for each Program are set forth below. The standard fees may be negotiable. For transactions in Excluded Assets, you will pay all of our usual and customary commissions, transaction fees and other charges. Excluded Assets are not included in the calculation of the Wrap-Fee. Commissions and fees on Excluded Assets and other charges will be assessed against your Account on or about the transaction date or another date when assessed by us. See below for details on fee exclusions, calculations, refunds and other information.

### **Asset Advisor Program Fees**

The current fee schedule, which is negotiable, is shown below. Accounts opened prior to June 9, 2017 are subject to a different fee schedule. Please consult your Client Agreement.

<b>Account Asset Value</b>	<b>Annual Fee</b>
Your Account Value	2.00%

There is a minimum fee of \$125 per quarter for Accounts in the Asset Advisor Program. For Accounts opened prior to May 2011, the minimum fee is \$250 per quarter. You should be aware that the imposition of the minimum fee for any of the above Programs may cause the Program fee rate (expressed as a percentage) to be greater than the fee stated in the Fee Schedule tables above. Under certain circumstances, the minimum fee may be waived.

Certain Asset Advisor Clients may be eligible to participate in certain allowable syndicate/new issue transactions. Positions purchased via syndicate/new issue transactions within your Asset Advisor Account will be excluded from the calculation of the Asset Advisor Program fee for a period of 12 months.

For variable annuities, consider any charges and fees, including mortality and expense charges, administrative charges, and investment management fees and applicable 12b-1 fees for the portfolio options. These charges and fees will reduce the value of your Account and return on your investment. If you have selected a rider, or optional feature, there may be an additional cost. Variable annuity contracts are available in several price structures at WFA. In addition to the annuity contract fees and expenses, you will be charged an advisory fee based on the terms set forth in your advisory Client Agreement. This advisory fee will not be taken from the variable annuity contract. Over time, your total expenses to own an advisory variable annuity inside your investment advisory Account may be greater than the total expenses to own a similar annuity outside your investment advisory Account.

Certain variable annuities that are available in the Asset Advisor Program may contain subaccounts that are managed by an affiliate of ours. In these instances you should understand that our affiliate is compensated for performing that service and this creates a potential conflict of interest whereby we, or our affiliates, earn additional compensation. We intend, however, to make all recommendations independent of such considerations and based solely on our obligations to consider your objectives and needs.

### **PIM, Fundamental Choice and Quantitative Choice Program Fees**

The current fee schedule, which is negotiable, is shown below. Accounts opened prior to June 9, 2017 are subject to a different fee schedule. Please consult your Client Agreement.

<b>Account Asset Value</b>	<b>Annual Fee</b>
Your Account Value	2.00%

There is a minimum fee of \$250 per quarter for Accounts in the PIM, FC and QC Programs. You should be aware that the imposition of the minimum fee for any of the above Programs may cause the Program fee rate (expressed as a percentage) to be greater than the fee stated in the Fee Schedule tables above. Under certain circumstances, the minimum fee may be waived.

## Fees and Compensation - Additional Information

We may act as service provider for the advisory Programs offered by our affiliate, Wells Fargo Advisors Financial Network, LLC, as well as certain fully disclosed firms that clear their transactions through us. 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. The overall costs associated with your relationship with us (and the compensation we receive) vary depending on several factors, including:

- Your particular investment advice requirements and product preferences
- The value of your Account or household relations with us and our affiliates

Advisory Account fees may be negotiated with your Financial Advisor based upon these and other subjective factors, as well as our point-in-time views of the prevailing market prices for similar investment services. These fees may also change from time to time. All Accounts may be subject to a minimum fee and therefore could have a fee higher than the standard fee rate on the Program Agreement. Certain Clients may be paying lower fees for their Accounts than those that apply to your Account.

You should consider the value of these advisory services when making such comparisons. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple Accounts, documentation and fees. You should also consider the amount of anticipated trading activity when selecting among the Programs and assessing the overall cost. Advisory Programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher fees than if commissions were paid separately for each transaction.

If you liquidate securities prior to initiating or after terminating Program services, you will be subject to customary brokerage charges with respect to that transaction, in addition to any Program fees that are applicable during the period. For securities purchased previously in a brokerage Account and subsequently moved into an advisory Account, these securities may be included in the calculation of the Program fee, in addition to any previous brokerage charges paid.

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.

In an advisory Account, you pay a fee based on the percentage of assets in your Account in accordance with an investment advisory Program agreement. Certain advisory Programs may have higher total fees than other advisory Programs based on a number of factors including, but not limited to, management fees, and administrative fees. A conflict of interest exists to the extent that we have a financial incentive to recommend a particular advisory Program that results in additional or greater compensation to us.

Unless agreed to otherwise, you authorize us to deduct fees at the rate indicated in the Fee Schedule for your Program quarterly, in advance, from your Account(s). For the purposes of calculating the Program fees, "Account Value" means the sum of the absolute market value of all eligible long and short security positions by schedule or asset type, including accrued income, cash and cash alternatives held in your Account. If your account has short positions, the Account Value reflects the short position's absolute value. A short position does not offset the value of long positions in the account. In valuing your Account, we will use the closing prices or, if not available, bid prices of the last recorded transactions for listed securities, options and over-the-counter NASDAQ securities. For mutual funds, we will use the fund's most current net asset value, as computed by the fund company. In doing so, we will use the 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. Due to trade date or settlement date accounting, the treatment of accrued income and other factors, the Account Value used in the calculation of fees may differ from that shown on your monthly account statement and/or performance report.

There are Advisory Programs that calculate fees based on the Account Value allocated to each investment type. For example, in these Advisory Programs you may pay a different fee rate for equity securities than you do for mutual funds and/or cash alternatives. Your FA may receive additional compensation based on the amount of your Account Value allocated to each investment type. You should consider these and other differences when deciding which Advisory Program or brokerage service best suits your individual needs.

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. Subsequent fees will be determined for calendar quarter periods and shall be calculated on the value of the sum of the 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. Your 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 by schedule or asset type, and we shall 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.

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 provisions of the Client Agreement after 15 days written notice to you.

### **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.

### **Risk in the Use of Margin**

To the extent margin is used in your Account, you should be aware that the margin debit balance does not reduce the market value of eligible program assets. If you use margin to purchase additional securities, your total value of eligible program assets increases and therefore your asset-based fee will increase. In addition, you will be charged margin interest on the debit balance in your account.

The increased asset-based fee that you pay may provide an incentive for your Financial Advisor to recommend the use of margin. However, we intend to make all recommendations independent of such considerations and based solely on our obligations to consider your objectives and needs. Please note that using margin is not suitable for all investors; the use of margin increases leverage in your account and therefore increases its risk. Additionally, if margin is used in your account, the Firm may receive additional compensation. Please see the Margin Disclosure Statement and the General Account Agreement and Disclosure Document for more details on the risks of margin use.

If your advisory account is used as collateral for a non-purpose loan, your Financial Advisor and the Firm may receive additional compensation as a result of the loan. This additional compensation may provide your Financial Advisor and the Firm an incentive to recommend the use of a loan to you using your advisory account as collateral. However, we intend to make all recommendations independent of such considerations and based solely on our obligations to consider your objectives and needs.

### **Additional Considerations Associated with Pledging Advisory Accounts**

In addition to the risks mentioned above, with respect to investment advisory account(s) that are pledged or otherwise used as collateral for margin or any other securities-based lending product, the exercise of our rights and powers over the assets in your advisory account(s), including the disposition and sale of any and all assets pledged as collateral may be contrary to your interests and the investment objective of your advisory account(s). Any recommendation to use margin or a securities-based lending product, as well as the related compensation that we or our affiliate may receive, could create conflicts of interest between you and us or, if applicable, our affiliate. For example, such recommendation to use margin or a securities-based lending product could result in a situation in which we are required to liquidate securities your Financial Advisor or money manager would otherwise not sell, and which may not otherwise be in your best interests to sell, to satisfy a maintenance call. We or a third-party money manager will seek to manage your advisory account(s) as agreed under your advisory Program agreement(s), provided that, if a maintenance call takes place, we or your money manager may not be able to manage your advisory account(s) consistent with our or the money manager's overall strategy. Any action taken by us, or an affiliate, against the assets in your advisory account(s) pursuant to the use of margin or a securities-based lending product will not constitute a breach of our fiduciary duties as an investment advisor to you under your advisory Program agreement(s). In addition, the costs associated with using margin or a securities-based lending product, including the costs associated with a maintenance call, are not included in your advisory program fees and may result in additional compensation to us, our affiliate, and the Financial Advisor.

### **Other Account Fees**

The fee does not include certain dealer markups or markdowns, odd lot differentials, transfer taxes, exchange fees, execution fees (foreign and/or domestic) when applicable, ADR custodial pass through fees, foreign financial transaction taxes when applicable, and any other fees required by law. Cash balances in an Account may be invested in money market mutual funds including, as permitted by law, those with which we have agreements to provide advisory, administrative, distribution, and other services and for which we receive compensation for the services rendered. In a low interest rate environment, the yield that you earn on cash and cash alternatives, including cash sweep funds, CDs and money market funds may not offset advisory fees. In some instances, the effective yield of the investment may in fact be negative.

If you invest in foreign stocks or American depository receipts ("ADRs"), you may be subject to foreign tax withholding on the dividends paid or interest earned. An ADR represents underlying shares of a foreign corporation which are held and issued by a U.S. bank. While ADRs are traded on U.S. markets, the income and tax withholding are subject to the rules and regulation of the foreign tax authorities with jurisdiction over the underlying corporation. When dividends or interest is paid to investors on foreign securities, the tax authorities for that country may require the payor to withhold taxes for certain foreign investors. This can negatively impact the rate of return on your investment. U.S. clients may be eligible to reclaim a portion of foreign taxes that are



withheld and/or receive a preferential foreign tax rate on foreign securities by filing specific tax forms seeking such relief. We do not provide tax advice. Please consult your tax advisor for specific information on foreign tax withholding, your eligibility to reclaim a portion of taxes withheld and/or receiving a preferential foreign tax rate and the costs associated with these filings.

Non-brokerage-related fees, such as IRA fees, are not included in the wrap fee and may be charged to your Account separately. As more fully described in the fee schedules above, the fees you are charged may be different, depending on the asset type invested by the Account.

Your Financial Advisor may suggest that you use other products and services that we offer, but that are not available through the Program you select ("Excluded Assets"). Excluded 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 Excluded Assets in a separate brokerage Account. If an Excluded Asset purchased for or transferred into your Account later becomes a Program Eligible Asset, Program fees will apply to that Asset without prior notice to you. In Asset Advisor, if that Asset is a mutual fund it may then become subject to the Rebalance Trading System. You will incur any usual and customary brokerage charges and fees imposed on transactions in Excluded Assets which may include (i) any dealer markups and odd lot differentials, transfer taxes, and other fees; (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 (among which SEC fees are included) imposed in connection with mutual fund transactions whereby we or your Financial Advisor may receive additional compensation on these Excluded Assets. Where these fees apply, the more transactions you enter into, the more compensation that we and your Financial Advisor receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, than investment products that carry lower fees or no fees at all.

If you choose to use Trust services provided by our affiliate, Wells Fargo Bank, N.A., additional costs may apply that are in addition to the advisory fees disclosed above. These Trust services would include custody of your account at Wells Fargo Bank, N.A. The fees for these services will be separately agreed upon and disclosed to you by the bank and compensation for those services will be paid directly to the bank separate from the advisory fee.

### **Mutual Funds and Exchange Traded Funds in Advisory Programs**

Investing in mutual funds and ETFs (collectively, "Funds") will generally be more expensive than other investment options available in your advisory account. In addition to the Program fee, you will also 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. These expenses are an additional expense to you and not covered by the Program fee, rather they are imbedded in the price of the fund. You should carefully consider these underlying expenses, in addition to the Program fees, when considering any advisory Program.

When we select a mutual fund or fund family for our platform, we consider a number of factors, including our costs to operate the platform and additional compensation factors. The additional compensation received from each fund family, and even from fund to fund within the same fund family, may vary. As a result, we have a financial incentive to offer one fund on the platform over a similar fund due to the compensation we receive from one fund versus another. This additional compensation influences the selection of mutual funds that we make available on the platform.

Mutual fund companies typically offer multiple share classes with varying levels of fees and expenses. When selecting the share class to offer in our advisory Programs, we typically select advisory or institutional share classes. These share classes are 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. We do not, in all instances, select the share class with the lowest fees that is available from the fund company.

Over time, share classes with lower fees may become available. In these instances, we will determine which share class to offer to our advisory Clients. This may result in your shares being converted to a share class with lower fees. In some instances, you may be permitted to hold the existing positions, but you will be restricted from purchasing additional shares in that share class. As a result, some Clients may have purchased these lower-cost share classes, while other Clients may have purchased a more expensive share class. We review our policies, procedures and systems to determine whether to continue to support these multiple share classes, and reserve the right to no longer offer certain share classes within our advisory Programs.

### **Additional Compensation Received from Funds**

We may receive compensation paid by fund complexes for ongoing account maintenance, marketing support, education and training services we perform in support of mutual funds. This additional compensation can be broken down into six general categories:

- Networking and omnibus platform services compensation
- Revenue sharing
- Intra-Company compensation arrangements
- Training and education support
- Other compensation for general services provided to funds
- Data Agreements

**Networking and omnibus platform service fees**

We or our service providers typically collect from mutual funds in which you invest, compensation for recordkeeping, sub-accounting, shareholder communications, administrative, and other similar services 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. We or our service providers collect such fees directly or indirectly from some or all of the mutual funds in which you invest. When providing advisory services, WFCS does not pay any portion of these fees to its FAs. The compensation paid for networking and omnibus platform services is negotiated separately with each fund company, and the amount varies depending on the fund company and each individual fund. In the case of ERISA and IRA retirement assets over which we have discretion, any fees described above that are paid to us, an affiliate or other such person relating to those assets will be credited against the fees due from you under the Program Agreement.

**Revenue sharing**

Revenue sharing is paid by a mutual fund's investment advisor, distributor, or other fund affiliate to us for providing continuing due diligence, training, operations and systems support and marketing to Financial Advisors and Clients with respect to mutual fund companies and their funds. Revenue sharing fees are usually paid as a percentage of our aggregate value of Client assets invested in the funds. Advisory ERISA and IRA Accounts over which we have discretion are excluded from this calculation. We receive different revenue sharing rates from each fund family, and in some cases receive different revenue sharing rates for certain funds within a particular fund family. In addition, not all mutual funds pay revenue sharing, as a result we have an incentive to include funds on our platform and recommend funds that pay revenue sharing and/or pay a higher rate. Advisory Clients are not permitted to restrict their Accounts to only mutual funds that do not pay revenue sharing.

**Intra-Company compensation arrangements**

We also receive direct compensation or indirect business credits in connection with the referral of certain business among Wells Fargo & Company subsidiaries. These intra-company arrangements include payments or credits to us for financial distribution, administrative and operational service that we provide to affiliated mutual funds, their investment advisers or distributors. As a result of these arrangements, we benefit from increased sales of affiliated funds and products to a greater extent than unaffiliated funds in which we do not have a similar economic interest.

**Training and education compensation**

Certain mutual fund families, ETF providers and investment managers have agreed to dedicate resources and funding to provide training and education in local branch offices or in larger group settings, including at the national level. This commitment could lead our FAs to focus on the products offered by these firms versus products offered by firms not represented during these training and education sessions. These meetings or events are held to teach Financial Advisors about the product characteristics, sales materials, suitability, customer support services and successful sales techniques as they relate to various products. We select the firms that participate in the training and education events based on a variety of qualitative and quantitative criteria and may provide supplemental sales and financial data to these firms. The subset of firms that offer this support and participate in nationally-organized training and education events changes periodically.

**Other compensation for general services provided to Funds**

Fund companies compensate us for certain business services that we provide to funds in connection with their day-to-day operation. The range of services that we provide to these investment advisers includes investment banking, research, and trading. We also have a dedicated sales force that specializes in facilitating trading for institutional investors, which may include portfolio managers of mutual funds that are sold by us. We are compensated for the services provided in connection with these relationships, and the compensation received varies between funds and advisers.

Certain ETF providers pay us or our affiliate a licensing fee to create ETFs that track a Wells Fargo index. That fee is based on the assets under management of the ETF. For purposes of calculating the index licensing fee, WFA discretionary ERISA and IRA assets invested in an ETF based on a Wells Fargo index are excluded from the calculation.

**Data Agreements**

We work with various mutual fund families to provide aggregated sales data. Data Agreements are paid by mutual fund complexes either under a 12b-1 Plan, or as a revenue sharing arrangement in which the payment is from a fund affiliate but not from fund assets.

For more information about our compensation derived from mutual funds, please see "A Guide to Investing in Mutual Funds" or the "General Account Agreement and Disclosure Document."

**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. 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 will not be 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.

Upon termination of the Account or transfer of the Advisory Share Class into a WFA retail brokerage account, you authorize us to revert, at our discretion, the Advisory Share Class to the mutual fund's primary share class, typically A shares, without incurring a commission or load without your prior consent. You understand that the primary share class generally has higher operating expenses than the Advisory Share Class, which may negatively affect your performance. Certain mutual fund shares may be required to be redeemed as part of the Account termination, as stated in their prospectus.

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 \$50,000 is required to establish a PIM, FC or QC Account. The minimum Account value to establish an Asset Advisor account is \$25,000. Under certain circumstances the Account minimum may be waived. Certain investment options may require initial investments greater than the Program minimum Account value. We may act as 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 us. The minimum and maximum Account sizes that these firms require may differ from those required by WFA 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 Client 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**

As described above in the "Services, Fees and Compensation" section, PIM, QC and FC Financial Advisors serve as Portfolio Managers and are required to meet firm or industry experience levels and complete specialized training unless they possess equivalent portfolio management experience. The PIM, FC and QC Portfolio Managers develop portfolios based on certain established guidelines and your investment objectives and individual needs. The Programs are designed to provide a disciplined advisory approach to meet your objectives and needs. Portfolio Managers that do not continue to meet our guidelines may be removed from the Programs.

### **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 the "Services, Fees and Compensation" section.

### **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 securities or types of securities that should not be purchased for the Account, or that should be sold if held in 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 or closed-end mutual fund or exchange-traded funds, with respect to the purchase or sale of specific securities or types of securities within the fund.

Our policy is generally to liquidate your preexisting securities portfolio immediately and bring the Account into 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 our 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 the "Services, Fees and Compensation" section, QC Portfolio Managers generally rely on quantitative research, while FC Portfolio Managers generally rely on both fundamental and quantitative research to develop their investment management discipline. QC and FC research is obtained from both affiliated and third-party sources. PIM Portfolio Managers utilize both fundamental and quantitative research as well as other independent research. Portfolio Managers may develop a specific investment philosophy using the mix of these analysis methods. Quality and concentration requirements are established to provide an overall discipline and quality element to the Program. Such strategies ordinarily include long and short-term purchase of securities and, depending on your objectives and the Portfolio Manager's investment philosophy (if so used), supplemental covered option writing. However, in special circumstances the strategies may also include margin transactions, other option strategies and trading or short sale transactions. Some Portfolio Managers follow the investment recommendations that are the basis for investment decisions for Compass for some or all assets in these Program Accounts.

### **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. We will not render any advice or take any action with respect to information related to Excluded Asset securities, or the issuer of such securities.

## **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**

In the FA Directed Programs, your FA is acting in the capacity of Portfolio Manager. You have no restrictions in contacting your FA.

## **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/>

- On December 21, 2016, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC agreed to a settlement with FINRA regarding allegations that the Firms failed to maintain approximately one million electronic brokerage records in non-erasable and non-rewritable format, which is intended to prevent the alteration or destruction of broker-dealer records stored electronically. The findings also stated that for approximately 1.5 million accounts, the Firm failed to preserve customer account form templates containing the terms and conditions related to the opening and maintenance of accounts, failed to retain certain communications and failed to notify FINRA at least 90 days prior to using new storage media to store electronic broker-dealer records. FINRA also found that the Firms failed to implement an audit system for those records, failed to provide its third party vendors full access to the storage systems, failed to implement an adequate supervisory system and

failed to enforce written procedures. Without admitting or denying the findings, the Firms agreed to a censure and fine, jointly and severally, of \$1,500,000. The Firms also consented to a review of its policies and procedures.

- On December 5, 2016, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC agreed to a settlement with FINRA regarding allegations that the Firms failed to establish, maintain and enforce reasonable supervisory systems for the use of consolidated reports generated by their registered representatives through available applications. The findings stated that these applications allowed the Firms' representatives to manually enter information regarding customers' external accounts, assets and liabilities into a centralized table which the Firms maintained. This information would then be used to populate reports, including those that would be sent to the Firms' customers. FINRA found that the Firms did not have systems in place to review the contents of the reports, including information about customer holdings away from the Firms. In addition, the Firms' supervisory systems and procedures were inadequate because there was no mechanism allowing representatives to designate which reports were actually provided to customers and the system could not distinguish between draft reports and completed reports that were sent to customers, which should have been subject to the Firms' supervisory systems designed to review customer communications. Without admitting or denying the findings, the Firms agreed to a censure and fine, jointly and severally, of \$1,000,000.
- In December 2014, Wells Fargo Advisors agreed to a settlement with FINRA regarding allegations that the Firm failed to comply fully with requirements to verify the identity of each customer opening a new account under its Customer Identification Program ("CIP"). Due to a design flaw in the Firm's CIP system, 220,000 accounts, out of the total 6.9 million accounts opened during the period from October 2003 through October 2012, were not subject to the Firm's CIP review. When considering sanctions, FINRA took into consideration that WFA discovered the system flaw through self-testing, performed remediation CIP on approximately 100,000 accounts that remained open, made system changes to prevent recurrences and reported the violations in accordance with FINRA Rule 4530(b). Without admitting or denying the allegations, the Firm agreed to a settlement that included a censure, and payment, jointly and severally with its affiliate Wells Fargo Advisors Financial Network, of a \$1,500,000 fine.
- On September 22, 2014, the Securities and Exchange Commission ("Commission") entered an order against Wells Fargo Advisors, LLC following the firm's offer of settlement. The order stated that the firm did not adequately establish, maintain or enforce policies and procedures to prevent the misuse of material nonpublic information, particularly concerning the risk that its associated persons could obtain material nonpublic information from its customers or advisory clients. The order also stated that during the Commission's investigation, the firm unreasonably delayed production of certain documents and produced a document that was altered by an employee. The firm admitted the Commission's findings of fact, acknowledged that its conduct violated the federal securities laws and agreed to retain an independent compliance consultant to review relevant policies and procedures, as well as the making, keeping and preserving of certain required books and records. The order censured the firm, required that the firm cease and desist from violating the federal securities laws cited in the order and imposed a civil money penalty in the amount of \$5,000,000.
- In May 2012, Wells Fargo Advisors agreed to a settlement with FINRA regarding allegations that the Firm failed to establish and maintain supervisory systems, including written procedures, reasonably designed to achieve compliance with applicable FINRA rules in connection with the sale of leveraged, inverse and inverse-leveraged Exchanged-Traded Funds. Without admitting or denying the allegations, the Firm agreed to a settlement that included a censure, and payment, jointly and severally with its affiliate Wells Fargo Advisors Financial Network, of a \$2,100,000 fine and restitution to specified clients.
- 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 \$5,400,000 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.

## **Other Financial Industry Activities and Affiliations**

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

WFCS is a member of all principal stock exchanges in the United States, including the New York Stock Exchange and NASDAQ. WFCS is also a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). We may also route Client transactions through our 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 will 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 are not those of any affiliated bank or thrift and such bank or thrift is not responsible for securities sold or purchased by us. As a general matter, unless otherwise stated as the case, we may be a principal, or may be engaged in underwriting, with respect to, or may purchase from or sell to an affiliate, those securities for which we are providing broker, advisory or other services to our Clients. In addition, we 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 that may provide investment management and related financial services to Program Clients. The advisory services offered by these investment managers 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").

- 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 cash sweep vehicles available to Program Clients.
- Wells Capital Management Incorporated, First International Advisors, LLC, Metropolitan West Capital Management, LLC, Golden Capital Management, LLC, and Galliard Capital Management are all affiliates of Wells Fargo & Company and may serve as advisers and/or sub-advisers through WFA's Separately Managed Account programs and Wells Fargo Advantage Funds.
- Wells Fargo Investment Institute, Inc. ("WFII") (known prior to November 1, 2014 as Alternative Strategies Group, Inc. and before that as Wachovia Alternatives Strategies, Inc.) is a registered investment advisor and wholly owned subsidiary of Wells Fargo & Company that provides advisory services and research to WFA.

In certain of our advisory Programs we may offer the services of affiliated Managers and funds. A material conflict of interest exists to the extent that we have a financial incentive to recommend our affiliates' services which may provide greater overall compensation to us and our affiliates.

WFII also provides research and strategy recommendations to other affiliates of WFA. While all the affiliates have similar access to the research, due to the operational differences, manner and size of the advisory programs, certain affiliates may be able to implement and trade on these recommendations prior to another affiliate. The ability to implement and trade on these recommendations first, may give the clients of one affiliate an advantage over clients of other affiliates.

## **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 cash 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 your transactions. We communicate our policies and procedures related to participation in Client transactions to Associates through our 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 a 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 for FA-Directed Programs, 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 our Associates, including FAs. 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), promoting investment advisory services and promoting green initiatives (such as raising Client awareness of paperless options). 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 or 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 the Programs, you will generally appoint us as sole and exclusive broker with respect to the referenced Account for the execution of transactions. In connection with these transactions, we may act as agent or, where permitted by law, principal (including instances wherein we or an affiliate are an underwriter or selling group member). You authorize us to 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 under that Act, including any future amendments or changes to such statutes and rules. Our Portfolio Managers may purchase for their own Accounts securities that are also purchased for their Clients.

Even though we may be permitted by contract and by law to do so, as a matter of policy, we do not generally execute principal trades or agency cross transactions in our advisory Programs. Although in some instances, we may be able to provide a more favorable market price to you if we participate in a principal trade or an agency cross transaction with Client Accounts, we do so only when consistent with our obligations to provide best execution, due to regulatory requirements when executing such transactions. Therefore, with the exception of certain Asset Advisor Clients, you will generally not have access to new issues or syndicate offerings in these Accounts. You may make such purchases in a retail brokerage Account, and you should be aware that they will be subject to the customary fees and commissions charged in such Accounts.

When you place an indication of interest in an Equity IPO or other offering, there are no guarantees that you will receive shares in the offering. WFA, in its sole discretion, determines how to allocate shares to branch locations, Financial Advisors ("FAs"), and Clients. WFA uses an internal formula to rank branch locations and FAs in the allocation process for Equity IPOs and follow-on offerings. Your FA's rank in the index is based on internal credits or points accumulated during previous qualifying offerings for total production, syndicate production, and the length of your and other Clients' holding period (up to 90 days) of previous offerings. Whether you receive an allocation of any given offering, and the amount of the allocation is dependent on your FA's rank in the index and the rank of your FA's branch. FAs with higher rankings in the index generally receive a greater allocation of shares of an oversubscribed offering than FAs with lower rankings. In addition, when you receive an allocation in an offering, your holding period and the holding period of your FA's other Clients will impact the points accumulated by your FA. Specifically, the longer you and your FA's Clients hold offerings (up to 90 days), the more points they accumulate in the index. As a result, your FA may have an incentive (for up to 90 days after an offering) to recommend that you hold the shares purchased in the offering. For certain offerings, allocating shares via the FA index may not be necessary due to availability of sufficient shares to satisfy all indications of interest placed by Clients.

In the case-by-case exceptions, in which we enter into principal trades or agency cross-transactions, we will provide specific disclosures and obtain your consent. If the transaction is a principal transaction in which we are a market maker in the security, we provide you with disclosure regarding the capacity in which we are acting, and obtain your consent before completing such a transaction. We rely on codes and restrictions in our systems as well as additional software to prevent non-permissible principal trades.

We also may effect cross-transactions between advisory Client Accounts, where one Client purchases a security held by another Client. Neither we nor any related party receives any compensation in connection with a cross-transaction. We effect these transactions only when we deem the transaction to be in the best interests of both Clients and at prices that we have determined to reflect fair value.

If the transaction is an agency cross-transaction, in which we act as your broker or agent by purchasing or selling securities from or to one of our brokerage Clients, we will obtain your written consent and will provide you with a written confirmation at or before the completion of the transaction which describes its nature, provides information about its date and time and the remuneration which may be received by the investment advisor or other person. At least annually, we will provide you with a written disclosure statement identifying the total number of such agency cross transactions for your Account during the period, and the total amount of all commissions or other remuneration we received or will receive in connection with these transactions, if any. We generally will not effect agency cross transactions between Clients if we have recommended the security to both Clients.

Principal trades and agency cross transactions are also subject to additional restrictions, procedures and controls that are in place for other securities transactions in advisory Accounts. As discussed more fully below, we seek to obtain the best execution for each of our advisory Clients.

If you are rolling over assets from an employer-sponsored Qualified Retirement Plan ("QRP"), such as a 401(k), to an Individual Retirement Account ("IRA") with us, you should carefully evaluate all choices which are typically available. These four options include: leaving your assets in your former employer's plan (if permitted), rolling over the assets to your new employer's plan (if permitted), rolling your assets to an IRA with us or another firm, or cashing out the account value. You should consider the following factors, among others, in deciding whether to keep assets in a QRP, roll over to an IRA or cash out: investment options, fees and expenses, ability to make penalty-free withdrawals, and differences in creditor protection. We have a conflict of interest in connection with a rollover of your assets into an IRA and the investment of the assets with us as opposed to leaving the assets in

your former employer's plan or electing one of the other options. The conflict arises because we will likely earn no compensation if you were to leave the assets in your former employer's plan or transfer to your new employer's plan. In addition, the costs of maintaining and investing assets in an IRA with us will generally involve higher costs than the other options available to you. While we typically offer a broader range of investment options and services than an employer-sponsored QRP, there are no guarantees that the additional investment options will outperform your employer-sponsored QRP.

We may receive additional compensation in the form of order flow payments from options trades. In addition, we may receive compensation from one or more of the firms we route equity orders to as a fee for providing execution services to those firms. However, the orders routed to these firms are not contingent on pre-existing arrangements. Please refer to the "Fees and Compensation" section for a discussion of additional fees that you may incur.

If WFA is responsible for a trade processing error, it is WFA's policy to correct the issue as soon as possible and return the account to the economic position that it would be in absent the error. If correction processing generates a shortfall to the account, we make the account whole by paying the shortfall. If correction processing generates an overage (i.e., an amount in excess of what would be in the account if the error did not occur), WFA retains the overage.

We have a Best Execution Committee that reviews trading activity and the vendors and systems we use to process transactions, among other things. Advisory Client orders are treated with the same priority and procedural flow as non-advisory brokerage trades, except to accommodate the trading restrictions placed on these Accounts with respect to principal trades and agency cross transactions. In order to seek a more advantageous net price, it is our practice to aggregate, when feasible, orders for the purchase or sale of a particular security for the Accounts of several Program Clients for execution as a single transaction. Any benefit of such aggregation generally is allocated pro-rata among the Client Accounts that participated in the aggregated transaction. Client transactions are monitored regularly by branch supervisors, and product management personnel monitor Program exceptions as part of their general oversight responsibility for the Programs. In addition, we use system controls and identification to restrict advisory Accounts from being charged commissions. We also regularly review reports to determine if you have been charged commissions in error and correct Accounts where appropriate. Clients who have a brokerage Account relationship with us unrelated to an advisory service will be charged commissions, fees and execution costs, if any, in effect for the specific brokerage Account.

The securities traded for you may be traded in one or more marketplaces or may employ an alternative trading system ("ATS") to execute fixed income transactions. Consistent with the overriding principle of best execution and subject to applicable regulatory requirements, we may use our discretion in selecting these marketplaces or ATSs to enter or execute your orders.

- We route Client orders for over-the-counter equities and listed equity securities to execution venues as appropriate, with best execution being the highest priority. We consider a number of factors when determining where to send Client orders, including execution speed and price, price improvement opportunities, the availability of efficient and reliable order-handling systems, the level of service provided, and the cost of executing orders. We strive to execute all held orders at prices equal to or better than the displayed national bid/offer price, up to the displayed size, at the time of execution. Not-held orders are worked for best price by the trading desk. We may utilize non-affiliated third-party Authorized Participants ("APs") when transacting large blocks of ETFs. APs are typically large institutions like market makers or specialists who can create ETFs by trading the underlying securities.
- As a result of the over-the-counter nature (the lack of a market exchange) of fixed income securities, the available trading methods differ from that of equity securities. Consistent with the overriding principle of best execution and subject to applicable regulatory requirements, we may use our discretion in selecting the appropriate ATS and/or broker-dealers with which to execute Client orders. We consider a number of factors when determining where to execute Client orders, including the product type (which may influence the liquidity in the market) and the size of the order.
- For both equity and fixed income securities, we regularly review transactions for quality of execution, and take action, as appropriate, for price improvement and to fulfill our best execution obligations. At all times, our foremost concern is to obtain the best execution for our Clients, regardless of any compensation factor.

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.

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.

From time to time, through our advisory services and Programs, our Financial Advisors assist retirement plan Clients with various aspects of their plans, including the selection of investment companies for review as investment options, education and enrollment of participants with respect to retirement investing in general or specific fund investment options, assisting in evaluation and monitoring of the performance of fund investments, or any combination of these or similar services. In those cases where a Plan determines to utilize funds in connection with a third-party administrator ("TPA") and where advisory fees are paid on the investment, we and your Financial Advisor will receive a share of the fee as compensation for the services provided. The specific fee arrangement will typically be disclosed to the Plan pursuant to the TPA's contract with the Plan. For these arrangements with TPAs, the transactions in the subject investment company shares are not effected through us, but rather directly with the fund

through its distributor. All shares of investment companies are subject to fluctuation of principal and yield depending on market and/or interest rate risk.

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.

### **Cash Sweep Program**

Through our Cash Sweep Program you may earn a rate of return on the uninvested cash balances in your Account by automatically placing ("sweeping") cash balances into a sweep vehicle until such balances are invested or otherwise needed to satisfy obligations arising in connection with your Account. The available sweep vehicles currently consist of one or more affiliated and non-affiliated Money Market Mutual Funds and/or a Bank Deposit Sweep, which is composed of interest-bearing deposit accounts at four banks affiliated with Wells Fargo & Company. Eligibility for each available sweep vehicle is determined by account type, although most account types will default to the Bank Deposit Sweep.

Program fees charged on Account values will apply to uninvested cash balances and balances in the Cash Sweep Program, to the extent permitted by law. The Program fees will exceed the return you earn on uninvested cash and, in most instances, on the vehicle in the Cash Sweep Program. When an affiliated Money Market Mutual 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 Bank Deposit Sweep. For additional information about the Cash Sweep Program, including information about how we and our affiliates benefit from the Cash Sweep Program, see the Cash Sweep Program Disclosure Statement, which we provided to you when you opened your 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 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 the Bank Deposit Sweep. You may elect not to participate in the Cash Sweep Program. The Cash Sweep Program should not be viewed as a long-term investment option. It is your responsibility to monitor your balances in the Cash Sweep Program, and determine whether you prefer to invest cash balances in products offered outside the Cash Sweep Program. For additional information, see the Cash Sweep Program Disclosure Statement, which we provided to you when you opened your Account.

### **Financial Information**

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