



**Asset  
Management**

## **Item 1 – Cover Page**

# **Wells Fargo Asset Management (International) Limited**

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**March 30, 2020**

This Form ADV, Part 2 (our “Disclosure Brochure” or “Brochure”) is required by the Investment Advisers Act of 1940.

***This brochure provides information about the Wells Fargo Asset Management (International) Limited (“WFAM(I)”). If you have any questions about the contents of this Brochure, please contact us at (+44) 20 3942-8000. Please note that the information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.***

***Additional information about WFAM(I) is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our name). This will give access to both Part 1 and 2 of our Form ADV.***

WFAM(I) is a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to clients, including this Brochure, is information that can be used to evaluate us, which are factors to be considered in the decision to appoint us or to continue to maintain a mutually beneficial relationship.

## **Item 2 – Material Changes**

This section of the Brochure is intended to address only those "material changes" that have been incorporated since the last delivery or posting of this document on the SEC's website.

The following is a discussion only of the material changes to our firm brochure since its last update on March 29, 2019:

- Item 4 (Investment Advisory and Discretionary Portfolio Management Business) was updated to disclose the consolidation in 2019 of Wells Fargo Asset Management (International), LLC and Wells Fargo Asset Management (International) Limited.
- Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) was updated to include additional risk disclosures relating to Cybersecurity Risk and Pandemic Risk.

Additional information about WFAM(I) is also available via the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with WFAM(I) who are registered as investment adviser representatives.

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## **Item 4 – Investment Advisory and Discretionary Portfolio Management Business**

### **OVERVIEW**

WFAM(I) is incorporated in England & Wales (registered no 3710963) and is authorised and regulated by the UK's Financial Conduct Authority ("FCA") as well as being an SEC registered investment adviser. WFAM(I) is a wholly-owned subsidiary of Wells Fargo Asset Management Holdings, LLC, which is an indirect wholly-owned subsidiary of Wells Fargo and Company ("WFC").

In 2019 it was announced that the businesses of Wells Fargo Asset Management (International), LLC and Wells Fargo Asset Management (International) Limited would consolidate to form one business in the United Kingdom. The consolidation took effect on August 1, 2019. This consolidation was part of a plan to simplify WFAM's organizational structure by consolidating investment advisors where there are potential synergies. The consolidation has had no impact on the investment strategies, fees, services, processes, or personnel connected with the associated funds.

Following the consolidation, WFAM(I) has three lines of businesses: Global Fixed Income, Credit Europe and Multi-Asset Solutions. The businesses manage portfolios for institutions such as mutual funds, endowments, foundations, healthcare organizations, educational organizations, government/public authorities, sovereign organizations, insurance companies, Taft-Hartley plans, pension funds, special purpose vehicles, European regulated investment funds and banks. WFAM(I) professionals work in London, and work closely with Wells Capital Management Inc. ("WellsCap"), which has over 800 professionals located in offices throughout the United States dedicated to the management and servicing of WellsCap client portfolio. WFAM(I) has approximately 95 staff, based in the UK.

WFAM(I) is one of several registered investment advisers that form a part of Wells Fargo's asset management division: Wells Fargo Asset Management.<sup>1</sup>

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<sup>1</sup> Wells Fargo Asset Management ("WFAM") is a trade name used by the asset management businesses of Wells Fargo & Company. WFAM includes Wells Fargo Asset Management (International) Ltd.; Galliard Capital Management, Inc.; Wells Capital Management Incorporated.; Wells Fargo Asset Management Luxembourg S.A. (including its Paris and Frankfurt Branches); Wells Fargo Funds Distributor, LLC; and Wells Fargo Funds Management, LLC.

## **TYPES OF INVESTMENT ADVISORY AND DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES**

WFAM(I) provides investment advisory and discretionary portfolio management services primarily to institutional clients. The scope of services is determined by client agreement and regulation, and would typically include:

- Appropriate asset allocation;
- Portfolio management designed to achieve investment objectives within particular asset classes;
- Client reporting of portfolio valuation, asset classes, investment strategies and performance relative to appropriate benchmarks; and
- Periodic review of investment objectives, guidelines, restrictions, and strategies.

WFAM(I) offers a range strategies, including:

- Single asset class strategies (e.g., corporate bonds, asset backed securities, high yield bonds, emerging markets, financials, special situations, loans and mezzanine finance)
- Multi asset class strategies (equities, bonds, derivatives and a combination of the above)
  - Currency Alpha
  - Emerging markets
  - Global Bond
  - Global Bond (Hedged)
  - Global Fixed Income Long Duration
  - Global Bond Opportunity
  - Global Sovereign bonds
  - Global Fixed Income Ultra Short
  - Portable Alpha
  - Alternative Risk Premia
- Bespoke multi-asset solutions to client specifications

The selection of securities and the construction of a portfolio will reflect the client's guidelines. Where appropriate this will include hedging of currency and interest rate

risk.

WFAM(I)'s investment strategies are designed to provide prudent diversification across a wide range of markets and securities in order to achieve a higher probability of increased return with lower volatility.

Fixed income securities and currencies are treated as separate asset classes and derivatives are used in accordance with client guidelines to prudently hedge into the client's reporting currency to protect against a loss of stated value. This is a specialized approach to diversification for the abatement of risk and relative improvement of return. Investment strategies may involve one or more of a variety of global factors combining various transactions individually.

WFAM(I) typically acts as a discretionary investment manager and in this scenario makes all investment decisions as it deems appropriate, and without prior consultation with the client. It may buy, sell, exchange, convert and otherwise trade in any stocks, bonds or other securities and financial instruments, subject to any written investment guideline the client may provide. In some cases, and always in its client's best interest, WFAM(I) may engage in discretionary activity that may appear contradictory to the actions it is taking for other clients concerning the same or related securities.

Additional information concerning WFAM(I)'s discretionary authority is provided in Item 16 below. Notwithstanding the above, WFAM(I) may provide advisory or recommendation services to clients who maintain discretionary authority under specified conditions.

WFAM(I) is not a broker dealer and does not sponsor wrap fee programs nor does WFAM(I) maintain direct contractual relationships with wrap sponsors. Instead, WFAM(I) may contract with registered investment advisors for the purpose of offering sub-advisory services. In providing these sub-advisory services, WFAM(I) makes assurances that it has executed valid sub-advisory contracts that require its client, the contracting advisor to: (i) retain responsibility for communicating any securities recommendations subject to client constraints, (ii) provide the necessary administrative and client support services, and (iii) provide any marketing support related to the programs. WFAM(I) also makes reasonable inquiry and obtains assurances that its client, the registered investment advisor, either provides the necessary Form ADV to clients itself or that it validates the sponsor's undertaking of such action.

## **CURRENT ASSETS UNDER MANAGEMENT**

As of December 31, 2019, WFAM(I) has approximately US\$ 7,647,596,749 in assets under management.

## **Item 5 – Fees and Compensation**

WFAM(I) assumes discretionary investment authority for investment accounts of, or furnishes investment advice to, institutions, including pension or other employee benefit trusts, corporations, investment companies, special purpose vehicles, European regulated investment funds and other entities. For such services, WFAM(I) receives a fee usually based upon a percentage of the market value of assets under management. In certain circumstances described further below, WFAM(I) may also receive other compensation, such as performance-based fees.

Management fees and performance fees may be subject to individual negotiation. Investment advisory or investment management agreements do not generally contain a set expiration date and the client can terminate in normal circumstances by giving due notice in accordance with the terms of the agreement.

In addition to the management fees paid to WFAM(I), a client will pay other fees and expenses in connection with the account. For example, WFAM(I)'s discretionary clients will typically pay brokerage fees and any other transaction charges associated with buying and selling securities. WFAM(I) does not receive any portion of these non-advisory service fees (e.g., brokerage commissions and other transaction charges, custodial fees, transfer taxes or sales loads or similar charges). For additional information related to WFAM(I) brokerage practices, refer to Item 12.

Different investments have different costs to buy, sell and hold. These costs are explained in product-specific materials, which are available from WFAM(I). When considering account-level management fees, clients should be aware that client accounts invested in investment company securities (e.g., money market funds, exchange-traded funds) will also bear their proportionate share of fees paid at the investment company level.

The management fee schedule for WFAM(I)'s discretionary investment management services is set out below. However, WFAM(I) may modify fees when circumstances warrant (e.g. large accounts size or accounts requiring special services), so this schedule is only indicative. Lower fees for comparable services may be available from other sources. The fee schedule represents tiered fees and is not based on a weighted average of the total amount of assets under management. Certain investments have a minimum account size of \$20,000,000 but it may vary by investment style and asset class and may be waived in WFAM(I)'s sole discretion. There are no start-up or closing fees payable by the client to WFAM(I) and any partial periods are prorated over the billing cycle. WFAM(I) may bill in advance or in arrears and typically sends an invoice to clients within 30 days (or as reasonably practical) after quarter end or another



frequency as otherwise agreed with the client. In the event of termination, if billing in advance, any fees prepaid to the firm will be refunded in cash on a pro-rated basis, with the client only being charged for the period ending on the effective date of termination. Advisory or investment management agreements may be terminated in accordance with the termination notices and terms of the agreement.

Strategy	Investment team	Basic Fee Schedule
Emerging Market Local Currency Bond	Global Fixed Income	First USD 50m at 0.30% Next USD 150m at 0.25% Over USD 200m at 20%  Minimum account size = USD 20m
Global Bond		
Global Bond Hedged		
Global Bond Opportunity		
Global Sovereign Bond		
International Bond		
Global Financials	Credit Europe	First €50m at 0.50% Next €50m at 0.45% Next €200m at 0.40% Over €300m at 0.35%  Minimum account size = €50m
European High Yield Bond - Corporate		0.40% for all AUM  Minimum account size = €50m
Eur Investment Grade Credit		First €50m at 0.30% Next €50m at 0.25% Next €200m at 0.20% Over €300m at 0.15%  Minimum account size = €50m
European Loans		First €50m at 0.50% Next €50m at 0.45% Next €200m at 0.40% Over €300m at 0.35%  Minimum account size = €50m
European Senior Secured Credit		First €50m at 0.50% Next €50m at 0.45% Next €200m at 0.40% Over €300m at 0.35%  Minimum account size = €50m
Eur Short Duration Credit		First €50m at 0.30% Next €50m at 0.25% Next €200m at 0.20% Over €300m at 0.15%  Minimum account size = €50m

Strategy	Investment team	Basic Fee Schedule
Alternative Risk Premia	Multi-Assets Solution	First USD 500m 0.60% Over USD 500m 0.575%
Bespoke multi-asset solutions to client specifications		No minimum investment  As negotiated

## **OFFSHORE CLIENT FEES**

WFAM(I) may also manage accounts for clients or their accounts based outside of the United States. In many such arrangements and in consideration of the enhanced administrative costs, WFAM(I) may charge fees that are higher than the fees specified above.

## **OTHER FEES**

WFAM(I) acts as sub-advisor pursuant to an agreement with Wells Fargo Funds Management, LLC, rendering fully discretionary investment management to several registered open-end investment companies in the Wells Fargo Advantage Funds and is entitled to receive from Wells Fargo Funds Management, LLC, a portion of its annual fee from the Fund equal to a percentage of the Fund's average daily net assets.

WFAM(I) acts as sub-advisor to private funds that are affiliated with Wells Fargo and exempt from registration under the Investment Company Act in reliance upon Section 3(c)(1) thereof and may solicit investors to invest in a private fund. With respect to the private funds, WFAM(I) or an affiliated sub-adviser receives fees from the investors in such private fund through separately managed account arrangements and does not receive fees directly from the private fund.

For some sub-advisory accounts that WFAM(I) manages on behalf of WellsCap, WFAM(I) has received or may receive a performance-based fee.

Additional information relating to potential conflicts of interest can be found in *Item 6 - Performance-Based Fees and Side-By-Side Management*, *Item 11- Code of Ethics, Participation or Interest in Client Transactions*, and *Personal Trading*, and *Item 12 - Brokerage Practices* within this Brochure.

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

Under some agreements, certain WFAM(I) clients are liable to pay a performance-based fee in addition to a management fee. WFAM(I) has procedures to identify and mitigate potential conflicts of interest that might arise as a result of the performance-based fee structure of these accounts. Some of the performance fee methods of calculation include the following:

- Performance fee computations based on annual achieved returns of the client's portfolio against the designated benchmark.
- Performance fee equaling a percentage of the performance of the client's portfolio in excess of a designated benchmark.
- A base fee on all balances in the client's portfolio plus a percentage of incremental outperformance (performance of the client's portfolio in excess of the designated benchmark).

Where WFAM(I) and its portfolio managers manage accounts that include performance-adjusted fees and other accounts that do not, there could be an incentive to favor those accounts that include a performance-based fee. In general, potential conflicts of interest arise among accounts which have different objectives, benchmarks, time horizons and fees as WFAM(I) and its portfolio managers must allocate time and investment ideas across multiple funds and accounts. To address potential conflicts of interest, WFAM(I) manages accounts (pursuing the same investment strategy) in a similar manner, with similar investments and similar allocations whenever possible, and consistent with individual client guidelines and requirements. Potential conflicts of interest could also arise if orders for a client do not get fully executed due to being aggregated with orders of other accounts managed by WFAM(I) however in this instance orders will be allocated on a pro rata basis. WFAM(I) portfolio managers also might execute transactions for some accounts that could adversely impact the value of securities held by other client accounts. Although WFAM(I) monitors such transactions to attempt to ensure equitable treatment across all of its accounts, there can be no assurance that the price of a security held by a particular client account would not be impacted as a result of WFAM(I)'s portfolio management activities on behalf of its other clients. Also, securities selected for a particular account may outperform the securities selected for other accounts managed by the same portfolio manager.

We have developed procedures that are intended to ensure that all accounts are treated fairly and to prevent this potential conflict from influencing the allocation of investment opportunities among clients. Our policies prohibit any trade allocation practice whereby any particular account or group of accounts receive more favorable treatment than other client accounts. WFAM(I) seeks to assure that trades on behalf of different client groups involving the same security are executed in a fair order and that no client is unfairly disadvantaged over the long term.

For more information regarding conflicts of interests relating to side -by-side management of multiple funds and accounts, please see *Item 11 – Trade Allocation* of this brochure.

## **Item 7 – Types of Clients**

WFAM(I) is authorized to provide services to a number of Institutional clients, such as:

- Corporations or other business entities
- Banking or thrift institutions, investment companies (including European UCITS compliant funds, mutual funds) and other pooled investment vehicles (e.g., hedge funds)
- Insurance organizations
- Foundations, endowments, trusts and estates
- Pension and profit sharing plans (other than plan participants)
- Taft-Hartley plans, governmental plans, and unions
- Health services organizations
- Governmental bodies, public funds and municipalities
- Charitable organizations and non-profit entities

WFAM(I) does not deal directly with retail clients.

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

### **GLOBAL FIXED INCOME – METHODS OF ANALYSIS**

In addition to cyclical analysis, Global Fixed Income's investment analysis methods include quantitative and qualitative analysis using proprietary systems, data-bases and models, as well as third-party data reporting, trading systems, and analytic tools.

Global Fixed Income's proprietary system analyzes fundamental economic data, bond market values and currencies to arrive at forecast returns for all markets taking into consideration all potential opportunities for adding value to client portfolios relative to their benchmark.

Using the resultant forecasts, together with asset risk profiles and correlations, a multi-stage iteration optimizer is used to arrive at the "best fit"/optimum strategy allocation for each client after which the "day to day" portfolio managers implement the agreed strategy (and changes) and concentrate on security selection.

Global Fixed Income's portfolio managers monitor that the securities are liquid and actively traded in each of these markets and select those securities that comply with the agreed strategy, pass the required client guidelines and credit tests and offer good value.

Global Fixed Income may also use a wide variety of publicly available market and economic information factors to make asset allocation and investment decisions. This information may come from many different sources, including financial newspapers, magazines and journals, research materials prepared by others, proprietary processes, on-line services, press releases, third-party services, and publicly available filings with governmental and regulatory agencies. Examples of some of the sources of information used by Global Fixed Income include:

- WellsCap IDC prices database for daily (third-party) bond and currency prices
- Fundamental economic data for each country within the investable universe
- Benchmark and investable universe data, including various index providers
- Consensus Economic Forecast

- Economist Intelligence Unit and numerous leading market economists
- International Bank Credit Analyst
- Observatory Group
- PRS, Moody's, S&P, Fitch, and Credit Science

## **CREDIT EUROPE – METHODS OF ANALYSIS**

### **Economic analysis**

Credit Europe's decision making process considers macroeconomic factors in a variety of ways. Top down credit strategy considers macroeconomic fundamentals as well as the state of the banking system, equity market volatility, market technicals, credit fundamentals and relative value. This determines Credit Europe's overall view on credit markets and guides asset class allocation decisions. In addition, at the sector and individual credit level, analysts consider how macroeconomic factors (especially expectations for growth) will affect the performance of the sector and/or of a particular credit within that sector, and will make recommendations accordingly.

### **Credit and sector analysis**

Credit Europe's Research team assesses the business and financial profile of each issuer, including a review of its industry, competitive position, key risks and opportunities. Financial analysis focuses in particular on cash flow/liquidity and debt service capacity, as well as profitability and business value. Additional information such as regulation and any particular vulnerability to specific economic drivers will also be considered.

At a sector level, we consider fundamental drivers that could have a positive or negative influence on the credit quality of the sector (e.g. technology changes or a material change in the cost of a key input). Sector level allocations are reviewed at least monthly and the impact of changes on individual issuers within a sector is also assessed to determine which ones have been advantaged or disadvantaged.

### **Quantitative analysis**

Quantitative models are not a core part of our investment decision-making but may be used to complement our fundamental and relative value analysis.



## **MULTI-ASSET SOLUTIONS – METHODS OF ANALYSIS**

The Multi-Asset Solutions team utilize a variety of tools, solutions and drivers including:

- Proprietary models to build risk premia portfolios that target specific client outcomes
- A unified research process drives a consistent approach, ensuring that solutions are relevant and efficient
- Proprietary live tools to help the Multi-Asset Solution team visualize client portfolios
- Insight into what drives asset prices and the multi-dimensional risks associated with those drivers
- In depth understanding of investor objectives allowing Multi-Asset Solutions portfolio managers to know what they are trying to achieve for their clients, and by what constraints they are bound
- Identifying the prevailing economic environment and adapting portfolios accordingly through tactical asset allocation (TAA)
- Tools for monitoring and managing risk that can facilitate dynamic risk management

## **GLOBAL FIXED INCOME – INVESTMENT STRATEGIES**

Investment optimization strategies include asset allocation based on the following:

- Quantitative analysis and modeling,
- Fundamental economic forecasts with the team's asset risk profiles,
- Strategy guidelines,
- Client guidelines,
- Risk guidelines to achieve the best fit optimum portfolio,
- Trading strategies based on potential relative value opportunities between asset classes and sectors, and
- Foreign currency and forward FX transactions for hedging or modifying currency exchange exposure.

## **CREDIT EUROPE - INVESTMENT STRATEGIES**

Credit Europe takes both a top down and bottom up approach when devising its investment strategy:

- The top down approach helps us formulate a broader portfolio strategy and to identify the sectors, countries, asset classes and industries offering best relative value. It also highlights those which should be avoided or reduced.
- The bottom-up approach focuses on fundamental credit and relative value of individual holdings in the portfolio across each credit asset class. As part of Credit Europe's fundamental credit research, each potential investment will be carefully evaluated by the research team. Meetings are held with the management of issuers and are attended by both Research Analysts and Portfolio Managers. All investments are continually evaluated as to their fundamental credit quality, as well as their relative value. All investment decisions must be agreed by an authorized Portfolio Manager.

## **MULTI-ASSET SOLUTIONS – INVESTMENT STRATEGIES**

- Portfolios are underpinned by academic excellence and refined through years of practical experience managing strategies.
- The Alternative Risk Premia strategy seeks long-term capital appreciation.
- Bespoke Multi-Asset solutions are constructed to match client benchmark specifications.
- Seeking to achieve client outcomes by managing risk from macro drivers of risk from investments in, but are not limited to, equity, fixed income, commodity and currency asset classes.
- Using long/short implementation in a systematic way to capture the entire factory opportunity.
- A risk-focused approach to ensure the portfolio is diversified across multiple dimensions.
- Well-structured research and governance platform to leverage the expertise across Wells Fargo Asset Management.

- Combining the deep fundamental understanding of markets with the rigor and consistency provided by the systematic process, drives Multi-Asset Solutions' ability to build intuitive portfolios and sensibly manage them through changing market environments.
- Sophisticated portfolio optimization cannot account for all possible risk scenarios. Multi-Asset Solutions' multi-dimensional view of risk recognizes and seeks to address risk from various angles, including the impact of leverage or extreme market events.
- Invest in a diversified set of global factors.
- Harness the diversification benefits between factors and avoid risk concentrations.

## **RISK OF LOSS**

### **ALTERNATIVE RISK PREMIA INVESTMENT RISK**

As pertaining to the Alternative Risk Premia strategy this risk is associated with the ability to achieve its investment objective depending largely upon the portfolio managers' successful evaluation of the risks, potential returns, and correlation properties with respect to the various risk premia in which the strategy invests.

### **CURRENCY RISK**

Changes in exchange rates between currencies or the conversion from one currency to another may cause the value of an account's investments to diminish or increase. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates also can be affected unpredictably by intervention (or the failure to intervene) by relevant governments or central banks, or by currency controls or political developments.

### **CYBERSECURITY RISK**

Cybersecurity risk is the risk of potential harm or loss of information security as a result of breaches or attacks on technology and technology infrastructure. Technology use is a key, and ever growing, component of many

businesses and core to business operations. However, breaches or attacks can result in the loss of sensitive data and/or delay or halt access to technology and data that such businesses rely on for those core operations. Examples of threats include inappropriate access to networks, ransomware, phishing, denial of services, malware and more. Such incidents could impact WFAM(I)'s ability to effectively execute or settle trades, value securities and calculate daily net asset values (NAVs). Cyber risks also apply to broker-dealers, custodian banks, insurance companies, consultants or other relationships with whom WFAM(I) interacts as necessary to service your accounts. In addition, WFAM(I) does not have direct control of the cybersecurity programs of these relationships. WFAM(I)'s technology infrastructure is maintained by Wells Fargo and subject to robust information security policies, including WFAM(I)'s own policies, which are designed to prevent, detect and mitigate cyber risks yet there remains the possibility that WFAM(I) is not fully prepared for such risks or that certain risks have not been identified.

### **DEBT SECURITIES RISK**

Debt securities, such as notes and bonds, are subject to credit risk and interest rate risk. Credit risk is the possibility that an issuer or credit support provider of an instrument will be unable or is perceived to be unable to make interest payments or repay principal when due. This could cause the value of an investment to decline and a client to lose money. Changes in the financial strength of an issuer or credit support provider or changes in the credit rating of a security may affect its value. Interest rate risk is the risk that market interest rates may increase, which tends to reduce the resale value of certain debt securities. Debt securities with longer durations are generally more sensitive to interest rate changes than those with shorter durations. Changes in market interest rates do not affect the rate payable on an existing debt security, unless the instrument has adjustable or variable rate features, which can reduce its exposure to interest rate risk. Changes in market interest rates may also extend or shorten the duration of certain types of instruments, such as asset-backed securities, thereby affecting their value.

### **DERIVATIVES RISK**

The term "derivatives" covers a broad range of investments, including futures, options and swap agreements. In general, a derivative refers to any financial instrument whose value is derived, at least in part, from the price of another security or a specified index, asset or rate. The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. The use of derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives, such as their ability to generate leverage. These

risks are heightened when the portfolio manager uses derivatives to enhance return or as a substitute for a position or security, rather than solely to hedge (or offset) the risk of a position or security held. The success of management's derivatives strategies will also be affected by its ability to assess and predict the impact of market or economic developments on the underlying asset, index or rate and the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. Certain derivative instruments may be difficult to sell when the portfolio manager believes it would be appropriate to do so, or the other party to a derivative contract may be unwilling or unable to fulfill its contractual obligations.

### **EMERGING MARKETS RISK**

Emerging markets are markets associated with a country that is considered by International financial organizations, such as the International Finance Corporation and the International Bank for Reconstruction and Development, and the International financial community to have an "emerging" stock market. Such markets may be under-capitalized, have less-developed legal and financial systems or may have less stable currencies than markets in the developed world. Emerging market securities are securities: (1) issued by companies with their principal place of business or principal office in an emerging market country; (2) issued by companies for which the principal securities trading market is an emerging market country; (3) issued by companies, regardless of where their securities are traded, that derive at least 50% of their revenue or profits from goods produced or sold, investments made, or services performed in emerging market countries or that have at least 50% of their assets in emerging market countries; or (4) issued by a sovereign government of an emerging market country, whether in its own currency, or another currency, such as USD (see also currency risk and sovereign risk). Emerging markets securities may be particularly sensitive to certain economic changes. For example, emerging market countries are more often dependent on international trade and are therefore often vulnerable to recessions in other countries. Emerging markets may have obsolete financial systems and volatile currencies, and may be more sensitive than more mature markets to a variety of economic factors. Emerging market securities also may be less liquid than securities of more developed countries and could be difficult to sell, particularly during a market downturn.

### **ERROR RISK**

WFAM(I) has policies and procedures to address identification and remediation of errors. Errors occasionally may occur in connection with WFAM(I)'s management of funds and client accounts. Investment decisions, portfolio construction and related activities, including trading and trade reconciliation, are inherently complex processes

that pose inherent risks. These risks may from time to time result in an error.

An incident is any occurrence or event that interrupts normal investment-related activities or that may deviate from applicable law, the terms of an investment management agreement, or applicable internal or external policies or procedures. Incidents can occur at WFAM(I) or at one of WFAM(I)'s service providers.

Whether or not an incident rises to the level of an error will be based on the facts and circumstances of each incident. Errors may include: i) investment decision-making that violates a client's investment guidelines, purchases made with unavailable cash, and sales made with unavailable securities, etc.; and/or ii) an administrative error made prior to or during a trade's execution (e.g., trader executes the wrong security, or for an incorrect number of shares or units, etc.). WFAM(I) will address and resolve errors on a case-by-case basis, in its sole discretion, based on each error's facts and circumstances, including regulatory requirements, contractual obligations and business practices. WFAM(I) is not obligated to follow any single method of resolving errors.

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

## **FOREIGN CURRENCY CONTRACTS RISK**

Entering into forwards or other foreign currency contracts, which are a type of derivative, is subject to the risk that the portfolio manager may be incorrect in his or her judgment of future exchange rate changes.

## **FOREIGN INVESTMENT RISK**

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

## **FUTURES CONTRACTS RISK**

The use of futures contracts, which are a type of derivative, is subject to the risk of loss caused by unanticipated market movements. In addition, there may at times be an imperfect correlation between the movement in the prices of futures contracts and the value of their underlying instruments or indexes and there may at times not be a liquid secondary market for certain futures contracts.

## **GROWTH/VALUE INVESTING RISK**

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

## **INVESTMENT LIMITATIONS**

Due to regulatory and issuer-specific limits that apply to the ownership of securities of certain issuers, WFAM(I) may limit investments in the securities of such issuers. Similar limitations may apply to futures and other derivatives, such as options. In addition, WFAM(I) may from time-to-time determine that, because of regulatory requirements that may apply to WFAM(I) and/or its affiliates in relation to investments in a particular country or in an issuer operating in a particular regulated industry, investments in the securities of issuers domiciled or listed on trading markets in that country or operating in that regulated industry above certain thresholds may be impractical or undesirable. Limits and thresholds may apply at the account level or in the aggregate across all accounts (or certain subsets of accounts) managed, sponsored, or owned by, or otherwise attributable to, WFAM(I) and its affiliates. For investment risk management and other purposes, WFAM(I) may also generally apply internal aggregate limits on the amount of a particular issuer's securities that may be owned by all such accounts. In addition, owing to the investment banking activities of its affiliates, WFAM(I)'s ability to transact in securities issued by companies involved in certain corporate restructuring transactions (e.g., mergers and acquisitions) may be limited by law or regulation (domestic and/or foreign). In



connection with the foregoing limits and thresholds, WFAM(I)'s investment flexibility may be restricted, and WFAM(I) may limit or exclude clients' investment in a particular issuer, future, derivative and/or other instrument (or limit the exercise of voting or other rights). In addition, to the extent that client accounts already own securities that directly or indirectly contribute to such an ownership threshold being exceeded, WFAM(I) may sell securities held in such accounts in order to bring account-level and/or aggregate ownership below the relevant threshold. As a general practice in such cases, WFAM(I) aims to sell the applicable securities on a pro-rata basis across all impacted accounts. In certain situations, however, WFAM(I) may sell securities on a non-pro-rata basis to limit the impact to certain accounts (e.g., accounts that seek to replicate the performance of an index). In all situations, with respect to these requirements and limitations, WFAM(I) will endeavor to treat all clients fairly. Nonetheless, sales of securities or other instruments resulting from such limitations and/or restrictions may result in realized losses for client accounts.

### **LEVERAGE RISK**

A portfolio utilizing leverage will be subject to heightened risk. Leverage often involves the use of various financial instruments or borrowed capital in an attempt to increase the return on an investment and is often intrinsic to certain derivative instruments. Leverage can take the form of borrowing funds, trading on margin, derivative instruments that are inherently leveraged, including but not limited to, forward contracts, futures contracts, options, swaps (including total return financing swaps and interest rate swaps), repurchase agreements and reverse repurchase agreements, or other forms of direct and indirect borrowings and other instruments and transactions that are inherently leveraged. Any such leverage, including instruments and transactions that are inherently leveraged, can result in the portfolio's market value exposure being in excess of the net asset value of the portfolio. In some cases, a portfolio could need to liquidate positions when it is not advantageous to do so to satisfy its borrowing obligations. The use of leverage entails risks, including the potential for higher volatility and greater declines of a portfolio's value, and fluctuations of dividend and other distribution payments.

### **LIQUIDITY RISK**

Liquidity risk exists when certain investments are difficult to purchase or sell (e.g., lower quality corporate bonds, municipal bonds, smaller capitalization equities). This can impact a portfolio's returns because the portfolio may be unable to transact at advantageous times or prices. A lack of liquidity may also cause the value of investments to decline in times of market stress.



## **MANAGEMENT RISK**

Investment decisions, techniques, analyses or models implemented by WFAM(I) or a sub-adviser in seeking to achieve the client's investment objective may not produce the returns expected and may result in the investments losing value or may cause the account to underperform other accounts with similar investment objectives.

## **MARKET RISK**

The market price of securities may go up or down, sometimes rapidly or unpredictably. Securities may decline in value or become illiquid due to factors affecting securities markets generally or particular industries represented in the securities markets, such as labor shortages or increased production costs and competitive conditions within an industry. A security may decline in value or become illiquid due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. During a general downturn in the securities markets, multiple asset classes may decline in value or become illiquid simultaneously. Different sectors of the market and different security types may react differently to such developments. The impact of the coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. The impact could be greater in emerging-market countries where the health care system is less established.

## **NEW FUND RISK**

WFAM(I) may invest in newly established funds that have a limited or no operating history and a small asset base. There can be no assurance that the fund will grow to or maintain a viable size. Due to a new fund's small asset base, certain of the fund's expenses and its portfolio transaction costs may be higher than those of a fund with a larger asset base. To the extent that the new fund does not grow to or maintain a viable size, it may be liquidated, and the expenses, timing and tax consequences of such liquidation may not be favorable to some shareholders.

## **PANDEMIC RISK**

Pandemics are large outbreaks of infectious disease that spread over a wide geographic area and pose significant local and/or global economic, social, and health risks. At the time of this update, the COVID-19 pandemic has resulted in disruptions

in areas such as consumer spending, manufacturing, hospitality, tourism, small businesses and transportation among others, further resulting in volatility of financial markets. While WFAM(I) has prepared for pandemic outbreaks in its ongoing business continuity planning there is no guarantee that WFAM(I) or its service providers will be able to maintain normal operations and/or will not lose key personnel on a temporary or long-term basis as a result of COVID-19 or other pandemics. The full effects of pandemics are unknown which creates significant uncertainty in the global population and economic environments.

### **PRINCIPAL INVESTMENT RISK**

All investments in securities include a risk of loss to the principal amount invested and any profits that have not been realized. Clients should be prepared to bear this loss. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that is out of our control but we will endeavor to manage all our clients' assets to the best of our ability and in a way that minimizes any loss; however, we cannot guarantee any level of performance or that a client's account will not experience a loss of account assets.

### **REGULATORY RISK**

Changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment. Pursuant to section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and certain rules promulgated thereunder (collectively known as the "Volcker Rule"), if the Manager and/or its affiliates own 25% or more of the outstanding shares of the Fund more than three years after the Fund's inception date (or such longer period as may be permitted by the Federal Reserve), the Fund will be subject to restrictions on trading that will adversely impact the Fund's ability to execute its investment strategy. Should this occur, the Fund may decide to liquidate, or the Manager and/or its affiliates may be required to reduce their ownership interests in the Fund, either of which may result in gains or losses, increased transaction costs and adverse tax consequences.

### **SHORT SALES RISK**

Short selling is generally considered speculative, has the potential for unlimited loss and may involve leverage, which can magnify an account's exposure to assets that decline in value and increase the volatility of the Fund's net asset value.

### **SMALLER COMPANY SECURITIES RISK**

Securities of companies with smaller market capitalizations tend to be more volatile and less liquid than those of larger companies.

### **SOVEREIGN DEFAULT RISK**

Sovereign default is a failure or refusal of the government of a sovereign state to pay back its debt in full. Cessation of due payments (or receivables) may either be accompanied by formal declaration (repudiation) of a government not to pay (or only partially pay) its debts, or it may be unannounced.

### **SUBSIDIARY RISK**

As pertaining to the Alternative Risk Premia Fund, the value of the Fund's investment in its Cayman Islands subsidiary may be adversely impacted by the risks associated with the underlying derivatives investments of the subsidiary. In addition, changes in the laws or regulations of the United States or the Cayman Islands, under which the Fund and the subsidiary, respectively, are organized, could result in the inability of the Fund or the subsidiary to continue to operate as described in the prospectus and could negatively affect the Fund and its shareholders.

### **SWAPS RISK**

Depending on their structure, swap agreements and options to enter into swap agreements ("swaptions"), both of which are types of derivatives, may increase or decrease exposure to long- or short-term interest rates, foreign currency values, mortgage-backed securities, corporate borrowing rates, or credit events or other reference points such as security prices or inflation rates.

### **U.S. GOVERNMENT OBLIGATIONS RISK**

U.S. Government obligations may be adversely impacted by changes in interest rates, and securities issued or guaranteed by U.S. Government agencies or government-sponsored entities may not be backed by the full faith and credit of the U.S. Government.

## **Item 9 – Disciplinary Information**

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

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

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

WFAM(I) offers only investment advisory and discretionary portfolio management services. It has no broker-dealer or investment banking functions. WFAM(I) is a 100% owned indirect subsidiary of Wells Fargo & Company, a diversified financial services company. The Wells Fargo group of companies contains many entities, including banking and other investment advisory and discretionary portfolio management businesses. WFAM(I) has affiliations and arrangements with other members of the Wells Fargo group and additional information regarding any potential conflicts is identified in Item 11 (Code of Ethics and Conflicts of Interest) below.

WFAM(I), as an investment advisor and discretionary portfolio manager, undertakes investment business as an authorized and regulated financial institution with a number of US and overseas regulatory authorities as set out below:

In the UK, WFAM(I) is authorized and regulated by the Financial Conduct Authority and has obtained permission to carry out activities including, but not limited to: advising on investments, arranging deals in investments, dealing in investments as agent and managing investments. WFAM(I) has also obtained a 'passport' enabling it to provide financial products or services, set up a base, or run its permitted activities in another country in the European Economic Area (EEA). For further details on WFAM(I)'s regulated investment activities and passports please refer to the FCA's Financial Services Register at: <https://register.fca.org.uk>.

With respect to commodity trading activity, WFAM(I) is registered as a Commodity Trading Advisor ("CTA") with the Commodity Futures Trading Commission ("CFTC") and is a member of the National Futures Association ("NFA").

In South Africa, WFAM(I) is registered with the Financial Sector Conduct Authority as an Authorised Financial Service Provider.

In Australia, WFAM(I) is registered with the Australian Securities and Investments Commission.

WFAM(I) provides advisory and sub-advisory services on a contract basis to public and private funds and other advisors. In serving as a sub-advisor, WFAM(I) oversees the function of portfolio management and related reporting functions only. Because

WFAM(I) considers the contracting advisor (or fund) as its client, WFAM(I) distributes its Form ADV and other disclosures to its client directly and not to the underlying fund shareholders or trust beneficiaries. WFAM(I) relies on the contracting advisor to take responsibility for AML/Privacy/Disclosure and counseling of any shareholder-specific inquiries.

WFAM(I) also serves as a sub-adviser for affiliates of Wells Fargo, including WellsCap. Wells Fargo Funds Management, LLC, a subsidiary of Wells Fargo & Company and an affiliate of WFAM(I), is the investment adviser for the Funds and directs the sub-advisory relationship pursuant to applicable advisory contracts for each Fund. Wells Fargo Funds Management, LLC also acts as administrator to the Funds.

As noted within this Brochure, WFAM(I) is one of several registered investment advisers that form a part of Wells Fargo's asset management division, Wells Fargo Asset Management. Wells Fargo Asset Management includes, among other registered investment advisers WellsCap, and WFFM, which are affiliates of WFAM(I).

In circumstances where WFAM(I) and its affiliated investment adviser WellsCap are co-managing a portfolio/fund, WFAM(I) and WellsCap share research and analyst reports that each receives and/or produces through combined meetings of analyst and/or portfolio management teams, a central database of research and reports, or as they otherwise deem appropriate. These affiliated investment advisers have determined that their clients generally will benefit from such shared research by effectively broadening the resources of each adviser. WFAM(I) and WellsCap participate in the co-management of two investment strategies and pursuant to a service level agreement between them, provide various support services to one another, including trade support services.

WFAM(I)'s use of an affiliated co-manager presents a conflict of interest for WFAM(I) because a greater portion of your fee remains within the Wells Fargo family of companies than if WFAM(I) used a third party to provide these services. WellsCap's use of affiliated co-manager also could present a conflict of interest because the affiliated co-manager could use its discretion to invest your assets in affiliated funds and certain investments that provide Wells Fargo with greater aggregate revenue than provided by unaffiliated funds and other investments.

WFAM(I) addresses this conflict through disclosure in this Brochure, and through reviews of the quality and continued value of the services provided by its co-manager.

WFAM(I) is affiliated with other Wells Fargo owned investment advisers/broker-

dealers but it does not have arrangements that are material to its business or its clients with such investment advisers/broker-dealers. For a full list of affiliated brokers, please contact us.

## **Item 11 – Code of Ethics and Conflicts of Interest**

### **CODE OF ETHICS**

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

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

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

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

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

Our Code is also on public file with, and available from, the SEC. It is also available upon request without charge by contacting us at the email address on the front cover



of this Brochure.

## **ADDITIONAL POTENTIAL CONFLICTS AND CODE CONSIDERATIONS**

The Code does not prohibit personal trading by employees but rather seeks to monitor and manage their trading, and in some cases restrict it subject to certain conditions. In addition, WFAM(I) is affiliated with a large financial services holding company which includes a variety of financial businesses and activities that are managed by Wells Fargo employees. As a result, due to our activities as an investment manager, it is possible that conflicts will arise from time to time as WFAM(I) employees are managing their personal assets concurrent with the ongoing functions related to their employment duties and our fiduciary obligations, or as affiliated entities or their employees are engaging in their own financial activity. While WFAM(I) seeks to manage these conflicts by strict application of its Code provisions and policy requirements, the following situations could create an actual or perceived conflict of interest:

### **Wells Fargo Affiliation**

WFAM(I) is a subsidiary of Wells Fargo & Co., a diversified financial services firm that, along with its affiliated entities, provides a variety of banking and financial services to a broad array of clients. As such, there may be instances where some of these affiliated entities could engage in their own trading involving the same securities that WFAM(I) manages on behalf of clients. This means that while WFAM(I) is managing its fiduciary duties to its clients, other entities within Wells Fargo could be engaging in transactions that create a conflict (for example, they could be selling the same security that WFAM(I) has purchased for a client). In addition, these related persons could recommend their clients transact the same securities in which a WFAM(I) client has a material financial interest. In some instances, it is possible that a client may also have a client relationship with one or more Wells Fargo entities, and their securities transactions may appear conflicted. With limited exceptions described below, these transactions by related persons are independent of WFAM(I) and are outside of the course and scope of WFAM(I)'s investment advisory and discretionary portfolio management services. However, in order to manage these potential conflicts, WFAM(I) maintains a variety of policies to maintain effective business barriers and manage the confidentiality of its own information and activities, as described further below.

WFAM(I) acts as a fiduciary with respect to its asset management activities and is required to act in the best interest of its clients and address conflicts that arise. Nevertheless, there are instances where investment opportunities are limited for a client's account in certain markets in which limitations have been imposed by regulation. One example would include an instance in which WFAM(I) holds positions

on behalf of clients in companies that are in turn invested in WFAM(I)'s parent company, Wells Fargo. Applicable regulatory limitations due to WFAM(I)'s affiliation with Wells Fargo and its subsidiaries give rise to potential conflicts with WFAM(I)'s fiduciary duties, as well as potential conflict of interest, and could result in WFAM(I) determining that securities are, or are not, permissible or recommended for purchase or sale.

### **Brokerage Transactions with Affiliates**

WFAM(I) has multiple broker-dealers affiliated with its ultimate parent, Wells Fargo. In order to limit any potential conflicts of interests when engaging in investment transactions on behalf of its clients, WFAM(I), prohibits any trade execution with broker dealers affiliated with Wells Fargo (i.e., those broker dealers that are wholly-owned, subsidiaries of Wells Fargo). WFAM(I) does not participate in client transactions as a broker or a dealer in securities and does not operate as a broker or a dealer in effecting securities transactions for compensation for any client. This means that in most instances in which WFAM(I) transacts in a security on behalf of the client the transaction is effected using an independent third-party broker dealer. While this policy to restrict trading through affiliated broker-dealers limits the potential conflict of interest, WFAM(I) could be limited in its ability to engage in certain securities transactions and to take advantage of market opportunities, as discussed in this Brochure, regarding the best execution of transactions.

### **Independent Activity by Wells Fargo Subsidiaries**

WFAM(I) believes that related persons within the Wells Fargo organization could from time to time recommend securities, proprietary products and/or services to WFAM(I)'s clients. To the extent such "recommendations" are made, they are made outside of the WFAM(I) investment context.

WFAM(I) has an incentive to recommend to you, or buy and sell for you, securities that generate additional revenue for our affiliates over securities that do not. For certain security offerings, Wells Fargo Bank ("WFB") acts in an agency or principal capacity, including but not limited to acting as a bond trustee, paying agent, note registrar, master servicer, trustee, syndicate co-manager, originator, depositor, or sponsor of an MBS, ABS or CMBS asset pool, remarketing agent, or lender in a bank loan syndicate (e.g., sales of pooled or packaged asset-backed securities).

WFAM(I) purchases securities from time to time in offerings or underwritings in which Wells Fargo subsidiaries act in one or more such capacities (and therefore has a financial interest in the outcome of the offering or syndication) to the extent permitted by applicable law and client investment guidelines, and clients should note the potential conflict of interest inherent in such activity. In such cases, WFAM(I) follows

the requirements and constraints of the client and/or applicable regulations and laws, which includes Regulation W of the Federal Reserve Act and the Investment Company Act of 1940. In general, should WFAM(I) inadvertently purchase securities in violation of these rules, the purchase will be deemed a trade error and WFAM(I) will make the client whole for any losses suffered in connection with the unauthorized transaction.

WFAM(I) from time to time purchases securities in which Wells Fargo has a financial interest. However, with limited exceptions such purchases are only permitted where Wells Fargo is acting in an agency capacity on behalf of a separate issuer (e.g., as bond trustee), as opposed to purchases of securities issued by Wells Fargo directly.

To ensure compliance with applicable laws and regulations and to minimize conflicts of interest, WFAM(I) generally prohibits purchases into client accounts of securities issued by Wells Fargo & Company and its subsidiaries ("WFC Securities"), and by entities with certain relationships with Wells Fargo & Company ("WFC-related Securities"). Where not prohibited by law or regulation, WFAM(I) allows client accounts to hold WFC Securities on a limited basis for various reasons, including but not limited to: 1) transferred accounts or non-discretionary accounts which require the client to acknowledge in writing (e.g. email correspondence) that WFAM(I) did not provide advice or an opinion regarding the acquisition or holding of the position; 2) approved exceptions consistent with regulatory prohibitions and client requests; or 3) money fund; or 4) index funds mandates that are tracking an index which holds WFC Securities. For these reasons, the aggregate exposure to WFC Securities in our client accounts is very limited. Clients should be aware that in some cases these limitations on transacting in WFC Securities and WFC-related Securities could adversely impact the performance of their accounts.

### **Participation by WFAM(I) in Client Securities Transactions.**

WFAM(I) provides investment advice to a range of clients and it may happen that the firm is making decisions about the same security at the same time for multiple clients. Situations may arise where a particular security is being sold for one client whilst it is being retained or bought by another client; or being bought for one client whilst being sold by another. Investment decisions are client specific, depending on the particular mandate and circumstances of each client e.g., one client might wish to raise cash so WFAM(I) might sell a security on which it has a positive view.

WFAM(I) may manage accounts for related persons and in such cases generally will have full discretionary powers over the accounts. Other than establishing the investment objectives and policies of the portfolio, the related person generally has no influence or control over the investment decisions made for the account, and no

prior knowledge of transactions that take place in the account. However, in certain instances, the related person may have influence or control over the investment decisions.

In the exercise of its discretion, WFAM(I) may cause an account to sell a security to another account managed by WFAM(I) or one of its affiliates. Any such transaction would be effected in accordance with the investment Advisers Act of 1940 (the “Advisers Act”), and if applicable, the Investment Company Act of 1940.

WFAM(I) may purchase for its clients (i) securities in the secondary market that were originally underwritten by a related person, (ii) to the extent permitted by law, securities in an offering underwritten by a related person, provided that such purchases are from members of the underwriting syndicate other than a related person, and (iii) securities of issuers in which an affiliate of WFAM(I) may have an interest.

### **OTHER POTENTIAL CLIENT INVESTMENT CONCERNS AND INVESTMENT CONFLICTS**

Where WFAM(I) acts in the capacity of an investment advisor it will provide investment advice to investment companies, private investment funds and advisory accounts. While the advice rendered to such clients is furnished in light of their respective investment objectives and policies, securities owned by one client may also be owned by other clients and it may occasionally develop that the same investment advice and decision for more than one client is made at the same time. Furthermore, it may develop that a particular security is bought or sold for only some clients, even though it might be held or bought or sold for other clients, or that a particular security is bought for some clients when other clients are selling the security.

The investment identification, selection and management process could create potential or actual conflicts for WFAM(I) and its clients, including:

- Client accounts invested in collective investment funds (e.g., money market and other mutual funds, private funds, exchange-traded funds) will also bear their proportionate share of fees paid at the fund level. If the fund is sponsored, advised or otherwise serviced by a Wells Fargo company, WFAM(I) and/or its affiliates may receive fees that are paid at the fund level.
- Certain types of investments involve leverage or derivative-styled exposure to underlying or reference securities, which affect risk profiles and raise regulatory implications for certain types of clients;
- Some investments are created, managed or issued by entities that engage in

social, economic, commercial or political activities that could be deemed objectionable or questionable by certain clients;

- Some investments are only available to clients who meet certain investor standards, such as qualified institutional buyer (“QIB”) or qualified purchaser status, or who have considerations or restrictions with respect to investments in private or unregistered transactions or in transactions or regulated by the federal government or state law (e.g., Native American gaming);
- Some investments (either directly, or due to the nature of underlying component assets or derivative structures) involve actual or perceived liquidity constraints that could adversely impact pricing determinations, valuation methodologies, transparency and review of asset composition, and/or the actual marketability and sale of the investment; and,
- The purchase and/or management of some investments involve credit analysis based in whole or in part on information that may not be readily available to the public (e.g., material, non-public information), and that can cause the client to become restricted in trading public securities of that issuer so long as such information remains material and non-public. In addition, investments in the same security by WFAM(I) and its affiliated entities may result in increased aggregated exposure across the firm and therefore WFAM(I) may be limited in its ability to transact in such security.

To minimize any potential client investment conflicts, WFAM(I) manages its investment advisory and discretionary portfolio management services, fee structure, and investment selection process in accordance with pre-established client investment guidelines, the advisory or investment management agreement with the client, and policies and procedures adopted pursuant to Rule 206(4)-7 of the Advisers Act. WFAM(I) also maintains a Code of Ethics, firewall procedures and other information barriers to ensure the confidentiality of investment activity for each WFAM(I) client is maintained in accordance with applicable law. Additional actual or potential client investment conflicts and concerns include:

#### 1) Purchase of Client Securities

WFAM(I) has an incentive to recommend or select the securities of unaffiliated issuers that are in a position to influence or give business to WFAM(I) or its affiliates. From time to time, WFAM(I) purchases publicly traded securities of issuers who are also clients of WFAM(I). In these circumstances, WFAM(I) monitors its position and limits size to percentages that are consistent with existing benchmarks or other investment protection principles, and in keeping with the objectives of the applicable strategy. Client investment guidelines and advisory or investment management agreements may also limit in whole or in

part the purchase of related securities.

## 2) Trade Allocation

WFAM(I) has adopted trade allocation policies and compliance procedures to manage the potential conflicts of interest that may arise when allocating investments across clients. WFAM(I) engages in transactions in the same security or securities on behalf of a group of accounts in many instances, and will choose to execute trades separately or on an aggregated basis based on WFAM(I)'s reasonable belief as to economic benefit for the account.

Transactions for accounts that are included in a bunched or aggregated order may be executed before, along with, or after transactions in the same security being executed for other WFAM(I) clients. Considering WFAM(I)'s policy to treat all eligible WFAM(I) clients fairly and equitably overtime, allocations are generally conducted on a pro-rata basis but in some circumstances pro-rata allocation may not be possible. Where pro-rata allocation is not possible an alternative allocation methodology may be applied in order to address legal, tax, regulatory, fiduciary, risk management, and other considerations.

WFAM(I)'s objective is to ensure that over time, no discretionary account is systematically favored over any other discretionary account as to any available investment for reasons outside of the client's investment guidelines and applicable law.

As part of the pre-trade order indication process, WFAM(I) contemplates several factors, including: each account's investment objective(s) and risk exposure; restrictions and investment guidelines; available cash and ongoing liquidity needs; existing holdings of similar securities; and, correlation and deviation to any relevant model portfolio(s).

As noted above, non-pro rata allocations may be applied relative to fixed income trades to rebalance portfolios that have experienced cash flows or to address other general account management issues. Moreover, if a block order is not completed for WFAM(I) in its entirety, partial fills will be allocated proportionately by WFAM(I), though minimum size and odd lot restrictions will affect the distribution, potentially resulting in an allocation that is not pro rata. As a result, one account may receive a price for a particular transaction that is different from the price received by another account for a similar transaction at or around the same time. We have policies and procedures to ensure that aggregated trades are allocated on a fair basis, in accordance with regulatory requirements, client objectives and market conditions.



### 3) Cross Trading

Subject to applicable law and client restrictions, WFAM(I) may, in its discretion, execute buy-sell transactions between accounts that it manages (either on an advisory or sub-advisory basis) without the involvement of a broker-dealer (“cross trades”). Participating accounts in cross trades may include accounts in which WFAM(I) and/or its affiliates have an ownership interest. Cross trades present a potential conflict of interest. For example, WFAM(I) could have an incentive to favor one of the participating accounts in a cross trade. As a matter of policy, WFAM(I) must determine that the cross trade is in the best interests of both parties to the transaction. Any cross trade involving a registered mutual fund account will be executed in accordance with applicable rules under the 1940 Act, the Advisers Act and procedures adopted by the fund’s boards of directors or trustees, which require, among other things, that the securities be priced at an independent market price. Cross trades involving non-mutual fund accounts will be executed in a substantially similar manner in accordance with the Advisers Act and WFAM(I)’s procedures. When WFAM(I) executes a cross trade between its advised accounts, WFAM(I) does not receive any brokerage commission with respect to the transaction. While in some situations there may be advantages to effecting a cross trade, WFAM(I) seeks to achieve best qualitative and quantitative execution on each trade and, as a result, could determine that exposing transactions to the market instead of cross trading is likely to result in best execution. Additional factors considered in determining how to effect a trade where WFAM(I) clients have interests on each side of the trade include whether an independent (unaffiliated) broker: (i) provides deeply discounted fees for the trade, including any residual shares; (ii) provides certainty of time/price; and, (iii) exposes the trade to the market for consideration and price reporting. Individual investment managers or their traders will make the determination whether to engage in cross-trade transactions based on their knowledge of the market, liquidity, and potential cost savings.

WFAM(I) does not effectuate agency or principal cross trades as a current business practice.

### 4) Client Account Privacy

New and existing clients are required to provide information to support WFAM(I)’s regulatory obligation to obtain, verify, and record information that identifies each client pursuant to the requirements of various national, federal and state laws. Such procedures are required to help deter the funding of terrorist activities and support regulatory requirements around anti-money laundering (also known as “AML”).

WFAM(I) complies with all applicable privacy regulations and has created policies regarding the collection and disclosure of information about WFAM(I)'s clients considered to be non- public personal information. Although these policies are designed to protect client confidentiality and non-public personal information, WFAM(I) reserves the right to disclose such information where it believes in good faith that it is required or permitted to do so by law, or in circumstances related to the servicing of client accounts where WFAM(I) has retained affiliated or non-affiliated third parties who are permitted to use such information solely to provide the service. When client information is accessed, we maintain protective measures as described in our privacy policies and notices.

Unless restricted by agreement with client, WFAM(I) is permitted to disclose anonymous information identifying portfolio holdings that are representative of a particular strategy when WFAM(I) is engaged in a review or modeling of its strategies with third parties.



## **Item 12 – Brokerage Practices**

### **BROKERAGE PRACTICES**

Trades are only executed through brokers that are on WFAM(I)'s Approved Broker and Market Counterparties list. To be included on this list, brokers/counterparties must satisfy certain criteria concerning financial soundness, regulated status, quality of service and market reputation.

There are no set limits on the commission rates that may be paid to brokers/counterparties but trades are put out to competitive tender wherever possible and performance is calculated after the deduction of any dealing fees or charges. WFAM(I) is a specialist credit asset manager and the markets in which it operates do not normally charge commission. Due to the type and nature of the instruments in which it deals, WFAM(I) uses a variety of execution venues.

WFAM(I) has policies and procedures that are designed to obtain the best possible outcome for client orders bearing in mind any specific instructions from the client, the nature of the order, the features of the products themselves and the type of markets and venues on which they are traded.

There are many criteria to be considered when addressing best execution. The net price paid or received by the client is a major consideration, but other factors are also considered (e.g. certainty of execution and the reliability of settlement). WFAM(I) believes its policy and procedures maximise the possibility of the firm achieving best execution on a consistent basis when assessed over a series of transactions and over time. However, it is not possible to guarantee best execution of all client orders on every occasion. Achieving best execution may be impacted when WFAM(I) is acting on specific client instructions.

### **BEST EXECUTION**

WFAM(I) is domiciled in the United Kingdom and remains subject to European Union regulations throughout 2020. It is required to manage those assets in accordance with the Markets in Financial Instruments Directive II ("MiFID II") and publish an "Order Execution Policy" outlining the processes for taking all sufficient steps to obtain the best possible results for clients.

WFAM(I)'s Order Execution policy is aimed at satisfying its fiduciary duty to seek the most favorable execution terms reasonably available given the specific

circumstances of each trade ("best execution"). The portfolio manager or trader also researches the security for its suitability, relative value and optimal price, in addition to researching which broker-dealer(s) may be in the best position to provide the best price. With the evolution of electronic trading platforms, portfolio managers and traders are more able to request bids and offers from multiple broker/dealers. In the exercise of its business judgment, WFAM(I) in some instances only contacts one broker under conditions noted by policy. WFAM(I) considers, inter alia, the following factors for obtaining best execution; each factor, in and of itself, is not construed as a definitive factor:

- Broker-dealer's historic trade performance with WFAM(I);
- Efficiency of the broker's back-office operations; and
- Broker-dealer's ability to provide liquidity and make a "market" for certain securities,

Additionally, in accordance with MiFID II WFAM(I) takes all sufficient steps to obtain the best possible result for its clients, taking into account a range of factors, including but not limited to:

- Price
- Costs (implicit and explicit), including broker commission rates where applicable
- Timing and speed of execution
- Likelihood of, and capabilities in, execution, clearance and settlement
- Size of transaction relative to others in the same or similar financial instrument
- Financial status and responsibility of a counterparty or broker
- Other appropriate factors, such as client mandate constraints.

WFAM(I), except in limited circumstances, prohibits any trade execution with broker dealers affiliated with Wells Fargo. The actual allocation of brokerage business will vary from year to year, depending on evaluations of all applicable considerations. In no case will WFAM(I) make binding commitments as to the level of brokerage commissions it will allocate to a broker, nor will it commit to pay cash if an informal target is not met.

To meet its oversight and governance responsibilities, WFAM(I) portfolio managers and traders participate in quarterly trade management committees that review all aspects of best execution. Trade management committee members are responsible for overseeing and maintaining an effective governance program that complies with all stated policies, including best execution as well as MiFID II provisions for those accounts deemed to be in scope.

## **RESEARCH**

For all client accounts, research will be obtained by WFAM(I) by hard dollars. Under certain situations, WFAM(I) may utilize minor non-monetary benefits in the receipt of research services. The minor non-monetary benefits will be received as long as they enhance the quality of service provided to the client and do not impair the manager's duty to act in the best interests of the client. WFAM(I) believes it is important to its investment decision-making process to have access to independent research. Brokerage and research services provided by brokers may include, among other things, effecting securities transactions and performing services incidental thereto (such as clearance, settlement, and custody), and providing information regarding: the economy; industries; sectors of securities; individual companies; statistical information; taxation; political developments; legal developments; technical market action; pricing and appraisal services; credit analysis; risk measurement analysis and performance analysis. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts. In addition, research services could take the form of access to various computer-generated data, and meetings arranged with corporate and industry spokespersons, economists and government representatives.

## **DIRECTED BROKERAGE**

WFAM(I) does not participate in any directed brokerage arrangements.

## **SOFT DOLLAR ARRANGEMENTS**

WFAM(I) does not participate in soft dollar arrangements (practices whereby a broker agrees to provide some service or benefit to the firm in return for placing orders with the broker).

## **TRADE AGGREGATION**

Investment decisions for each client are made independently, but the same decision may be made contemporaneously for a range of clients with similar objectives or for those invested in similar strategies. This means that we may be buying or selling the same security at or about the same time for more than one client.

In such cases, WFAM(I) may aggregate similar trades and execute the trade as a single block. In certain circumstances, for example where portfolios/funds are co-managed with WellsCap, trades may also be aggregated with trades on behalf of clients of WFAM(I)'s affiliates. When transactions are aggregated, the securities

purchased or sold will be allocated among the participating accounts in a fair and equitable manner. The actual prices applicable to the aggregated transactions will be averaged, and the accounts will be deemed to have purchased or sold their proportionate share of the securities involved at the average price.

WFAM(I) will not aggregate transactions unless it believes that it is in the best interests of clients to do so. Aggregation is subject to regulatory requirements, the firm's duty to achieve best execution and the terms of its agreement with the client. However, there is no assurance that aggregation of transactions will benefit all clients equally, and in some instances combined orders could adversely affect the price or volume of a security. Also, it is possible that WFAM(I) may not aggregate trades in circumstances where it would have been beneficial to do so. A potential conflict of interest could arise if orders for a client do not get fully executed due to being aggregated with orders of other accounts managed by WFAM(I).

## **Item 13 – Review of Accounts**

### **ACCOUNT REVIEW**

Each WFAM(I) account has a named Portfolio Manager who is responsible for keeping the account continuously under review and for making purchases and sales for the portfolio. This review process includes risk and performance analysis.

Peer reviews of portfolios are performed monthly by Investment professionals. These peer reviews monitor whether portfolios reflect the firm's relevant investment strategy.

Apart from these regular portfolio reviews, a review of individual holdings may be triggered by economic or political events, or by a specific event in a company, industry or sector. We will also review an account if the client's investment objective changes or at the request of the client.

WFAM(I) and its individual client Relationship Managers engage in an annual comprehensive investment review with the client to ensure client account investments are updated to comply with any changes in the applicable laws, regulations, policies and procedures, and investment guidelines.

Each year WFAM(I) sends to its clients a detailed schedule of the information we hold regarding their account with us. This information includes contact and custodian details, strategy, benchmark, names of directors of the client, etc. A copy of the most recent client guidelines from the Investment Management Agreement, along with any subsequent addendums to the guidelines, is sent. The client is requested to check the details and sign and return the schedule to WFAM(I) with any amendments or comments indicated.

WFAM(I) risk management processes are designed to review a variety of performance and investment risks and benchmarking issues, including:

- Firm-wide aggregate exposure to the debt of corporate entities, including highly concentrated, potentially less-liquid positions;
- Firm-wide aggregate exposure to the credit risk of transaction counterparties;
- Derivative positions and their application (hedging, mandate implementation, or speculation);
- Portfolio positioning responsible for both extraordinarily weak or extraordinarily strong peer-relative performance over the trailing 12 months, as determined by

attribution analysis;

- Strategies most likely to experience extreme benchmark/peer-relative performance given their current risk profile;
- Strategies exhibiting style drift; and
- Consistency with established internal risk targets.

Additional compliance procedures are in place to review portfolio and account activity for conformity with client investment guidelines, best execution and other considerations. As part of the monitoring process, WFAM(I) Compliance utilizes compliance and trade order systems, Bloomberg and WFAM(I)'s proprietary system, GPARMs, to assist them in performing any monitoring of WFAM(I)'s activities. Alerts on these systems are monitored by compliance personnel, and any warnings are researched and cleared in a timely manner.

### **CLIENT REPORTING**

The nature and frequency of client reporting depends on the requirement of a particular client and any applicable regulatory requirements. This matter is normally covered in the advisory or investment management agreement. Generally, monthly reports are provided to clients showing the value and holdings of the account and summarizing all changes made during the month.

Reports may be provided to a client in electronic format, hardcopy or a combination of these media.

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

### **REFERRALS TO WFAM(I)**

WFAM(I) may pay fees in certain instances to parties who refer business to the firm. Any payment for referrals shall comply with all national, federal and state laws including, with respect to cash solicitation fees, the requirements of Rule 206(4)-3 under the Advisers Act.

WFAM(I) permits certain designated persons (referred to as "Solicitors") to refer potential business to WFAM(I). Under this arrangement, WFAM(I) would pay a portion of the referred client's management fee earned by WFAM(I) to the referring party. Any solicitor is required to conduct solicitation functions in accordance with Rule 206(4)-3 under the Advisers Act and the laws of the country in which such solicitation is made. Payments to Solicitors range in value based on the type of investment vehicle.

The referral fee will be borne solely by WFAM(I) and not the referred client.

The investment management services of WFAM(I) are also offered to clients of Wells Fargo. The distribution of investment products and services is dependent on interrelationships among WFAM(I), its affiliates, and other entities in support of these activities. There exist certain potential or actual conflicts of interest within these interrelationships, including marketing or sponsorship arrangements with third-parties, sub-advisers and brokerage firms to promote the distribution of proprietary investment products including, but not limited to, variable products, mutual funds, managed accounts or the general enhancement of the "Wells" marketing image. Such parties, sub-advisers, and brokerage firms may concurrently have advisory, distribution, or other relationships with WFAM(I). These arrangements could result in additional assets under management to WFAM(I) or inure to the direct or indirect benefit of clients of the firm.

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## **Item 15 – Custody**

Clients should receive account statements from their bank, broker-dealer or other qualified custodian, in addition to the account statement that they may receive from WFAM(I). We urge clients to carefully review both account statements and compare official custodial records to the account statements provided by WFAM(I). WFAM(I)'s statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. It is in the client's best interests to carefully review all statements received from the custodian and WFAM(I) and raise any queries promptly with the relevant parties. For tax and other purposes, the statement received from the custodian is the official record of the client's account(s) and assets.

For all the funds managed by WFAM(I), it does not act as a custodian, nor does it recommend any particular custodian to a client. Of course, a WFAM(I) client may select Wells Fargo Bank, N.A. as its custodian, just as it might choose other third-party financial institutions as its custodian.

For those clients who select Wells Fargo Bank as their custodian, an account statement is generated at least quarterly and sent to each client by Wells Fargo Bank. For those clients who choose a financial institution that is not a Wells Fargo affiliate to act as their custodian, WFAM(I) has no control over the frequency of reporting by the custodian but would expect this to be at least quarterly as well. WFAM(I) deals only with institutional clients that are highly sophisticated or have access to independent professional advice. Consequently, the firm frequently receives request from clients for additional information to supplement that received from their custodians.

WFAM(I) will co-operate as far as is reasonably possible with requests for information from the client or their custodian relating to reconciling their accounts.



## **Item 16 – Investment Discretion**

### **DISCRETIONARY AUTHORITY**

Pursuant to the client's investment advisory or investment management agreement, WFAM(I) has the authority to determine the securities to be bought or sold from time to time, as well as the amount of those securities. These determinations are made pursuant to the investment guidelines provided by clients, as well as any regulatory considerations. WFAM(I)'s standard is to receive complete discretionary authority over an account with the written approval of the client.

Such investment discretion remains limited to the client's risk tolerances, investment objectives and guidelines and provisions of the investment advisory or investment management agreement. However, certain clients may also require prior approval of investment transactions or request to be advised before certain investment transactions are effected. Where WFAM(I) serves as an investment adviser to a fiduciary account for a trust, prior approval is often required by the trustee or grantor of the trust.

The following are common limitations to WFAM(I)'s authority:

- Funds: WFAM(I) is limited to investment alternatives specified in each Fund's prospectus. The choice of investment alternatives is further limited by investment restrictions set forth in each Fund's statement of additional information, in the Investment Company Act of 1940 and under other applicable laws and regulations. All investments of each Fund are subject to the supervision of the Fund's board of trustees;
- Private Funds: WFAM(I) is limited to investment alternatives specified in each Private Fund's confidential private placement memorandum or similar offering document;
- Private Accounts: WFAM(I) is limited by the investment management agreement, the instructions of its clients and by the nature of the account that it advises. Clients may from time to time change their instructions to WFAM(I). Accounts managed on behalf of employee benefit plans are subject to fiduciary standards imposed by the Employee Retirement Income Security Act of 1974 ("ERISA"). If a client requests in writing that its account not hold securities of

companies in certain industries or countries or that certain securities be retained, and this limitation is acceptable to WFAM(I), WFAM(I) will comply with the request.

See Item 4 for more details regarding WFAM(I)'s business and the investment process.

### **TRADE EXECUTION**

WFAM(I) places trades with broker-dealers on a discretionary basis. WFAM(I) has authority to determine the broker or dealer to be used as well as the applicable commission rates. This allows WFAM(I) to optimize "best execution" of trades for all of its clients. WFAM(I) will only execute trades with brokers on WFAM(I)'s pre-approved broker list. See Item 12 for more information regarding brokerage practices.

## **Item 17 – Voting Client Securities (Proxy Voting)**

WFAM(I) has and accepts the authority to vote proxies on behalf of its clients. WFAM(I) has adopted the WFAM policies and procedures (the “Procedures”) in accordance with Rule 206(4)-6 under the Advisers Act in an effort to ensure that proxies are voted in the best interests of its clients without regard to any relationship that any affiliated person of WFAM(I) (or an affiliated person of such affiliated person) may have with a particular issuer. WFAM(I) exercises its voting responsibility as a fiduciary with the goal of maximizing value to clients consistent with governing laws and the investment policies and specific requirements of each client.

Due to the fact that WFAM(I) currently manages portfolios of fixed income securities, index exposures, futures, forwards and swaps, all of which rarely carry voting rights and in respect of which proxies are rarely solicited, WFAM(I) does not anticipate any proxy voting activity. However, if the situation does arise whereby WFAM(I) does proxy vote WFAM(I) may have a conflict of interest regarding a proxy to be voted if, for example, WFAM(I) or one of its affiliates has a relationship with the issuer of a proxy. In most instances, conflicts of interest are avoided through a strict and objective application of the voting guidelines. However, when WFAM(I) is aware of a material conflict of interest regarding a matter that would otherwise be considered on a case-by-case basis WFAM(I) will address the material conflict by using any number of specified conflict management methods.

## **Item 18 – Financial Information**

WFAM(I) has no financial condition that is reasonably likely to impair contractual commitments to clients, and it has not been the subject of any bankruptcy petition.

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

Not applicable.