

## Wrap Fee Brochure for:

**Personalized Unified Managed Account**  
**FundSource®**  
**Private Advisor Network**  
**Customized Portfolios**

801 - 37967

Investment Advisory Services of Wells Fargo Advisors  
Revised February 2021

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This brochure provides information about the qualifications and business practices of Wells Fargo Advisors and the Personalized Unified Managed Account, FundSource, Private Advisor Network and Customized Portfolio Programs. This information should be considered before becoming a Client of one of these Programs. If you have any questions about the Programs or the contents of this brochure, please contact us at the telephone number above.

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

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

**Investment and Insurance Products are:**

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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

## Summary of Material Changes

Material Changes to the Wrap Fee Brochure for Separately Managed Account Programs since March 31, 2020:

- On February 27, 2020, the Securities and Exchange Commission ("Commission") entered an order against Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, following the Firms' offers of settlement. Without admitting or denying the findings, the Firms consented to the entry of the order finding that in recommending certain clients purchase and hold single inverse exchange traded funds, the Firms willfully violated Section 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 206(4)-7 thereunder, and failed reasonably to fulfill their supervisory responsibilities within the meaning of Section 203(e)(6) of the Advisers Act and Section 15(b)(4)(E) of the Securities Exchange Act of 1934. The Firms agreed to: (a) cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, (b) be censured, and (c) jointly and severally pay a civil monetary penalty in the amount of \$35,000,000.
- The **Mutual Fund and Exchange-Traded Funds in Advisory Programs** section has been updated to change the rate of Platform Support compensation we receive to up to 30 basis points on assets for omnibus services performed. In addition, the range of payments we receive from mutual fund complexes and ETF providers per year for data agreements has been changed to \$450,000 to \$650,000.
- On August 27, 2020, Wells Fargo Clearing Services, LLC agreed to a settlement with FINRA regarding allegations that the Firm failed to reasonably supervise the activities of two former registered representatives, thus violating its own written supervisory procedures along with NASD Rule 3010(a) and FINRA Rules 3110(a) and 2010. Between November 2012 and October 2015, the two representatives recommended that many of their customers invest a substantial portion of their assets in four high-risk energy securities, which generated multiple red flags regarding overconcentration and suitability in their customers' accounts that the firm failed to reasonably investigate. The Firm has previously compensated 67 clients over \$9.7 million for losses in these investments. Without admitting or denying the findings, the Firm agreed to a settlement that included a censure, a fine of \$350,000 and restitution in the amount of \$201,498 plus interest to additional specified clients.
- The Voting Client Securities section of this document has been updated to reflect that where you have previously delegated proxy voting authority to Wells Fargo Advisors (for Accounts over which we exercise discretion), that we will no longer vote proxies for your securities in your Program Account and you will now have sole authority to exercise your proxy voting rights. We have set up an arrangement with a third party proxy voting provider where, under the Program Agreement and unless you indicate or tell us otherwise, you will delegate your proxy voting authority to the provider to vote proxies on your behalf. There is no cost to you to use this service. Please see the Voting Client Securities section of this document for additional information.
- Personalized UMA Multi Strategy Custom Blend Clients are no longer permitted to decline a rebalance review of their Account.
- Updates have been made to the "Participation or Interest in Client Transactions" section of this document.
- The FundSource Program has been added to the Wrap Fee Brochure for the Personalized Unified Managed Accounts, Private Advisor Network and Customized Portfolios Programs. Previously, the FundSource Program was included in the Wrap Fee Brochure for Mutual Fund Advisory Programs, which is no longer in use.
- FundSource Customized Blend Clients are no longer permitted to decline a rebalance review of their Account.
- Updates have been made to the "General Information About Fees for Program Services", "Other Account Fees", "Account Termination", "Portfolio Manager Selection and Evaluation" and "Other Financial Industry Activities and Affiliations" sections of this document.
- The Sustainable REIT and Faith-Based REIT strategies have been added to the Customized Portfolios Equity strategies which are available within the Personalized UMA Program. In addition, the descriptions of the other available Customized Portfolios Equity strategies have been updated.
- The FundSource® Offshore SEI Optimal Blends are now Closed to New Investors. In addition, the minimum fee for these Optimal Blends has been changed to \$300.

# **Table of Contents**

|   | Page      |
|---|-----------|
| <b>Summary of Material Changes .....</b>  | <b>2</b>  |
| <b>Services, Fees and Compensation .....</b>  | <b>4</b>  |
| Personalized UMA .....  | 4         |
| Single Strategy and Multi Strategy Investment Options .....                                 | 5         |
| Features of Personalized UMA .....  | 5         |
| Allocation Advisors strategies .....  | 6         |
| Wells Fargo Compass asset allocation strategies .....                                       | 8         |
| Customized Portfolios Equity strategies .....   | 8         |
| Personalized UMA Optimal Blends .....   | 9         |
| FundSource® Optimal Blends within Personalized UMA .....                                    | 10        |
| FundSource® .....   | 12        |
| Private Advisor Network .....   | 15        |
| Customized Portfolios .....   | 17        |
| Fees and Compensation for All Programs .....  | 18        |
| Account Termination .....   | 25        |
| <b>Account Requirements and Types of Clients .....</b>                                      | <b>26</b> |
| Types of Clients .....  | 27        |
| <b>Portfolio Manager Selection and Evaluation .....</b>                                     | <b>27</b> |
| Services Tailored to Individual Client Needs .....  | 29        |
| Client Restrictions and Instructions .....  | 29        |
| Performance-Based Fees and Side-By-Side Management .....                                    | 29        |
| Methods of Analysis, Investment Strategies and Risk of Loss .....                           | 29        |
| Voting Client Securities .....  | 30        |
| <b>Client Information Provided to Portfolio Managers .....</b>                              | <b>30</b> |
| <b>Client Contact with Portfolio Managers .....</b>   | <b>30</b> |
| <b>Additional Information .....</b>   | <b>30</b> |
| Disciplinary Information .....  | 30        |
| Other Financial Industry Activities and Affiliations .....                                  | 31        |
| Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..... | 32        |
| Review of Accounts .....  | 33        |
| Client Referrals and Other Compensation .....   | 33        |
| Brokerage Practices .....   | 34        |
| Cash Sweep Program .....  | 35        |
| Financial Information .....   | 37        |

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

WFCS is affiliated with Wells Fargo Advisors Financial Network ("WFAFN"), a broker-dealer also providing advisory and brokerage services. Information about the advisory and brokerage services offered by WFAFN is available by contacting them directly. WFA is also affiliated with Wells Fargo Investment Institute, Inc. ("WFII"), a registered investment adviser that provides advisory services and research to WFA.

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

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

## **Services, Fees and Compensation**

### **Types of Advisory Services**

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

### **Advisory Programs**

The investment advisers, affiliated and unaffiliated separate account investment advisers ("Managers"), mutual funds, Exchange Traded Funds ("ETFs") and advisory annuities, who are selected for these Programs employ methods of analysis that are described in the WFA or the adviser's Disclosure Document. Each adviser employs a variety of investment strategies depending on the investment objectives, financial circumstances, risk tolerance and any restrictions you have indicated. Such strategies ordinarily include long or short-term purchase of securities and, depending on your objectives and the adviser's style, supplemental covered option writing. We also offer certain strategies that include margin transactions, other option or trading strategies or short-sale transactions.

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

A Client request to establish or terminate Program services, including contribution and withdrawal activity, is not considered a market order due to the administrative processing time needed to establish your advisory Account. However, we will make every effort to process your request promptly.

As described below in the "Other Financial Industry Activities and Affiliations" section, we are engaged in a wide range of securities services. The advice given and action taken in the performance of our duties to you will differ from advice given, or the timing and nature of action taken, with respect to other Program Clients and/or Clients in other advisory Programs. Additionally, there are times that we are limited in our ability to divulge or act upon certain information we possess as a result of investment banking activities or other confidential sources.

### **Personalized Unified Managed Account (Personalized UMA)**

Upon reviewing your investment needs, objectives and risk tolerance, we will assist you in selecting among various investment options available within the Program, which includes investments in affiliated and unaffiliated Managers, mutual funds, ETFs and advisory annuities, each known as a strategy. The Program offers three investment strategy types:

- **Single Strategy**, where you select one strategy of a certain affiliated or unaffiliated Manager per Account.
- **Multi Strategy Optimal Blends**, where you select target allocations comprised of strategies of certain Managers, mutual funds and/or ETFs designed for Clients with various investment objectives. These Optimal Blends are based upon Manager, mutual fund and ETF due diligence provided by our affiliate, WFII.
- **Multi Strategy Custom Blends**, where you create your own custom target allocations consisting of multiple strategies of Managers, mutual funds, ETFs and/or advisory annuities in one Account.

The intent of the Program is to offer a competitive roster of high-quality Managers, mutual funds, ETFs and advisory annuities representing a broad array of investment asset classes and approaches. The varied asset classes and investment styles are generally intended to be complementary in nature with respect to their combined diversification and risk/return-based characteristics.

## Single Strategy and Multi Strategy Investment Options

Single Strategy offers you access to one strategy within an Account. Single strategy Accounts may invest in Managers, WFA constructed strategies from the Allocation Advisors and Wells Fargo Compass series of portfolio strategies, Wells Fargo Bank constructed Customized Portfolios Equity Strategies and all of the available FundSource® Optimal Blends.

Optimal Blend portfolios are based on Wells Fargo Investment Institute's ("WFII"), analytical process that focuses on both the merits of an investment strategy and on how the various strategies on our roster complement each other. We offer Multi-Strategy Optimal Blends comprised of Managers, mutual funds and/or ETFs on our roster that complement one another. The combination and allocation strategy of the selected investment strategies are based on our determination of the appropriate target asset allocation and/or risk/return profile for your investment objective and risk tolerance. The strategies and/or funds and allocations are modified from time to time based upon changes in asset allocation guidance or our assessment of factors impacting individual funds or particular combinations.

Multi Strategy Custom Blend allows you to create your own combination of strategies all within a single Account. With the help of your Financial Advisor, you will choose a percentage target allocation for each strategy you select. Available strategies include Managers, the portfolio strategies of Allocation Advisors and Wells Fargo Compass, Customized Portfolios Equity strategies, FundSource® Optimal Blends, ETFs, individual mutual funds and advisory annuities.

We recommend that you construct your Custom Blend prudently. While the simplicity of having multiple strategies in a single Account could be attractive to you, combining too many strategies in a single Account can create a negative experience. Please consider the number of securities by each strategy, their security sizes and turnover when constructing a Custom Blend.

## Features of Personalized UMA

### Trading Authorization

Unless you choose an advisory annuity, WFA or the Manager will have discretion over the day-to-day investments of the Account. Who you grant trading authorization depends upon the strategies you have chosen.

- Trading Authority - where an Account or a portion of your Account is allocated to a Manager, the Manager participates in one of two ways:
  - a) **Discretionary Managers** - Discretionary Managers are responsible for the day-to-day investing of your assets participating in their selected investment strategy. We will not be responsible for any decision made by a Discretionary Manager as to the day-to-day management of your assets.
  - b) **Model Managers** - Model Managers provide their investment strategy to us, designating us as the Manager. When designated as the Manager, we will manage that portion of your Account on a discretionary basis, including the day-to-day investing of assets, based on the advice provided to us by each Model Manager with respect to the securities and other investments to be purchased and sold for a particular investment strategy. We will implement the Model Manager's recommendations without change, but within our policies and subject to any reasonable restrictions you choose to impose. Manager Profiles associated with the selected Manager Strategy will indicate when the Manager is acting as a Model Manager. Model Managers include, third-party affiliated and unaffiliated managers, WFII (in the case of Allocation Advisors, Wells Fargo Compass, and FundSource® Optimal Blends), Russell Investments (in the case of Pathways models) and Wells Fargo Bank (in the case of Customized Portfolios Equity strategies).

In addition to acting as a Model Manager, we also have discretion to direct transactions in the following circumstances:

- a) rebalancing a Multi-Strategy Account as you directed to maintain levels in conformance with your target allocation when the actual allocation within Managers/strategies varies by more than certain established percentages from your target allocation, whether as a result of market changes or additions to, or withdrawals from, the Account;
- b) any gain or loss selling that you request;
- c) selling securities being added to the Account, initially or during the term of the service, that are not compatible with the Manager's investment model portfolio;
- d) liquidating all or a portion of the Account as requested should you terminate the Personalized UMA Program Account; and
- e) under certain circumstances, we retain the right to use discretion to direct trades and notify the Managers after those trades are completed.

### Advisory Annuities within Personalized UMA

Within a Personalized UMA Multi Strategy Custom Blend you have the ability to purchase, on a non-discretionary basis, certain advisory annuities included on our Allowable List that are in an advisory share class or I-share class. We will not have investment discretion over the advisory annuity assets in your Account and you authorize WFA or its agent to implement your investment decisions and process all transactions related to your purchase of any advisory annuity in the Account. In addition, any confirmations for transactions related to the advisory annuity must be sent to you even if you have elected to suppress confirmations on other discretionary assets within the Personalized UMA Account.

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

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

### **Manager/Allocation Changes**

Within the Personalized UMA Program, we have the discretion to remove a Manager, mutual fund or ETF and replace it with another Manager, mutual fund or ETF. For Managers, we will notify you in advance if a Manager in your Account is going to be removed from the Program. As part of the removal process, we will propose a replacement Manager, as applicable. If you do not object to the replacement Manager, or select another available Manager, you will be deemed to have consented to and appointed the replacement Manager. If you object to the replacement you have the option to terminate your participation in the Program without penalty. To the extent that a removed Manager invests in mutual funds proprietary to the Manager and the Manager is no longer part of the Program, we will liquidate these positions upon termination of the Manager's services. Any securities traded as a result of such changes could result in tax consequences. Reasons for removing a Manager include, but are not limited to, failure to adhere to expected investment objectives or a given management style, a material change in the Manager's professional staff, unexplained poor performance, or dispersion of Client Account performance. Similar factors are considered in replacing mutual funds or ETFs within Personalized UMA.

With respect to mutual funds or ETFs, we will not notify you prior to any removal and replacement. For Optimal Blends, in addition to replacing a Manager, mutual fund or ETF, we also adjust the target allocation within an Optimal Blend from time to time without your consent.

For a Single Strategy or Multi Strategy Custom Blend, you have the ability to remove and/or replace a Manager, mutual fund or ETF from your Account at any time. The Program is not intended to serve as a vehicle for frequent Manager, mutual fund or ETF switching in response to short-term fluctuations in the securities markets. Program services are designed as long-term investments and, therefore, are not appropriate for "market timing" or other trading strategies that entail rapid or frequent investment and disinvestment, which could disrupt orderly management of the various investment portfolios available in the Service ("disruptive trading"). If disruptive trading activity is detected in Client Accounts, we reserve the right to take appropriate action to stop such activity. We reserve the right to modify these policies at any time.

Withdrawals could cause the individual Manager allocations to fall below the Manager minimums. Managers reserve the right to resign from the management of their allocation should the minimum fall to a point where they can no longer effectively manage the allocation.

### **Multi-Strategy Rebalance Options**

The target allocation you select applies at the time the Account is established in the Personalized UMA Program. Additions to and withdrawals from your Account will generally be allocated based on the target allocation. Fluctuations in the market value of assets, as well as other factors, however, will affect the actual allocation in the Managers/strategy at any given time. In order to maintain your overall Account with us in conformance with your target allocation among Managers/strategies, we will automatically rebalance, or direct the rebalancing of, the Account periodically if the levels of the Managers/strategies vary by more than certain established percentages from the target allocation. You have the ability to request a rebalance of your Account.

### **Description of Available Strategies within Personalized UMA**

#### **Allocation Advisors portfolio strategies**

Allocation Advisors strategies enable you to invest in discretionary portfolios developed by either our affiliate, WFII, or an unaffiliated Manager who has been contracted by us for their management expertise, and who provides their investment strategy to us. Allocation Advisors strategies are designed to provide a disciplined approach to meet the varying objectives and needs of Clients through objective-based or asset allocation portfolios.

Allocation Advisors strategies include the Strategic ETF strategies, the Cyclical Asset Allocation Portfolios Plus ("CAAP Plus") strategies, the Tactical ETF strategies, the ESG Aware strategies, the Intuitive Investor ETF strategies, the Active/Passive and Tactical Active/Passive strategies. These strategies are developed with a focus on a risk, return, and correlation between asset classes, while taking into consideration asset allocation guidelines based upon various time frames. The unaffiliated Managers, Morningstar Investment Management, LLC and Laffer Investments, also develop Allocation Advisors strategies. The services they provide are limited to the delivery of their investment model.

Allocation Advisors strategies ordinarily consist of ETFs, exchange-traded notes ("ETNs"), closed-end funds, open-end mutual funds and other securities. We or the unaffiliated Manager determines both the asset allocation and security selection utilized in the Portfolios, and will review those selections periodically. Both the asset allocation and/or securities utilized in these strategies can be adjusted or replaced at any time.

Allocation Advisors strategies are managed separately and are not pooled. These strategies are not subject to the same due diligence process that is applied to other unaffiliated or affiliated Managers or strategies.

To meet investors' individual needs for diversified portfolio solutions, the Allocation Advisors strategies offers various families of discretionary portfolios. Each family is managed with a different approach to asset allocation, as described below, which are based on time horizon or a unique portfolio objective: strategic, tactical, cyclical or objective oriented. Within each family, the portfolios offered bring together the portfolio investment objective (Income, Growth & Income, and Growth) along with a degree of risk tolerance (Conservative, Moderate, and Aggressive). These investment objectives are defined later in this document.

The investment process used to select the securities utilized within the strategies for the various asset classes is based primarily on how well the various securities have tracked the specific index or market sector for which the security represents. The strategies are comprised of ETFs that have a high correlation to their underlying index. However, the performance of the index-related ETFs will vary somewhat due to transaction costs, market impact and corporate actions such as mergers and spin-offs.

## Portfolio Strategy Series

**The Strategic ETF** strategies utilize an asset allocation approach based on WFII's recommended long-term strategic guidelines, with an outlook of generally 10-15 years. WFII reviews the long-term strategic recommendations on a periodic basis and changes the asset allocation recommendations from time to time in light of new research and analysis.

We offer nine Strategic ETF strategies: Conservative Income, Moderate Income, Aggressive Income, Conservative Growth & Income, Moderate Growth & Income, Aggressive Growth & Income, Conservative Growth, Moderate Growth and Aggressive Growth.

**The Cyclical Asset Allocation Portfolios Plus (CAAP Plus)** strategies utilize an asset allocation approach that re-evaluates capital market assumptions at least every three months, while managing the strategies with a time horizon of three to five years. These strategies do not mirror the asset allocations utilized in either the Tactical ETF strategies or Strategic ETF strategies, but follow generally similar but separate capital market assumptions. These assumptions are based on a cyclical asset allocation approach developed by us, based on our belief as to where we are in the current market cycle (generally a 3-5 year timeframe) instead of over several economic cycles (generally 10-15 year timeframe). At times, the CAAP Plus strategies over or underweight certain sectors with respective sector-related exchange-traded products ("ETPs"), which are designed to track specific market industries or asset classes. We determine the sector over or underweight positions in the strategies.

We offer six CAAP Plus strategies: Moderate Income, Conservative Growth & Income, Moderate Growth & Income, Moderate Growth & Income Tax Managed, Moderate Growth and Aggressive Growth.

**The Tactical ETF** strategies utilize the most active, or tactical, approach to asset allocation amongst the Allocation Advisor strategies. While utilizing our recommended long-term strategic asset allocation guidelines (generally 10-15 year outlook) as the basis for the asset allocation for these portfolios, the Tactical ETF strategies also incorporate short-term adjustments generally looking out six to eighteen months. These short-term tactical adjustments reflect our current thinking about near-term risks and opportunities, and are implemented in the strategies on an ad-hoc or as needed basis.

We offer nine Tactical ETF strategies: Conservative Income, Moderate Income, Aggressive Income, Conservative Growth & Income, Moderate Growth & Income, Aggressive Growth & Income, Conservative Growth, Moderate Growth and Aggressive Growth.

**The Active/Passive and Tactical Active/Passive** strategies utilize an asset allocation approach based on our recommended long-term strategic guidelines, with an outlook of generally 10-15 years. We review our long-term strategic recommendations on a periodic basis and change the asset allocation recommendations from time to time in light of new research and analysis. The strategies are comprised primarily of a combination of ETFs and mutual funds. The combined use of these products provides access to passively managed index correlated investments blended with an allocation of actively managed funds to help actively manage risk and potentially improve the risk/reward profile of the strategies. However, the performance of the index-correlated securities will typically lag the index due to expenses. In addition to the combination of ETFs and mutual funds, the Tactical Active/Passive strategies also employ a blend of more traditional low-cost ETFs and complementary "Smart Beta ETFs." Smart Beta ETFs seek to enhance strategy construction by systematically weighting underlying securities by factors other than just the size of the companies or issuances. While utilizing our recommended long-term strategic asset allocation guidelines, the Tactical Active/Passive strategies also incorporate short-term adjustments generally looking out six to eighteen months. These short-term tactical adjustments reflect our current thinking about near-term risks and opportunities and are implemented in the strategies on an ad-hoc or as needed basis.

We offer nine Active/Passive and Tactical Active/Passive strategies: Conservative Income, Moderate Income, Aggressive Income, Conservative Growth & Income, Moderate Growth & Income, Aggressive Growth & Income, Conservative Growth, Moderate Growth and Aggressive Growth.

**The Environmental, Social and Governance (ESG) Aware** strategies seek to incorporate investment products with greater awareness of Environmental, Social and Corporate Governance factors relative to other potential investments within a given asset class, economic sector, industry and/or geographic region. The products used either have specific ESG-related mandates or employ investment processes that incorporate ESG screening/awareness as part of their overall investment selection and risk management process. The overall intent is to favor investment approaches that are conscious of, and tend to collectively promote, environmental sustainability, responsible corporate citizenship and social impact, and fair and ethical business practices and corporate governance. It should be recognized that there will be asset classes where, or periods when, a desired ESG-oriented product is not currently available for use. Under such occurrences, a broader market Exchange Traded Fund (ETF) or mutual fund would be used to maintain overall desired portfolio exposures and diversification.

The strategies are primarily comprised of a combination of mutual funds and ETFs for which the mix will be based on the availability of recommended ESG-oriented products, the desired overall strategy allocation and other criteria intended to enhance strategy risk/return potential. In addition to the potential selective use of broad market ETFs, the ETFs used will include those systematically managed based on specified investment parameters and ESG criteria. Combining passively or systematically managed ETFs with actively managed funds can help enhance overall diversification and potentially improve the risk/reward profile of the portfolios. While ETF products often attempt to closely track specified market indices, the performance will typically lag the index due to expenses.

We offer the following nine ESG Aware strategies: Conservative Income, Moderate Income, Aggressive Income, Conservative Growth & Income, Moderate Growth & Income, Aggressive Growth & Income, Conservative Growth, Moderate Growth and Aggressive Growth.

**The Intuitive Investor<sup>®</sup> ETF** strategies utilize an asset allocation approach based on WFII's recommended long-term strategic guidelines, with an outlook of generally 10-15 years. WFII reviews the long-term strategic recommendations on a periodic basis and changes the asset allocation recommendations from time to time in light of new research and analysis. These strategies allow you to invest in one of several discretionary asset allocation strategies that are diversified across multiple asset classes. The Intuitive Investor ETF strategies consist of a blend of traditional low-cost ETFs and complementary "Smart Beta ETFs." Smart Beta ETFs seek to enhance portfolio construction by weighting underlying securities by means other than just the size of the companies. These alternative ways to weight portfolio constituents can employ some of the same screening processes and optimization techniques used by active managers, but with systematic approaches to track referenced benchmarks helping to substantially reduce fund expenses in relation to fully active management.

We offer the following nine Intuitive Investor ETF strategies: Conservative Income, Moderate Income, Aggressive Income, Conservative Growth & Income, Moderate Growth & Income, Aggressive Growth & Income, Conservative Growth, Moderate Growth, and Aggressive Growth.

**The Morningstar Strategic ETF** strategies follow the guidelines set forth by Morningstar Investment Management, LLC, a registered investment adviser that is unaffiliated with us. We offer five Morningstar Strategic ETF strategies: Moderate Income, Conservative Growth & Income, Moderate Growth & Income, Moderate Growth and Aggressive Growth.

We also offer the **Morningstar ETF Multi-Asset High Income** strategy. This objective oriented strategy offers the Morningstar model of asset allocation with an explicit preference for yield. The types of securities contained within the selected ETFs for investment in this strategy include but are not limited to: U.S., international developed market and emerging market debt obligations; U.S., international developed market and emerging market equities; preferred stocks; real estate investment trusts (REITs); mortgage REITs; Master Limited Partnerships; Royalty Trusts; and Business Development Corporations (BDCs). Debt obligations include, but are not limited to, investment-grade bonds; high yield (non-investment grade or unrated) bonds; U.S. Treasury or agency securities; U.S. Treasury inflation-protected securities (TIPS); certificates of deposit; commercial paper; mortgage-backed or asset-backed securities; floating-rate securities; loan portfolios; and taxable municipal bonds. The strategy invests in ETFs that employ what are referred to as "alternative" strategies or asset classes. These include but are not limited to trading strategies to accentuate returns or manage risk using futures, forward contracts, options, swaps or other derivative securities, or by short-selling. Other strategies they use could include managed futures, investment in illiquid assets or assets with limited liquidity, or other non-traditional assets. A substantial majority of the securities are expected to produce current income, although some could be held for diversification, appreciation or potential future income. Morningstar monitors the portfolio on an ongoing basis which leads to the holdings being more actively managed than Morningstar Strategic ETF strategies. Morningstar has the ability to adjust positions at any time to reposition the strategy, reduce risk, or improve the strategies' risk/return profile.

The **Laffer Global** strategy is an ETF strategy that follows the investment recommendations of Laffer Investments, a global economic asset manager that applies macroeconomic principles to investment strategy management. Each ETF potentially represents equity investments from a single country that may be either a developed or emerging economy, a currency or a cash alternative. Each fund's investments are chosen for their macroeconomic and investment attractiveness during a given year.

**The Laffer Dynamic U.S. Inflation** strategy follows the investment recommendations of Laffer Investments, a global economic asset manager that applies macroeconomic principles to investment strategy management. The Laffer Dynamic U.S. Inflation strategy seeks to provide protection from inflationary pressures by constructing a portfolio which seeks to outperform the rate of U.S. inflation through Laffer Investments' recommendation on asset class allocations using ETFs.

### **Wells Fargo Compass asset allocation strategies**

Wells Fargo Compass asset allocation strategies are designed by our affiliate, WFII to provide a disciplined approach to meet the varying objectives and needs of Clients. Our services generally rely on fundamental securities analysis with some emphasis on charting or cyclical analysis as well. Each Wells Fargo Compass strategy is developed by utilizing a combination of these analysis methods in the management of the strategy. Program quality and concentration requirements are established to provide an overall discipline and structure. Such strategies ordinarily include long- and short-term purchase of equity and fixed income securities, ETFs, ETNs, open-end mutual funds and closed-end mutual funds ("CEFs").

The Wells Fargo Compass asset allocation strategies utilize a tactical asset allocation approach. While following our recommended long-term strategic asset allocation guidelines which represents our 10-15 year strategic outlook, these strategies also incorporate short-term adjustments generally looking out six to eighteen months. These short term tactical adjustments reflect our current thinking about near-term risks and opportunities, and are implemented in the Program strategies on an ad-hoc or as needed basis.

To meet investor needs for diversified solutions, based upon individual investment and risk objectives, we offer the following six Wells Fargo Compass asset allocation strategies: Conservative Growth & Income, Moderate Growth & Income, Aggressive Growth & Income, Conservative Growth, Moderate Growth, and Aggressive Growth.

To achieve these objectives the strategies invest in domestic stocks, preferred stocks, convertible securities, CEFs, ETFs, ETNs, investment-grade obligations or high-yield obligations. ETFs and CEFs are used to manage allocation across all asset classes. They provide suitable levels of liquidity, diversification, and, in some cases, transaction costs that are attractive to the Manager(s) as they set their core strategy.

These strategies are not subject to the same due diligence process that is applied to other unaffiliated or affiliated Manager or strategies who participate in other Programs available at the Firm.

### **Customized Portfolios Equity strategies within Personalized UMA**

We offer ten Customized Portfolios Social Impact Investing equity strategies developed by Wells Fargo Bank, N.A. ("WFB") that offers investors the ability to align their financial goals with their values. WFB constructs portfolios by reviewing securities from a universe of large-capitalization stocks that are traded on U.S. listed or over-the-counter exchanges. Each strategy has one or more socially responsible objectives and seeks to avoid companies with poor Environmental, Social and Governance (ESG) performance in one or more areas. Environmental, Social and Governance ("ESG") factors are fully integrated into each strategy and may specifically avoid certain industries such as those with significant revenue from the sale of alcohol, tobacco, gambling, adult entertainment, private prisons and weapons manufacturing. The following strategies are available to meet your investing needs:

**Core** strategy provides a sector-diversified U.S. large-cap equity portfolio that excludes tobacco stocks, coal mining companies, and firms involved in the production of controversial weapons.

**Responsible Investment** strategy provides a sector-diversified U.S. large-cap equity portfolio that is managed to be consistent with the concerns of traditional socially responsible investors. It excludes companies with significant revenue from the sale of alcohol, tobacco, gambling, adult entertainment, and weapons manufacturing.

**Faith-Based** strategy provides a sector-diversified U.S. large-cap equity portfolio that is managed to be consistent with the concerns of Catholic and Conservative Christian faith-based investors, and in particular excludes companies judged to have issues related to life ethics (e.g., abortion, use of fetal stem cells). The strategy also excludes firms with significant revenue from the sale of alcohol, tobacco, gambling, adult entertainment, and weapons manufacturing.



**Sustainable Investment** strategy provides a fossil fuel free, sector-diversified U.S. large-cap equity portfolio that is managed to be consistent with the concerns of investors concerned with climate change and other sustainability issues. The strategy excludes companies engaged in the production of fossil fuels, as well as mining companies. The strategy also avoids companies with significant revenue from the sale of tobacco, alcohol, gambling, adult entertainment, and weapons manufacturing.

**Islamic** strategy provides a sector-diversified U.S. large-cap equity portfolio that is managed to be consistent with the concerns of Islamic investors and seeks to adhere to Sharia law. It excludes companies with significant revenue from the sale of tobacco, alcohol, gambling, entertainment, pork, weapons manufacturing, and conventional financial services, as well as companies with high levels of debt.

**Christian Science** strategy provides a sector-diversified U.S. large-cap equity that is managed to be consistent with the concerns of Christian Science investors. It excludes companies with significant revenue from the sale of tobacco, alcohol, gambling, adult entertainment, and weapons manufacturing, as well as those involved in for-profit healthcare. The strategy favors companies that contribute to a healthy society through the team's analysis of ESG metrics.

**Animal Welfare** strategy provides a sector-diversified U.S. large-cap equity portfolio that is managed to be consistent with the concerns of investors focused on animal welfare. The strategy seeks to include companies engaged in the humane treatment of animals, and excludes companies with significant revenue from the sale of tobacco, alcohol, gambling, adult entertainment, and weapons manufacturing.

**Equity Income** strategy provides an income-oriented sector-diversified U.S. large-cap equity portfolio that is managed to be consistent with the concerns of traditional socially responsible investors. It excludes companies with significant revenue from the sale of alcohol, tobacco, gambling, adult entertainment, and weapons manufacturing.

**Sustainable REIT** strategy provides a fossil fuel free, property sector-diversified U.S. real estate investment trust (REIT) portfolio that is managed to be consistent with the concerns investors have with climate change and other sustainability issues. The strategy excludes publicly traded real estate investment trusts involved in fossil fuels and the mining industry and REITs judged to have poor sustainability/ESG characteristics, particularly concerning climate change and other environmental issues.

**Faith-Based REIT** strategy provides a property sector-diversified U.S. real estate investment trust (REIT) portfolio that is managed to be consistent with concerns sustainable investors and faith-based investors have related to life ethics issues. The strategy excludes publicly traded REITs involved in healthcare or deemed to have issues related to life ethics issues (e.g., abortifacients, use of human fetal stem cells). The strategy also excludes REITs judged to have poor sustainability/ESG characteristics.

### **Personalized UMA Optimal Blend Models**

Optimal Blends are built based on specified investment objectives, risk/return profiles and/or targeted asset allocations incorporating various exposures to the following major asset classes: cash alternatives, commodities, and domestic and international equity and fixed income securities. Optimal Blends can also incorporate asset allocation funds, alternative strategy mutual funds or other select funds that utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. The allocation targets are generally based on longer-term risk/return assumptions for varied asset classes or investment strategies and change from time to time in light of new research and analysis.

The stated investment objectives and/or allocation guidelines for the Optimal Blends provide the general basis by which these portfolios will be managed. Below defines the objectives of each Optimal Blend available:

#### **Investment Objective Based Optimal Blends**

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

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

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

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

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

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

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

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

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

#### **Other Available Personalized UMA Optimal Blends**

**Moderate Growth & Income Tax Managed:** To complement the Personalized UMA Multi Strategy Optimal Blends, we offer the Personalized UMA Multi Strategy Moderate Growth & Income Tax Managed Optimal Blend. The Tax Managed blend is an asset allocation portfolio intended for investors with tax\* sensitivity. This blend uses municipal bond separate Account strategies or funds where possible within fixed income allocations. The equity separate Account strategies and funds within this blend tend to exhibit lower portfolio turnover or employ other means intended to increase tax efficiency. We also generally favor strategies and funds that have a bottom-up approach to investing (focused on individual company considerations, merits and investment holding periods) as opposed to a top-down approach (more macro-economic focused) that could result in periods of substantially greater turnover. Since tax efficiency is not typically a concern in qualified Accounts, the Moderate Growth & Income Tax Managed Optimal Blend is not recommended for IRA or ERISA Accounts.

**Global Balanced DSIP/Global Balanced DSIP Tax Managed:** The Global Balanced DSIP and Global Balanced DSIP Tax Managed\* Optimal Blends are offered to clients aligned with a Moderate Growth and Income investment objective. These two portfolios combine two Wells Capital Management equity income focused SMA strategies (Managed DSIP II and Global Dividend Payers) with other ETF's and/or mutual funds, to create a fully allocated portfolio. The two Wells Capital strategies will generally comprise 50% of the portfolio, though, at times, they will represent more, or less, of the strategy. Since tax efficiency is not typically a concern in qualified Accounts, the Global Balanced DSIP Tax Managed Optimal Blend is not recommended for IRA or ERISA Accounts.

#### **FundSource Optimal Blends within Personalized UMA:**

FundSource is a separate discretionary investment advisory Program offered by us that offers a broad array of mutual funds based Optimal Blends that are also available in Personalized UMA. The FundSource Program is described in detail later in this document. All FundSource Optimal Blends are available within Personalized UMA. FundSource Optimal Blends are available to you directly through the FundSource Program rather than through Personalized UMA. However, Personalized UMA provides additional services and flexibility, such as the ability to combine a FundSource Optimal Blend with other Multi Strategy Personalized UMA eligible money managers, eligible ETFs and/or other eligible mutual funds within a single Account. Please see the FundSource section of this document for a detailed description of these FundSource Optimal Blends.

#### **Personalized UMA - Additional Information**

While WFII performs due diligence on the mutual funds included on the FundSource roster of mutual funds, they do not perform due diligence specific to each FundSource Optimal Blend for inclusion in the Personalized UMA Program.

ETFs and ETNs are passively managed portfolios designed to track the performance of a basket of securities or a certain index. ETFs trade on an exchange the way individual stocks do. In simplest terms, ETFs are passively-managed "baskets" of securities that are designed to closely track the performance of specific indices, market sectors, or industries. ETFs should not be confused with open- end mutual funds, from which they differ in significant ways. Unlike open-end mutual funds, ETFs are priced and can be bought and sold throughout the trading day. Open-end mutual funds, which are used in the Allocation Advisors Active/Passive Portfolios, generally have just one price per day, i.e., the net asset value ("NAV"), which is computed after the market close.

Smart Beta ETFs seek to enhance portfolio construction by weighting underlying securities by means other than just the size of the companies. These alternative ways to weight portfolio constituents can employ some of the same screening processes and optimization techniques used by active managers, but with systematic approaches to track referenced benchmarks which can help to potentially reduce fund expenses in relation to fully active management.

ETNs, like ETFs, trade on an exchange like stocks. ETNs are unsecured debt securities that are linked to the total return of a market index. Investors receive a cash payment at the scheduled maturity or early redemption, based on the performance of the index less investor fees. Unlike mutual funds that are required to make capital gain distributions to shareholders, an investor will only recognize capital gains or losses upon the sale, redemption or maturity of the ETN.

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

Passive investments, or more systematically managed investments, typically have lower embedded costs than actively managed investments. As a result, the embedded costs of the underlying securities will be less when the portfolio allocation is tilted more towards passively managed investments and increase when the portfolio manager shifts towards actively managed investments. Utilizing our same asset allocation model with only passive investments, as offered through one of our other Allocation Advisor Portfolios, could potentially provide similar investment results at a lower cost to you. In addition, mutual funds typically pay additional compensation to us that ETFs do not. When certain investments are similarly situated, the difference in financial arrangements between ETFs and mutual funds creates a potential conflict of interest in that we have an incentive to weight the Portfolio with securities that pay us additional compensation. We intend, however, to make all investment decisions independent of such financial considerations and based solely on our obligations to consider your objectives and needs.

### Personalized UMA Program Fee

The Program Fee for Personalized UMA Accounts is only offered on a wrap-fee basis, covering our execution, consulting and custodial services as well as each Manager's fee for services. We negotiate each Manager's portion of the Program fee with the Manager based on a variety of factors, including the amount of data-processing facilities, software and other overhead interface believed necessary. We compensate Managers and Model Managers between 0.00% and 0.50% annually based on total aggregate Client dollars with each Manager. Based on our Programs and Manager compensation structure, your FA has an incentive to recommend a Program and/or Manager, including affiliated Managers, where they retain a greater portion of the fee although your total Program fee remains the same. While the use of certain Managers or strategies costs us less, we intend to make all recommendations independent of such fee considerations and based solely on our obligations to consider your objectives and needs.

In addition, mutual funds and ETFs have fees associated with them that you will pay above and beyond the Program Fee. These fees are embedded within the price of the mutual fund or ETF. Please refer to the prospectus for specific fees associated with a given mutual fund or ETF.

The current standard Program Fee for the Personalized UMA Program, which is negotiable, is shown below. Some Accounts opened prior to September 15, 2018 are subject to a different Program Fee or Minimum Fee. Please consult the Program Features and Fee Schedule of your Client Agreement.

| Personalized UMA   | Standard Program Fee | Minimum Annual Fee                        |
|--|----------------------|---|
| <i>Personalized UMA Multi Strategy</i>   |                      |   |
| Optimal Blend  | 2.50%                | \$1,500                                   |
| Custom Blend   | 2.50%                | **Based on strategy selections. See Below |
| • Individual Mutual Fund (If used as an investment in a Custom Blend)  | 2.00%                | \$50                                      |
| • Individual ETF (If used as an investment in a Custom Blend)  | 2.00%                | \$50                                      |
| • Advisory Annuity (If used as an investment in a Custom Blend)  | 1.50%                | \$500                                     |
| <i>Personalized UMA Single Strategy or used as a sleeve within a Personalized UMA Multi Strategy Account</i>   |                      |   |
| SMA Strategies - Under \$100,000 Minimum   | 2.50%                | \$1,000                                   |
| SMA Strategies - \$100,000 Minimum   | 2.50%                | \$1,500                                   |
| Allocation Advisors Strategies   |                      |   |
| Strategic ETF, CAAP Plus, Tactical ETF, Active/Passive, Morningstar Strategic ETF, Morningstar High Income, Laffer Global Portfolio, Laffer Dynamic U.S. Inflation | 2.25%                | \$500                                     |
| ESG Aware, Intuitive Investor ETF, Tactical Active/Passive   | 2.10%                | \$150                                     |
| Wells Fargo Compass Strategies   | 2.25%                | \$1,000                                   |
| Customized Portfolios Equity Strategies  | 2.25%                | \$1,000                                   |
| FundSource Optimal Blend Strategies  |                      |   |
| Standard, Tax Managed, Capital Stability, Core American, Global Opportunities, Alternatives, Multi-Strategy, Pathways  | 2.00%                | \$300                                     |
| Foundations  | 2.00%                | \$150                                     |
| FundSource Offshore SEI Optimal Blends - CLOSED TO NEW INVESTORS   | 2.50%                | \$300                                     |

\*\*The minimum annual fee for a Multi Strategy Personalized UMA Custom Blend will vary based on the strategies selected. For those Custom Blends that utilize more than one strategy, the minimum annual fee of the strategies selected will be summed together, though will never exceed \$1,500 annually.

You should be aware that the imposition of the minimum Program Fee could cause your Program Fee (expressed as a percentage) to be greater than the Standard Program Fee stated above or the Program Fee stated in your Program Features and Fee Schedule. At our discretion, we can choose to waive the minimum fee.

As shown in the table above, while the Standard Program Fee for a Personalized UMA Multi Strategy Account is 2.50%. Different strategies and/or investments available within the Program have a Standard Fee that is less than 2.50% which will impact the actual fee for your Account. If, for instance, you select a Multi Strategy Custom Blend with 50% of the Account allocated to an SMA strategy (Standard Fee of 2.50%), 25% of the Account allocated to a Wells Fargo Compass strategy (Standard Fee of 2.25%) and 25% of the Account allocated to a FundSource Optimal Blend (Standard Fee of 2.00%), your Standard Fee would be 2.3125% due to the weighting and Standard Fee for each strategy/investment within the Account. As a result of the different fees associated with the different strategies/investments, your actual fee rate could vary quarter to quarter based on the current value of assets in each

strategy/investment at the end of each quarter. This could cause your actual fee rate to be greater than or less than the fee rate shown on your Program Features and Fee Schedule. In a Personalized UMA Single Strategy Account, your Standard Fee will be based on the Strategy selected, as shown in the table above.

## **FundSource® Program**

FundSource is a discretionary investment advisory Program that offers a broad array of mutual funds that invest in and across different investment asset classes and employ varied approaches to investment management. We have created a number of "Optimal Blends" that offer managed portfolios of recommended funds, based on due diligence and asset allocation guidance provided by our affiliate, WFII, and market exposures and fund combinations that we believe are appropriate for a number of different investment objectives. Based on your investment objectives, financial circumstances and risk tolerance, your Financial Advisor will recommend either an Optimal Blend or a Customized Blend, where you select a target allocation in consultation with your Financial Advisor. Once you choose an Optimal or Customized Blend, the assets in your Account will be invested by your Financial Advisor on a discretionary basis.

Our Optimal Blends are built based on specified investment objectives, risk/return profiles and/or targeted asset allocations incorporating various exposures to the following major asset classes: cash alternatives, commodities, and domestic and international equity and fixed income securities. The stated investment objectives and/or allocation guidelines for the Optimal Blends provide the general basis by which these portfolios will be managed. The allocation targets are generally based on longer-term risk/return assumptions for varied asset classes or investment strategies and change from time to time in light of new research and analysis. The asset allocation guidelines and risk/return objectives are selected such that the Conservative Income model would be expected to generally have the lowest long-term investment risk, based on historical average risk levels, but also the lowest expected return. As an investor moves to models with higher allocations in equities or other higher-risk assets, historical averages suggest that expected investment risk and potential return increase. The funds and allocations are modified from time to time based upon changes in asset allocation guidance or our assessment of factors impacting individual funds or particular combinations. A detailed description of the various Optimal Blends is located below. For more information about our mutual fund due diligence process, please see the "Portfolio Manager Selection and Evaluation" section of this document.

The target allocation for Customized Blends is determined at the time your Account is established in the FundSource Program. WFA may make discretionary fund replacements to your Customized Blend if a fund is removed from our recommended list. Other changes to your asset allocation or target allocations will be confirmed with a written notification. Additions to and withdrawals from your Account will generally be allocated based on the target allocation you established for the Customized Blend.

## **Rebalance Trading System**

Fluctuations in the market value of assets, as well as other factors, will affect the actual fund allocation at any given time. The Rebalance Trading System reviews the actual allocation of funds in your mutual fund portfolios versus the target allocation established for your Account. Generally, subject to certain minimum constraints, if any of the funds in your Account vary by more than established percentages from your Target Allocation on a cycle rebalance date, we will rebalance the Account by initiating sell and buy transactions. We have the ability to change these tolerance percentages without notice. You are aware that any transactions initiated to rebalance these assets will cause you to incur tax consequences.

We will conduct periodic reviews, and you can request that a review be done on demand. We generally conduct reviews in FundSource Accounts on an annual basis. In addition, you can select to have annual, semi-annual or quarterly rebalance reviews conducted for FundSource Accounts. Finally, if you direct us to, we can use the Rebalance Trading System to allocate any contributions to or withdrawals from the Account based on the fund targets specified for the Account. The Rebalance Trading System will not rebalance any assets that are not offered through the Programs (i.e., "Non-Program Assets"). For more information about Non-Program Assets, please see the "Other Account Fees" section of this document.

## **Description of FundSource® Optimal Blends**

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

We offer the **Classic, Tax Managed, Core American, Foundations, Optimal Blends with Alternatives, Global Opportunity, and Pathways** Series of FundSource Optimal Blends in portfolios that each correspond to one of our 9 investment objectives. The 9 investment objectives are **Conservative Income, Moderate Income, Aggressive Income, Conservative Growth & Income, Moderate Growth & Income, Aggressive Growth & Income, Conservative Growth, Moderate Growth, and Aggressive Growth**. Descriptions of these investment objectives can be found earlier in this document in the "Personalized UMA" section of this document under "Investment Objective Based Optimal Blends". FundSource Optimal Blends are the same as the descriptions for the Personalized UMA Investment Objective Based Optimal Blends; however, the asset allocation for these FundSource Optimal Blends is achieved solely through mutual funds.

## **Foundations® Optimal Blends**

We offer nine Foundations Optimal Blends. The Foundations portfolios are constructed using the firm's strategic allocation strategy framework with an overlay that allows the portfolio team to opportunistically over/under weight portfolio allocations to take advantage of Wells Fargo Investment Institute's capital market outlook over a forward looking 6-18 month period. Portfolios will typically hold 8-15 mutual funds and dynamically provide investors' with diversification across multiple asset classes, investment styles and market sectors over a market cycle. Due to the ability to over or underweight certain asset classes or investment styles, the Foundations portfolios typically experience more frequent rebalancing than standard FundSource Optimal Blends. Foundations Blends are available for a diverse range of client investment objectives that include: Conservative Income, Moderate Income, Aggressive Income, Conservative Growth & Income, Moderate Growth & Income, Aggressive Growth & Income, Conservative Growth, Moderate Growth and Aggressive Growth. The Foundations Optimal Blends are available at a \$10,000 investment minimum.

## Tax Managed Optimal Blends

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

## Core American Optimal Blends

We offer eight Core American blends. The directive for the Core American blends is to maintain a core allocation to mutual funds from the American Funds Family of funds, but with the remaining assets (generally 50% or more) being allocated among other complementary FundSource recommended funds. The Core American blends include the Core American Conservative Growth & Income blend, Core American Moderate Growth & Income blend, Core American Aggressive Growth & Income blend, Core American Conservative Growth blend, Core American Moderate Growth blend, Core American Growth blend, Core American Aggressive Growth blend and Core American Global Moderate Growth blend.

## Global Opportunities Blends (Closed to New Investors)

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

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

## Pathways<sup>SM</sup> Optimal Blends

Pathways Optimal Blends is a model portfolio series within the FundSource<sup>®</sup> Program that allows you to select an Optimal Blend constructed by the Russell Investment Management Company ("Russell"), using Russell multi-manager mutual funds. Russell, which is registered under the Investment Company Act of 1940, evaluates and retains one or more investment management organizations to manage the Russell funds that make up the Pathways List mutual funds that are used in the Pathways Optimal Blends. The portfolio series offers Clients access to various diversified risk-based allocations to meet specific investment objectives for taxable and tax-managed Accounts. Russell Investments is acting as a model provider to WFA. When you select a Pathways Optimal Blend, you appoint WFA to manage your portfolio on discretionary basis.

We offer nine investment objective based Pathways Optimal Blend portfolios (descriptions of these investment objectives can be found earlier in this document). We also offer the Long Term Conservative Equity Pathways Optimal Blend and the Tax Managed Optimal Blends, descriptions of which can be found below as well.

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

## Pathways Tax Managed Optimal Blends

To complement the Pathways Optimal Blends, we offer Pathways Tax Managed Optimal Blends. The Pathways Tax Managed blends are asset allocation portfolios intended for investors with tax\* sensitivity. These blends use Russell Investments tax-exempt bond funds to generate tax-free income and diversify portfolio risks. The Russell Tax-Managed funds utilize a multi-manager approach with a tax overlay to provide tax efficiency by attempting to minimize capital gains distributions from the funds and increase after-tax returns. Since tax efficiency is not typically a concern in qualified accounts, the Pathways Tax Managed Optimal Blends are generally not recommended for IRA or ERISA accounts.

## Optimal Blends with Alternatives

Optimal Blends with Alternatives are fully allocated, strategic asset allocation portfolios. These models include an allocation to Liquid Alternative mutual funds to enhance portfolio diversification and manage risk by using non-traditional investment strategies such as long-short, absolute return, managed futures, currency, global macro and risk arbitrage. Alternative investment funds can use derivatives to gain exposure to certain asset classes.

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

## Alternative Strategies Blends

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

## Multi-Strategy Blends

### Multi-Strategy Income

The Multi-Strategy Income Optimal Blend is a diversified income-oriented solution that uses a multiple asset class approach to provide investors with relatively attractive current income/yield versus more traditional fixed income strategies. While current income is emphasized, the blend also seeks moderate investment/income growth to help preserve longer-term purchasing power. The strategy will allocate a significant portion its investments to managers that employ more flexible allocation strategies that include non-traditional income and alternative investments in an effort to enhance yield, increase diversification and/or improve the managers' ability to manage risk. While emphasis is placed on a full range of fixed income strategies, equity-income oriented investments will be included to help provide growth of income and capital. The blend is appropriate for investors seeking higher current income through a more dynamic and broadly diversified fixed income oriented allocation, but with the maintenance of moderate equity exposure for enhanced diversification and growth potential.

### Multi-Strategy Balanced Income

The Multi-Strategy Balanced Income Optimal Blend is a diversified income-oriented solution that uses a multiple asset class approach that is broadly diversified across both fixed income and income-oriented equities. While current income is emphasized, the blend also seeks to balance growth of income and capital to preserve longer-term purchasing power. The strategy will allocate a significant portion of its investments to managers that employ more flexible allocation strategies that include non-traditional income and alternative investments to enhance yield, increase diversification and/or improve managers' ability to manage risk. To achieve its current yield and growing income goals, the strategy will typically maintain a more balanced equity and fixed income allocation. The blend is appropriate for investors seeking higher current income while also maintaining the potential for moderate growth and a risk profile that is commensurate with a more balanced equity and fixed income allocation.

## Capital Stability

The Capital Stability Optimal Blend is a diversified portfolio designed for capital stability and preservation of capital. While capital stability is the primary investment objective, the portfolio seeks a modest level of current income. The strategy will primarily invest in lower volatility investment grade fixed income and cash alternatives, but will allocate a portion of the assets to mutual funds that employ more flexible allocation strategies that include liquid alternative investments in an effort to enhance yield, increase diversification and reduce downside volatility. The blend is appropriate for investors seeking stability of capital over a short-term investment horizon (3-12 months) with current income/yield a secondary consideration.

## FundSource® Offshore Optimal Blends - Non-Resident, Non-U.S. Clients Only (NRA) – Only Available Through the Personalized UMA Program (Closed to New Investors)

FundSource® Offshore Optimal Blends are a series of investment objective based model portfolios designed specifically for non-resident (NRA) investors only. These portfolios are only available through the Personalized UMA Program. Portfolios offer investors access to globally diversified, professionally managed portfolios constructed using offshore mutual funds (UCITS funds). UCITS funds are open-end European investment funds established in accordance with Undertaking for Collective Investment in Transferable Securities (UCITS) Directive specifically for offshore investors. UCITS funds used in the model portfolios are EU registered securities sold by prospectus with daily pricing and liquidity. FundSource® Offshore allows you to access a broad range of investment objective portfolios that are actively managed, globally diversified, fully allocated portfolios managed by world-class institutional investment managers.

**FundSource® Offshore SEI Optimal Blends (Closed to New Investors)** are constructed by SEI Investment Management using SEI Investments Global UCITS funds ("SEI Funds"). SEI Investment Management, a registered investment under the Investment Company Act of 1940, utilizes a multi-manager fund structure for each of the UCITS funds used in the portfolios. SEI evaluates and retains one or more investment management managers to sub-advise each of the underlying UCITS funds used in the model portfolios. The SEI Offshore Optimal Blends are constructed by SEI Investment Management using Wells Fargo Investment Institute's (WFII) strategic asset allocation guidance and research. In accordance with our asset allocation guidance, SEI Investment Management is acting as a model manager, and is responsible for selecting the appropriate weighting to each of the SEI funds used in the models to fulfill the asset allocation for each of the SEI Offshore Optimal blends. When you select a FundSource® Offshore Optimal Blend, you appoint WFA to manage your portfolio on a fully discretionary basis. SEI Investment Management will update target UCITS weights based on Wells Fargo Advisors strategic asset allocation guidance. When these changes take place, we will act as your attorney-in-fact with full power and authority to buy, exchange, sell or otherwise effect transactions in your name in shares of UCITS funds in your SEI Optimal Blend portfolio. As SEI funds utilize a manager-of-manager structure, UCITS sub-advisors are terminated or replaced by SEI Investment Management generally due to changes in senior investment personnel and/or a deviation from the desired investment discipline or underperformance. Such changes to SEI fund investments are made without prior notice to you. SEI Global UCITS funds generally trade on a T+3 settlement basis, however, trading and order execution is dependent on local market time zones, foreign market hours and holiday schedules which could cause a delay in order executions or increase trade settlement dates. We will rebalance your SEI Optimal Blend portfolios periodically should the values of the funds vary by more than certain established percentages from the target model allocation you selected. SEI UCITS funds are not transferable, and will automatically be liquidated if you terminate your FundSource® Offshore Optimal Blend Account.

SEI Optimal Blend portfolios offer clients access to 12 pre-determined model portfolio allocations to achieve proper diversification and ensure more consistent investment performance outcomes for each investment objective. Nine of these are investment objective based SEI Optimal Blend portfolios (descriptions of these investment objectives can be found earlier in this document) as well as three Enhanced Income portfolios (Moderate Income w/Enhanced Income, Aggressive Income w/Enhanced Income and Aggressive Growth & Income w/Enhanced Income). Enhanced Income portfolios generally have an increased allocation to high yield, international and emerging market debt, or other income producing asset classes versus traditional Optimal Blends.

## Market Timing in Mutual Funds

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

## FundSource Program Fee

The current standard Program Fee for the FundSource Program, which is negotiable, is shown below. Some Accounts opened prior to June 9, 2017 are subject to a different fee schedule. Please consult the Program Features and Fee Schedule of your Client Agreement.

| Program Fee<br>(annualized, calculated on your account value) |
|---|
| 2.00%   |

There is a minimum Program Fee of \$75 per quarter, with the exception of the Foundations model series, which will be charged a minimum Program Fee of \$37.50 per quarter due to the lower initial investment minimum. You should be aware that the imposition of the minimum Program Fee could cause your Program Fee (expressed as a percentage) to be greater than the standard Program Fee stated above or the Program Fee stated in your Client Agreement. At our discretion, we can choose to waive the minimum fee.

In certain limited instances, we negotiate a customized Program Fee schedule with Clients that is different than the Program Fee described herein. In these instances, Clients will be required to sign an additional addendum that will detail their Program Fee schedule.

The initial Program Fee is calculated as of the date that the Account is accepted by us into the Program and covers the remainder of the calendar quarter. There is typically a short delay between Account inception and initial investment transactions. Subsequent Program Fees will be determined for calendar quarter periods and shall be calculated on the basis of the Account Value on the last business day of the prior calendar quarter.

No fee adjustment will be made to the Program Fee during any fee period for appreciation or depreciation in the value of the assets in your Account during that period. The Account will be charged or refunded a prorated quarterly Program Fee on any net additions or net withdrawals in the Account during a month. Program Fees will be charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. Program Fees will be assessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in your Account on the date stated and other than those fees we will not otherwise be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of your funds (i.e., performance fee). No adjustment will be made to the fee for cash and/or securities added or withdrawn if the account terminates prior to our monthly fee adjustment for such activity.

## Private Advisor Network Program

Under the Private Advisor Network Program, we assist you in identifying a Manager to advise and counsel you relative to your investment of assets. The intent of the Program is to offer a roster of Managers representing a broad array of investment classes and styles from which you select a Private Advisor Network Managers to handle the day-to-day management of your Account(s). Private Advisor Network services typically include matching the personal and financial data you provide with a database of Managers, and providing reports to allow for periodic evaluation and comparison of Account performance with objectives.

Under the Private Advisor Network Program, we will provide information on Managers that appear to meet your needs. Private Advisor Network Managers classified as "Cleared" in our Program have provided sufficient information to our affiliate, WFII, for review and have passed their screening qualifications on an ongoing basis. Some of the factors that are considered for clearing a manager include track record, number of investment professionals, assets under management, and legal and disciplinary history.

Those Private Advisor Network Managers not classified as "Cleared" have not met all or some of the screening qualifications, but certain Clients have specifically requested their inclusion. Generally in these cases, Clients have a pre-existing relationship with the Manager that they'd like to continue. If we accommodate such a request, these Managers are not included in our Manager identification or in the ongoing review processes described above.

We will provide you with recommendations regarding the retention or replacement of your Manager. Reasons for a replacement recommendation include, but are not limited to, a material change in the adviser's professional staff, legal and disciplinary issues and/or unexplained poor performance. You acknowledge that our recommendations will be based only on the information we or WFII have concerning your assets under the Private Advisor Network Program, without regard to the composition of your total portfolio, diversification or liquidity needs and that such recommendations will not serve as a primary basis for investment decisions with respect to your assets. We and WFII have the ability to remove or change the status of the Private Advisor Network Manager

in the Program. If we do remove your current Private Advisor Network Manager from the Program, we will suggest an alternative if available, for your consideration. As an accommodation, in the event of a status change, you have the option to retain your current Private Advisor Network Manager, but you will be notified in writing that the Manager no longer meets the minimum requirements of the Program.

Under the Private Advisor Network Program, you grant the Manager complete discretionary trading authority and authorize the Manager to handle the day-to-day investment management of your Account in accordance with the separate management agreement between you and the Manager. WFA has no discretionary trading authority with respect to such Accounts. Information collected by us regarding Private Advisor Network's Managers is believed to be reliable and accurate, but we do not independently review or verify the information. We include affiliated managers in the roster of Cleared managers. We have the same screening qualifications for these managers that we do for unaffiliated managers.

While performance results are generally reported to us through advisers on a standard gross of fees or commission basis, we do not audit or verify that these results are calculated on a uniform or consistent basis as provided by the adviser directly to us or through the consulting service utilized by us. Other than in connection with our consulting responsibilities, we do not assume responsibility for the conduct of the Managers you select, including their performance or compliance with laws or regulations. You are advised and should understand that:

- a) an adviser's past performance is no guarantee of future results;
- b) certain market and/or interest rate risk can adversely affect any adviser's objectives and strategies, and could cause a loss in your Account; and
- c) risk parameter or comparative index selections provided for Accounts are guidelines only; there is no guarantee that they will be met or exceeded.

Some Managers use covered calls or protective puts (or a combination of both) in your portfolio. Check with your Manager or Financial Advisor to confirm the use of options. Depending on the strategy implemented, covered calls can limit the upside potential of the securities held in your Account. In certain instances, options will be assigned and you will be required to sell securities, thus creating realized gains/losses. The purchaser of a protective put runs the risk of losing the entire value of the purchased option as options become valueless upon expiration if they are not exercised or sold prior to expiration.

### Managers Using Advanced Option Strategies

For managers that use advanced option strategies, such as an iron condor strategy, Clients are required to sign an Advanced Option Strategy Addendum to the Program Features, maintain a separate collateral account, be approved for a Level 6 options trading level and have an investment objective of Trading and Speculation.

If the collateral for this account participates in a WFA-sponsored investment advisory Program, your collateral Account is also subject to the standard fees as described in the applicable Program Features and Investment Advisory Disclosure Document.

Option writing can result in losses in your Account, however the losses can be limited by the purchase of options on the same underlying security. However, even when the writer buys a corresponding hedging option position, the risks can still be significant.

The purchaser of a call or put runs the risk of losing the entire value of the purchased option as options become valueless upon expiration if they are not exercised or sold prior to expiration.

For more information, please see the options disclosure document titled "Characteristics & Risks of Standardized Options."

### Private Advisor Network Fees

You have a choice of two options by which to compensate us for Private Advisor Network services:

- 1) **Program Fee:** Payment of a Program Fee for both Private Advisor Network services and execution services. We will impose no separate charge for brokerage commissions on agency trades or markups or markdowns on principal transactions, except mutual fund purchases, if any.

The current standard Program Fee for the Private Advisor Network Program, which is negotiable, is shown below. Some Accounts opened prior to June 9, 2017 are subject to a different fee schedule. Please consult the Program Features and Fee Schedule of your Client Agreement.

| Program Fee*<br>(annualized, calculated on your account value) |
|--|
| 2.05%  |

\*For Accounts invested in an Advanced Option Strategy, the advisory Program Fee and Platform Fee are calculated based on a target notional value as detailed in the Advanced Option Strategy Addendum to the Program Features. The target notional value is the agreed upon value of broad-based equity market index exposure that the underlying option contracts in the portfolio should represent. The target notional value does not change over time unless a new value is agreed upon in writing. The actual value of the index exposure in your Account can be significantly higher or lower than the target notional value.

There is a minimum Program Fee of \$375 per quarter. You should be aware that the imposition of the minimum Program Fee could cause your Program Fee (expressed as a percentage) to be greater than the standard Program Fee stated above or the Program Fee stated in your Client Agreement. At our discretion, we can choose to waive the minimum fee.

- 2) **Execution Schedule:** (No separate charge for Private Advisor Network services) Under the Execution Schedule, you will pay for Private Advisor Network services by paying commissions for each transaction in the account at our normal commission rate for such agency transactions and at the normal markup or markdown imposed on Client Accounts for principal transactions. You will also be subject to any other fees associated with our standard brokerage accounts, including postage and handling fees, transfer taxes, exchange fees, and any other fees required by law.



Neither the Execution Schedule nor Program Fee includes the advisory fees of the third-party Manager. You pay for the services of your Manager separately. You authorize us to pay the separate investment advisory management fee invoiced by the Manager by debiting your Account accordingly. It is your responsibility to determine if any such invoice from the Manager is proper or if the fee amount charged is accurate. You have the option to revoke our authorization to pay the Manager fee on your behalf any time by written notice to us. When affiliates of WFA serve as Manager to Clients in the Program, we and our affiliates will receive the entire advisory fee.

**Private Advisor Network Non-Execution Accounts:** For Clients wishing to utilize the selection or evaluation monitoring services of the Private Advisor Network without any execution service, the fees for such accounts, payment schedules and refunds thereof are negotiated on a case-by-case basis and are determined as a percentage of assets under management, an annual fee or by consideration of other factors.

## **Customized Portfolios**

Under the Customized Portfolios Program, we will assist you in selecting from portfolios based on the investment strategies of one of our affiliates, Wells Fargo Bank, N.A. ("WFB") or Wells Fargo Investment Institute, Inc. ("WFII"), including fixed income portfolios (the Bank Managed Portfolios) and the option portfolios (WFII Managed Portfolios).

### **Fixed Income Portfolios**

The fixed income portfolios (the Bank Managed Portfolios) within the Customized Portfolios Program are managed on a fully discretionary basis by WFB. WFB handles the day-to-day investment management of your Account in accordance with your stated investment objectives. These fixed income portfolios specialize in meeting the unique needs of sophisticated individuals and select institutions and follow a disciplined portfolio management approach. The portfolios are customized based on several factors including income and liquidity needs, risk tolerance, tax status and time horizon. Portfolio Managers will manage to the appropriate duration while adhering to the maximum effective maturity\*\* allowed for the strategy using a full range of investment grade bonds. While not typical, in some instances the portfolio manager will find it necessary or preferable to hold bond positions that are below investment grade. Portfolio Managers will use discretion as to the timing of the disposition (or retention) of positions used to fund an Account initially or positions that are transferred into an Account. Client Accounts are managed separately and are not pooled.

### **Taxable Fixed Income Portfolios:**

| <b>Portfolio Name</b>         | <b>Maturity Selection</b>            | <b>Effective Maturity**</b>        |
|-------------------------------|--------------------------------------|------------------------------------|
| Taxable Short Term Asset Mgmt | 6 Month to 2.5 Year Average Duration | 4 Year Maximum Effective Maturity  |
| Taxable Limited Maturity      | 1.5 to 3.5 Year Average Duration     | 5 Year Maximum Effective Maturity  |
| Taxable Intermediate          | 2.5 to 4.5 Year Average Duration     | 10 Year Maximum Effective Maturity |
| Taxable Core                  | 3 to 6 Year Average Duration         | No Maximum Effective Maturity      |

### **Municipal Bond Portfolios:**

| <b>Portfolio Name</b>               | <b>Maturity Selection</b>            | <b>Effective Maturity**</b>        |
|-------------------------------------|--------------------------------------|------------------------------------|
| Tax Sensitive Short Term Asset Mgmt | 6 Month to 2.5 Year Average Duration | 4 Year Maximum Effective Maturity  |
| Tax Sensitive Limited Duration      | 1.5 to 4 Year Average Duration       | 10 Year Maximum Effective Maturity |
| Tax Sensitive Core*                 | 3 to 6 Year Average Duration         | 15 Year Maximum Effective Maturity |
| Tax Sensitive Intermediate          | 4.5 to 7 Year Average Duration       | 17 Year Maximum Effective Maturity |
| Tax Sensitive Core Extended         | 6.2 to 8.5 Year Average Duration     | 30 Year Maximum Effective Maturity |

\* Closed to new investors effective 6/30/2015.

\*\* Effective Maturity Explained: Many corporate and municipal bonds with longer maturities are issued with call features which provide the issuer the option to redeem the bonds at certain dates prior to stated final maturity. Effective Maturity takes into consideration that a bond could be called prior to the stated final maturity. The Effective Maturity Date is generally determined by the bond's price and yield relative to the market however there are no assurances a bond will actually be called until the issuer initiates such an action. For instance, issuers will likely choose to call bonds in market environments where interest rates are moving lower, in order to retire debt obligations with higher coupons; conversely, in rising interest rate environments issues will likely choose not to call lower coupon bonds and are likely to hold bonds until the stated final maturity.

### **Custom Option strategy**

The Custom Option strategy (the WFII Managed Portfolios) within the Customized Portfolios Program is managed on a fully discretionary basis by WFII. WFII handles the day-to-day investment management of your Account in accordance with your stated investment objectives. These custom option portfolios seek to provide income alternatives and/or hedge downside risk on your selected securities. The type of option strategy employed and securities included in your Account for the option overlay will be determined by your unique needs and stated investment objectives. The portfolios are customized based on several factors including income and liquidity needs, risk tolerance, tax status and time horizon. Portfolio Managers will use covered calls or protective puts (or a combination of both) based on these factors.

Depending on the strategy implemented, covered calls can limit the upside potential of the securities held in your Account. In certain instances, an option will be assigned and you will be required to sell securities, thus creating realized gains/losses.

The purchaser of a protective put runs the risk of losing the entire value of the purchased option as options become valueless upon expiration if they are not exercised or sold prior to expiration.

For more information, please see the options disclosure document titled "Characteristics & Risks of Standardized Options."

## Option Premium Income strategy

The Option Premium Income strategy (the WFII Managed Portfolios) within the Customized Portfolios Program is managed on a fully discretionary basis by WFII. WFII handles the day-to-day investment management of your Account in accordance with the portfolio strategy and your stated investment objectives. This portfolio seeks to provide income alternatives using equity index options in a strategy commonly referred to as an "iron condor". Generally, an iron condor is an option trading strategy using two long options and two short options with the same expiration dates and different strike prices. Clients investing in this portfolio are required to maintain a separate collateral account, be approved for a Level 6 options trading level and have an investment objective of Trading and Speculation. Clients will also be required to sign the Advanced Option Strategy Addendum to the Client Agreement.

If the collateral for this account participates in a WFA-sponsored investment advisory Program, your collateral account is also subject to the Program fees as described in the applicable Agreement and Investment Advisory Disclosure Document. Option writing can incur losses in your Account but can be limited by the purchase of options on the same underlying index. However, even when the writer buys a corresponding hedging option position, the risks still can be significant.

The purchaser of a call or put runs the risk of losing the entire value of the purchased option as options become valueless upon expiration if they are not exercised or sold prior to expiration.

For more information, please see the options disclosure document titled "Characteristics & Risks of Standardized Options."

## Customized Portfolios Program Fees

The Program Fee for Customized Portfolios Accounts is only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as the adviser's management fee for the adviser's services. With the exception of the Option Premium Income Strategy, the Program Fee is based on Account size\*. We negotiate the adviser's management portion of the fee with the adviser based on a variety of factors, including the amount of data-processing facilities, software, and other overhead interface believed necessary. Currently, we compensate the Managers 0.10 to 0.28% of assets under management for the fixed income and option strategies. When recommending Programs managed by us or our affiliates, we have a conflict of interest since we and our affiliates receive the entire wrap fee you are charged. We intend, however, to make all recommendations independent of such fee considerations, and based solely on our obligation to consider your objectives and needs.

The current standard Program Fee for the Customized Portfolio Program, which is negotiable, is shown below. Some Accounts opened prior to June 9, 2017 are subject to a different fee schedule. Please consult the Program Features and Fee Schedule of your Client Agreement.

| Program Fee<br>(annualized, calculated on your account value) |
|---|
| 2.50%   |

\*As detailed in the Advanced Option Strategy Addendum to the Program Features, the Option Premium Income Strategy's Program Fee and Platform Fee are calculated based on a target notional value. The target notional value is the agreed upon value of broad-based equity market index exposure that the underlying option contracts in the portfolio should represent. The target notional value does not change over time unless a new value is agreed upon in writing. The actual value of the index exposure in your Account can be significantly higher or lower than the target notional value.

There is a minimum Program Fee of \$250 per quarter. You should be aware that the imposition of the minimum Program Fee could cause your Program Fee (expressed as a percentage) to be greater than the standard Program Fee stated above or the Program Fee stated in your Client Agreement. At our discretion, we can choose to waive the minimum fee.

## Fees and Compensation for all Programs

In certain limited instances, we negotiate a customized Program Fee schedule with Clients that is different than the Program Fee described herein. In these instances, Clients will be required to sign an additional addendum that will detail their Program Fee schedule.

The initial Program Fee is calculated as of the date that the Account is accepted by us into the Program and covers the remainder of the calendar quarter. There is typically a short delay between Account inception and initial investment transactions. Subsequent Program Fees will be determined for calendar quarter periods and shall be calculated on the basis of the Account Value on the last business day of the prior calendar quarter.

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

## The Platform Fee

A Platform Fee of 0.059% will also apply to certain Program Accounts ("Participating Accounts").

- ERISA plans, SEPs, SIMPLE IRAs, Accounts of unaffiliated introducing firms that clear their transactions through us, but for which we do not act as adviser, and Accounts held at a third party custodian to which WFA agrees to act as broker for you in the purchase and sale of securities on a delivery versus payment/receipt versus payment ("DVP/RVP") basis are not subject to the Platform Fee and are not considered Participating Accounts.
- All other Program Accounts are considered Participating Accounts.

The Platform Fee applies only to the first \$50 million of Account Value (defined below) and does not apply to Participating Accounts of unaffiliated introducing firms for which we act as adviser, or to Participating Accounts that have not been invested in a Program for a full calendar quarter and accounts that are not open on the date that the Platform Fee is assessed to Accounts.

The Platform Fee supports the administrative services we provide to maintain the platform on which the Program Accounts reside, including, for example, shareholder and omnibus recordkeeping services provided to mutual funds available through the Programs. The Platform Fee is in addition to the Program Fee and is non-negotiable.

The Platform Fee is assessed quarterly in arrears to such Participating Accounts that are open as of the date the Platform Fee is assessed, which will generally be within 10 business days after the end of the calendar quarter, and is calculated based on your Account Value as of the last business day of such quarter.

### **General Information About Fees for Program Services**

We act as service provider for the advisory Programs offered by our affiliate, Wells Fargo Advisors Financial Network, LLC, as well as certain fully disclosed firms that clear their transactions through us. The fees charged by these firms could differ from those charged and required by us as stated in this Disclosure Document. Please refer to the Disclosure Document of those firms, as appropriate, to determine the fees they charge.

You should be aware that fees charged for the Program could be higher or lower than those otherwise available if you were to select a separate brokerage service and negotiate commissions in the absence of the extra advisory service provided. Advisory Programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity will result in higher fees than if commissions were paid separately for each transaction. The overall costs associated with your relationship with us (and the compensation we receive) vary depending on several factors, including:

- Your particular investment advice requirements and product preferences
- The value of your Account or household relations with us and our affiliates
- The frequency of trades and other account activity
- The type, scope, and frequency of services provided

The Program Fee is negotiable based upon these and other subjective factors, as well as our point-in-time views of the prevailing market prices for similar investment services. As a result of negotiated Program Fees, certain Clients have a lower Program Fee for their accounts than other Clients.

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

A portion of the Program Fee (but not the Platform Fee) will be paid to our Financial Advisors in connection with the introduction of Accounts as well as for providing Client-related services within the Programs. This compensation could be more or less than a Financial Advisor would receive if you paid separately for investment advice, brokerage, and other services. If a Financial Advisor wishes to discount the Program Fee below certain levels, they have the ability to do so under certain circumstances. Financial Advisers generally will earn reduced compensation resulting from the discount. This creates an incentive for Financial Advisors to not discount

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

Unless agreed to otherwise in writing, you authorize us to deduct fees at the rates indicated in the Fee Schedule for your Program quarterly from your Account(s). The Program Fee will generally be applied in advance, while the Platform Fee will be applied in arrears. For the purposes of calculating fees in the Personalized UMA, Private Advisor Network and Customized Portfolios Program, "Account Value" shall mean the sum of the absolute market value of all eligible long and short security positions, including accrued income, cash and cash alternatives held in your Account. For the purposes of calculating fees in the FundSource Program, "Account Value" shall mean the sum of the long market value of all Program eligible mutual funds, including accrued income. To the extent margin is used in your Account, you should be aware that the margin debit balance does not reduce the Account Value. If you use margin to purchase additional securities, your Account Value increases and therefore the amount of fees you pay will increase. You will also be charged margin interest on the debit balance in your Account. Margin interest is in addition to the Program Fee and Platform Fee. The interest charges, combined with the Program Fee and Platform Fee, may exceed the income generated by the assets in your Account and, as a result, the value of your Account may decrease. In determining the Account Value, we will use the closing prices or, if not available, bid prices of the last recorded transactions for listed securities, options and over-the-counter securities. For mutual funds, we will use the fund's most current net asset value, as computed by the fund company. We will use information provided by quotation services believed to be reliable in determining the Account Value. If any such prices are unavailable or believed to be unreliable, we will determine prices in good faith so as to reflect our understanding of fair market value. The Program Fee and the Platform Fee will be applied to cash alternatives (i.e., money market funds) held inside the Account. Clients will, in most instances, pay more in fees with respect to sweep vehicle holdings than the interest earnings that may be generated by these sweep vehicle holdings. Due to trade date or settlement date accounting, the treatment of accrued income, short positions and other factors, the Account Value used in the calculation of fees could differ from that shown on your monthly Account statement and/or performance report.

Whenever there are changes to your fee schedule, the schedule charges previously in effect shall continue until the next billing event. We have the ability to amend your Client Agreement at any time. Any changes we make to your Client Agreement will be effective after 15 days written notice to you. Your continued use of the services indicates your agreement to the modified terms.

### **Advisory Account Credit**

We will apply a credit (an "Advisory Account Credit") to all Participating Accounts that were charged the Platform Fee during the relevant calendar quarter. Program Accounts that are not charged the Platform Fee during any calendar quarter are not eligible to receive an Advisory Account Credit for that calendar quarter.

The application of the Advisory Account Credit is designed to address conflicts of interest associated with certain payments we receive from mutual funds (and their affiliates) that are based on investments held in Participating Accounts. Such payments are limited to amounts paid for networking and omnibus platform services and revenue sharing generated by Participating Accounts (collectively, "Platform Support"), and does not include all fees we collect from fund companies. See "Mutual Funds and Exchange Traded Funds in Advisory Programs" below for a description of payments and expense reimbursements from mutual funds (and their affiliates) not considered Platform Support for purposes of calculating the Advisory Account Credit.

The Advisory Account Credit is calculated based on the Platform Support accrued or collected attributable to eligible assets in Participating Accounts, as adjusted for amounts carried over from a prior period not previously credited and amounts credited in a prior period but not actually received. The calculation of the Advisory Account Credit will also be adjusted for the costs of third-party administrative expenses, if any, directly associated with the collection, calculation, and distribution of the Platform Support and application of the Advisory Account Credit.

The Advisory Account Credit for each Participating Account that is charged a Platform Fee will be based on the Account Value of the Participating Account calculated as a percentage of the aggregate value (determined as of the last day of such quarter) of all Participating Accounts (up to \$50 million per Account) charged the Platform Fee. The Advisory Account Credit will be credited quarterly and will generally be calculated and applied on the same day that the Platform Fee is applied. The Advisory Account Credit received by each Participating Account will not be directly proportionate to the benefit received by the Firm attributable to that particular Account.

The amount of the Advisory Account Credit will vary quarterly, will be equal to, less than or more than the Platform Fee, and could be \$0. The amount of the Advisory Account Credit is dependent on the amount of the Platform Support, if any, that is collected as described herein. This amount varies based on factors such as changes in the allocation or value of mutual fund assets in Program Accounts and changes in our agreements with mutual fund companies, as well as market forces.

For taxable accounts, to the extent your Advisory Account Credit exceeds the total amount of fees for Program services charged in any given year, the difference is treated as miscellaneous income for tax reporting purposes, and you will receive IRS Form 1099-Misc from Wells Fargo Clearing Services, LLC in the event your aggregate, annual miscellaneous income is \$600 or greater.

We reserve the right to stop collecting the Platform Support at any time and, if we do not receive Platform Support, the Advisory Account Credit will be \$0. We have no obligation to attempt to maximize Platform Support during the time in which we are collecting it.

### **Important Information about the Advisory Account Credit**

Although the Advisory Account Credit is intended to address our direct financial interests in, and conflicts with respect to, our receipt of Platform Support from the mutual funds, the structure of the Advisory Account Credit nevertheless results in other conflicts that you should understand.

In calculating the Advisory Account Credit, Platform Support generated by mutual fund holdings in Participating Accounts will be credited on a pro rata basis (based on Account assets of up to \$50 million) to all Participating Accounts that are charged the Platform Fee. As a result, Participating Accounts that are charged the Platform Fee will receive an Advisory Account Credit regardless of whether, and the extent to which, such Accounts invest in mutual funds that contribute to the Platform Support. The amount of the Advisory Account Credit a Participating Account receives will be equal to, more than or less than the amount of Platform Support generated by its actual mutual fund holdings, if any. Thus, certain Participating Accounts will benefit from the Platform Support attributable to the investments of other Participating Accounts.

The mutual fund holdings in Participating Accounts for which we are not charging the Platform Fee (Participating Accounts of unaffiliated introducing firms for which we act as adviser and Participating Accounts that have not been invested in a Program for a full calendar quarter, as well as with respect to the portion of the Account Value of Participating Accounts in excess of \$50 million) will generate Platform Support, but will not receive an Advisory Account Credit. As a result, the amount of Platform Support attributable to mutual fund holdings in these Participating Accounts (which are not subject to the Platform Fee) will be used for the benefit the other Participating Accounts that were charged the Platform Fee.

This is particularly the case for Participating Accounts of unaffiliated introducing firms for which we act as adviser, which we expect to generate Platform Support. As a result, it is expected that the mutual fund investments of unaffiliated introducing firms' Participating Accounts will increase the Advisory Account Credit available and applied to Wells Fargo Participating Accounts.

We seek to address these conflicts of interest through a combination of disclosing it to you, and through our policies and procedures and related controls designed to ensure that we make investment decisions relating to mutual funds available in advisory Program Accounts independent of any considerations that impact the amount of any such Advisory Account Credit.

### **Margin Loans and Securities-Based Loan Programs**

You may be eligible to use margin in your non-retirement Accounts or pledge your non-retirement Account assets as collateral for margin loans ("Margin Loans"). You may also be able to pledge your non-retirement Account assets as collateral for loans obtained through certain affiliated and unaffiliated loan programs ("Securities-Based Loan Programs"). It is important that you fully understand the costs, risks, and conflicts of interest involved in pledging your Account assets for a Margin Loan or Securities-Based Loan.

#### **Margin Loans**

Certain Advisory Programs may permit margin borrowing and trading. We will not extend margin in an advisory Account unless authorized by you through a separate margin agreement. You are responsible for notifying us if you decide that you no longer want to use margin in your Account. You may also discontinue use of margin in your Account according to the terms of the Client Agreement. We are not responsible for any losses resulting from our failure or delay in implementing such instructions.

- Margin Loans Are Subject to Separate Terms and Conditions. If you take out a Margin Loan, the terms and conditions applicable to the Margin Loan are governed by the Margin Disclosure Statement and the Client Agreement. You should review carefully the terms, conditions, and risk disclosures for Margin Loans and understand that such risks are heightened in the event you hold a concentrated position in your pledged Account or if your pledged Account makes up all, or substantially all, of your overall net worth or investable assets. Certain eligibility requirements must be met, and documentation in the form of a separate margin agreement must be completed prior to using margin.
- Costs Are in Addition to Advisory Fees. As discussed above, if you use margin to purchase additional securities, your Account Value increases and therefore the amount of fees you pay will increase. You will also be charged margin interest on the debit balance in your Account, which is in addition to the Program Fee and Platform Fee. This results in additional compensation to us. The interest charged on a Margin Loan is higher than the interest charged on affiliated Securities-Based Loans, including Priority Credit Line.
- We Have an Incentive to Recommend the Use of Margin. The increased asset-based fee and interest that you pay on a Margin Loan provides an incentive for your Financial Advisor to recommend the use of margin. Your Financial Advisor also has an incentive to use margin to purchase additional securities and other assets instead of selling existing securities or other assets. We address these conflicts by disclosing them to you.
- Margin Loans May Not Be Suitable for You. Using margin is not suitable for all investors. As described in the next paragraph, the use of margin increases leverage in your Account and therefore increases risk to a portfolio. We generally believe the use of margin is most appropriate when short in duration. Before deciding to use margin, you should consider the intended duration and total cost of the Margin Loan, as well as other options available to you, such as alternative loan options or liquidating your Account assets.
- Using Margin Involves Higher Risks. Generally, we believe that the use of margin adds risk to a portfolio that you should not assume unless you are prepared to experience significant losses. Losses in the value of an asset purchased on margin will be magnified because of the use of borrowed money. You can lose more funds than amounts deposited in margin Accounts. In addition, you generally will not benefit from using margin unless the performance of your Account exceeds interest expenses on the Margin Loan plus advisory fees incurred. You should also understand that the use of margin can negatively impact our ability to rebalance your account. You should carefully consider whether the additional risks are appropriate prior to using margin due to the increased potential for significantly greater losses associated with using margin. You assume full responsibility for the use of margin in your Account. **Please see the Margin Disclosure Statement and the Client Agreement for more details on the risks of margin use. You should read this documentation carefully.**

## Securities-Based Loan Programs

You may pledge your Account assets as collateral for Securities-Based Loan Programs with our consent and where you are eligible under the Programs. The Securities-Based Loan Programs include, but are not limited to, the Priority Credit Line ("PCL") from Wells Fargo Advisors and various loan Programs from our affiliate Wells Fargo Bank, N.A. ("Wells Fargo Bank"). The Secured PrimeLine Program is available only in limited circumstances. In order for your Account to be eligible to serve as collateral for a Securities-Based Loan, your Account may not also serve as collateral for a Margin Loan. If you wish to use your Account as collateral for a Securities-Based Loan, we will automatically discontinue the availability of margin for your Account.

There are risks, costs, and conflicts of interests associated with Securities-Based Loan Programs. You are encouraged to speak with your Financial Advisor to the extent you have questions about how your Account may be used in connection with a Securities-Based Loan Program and how such arrangement should be taken into consideration when discussing the management of your Account.

- Securities-Based Loan Programs Are Subject to Separate Terms and Conditions. If you have elected to participate in a Securities-Based Loan Program, the terms and conditions applicable to that Securities-Based Loan Program are governed by the applicable Securities-Based Loan documents and other service agreements and are not included or described further in this brochure. You should review carefully the terms, conditions and any related risk disclosures for the Securities-Based Loan Program and understand that risks are heightened in the event you hold a concentrated position in your pledged Account or if your pledged Account makes up all, or substantially all, of your overall net worth or investable assets. You should understand that PCL provides more favorable protection for us in the event of your bankruptcy than loan programs through Wells Fargo Bank. Certain eligibility requirements must be met and documentation must be completed prior to obtaining Securities-Based Loans.
- Interest Rates for Securities-Based Loan Programs Differ. In certain circumstances, more than one Securities-Based Loan Program product may be available to you. The interest rate charged for PCL may be higher than interest rates available through other loan programs from Wells Fargo Bank and unaffiliated lenders. PCL is generally more profitable for us than other loan programs from Wells Fargo Bank, and gives us an incentive to recommend PCL over Securities-Based Loan Programs at Wells Fargo Bank.
- Costs Are in Addition to Advisory Fees. The costs, including interest, associated with a Securities-Based Loan Program are not included in the Program Fee or Platform Fee and will result in additional compensation to us, our affiliate, and our Financial Advisors. The interest charges on your Securities-Based Loan Program, combined with the Program Fee and Platform Fee, may exceed the income generated by your pledged Account assets and, as a result, the value of your Account may decrease. You are encouraged to consider carefully the total cost of taking out a Securities-Based Loan, and any additional compensation that WFA and your Financial Advisor will receive, when determining to take out and/or maintain a Securities-Based Loan against your Account assets.
- Financial Advisors Receive Compensation on Securities-Based Loans. In addition to receiving a portion of the Program Fee, Financial Advisors also receive compensation based on the outstanding loan balances of PCL and Securities-Based Loan Programs from Wells Fargo Bank. The Financial Advisor's compensation is reduced if the interest rate on PCL or a Securities-Based Loan from Wells Fargo Bank is discounted below a certain level, which creates an incentive for the Financial Advisor to not request for you or to discourage interest rate discounts below a certain level.
- We Have an Incentive to Recommend the Use of Securities-Based Loan Programs. Since WFA and your Financial Advisor are compensated through asset-based advisory fees paid on your Account, we benefit if you draw down on your Securities-Based Loan, which preserves asset-based advisory fee revenue and generates additional loan-related compensation, rather than sell securities or other investments in your Account, which would reduce the assets in your Account and our asset-based advisory fee revenue. This presents a conflict of interest for your Financial Advisor when addressing your

liquidity needs. In addition, where a Securities-Based Loan is secured by both brokerage and advisory assets, a Financial Advisor will benefit if your brokerage assets are liquidated prior to or instead of your advisory assets because the Financial Advisor would be able to maintain advisory Account assets subject to the Program Fee and Platform Fee. We address these conflicts by disclosing them to you.

- Securities-Based Loan Programs May Not Be Suitable for You. There are other lending products that may be suitable for you and for which we and your Financial Advisor would receive different or no compensation. You are responsible for independently evaluating if a Securities-Based Loan is appropriate for your needs, if the lending terms are acceptable, and whether the Securities-Based Loan will have potential adverse tax or other consequences for you.
- There Are Limitations on the Use of Securities-Based Loan Proceeds. Except for margin accounts, where the loan proceeds can be used to purchase, carry, or trade securities, the proceeds of PCL may not be used to (a) purchase, carry, or trade securities or (b) reduce or retire any indebtedness incurred to purchase, carry, or trade securities. If your Account is used as collateral for a Securities-Based Loan, the Account is pledged to support the Securities-Based Loan and you are not permitted to withdraw funds or other assets from your Account unless sufficient amounts of collateral remain to continue supporting the Securities-Based Loan (as determined under the applicable Securities-Based Loan Program). Although you are required to satisfy such collateral requirements, you can terminate your advisory relationship with WFA, at which time the funds and assets in your account will be treated as a brokerage account at WFA and the collateral requirements for the Securities-Based Loan will continue to apply.

#### **Additional Considerations Associated with Pledging Advisory Account Assets for Margin Loans and Securities-Based Loans**

In addition to the risks mentioned above, if your Account assets are pledged or otherwise used as collateral for Margin Loans or Securities-Based Loans, the exercise of our rights and powers over your Account assets, including the disposition and sale of any and all assets pledged as collateral, may be contrary to your interests and the investment objective of your Account.

- There Are Collateral Maintenance Requirements. When you use margin to purchase securities or draw down on a Securities-Based Loan, your Account assets serve as collateral. We can increase our "house" maintenance requirements or call your Margin Loan or PCL at any time and for any reason, and are not required to provide you with advance written notice (although these approaches will be different for loan programs from Wells Fargo Bank, and may be different for loans from unaffiliated lenders). If your Account assets decline in value, so does the value of the collateral. If the required collateral is not maintained, you may need to deposit additional cash or securities as collateral or repay a partial or entire amount of the funds borrowed on short notice. You are not entitled to an extension of time on a margin call. The lender may refuse to fund any advance request due to insufficient collateral. Where the lender assigns different release rates to different asset types, you may be able to satisfy collateral maintenance requirements by selling securities with a low release rate and investing and/or holding the proceeds in assets that have a higher release rate for the loan.
- Liquidation of Securities in a Maintenance Call. Failure to promptly meet requests for additional collateral or repayment, or other circumstances including but not limited to a rapidly declining market, will cause the liquidation of some or all of the collateral supporting any Margin Loans or Securities-Based Loans in order to meet the maintenance requirements. We can sell your Account assets without contacting you. We are not required to notify you of a maintenance call. These approaches will be different for loan programs from Wells Fargo Bank, and may be different for loans from unaffiliated lenders. You will be responsible for any shortfall if your Account assets are insufficient to cover the maintenance deficiency. Even if we have notified you and provided a specific date by which you can meet a maintenance call, we can still take necessary steps to protect our financial interests, including immediately selling your Account assets without notice to you. You should understand that because your Account assets are collateral for the Margin Loans or Securities-Based Loans, in selling such assets, we will seek to protect or advance our interests (and/or those of our affiliated lender if you selected an affiliated Securities-Based Loan Program) over your interests. You should expect that our interests will not be aligned with - and will be adverse to - your interests when we sell assets during a maintenance call, and that we may sell assets that you desire to keep or sell them at prices that may be less than the value that we or you believe the assets are worth. You are not entitled to choose which Account assets are liquidated or sold to meet a maintenance call. If there are Account assets that you desire to own during the term of your Margin Loan or Securities-Based Loan, you should not pledge them as collateral. Depending on market circumstances, the prices obtained for your Account assets may be less favorable and may be less than the value that we or you believe the assets are worth. If a margin or maintenance call cannot be fully satisfied from your Account assets, you remain liable for the outstanding debt.
- Impact of Margin and Maintenance Calls on Management of Your Account. In a maintenance call, we might liquidate Account assets that you, your Financial Advisor, or your Manager otherwise would not sell, and that might not otherwise be in your best interests to sell, and you might not get to choose the assets that are liquidated. We or a third-party Manager will seek to manage your Account as agreed under your advisory Client Agreement and applicable Program Features and Fee Schedule, provided that, if a maintenance call takes place, you should expect that we or your Manager will not be able to manage your Account consistent with our or the Manager's overall strategy. In addition, in order to preserve sufficient collateral value to support the loan and avoid a maintenance call, depending on your leverage, a Financial Advisor may be inclined to invest your Account in more conservative investments, which may result in lower investment performance than more aggressive investments (depending on market conditions). We mitigate this risk by requiring and monitoring to ensure that your Account is managed consistent with your respective investment strategies.
- No Legal or Tax Advice. WFA and your Financial Advisor do not provide legal or tax advice. You should consult with your own legal counsel and independent tax advisor before using securities as collateral for loans in order to fully understand the tax implications associated with pledging your Account as loan collateral and the potential liquidation of pledged assets.

## Other Account Fees

The fees for Program services do not include certain dealer markups or markdowns, odd lot differentials, transfer taxes, exchange fees, execution fees (foreign and/or domestic) when applicable, ADR custodial pass through fees, foreign financial transaction taxes when applicable, and any other fees required by law. Cash balances in an Account may be invested in money market mutual funds including, as permitted by law, those with which we have agreements to provide advisory, administrative, distribution, and other services and for which we receive compensation for the services rendered. You should understand that, depending on interest rates and other market factors, the yield that you earn on cash and cash alternatives, including cash sweep funds, CDs and money market funds in an Account, have been, and may continue in the future to be, lower than the aggregate fees and expenses you pay with respect to cash held in an Account (including the Program Fee and Platform Fee) and any fee and expenses you bear as an investor in a cash sweep vehicle. As a result, you may experience a negative overall investment return with respect to cash held in an Account. Furthermore, in some instances, the effective yield of a cash sweep may be negative.

Your Financial Advisor may suggest that you use other products and services that we offer, but that are not available through the Account ("Non-Program Assets"). Non-Program Assets are not charged a Program Fee or a Platform Fee, are not considered in determining the Advisory Account Credit, and are not considered a part of the Program or Program services. We generally recommend that you hold these Non-Program Assets in a separate brokerage Account. If a non-Program Fund is purchased or transferred into the Account and later becomes a Program-eligible Fund, the Program Fee and Platform Fee will apply to that Fund and it will become subject to the Rebalance Trading System. You will incur any usual and customary brokerage charges and fees imposed on transactions in Non-Program Assets which could include (i) any dealer markups and odd lot differentials and transfer taxes; (ii) charges imposed by broker-dealers and custodians other than us and fees for other products and services that we offer; (iii) offering discounts, commissions and related fees in connection with underwritten public offerings of securities; (iv) margin interest and operational fees and charges; (v) IRA fees; and (vi) any redemption fees, exchange fees and or similar fees imposed in connection with mutual fund transactions whereby we and your Financial Advisor receive additional compensation on these Non-Program Assets. Where these fees apply, the more transactions you enter into, the more compensation that we and your Financial Advisor receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees than investment products that carry lower fees or no fees at all.

If you invest in certain foreign stocks or American depository receipts ("ADRs"), you will be subject to foreign tax withholding on the dividends paid or interest earned. An ADR represents underlying shares of a foreign corporation which are held and issued by a bank. While ADRs are traded on U.S. markets, the income and tax withholding are subject to the rules and regulation of the foreign tax authorities with jurisdiction over the underlying corporation. When dividends or interest is paid to investors on such foreign securities, the tax authorities for that country requires the payor to withhold taxes for certain foreign investors. This can negatively impact the rate of return on your investment. U.S. clients could be eligible to reclaim a portion of foreign taxes that are withheld and/or receive a preferential foreign tax rate on foreign securities by filing specific tax forms seeking such relief. We do not provide tax advice. Please consult your tax advisor for specific information on foreign tax withholding, your eligibility to reclaim a portion of taxes withheld and/or receiving a preferential foreign tax rate and the costs associated with these filings.

Any non-brokerage fees that are not included in the fees for Program Services will be charged to your Account separately. Should you be permitted to purchase or hold securities in your account that are outside of the Program Services offered, you will incur any usual and customary brokerage charges and fees associated with such holdings.

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

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

When structuring our advisory Program offerings, we determine the universe of mutual funds and ETFs that will be made available to advisory Program Clients. Although mutual fund companies typically offer multiple share classes of each of their mutual funds with varying levels of fees and expenses, we generally choose a single share class of each mutual fund for our advisory Program platform.

We do not seek to offer mutual funds or share classes through our advisory Programs that are necessarily the least expensive. Investing in mutual funds will generally be more expensive than other investment options available in your advisory Account, such as ETFs. In addition to the Program Fee and the Platform Fee, you will also bear a proportionate share of each fund's expenses, including investment management fees that are paid to the fund's investment adviser, which in certain instances, is an affiliate of ours, and distribution, shareholders services or other fees paid to us and our affiliates. These expenses are an additional expense to you and not covered by the fees for Program services; rather, they are embedded in the price of the fund. You should carefully consider these underlying expenses, in addition to the Program Fee and Platform Fee, when considering any advisory Program and the total compensation we receive.

Other funds and share classes may have different charges, fees, and expenses, which may be lower than the charges, fees, and expenses of the funds and share classes we make available. These funds and share classes are available through other broker-dealers and financial intermediaries, including our affiliates, and the Funds directly, including where lower-cost share classes are made available. An investor who holds a less-expensive share class of a fund will pay lower fees over time - and earn higher investment returns - than an investor who holds a more expensive share class of the same fund.

When we select a fund or fund family for our advisory Program platform, we consider a number of factors, including our costs to operate the platform and additional compensation factors. In many circumstances, we receive payments and compensation from fund companies, including where we effect transactions for, or provide services to, the funds, and not all of these payments and compensation constitute Platform Support. We generally choose the lowest cost share class for our Advisory platform that pays us an acceptable level, as determined in our discretion, of Platform Support and other compensation discussed below.

Generally, the Platform Support compensation is paid at a rate up to \$25 per year, per position or at a rate of up to 30 basis points on assets for omnibus services performed; up to \$12 per year, per Client position or at a rate of 12 basis points on assets for networking services performed; up to 20 basis points for domestic funds and up to 55 basis points for offshore fund companies on aggregate Client assets in revenue sharing payments.

Most of the mutual funds we include on our advisory Program platform do not pay us 12b-1 fees. Any 12b-1 fee payments we do receive for eligible mutual funds held in advisory Accounts are credited back to the Client. Additional compensation and support received from fund companies is described in more detail below and is available in the "Guide to Investing in Mutual Funds" at [www.wellsfargoadvisors.com](http://www.wellsfargoadvisors.com).

The additional compensation and support we receive from fund companies, which is not considered Platform Support, is for ongoing educational and training services performed by us and compensation we receive in connection with data agreements with mutual fund providers. This additional support varies between fund companies and even from fund to fund and share classes within the same fund company. As a result, and notwithstanding amounts we credit to Accounts through the Advisory Account Credit or otherwise, to the extent that we retain these payments, we have a financial incentive to offer one fund on our advisory Program platform over a similar fund due to the compensation we retain from one fund versus another or one share class of a fund versus another. This additional compensation poses a conflict of interest and influences the selection of funds, share classes, and fund companies that we make available on the Advisory platform.

We seek to address these conflicts of interest through a combination of disclosing it to you, implementation of the Platform Fee and Advisory Account Credit, and through our policies and procedures and related controls designed to ensure that the fees we charge are fair and reasonable, including, as applicable, the Program Fee and Platform Fee and the additional compensation we receive from funds other than Platform Support. If we did not receive support payments and additional compensation, we might charge higher fees or other charges to you for the services we provide (or the Advisory Account Credit, where applicable, would be less or \$0). When evaluating the reasonableness of our fees and the total compensation we receive, you should consider not just the Program Fee and the Platform Fee, where applicable, but also the additional payments and compensation we receive from funds (and their affiliates), including compensation other than Platform Support, and your eligibility for, and the amount of the, Advisory Account Credit.

For a listing of all share classes that a given fund offers, please refer to the fund's prospectus. Please call your Financial Advisor for more information about any limitations on share classes available through us.

Over time, given funds may offer share classes with lower fees. In these instances, we will determine, from time to time in our discretion, whether and in what manner to offer these share classes to our advisory Clients. This may result in shares you own of the given fund being converted to the share class with lower fees or such share class with lower fees being available only for new purchases. We review our policies, procedures and systems from time to time in our discretion to determine whether to continue to offer funds with these multiple share classes, and reserve the right to no longer offer certain share classes within our advisory Program platform.

### **Additional Payments Received from Funds**

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

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

Any 12b-1 fees received from mutual funds are credited back to Client Accounts. This additional compensation is described below, including which compensation is not considered Platform Support and is therefore retained by Wells Fargo.

### **Networking and omnibus platform service fees**

We or our service providers typically collect from mutual funds in which you invest, compensation for recordkeeping, sub-accounting, shareholder communications, administrative, and other similar services we provide to a fund for your benefit. In addition, we generally collect other asset-based fees for the execution of fund share purchases, or the performance of clearance, settlement, custodial or other ancillary functions. We or our service providers collect such fees directly or indirectly from some or all of the mutual funds in which you invest. When providing advisory services, WFCS does not pay any portion of these fees to its FAs. The compensation paid for networking and omnibus platform services, if any, is negotiated separately with each fund company, and the amount varies depending on the fund company and share class of each individual fund. In addition, not all mutual funds pay network and omnibus platform service fees, as a result we have an incentive to include funds on our platform and recommend funds that pay networking and omnibus platform service fees. Advisory Clients are not permitted to restrict their Accounts to only mutual funds that do not pay networking and omnibus platform service fees. We do not collect networking and omnibus payments on Program Accounts for ERISA plans, SEPs, and SIMPLE IRAs. Networking and omnibus platform service fees generated based on mutual fund positions and assets under management in Participating Accounts are considered Platform Compensation and included in the Advisory Account Credit.

### **Revenue sharing**

Revenue sharing is paid by a mutual fund's investment advisor, distributor, or other fund affiliate to us for providing continuing due diligence, training, operations and systems support and marketing to Financial Advisors and Clients with respect to mutual fund companies and their funds. Revenue sharing fees are usually paid as a percentage of our aggregate value of Client assets invested in the funds. Revenue sharing rates can differ depending on the fund family, and in some cases we receive different revenue sharing rates for certain funds and share classes within a particular fund family. In addition, not all mutual funds pay revenue sharing, as a result we have an incentive to include funds on our platform and recommend funds that pay revenue sharing and/or pay a higher rate. Advisory Clients are not permitted to restrict their Accounts to only mutual funds that do not pay revenue sharing. We do not collect revenue sharing payments on Program Accounts for ERISA plans, SEPs, and SIMPLE IRAs. Revenue sharing payments generated based on mutual fund assets under management in Participating Accounts are considered Platform Support and included in the Advisory Account Credit.

### **Intra-Company compensation arrangements**

We also receive direct compensation or indirect business credits in connection with the referral of certain business among Wells Fargo & Company subsidiaries. These intra-company arrangements include payments or credits to us for financial distribution, administrative and operational service that we provide to affiliated mutual funds, their investment advisers or distributors. As a result of these arrangements, we benefit from increased sales of affiliated funds and products to a greater extent than unaffiliated funds in



which we do not have a similar economic interest. This compensation and credits are not considered Platform Support and are not included in the Advisory Account Credit.

### **Training and education compensation**

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

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

Fund companies compensate us for certain business services that we provide to funds in connection with their day-to-day operation. The range of services that we provide to these investment advisers includes investment banking, research, and trading. We also have a dedicated sales force that specializes in facilitating trading for institutional investors, which includes portfolio managers of mutual funds that are sold by us. We are compensated for the services provided in connection with these relationships, and the compensation received varies between funds and advisers. Certain ETF providers pay us or our affiliate a licensing fee to create ETFs that track a Wells Fargo index. That fee is based on the assets under management of the ETF. For purposes of calculating the index licensing fee, WFA discretionary ERISA and IRA assets invested in an ETF based on a Wells Fargo index are excluded from the Calculation. This additional compensation is not considered Platform Support and is not included in the Advisory Account Credit.

### **Data Agreements**

We work with various mutual fund complexes and ETF providers to provide aggregated sales data. Data Agreements are paid by mutual fund complexes either under a 12b-1 Plan, or as a revenue sharing arrangement in which the payment is from a fund affiliate but not from fund assets. Payments for Data Agreements are not considered Platform Support and are not included in the Advisory Account Credit. Generally, the payments range from \$450,000 to \$650,000 per year for data agreements from mutual fund complexes and ETF providers.

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

### **Account Termination**

You or we may terminate an Advisory Program Account by notifying the other party in writing of the Advisory Program Account to be terminated and termination will become effective upon the receipt of the notice. If an Advisory Program Account is terminated, we will make a pro-rata refund to you of fees paid to us pursuant to the Agreement for the period after the date of effectiveness of such termination through the end of the then current fee period. The Platform Fee is charged in arrears and will not be refunded. Client Agreements terminated prior to the application date of any Advisory Account Credit will not be entitled to any portion of such credit (nor shall such account be subject to the Platform Fee for such quarter).

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

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

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

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

Certain SMA strategies available in the Personalized UMA Program invest in mutual funds that are only available to that Manager's Personalized UMA Client Accounts. These mutual funds are proprietary to the Manager, carry no expense ratio, and must be liquidated if either you or we terminate the Manager. These mutual funds will not be transferred out of the broker/dealer through the ACAT process. Portfolios that include this type of investment vehicle as a holding are subject to the Manager's discretion with respect to harvesting tax gain/loss requests from the pooled vehicle. Restrictions cannot be applied to the pooled vehicle. Refer to the Manager profiles for a description of Manager portfolio holdings, including investments in these dedicated "pooled investment vehicles."

## Account Requirements and Types of Clients

The minimum initial Account values for the Programs described in this document are listed below. We have the right to terminate Client Accounts with written notice if they fall below minimum Account value guidelines established by the Firm. At our discretion, we can choose to waive the minimum Account size.

We act as sub-adviser for certain advisory Programs offered by our affiliate Wells Fargo Advisors Financial Network, LLC and certain fully-disclosed firms that clear their transactions through us as a qualified custodian.

| Program Name   | Minimum Account Size                   |
|--|--|
| <b>Personalized UMA</b>  |  |
| • <b>Personalized UMA Multi Strategy</b>   |  |
| ○ Optimal Blend  | \$200,000 or portfolio minimum         |
| ○ Custom Blend   | \$10,000 subject to investment minimum |
| • <b>Personalized UMA Single Strategy</b>  |  |
| ○ SMA strategies   | \$50,000 subject to Manager's minimum  |
| ○ Allocation Advisors strategies   |  |
| • ESG Aware, Tactical Active/Passive and Intuitive Investor ETF  | \$10,000                               |
| • Strategic ETF, Active/Passive, Morningstar Strategic ETF, Morningstar ETF, Laffer Global and Laffer Dynamic U.S. Inflation | \$25,000                               |
| • CAAP Plus and Tactical ETF   | \$50,000                               |
| ○ Wells Fargo Compass Asset Allocation strategies  |  |
| • Conservative Growth & Income   | \$250,000                              |
| • Moderate Growth & Income   | \$250,000                              |
| • Aggressive Growth & Income   | \$250,000                              |
| • Conservative Growth  | \$250,000                              |
| • Moderate Growth  | \$250,000                              |
| • Aggressive Growth  | \$150,000                              |
| ○ Customized Portfolios Equity strategies  | \$50,000                               |
| ○ FundSource Optimal Blend   | \$25,000                               |
| ○ FundSource Foundations Optimal Blend   | \$10,000                               |
| ○ FundSource Offshore SEI Optimal Blend (Closed to New Investors)  | \$25,000                               |
| <b>FundSource</b>  |  |
| ○ FundSource Optimal Blend   | \$25,000                               |
| ○ FundSource Customized Blend  | \$25,000                               |
| ○ FundSource Foundations Optimal Blend   | \$10,000                               |
| <b>Private Advisor Network</b>   | \$100,000 subject to Manager's minimum |
| <b>Customized Portfolios</b>   |  |
| ○ Taxable Fixed Income   | \$2,000,000                            |
| ○ Tax-Exempt Fixed Income (Municipals)   | \$2,000,000                            |
| ○ Short Term Asset Management  | \$5,000,000                            |
| ○ Custom Option Portfolio  | \$250,000                              |
| ○ Option Premium Income Strategy   | \$5,000,000                            |

## Types of Clients

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

## Portfolio Manager Selection and Evaluation

Each Program described in this Disclosure Document has specific criteria used in evaluating and/or selecting Portfolio Managers or underlying investments for inclusion in the Program.

## Personalized UMA Due Diligence

Quantitative and qualitative measures are used to identify a select number of investment strategies within the varied asset class and investment approach combinations. The factors influencing the inclusion of a Manager or mutual fund on the Personalized UMA roster typically includes a statistical analysis of the Manager or fund's past record and management style; the assessed quality of the investment process; changes in investment process or personnel; the number, continuity and experience of the investment professionals; a completed questionnaire; database information on the firm and interviews with members of the investment management team. The inclusion of ETFs typically includes an assessment of liquidity levels and tracking error versus corresponding market benchmarks.

We include affiliated Managers on the recommended roster and within Optimal Blends and FundSource® Optimal Blends. WFII or their agent conduct due diligence on these Managers and their portfolio strategies consistent with the due diligence performed for unaffiliated Managers. We review the use of affiliated Managers, if any, within an Optimal Blend strategy at least annually to ensure objective and consistent due diligence standards are applied to both affiliated and unaffiliated Managers.

## Manager Due Diligence Process

Managers and strategies must be on the Roster of reviewed strategies. The Roster and assigned ratings, described below, are based on due diligence provided by our affiliate, WFII. The Manager and strategy evaluation process is intended to offer a diverse list of assessed investment strategies that represent a broad array of asset classes and investment approaches from which you can select one or more Managers and/or strategies to handle the day-to-day investment management of your Account(s).

### **Ratings:**

**Recommended:** A Recommended rating is assigned to a strategy in good standing with WFII's Global Manager Research ("GMR") and has earned the highest conviction. The evaluation process for consideration of an investment strategy with a Recommended rating is focused on both quantitative and qualitative analysis. Inputs into the process include the review of relevant information requests and documentation provided by the Managers and an analysis of the individual Strategy's past performance records relative to pertinent market or peer benchmarks and market-based expectations. Additional factors considered typically include the number, continuity and assessed experience of investment professionals and any substantial changes in investment process or personnel. The review process includes upfront and periodic discussions with Manager personnel. These discussions and resulting information flow typically pertain to investment performance, staffing, operations, asset flows, financial condition or other such matters that upon further assessment could influence the ongoing rating or availability of the Manager or strategy.

**Supported (ERF) Eligibility Review Framework:** A Supported (ERF) rating equates to a level of conviction in a strategy that is not high enough to warrant a Recommended rating. In relation to a Recommended rating, the process by which strategies with a Supported (ERF) rating are evaluated on an on-going basis is less comprehensive and more quantitatively focused through the Eligibility Review Framework (ERF). While the process can include direct discussions with the Managers, the primary sources of information come from manager-provided documentations and third-party databases. Initial and periodic assessed factors often include a quantitative review of past performance, the number and tenure of investment personnel, and asset levels and flows. A rules-based scoring approach will be applied to assess performance and business-related characteristics on a combined basis, but with a qualitative review of the output being the final determining factor. Strategies with a Supported (ERF) rating can also include strategies evaluated under the process for a Recommended rating but not currently rated Recommended.

**Watch Ratings:** In cases where ongoing assessments indicate areas of uncertainty or potential for growing concern. A Watch rating has three levels:

- **Recommended: Watch Level I** - An event has occurred and is being evaluated. Pending the outcome of the evaluation, GMR maintains its recommendation for new purchases.
- **Watch Level I (ERF)** - An event has occurred that triggers mild concern with respect to a strategy.
- **Recommended: Watch Level II** - An event has occurred that has the potential to impact longer term investment prospects and is being evaluated. Pending the outcome of the evaluation, GMR maintains its recommendation for new purchases.
- **Watch Level II (ERF)** - Assigned to Supported (ERF) strategies that fail the performance-based ERF review for two consecutive quarters and/or trigger moderate concern from the fundamental ERF review.
- **Watch - Level III** - An event has occurred that triggers significant concern with respect to the future investment prospects of a strategy. GMR recommends restricting new money into the strategy.
- **Watch Level III (ERF)** - Assigned to Supported (ERF) strategies that fail the performance-based ERF review for three consecutive quarters, and/or trigger a significant concern from the fundamental ERF review. GMR recommends restriction of new money into these strategies.

**Sell/Sell (ERF):** Assigned when GMR believes the time for Clients to exit a strategy should be relatively short.

**Sunset:** Assigned when GMR believes a relatively longer time period for Clients to exit a strategy is acceptable.

**Sunset (ERF):** Assigned to Supported (ERF) strategies that fail the performance-based ERF review for four consecutive quarters, and/or trigger a heightened concern from the fundamental ERF review. Used when WFII believes a relatively longer time period to exit is acceptable.

In addition to the previously described evaluation processes for both the Recommended and Supported (ERF) ratings, we reserve the right to determine the availability of any particular Manager available within Personalized UMA.

**Manager Roster/Status Changes and Program Terminations:** For strategies currently available, ongoing reviews can result in a change of rating or removal from the SMA strategies roster. Strategies that meet the criteria for the Supported (ERF) rating but no longer meet the criteria for Recommended rating would transition to the evaluation process used for the Supported (ERF) rating.

Based on the individual Strategy assessment, a Strategy with a Supported (ERF) rating can also be elevated to the Recommended rating. In such cases, the ongoing review of the Strategy would transition to the evaluation process used for the Recommended rating.

If a strategy is rated Watch, the strategy will remain on Watch until such time that continued assessment warrants either 1) removing the Watch rating or 2) terminating the Strategy. Circumstances also arise under which a Strategy is more expeditiously removed from the Program (i.e., without first being rated Watch).

Some Managers have the same strategy available to Clients in both Personalized UMA and the Private Advisor Network Program. In these instances, the fee structure and services provided are different for Personalized UMA and the Private Advisor Network Program. Please refer to the disclosure information for Personalized UMA and the Private Advisors Network Program contained in this document to review the specific services and fee structure of each. Please be aware that we have a financial incentive to recommend the use of a particular strategy within one Program over another; however, we intend to make all recommendations independent of such incentives and based solely on our obligations to consider your objectives and needs.

The implementation of a Manager recommendation could be effected immediately for other managed Accounts prior to or simultaneous with providing the same advice for your Account; because of the delay involved, your Account could receive higher or lower execution prices.

### **Mutual Fund Due Diligence Process**

We classify the mutual funds available in FundSource as either Recommended List or Pathways List Roster of funds. These lists include only open end mutual funds that offer shares at net asset value through advisory programs, such as those described in this Disclosure Document. The Recommended List of funds is determined by due diligence provided by our affiliate, WFII. WFII uses both qualitative and quantitative criteria when evaluating funds for inclusion on the Recommended List. WFII will typically meet with the fund company Portfolio Managers and research staff to discuss the underlying investment philosophy of the fund and how that philosophy is manifested in security buy and sell decisions. Our research team also seeks to understand the capabilities of the Portfolio Manager or team managing the fund, to assess how the investment process performed in different market environments. Additional factors influencing the inclusion of a mutual fund on the Recommended Roster typically includes a statistical analysis of the fund's past performance record and management style; the assessed quality of the investment process; changes in investment process or personnel; the number, personnel, continuity and experience of the investment professionals. As part of our research process, WFII maintains due diligence and database information on each of the Recommended List funds. The due diligence process is a continuing one, funds can be added or removed from the Recommended List based on these ongoing assessments.

Pathways List mutual funds are used in the Pathways Optimal Blends. Russell Investment Management is responsible for the asset allocation and selection of Russell funds used in the Pathways Optimal Blends. WFII is conducting due diligence on Russell Investment Management and their investment process used to construct the Pathways Optimal Blends and select sub-advisors used by the Russell funds. WFII analysts do not conduct qualitative and quantitative analysis on Pathways List mutual funds. WFA conducts a review of the mutual funds prior to making them available on the Pathways List of funds which includes a review of fund expenses, performance using third-party research reports provided by Morningstar®, and trading and operational capabilities of the funds. Fund sub-advisors are terminated or replaced by Russell generally due to changes in senior investment personnel and/or a deviation from the desired investment discipline. Such changes to fund investments are made without prior notice to you.

We reserve the right to remove a mutual fund from either a FundSource Optimal or Customized Blend and replace it with another fund with a similar management style without your consent. For taxable Accounts, fund replacements will have tax consequences. Our reasons for removing a mutual fund from an Optimal Blend(s) or WFII removing a mutual fund from the Recommended List Roster includes, but is not limited to, its failure to adhere to expected investment objectives or a given management style, a material change in the professional staff managing the fund, unexplained poor performance, a change of the investment management process, or the identification of a better alternative. We will, at our sole discretion, determine whether any or all of these factors are material when deciding to make a replacement. On occasion, funds removed from the Recommended List Roster will remain in the Optimal Blend, based on trade timing, replacement fund availability or other model-specific trade considerations. You also have the ability to remove a mutual fund from your Account. If a fund is removed from the Recommended or Pathways Roster of available funds, or when Russell recommends changes to specific model portfolio, we will act as your attorney-in-fact with full power and authority to buy, exchange, sell or otherwise effect transactions in your name in shares of mutual funds in your FundSource Account.

In addition to replacing a mutual fund within an Optimal Blend, we adjust the target allocation within an Optimal Blend from time to time without your consent. We modify the allocations and/or selected funds when we believe it is in the interests of our investors to do so. Individual mutual funds and mutual fund combinations are selected based on both quantitative and qualitative methods. Quantitative methods include examination of historical performance as well as the biases that have characterized a given manager's investment approach. Qualitative considerations include, but are not limited to, the tenure and assessed experience of the investment professionals, the perceived quality of the investment process, the risk/return expectations for individual funds, and other factors that impact the investment decision.

We meet as necessary to make appropriate changes to the firm's current asset allocation recommendations. We will review these recommendations and apply them to the portfolios, as appropriate. We and/or our agent will review the use of any affiliated managers within an Optimal Blend strategy at least annually to ensure objective and consistent due diligence standards are applied to both affiliated and unaffiliated managers. WFII meets regularly to review the current FundSource recommendations and make appropriate changes to the current asset allocation models and/or the list of research recommended mutual funds.

When using affiliated funds, you should understand that there is a conflict of interest where we offer, recommend, and invest your assets in the affiliated funds whereby we and our affiliates will receive the Program compensation and the compensation for services provided to the fund. Affiliated funds included on the Recommended List are reviewed using the same criteria as non-affiliated funds.

As mutual funds reach capacity, they are subject to closure to new contributions by existing investors and/or to new investors. In such instances, we will seek appropriate, alternative mutual funds for the affected Optimal Blend portfolio(s), or establish a new version of the model for new FundSource Clients.

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

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

Certain mutual funds are not available to all Clients because of Account types, minimum purchase requirements, geographic availability, fund closures or other factors.

Mutual funds will include, at any given time, asset allocation funds, alternative strategy mutual funds or other select funds that utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes.

### **General Due Diligence Information**

Information collected by WFA and/or WFII regarding Managers, mutual funds and ETFs is believed to be reliable and accurate, but we do not necessarily independently review or verify it on all occasions. While performance results are generally reported to us through consultants or Managers on a standard gross of fees or a commission basis, we do not audit or verify that these results are calculated on a uniform or consistent basis as provided by a Manager directly to us or through the consulting service we use.

Other than in connection with our consulting responsibilities, we do not assume responsibility for the conduct of Managers, mutual funds or ETFs that you or we select, including their performance or compliance with laws or regulations. You should also be aware that shares of any particular security will fluctuate in value and when redeemed could be worth less than their original cost. There is no guarantee that your target allocation or our recommendations will protect against such loss of investment.

You should understand that:

- a) past performance of a Manager, mutual fund, ETF, and/or advisory annuity is no guarantee of future results;
- b) market and/or interest rate risk can adversely affect any objectives and strategies of a Manager, mutual fund, ETF or advisory annuity and could cause a loss in your Account;
- c) a Manager's past performance does not reflect management of any Program Account, the performance of which varies according to a number of factors, including the size, timing of Account investment, individual Client investment limitations and the process whereby we effect trades based on the advisers' instructions; and
- d) your risk parameters or the comparative index selections you provide us are guidelines only; there is no guarantee that they will be met or exceeded.

### **Services Tailored to Individual Client Needs**

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

### **Client Restrictions and Instructions**

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

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

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

### **Performance-Based Fees and Side-By-Side Management**

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

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

The Methods of Analysis used and Investment Strategies available in each Program are described above in the "Services, Fees and Compensation" and the "Portfolio Manager Selection and Evaluation" sections.

#### **Risk of Loss**

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

## **Voting Client Securities**

For Advisory Program Accounts over which we exercise discretion, we do not vote proxies for securities held in your Program Account. Under the Program Agreement, unless you indicate or tell us otherwise, you will delegate your proxy voting authority to a third party proxy voting service provider, currently Institutional Shareholder Services Inc. ("ISS"), which we have engaged to vote proxies on your behalf. There is no cost to you to use this service. ISS will vote proxies in accordance with its established guidelines. When using ISS' services, you will not receive proxy materials or annual reports related to securities or other property. There are circumstances in which ISS will decline to vote proxies. ISS' services do not apply to proxies they decline to vote and in those instances you will not receive proxy materials and the proxy will not be voted. Information regarding ISS' services and its U.S. Proxy Voting Guidelines are available via ISS' website (<https://www.issgovernance.com/policy-gateway/voting-policies>).

You have the ability to rescind your proxy voting delegation by providing written instruction to us. You can choose to vote proxies yourself or delegate voting authority to another person (other than us or your Financial Advisor, as we do not provide these services). In these instances, we will send proxy-related materials and proxy cards to you or to your chosen delegate. You may change your election at any time by contacting your Financial Advisor.

We have the ability to change the third party proxy voting service provider at any time. In doing so, we will not be deemed to have or to exercise proxy voting responsibility or authority by virtue of such action.

If you hold any Non-Program Assets within your Account, we will forward all proxy solicitations to you for action with regards to those specific securities.

If trading authority has been granted to a Discretionary Manager (such as a Single Strategy Personalized UMA Account managed by a discretionary manager or a Private Advisor Network Account), you have directed us to forward proxy voting materials to your discretionary manager and authorize them to take such action (or refrain from acting). You may rescind your authorization at any time by providing written notice to us.

We or a third party provider will act (or refrain from acting) for you with respect to reorganization information related to securities, or the issuer of securities, held or formerly held in an Advisory Program Account. You have the ability to rescind your authorization by providing written instruction to us appointing either yourself or a third party authorized to act on your behalf.

## **Client Information Provided to Portfolio Managers**

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

## **Client Contact with Portfolio Managers**

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

## **Additional Information**

### **Disciplinary Information**

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

For more information on broker/dealer related disciplinary events, please visit:

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

Our investment advisory disciplinary history is available by going to: <http://www.adviserinfo.sec.gov/>

- On August 27, 2020, Wells Fargo Clearing Services, LLC agreed to a settlement with FINRA regarding allegations that the Firm failed to reasonably supervise the activities of two former registered representatives, thus violating its own written supervisory procedures along with NASD Rule 3010(a) and FINRA Rules 3110(a) and 2010. Between November 2012 and October 2015, the two representatives recommended that many of their customers invest a substantial portion of their assets in four high-risk energy securities, which generated multiple red flags regarding overconcentration and suitability in their customers' accounts that the firm failed to reasonably investigate. The Firm has previously compensated 67 clients over \$9.7 million for losses in these investments. Without admitting or denying the findings, the Firm agreed to a settlement that included a censure, a fine of \$350,000 and restitution in the amount of \$201,498 plus interest to additional specified clients.
- On February 27, 2020, the Securities and Exchange Commission ("Commission") entered an order against Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, following the Firms' offers of settlement. The Commission found that, from April 2012 through September 2019, the Firms recommended that many retail investment advisory clients and brokerage customers buy and hold single-inverse exchange-traded funds ("ETFs") without having adequate compliance policies and procedures and without providing financial advisors proper training and supervision of single-inverse ETFs. The Commission found that, as a result, certain investment adviser representatives and registered representatives made unsuitable recommendations to certain clients. The Commission found that the Firms willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, failed reasonably to fulfill their supervisory responsibilities within the meaning of Section 203(e)(6) of the Advisers Act and failed reasonably to fulfill their supervisory responsibilities within the meaning of Section 15(b)(4)(E) of the Exchange Act. The Firms consented, without admitting or denying the findings contained in the Order, to: (a) cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, (b) be censured, and (c) jointly and severally pay a civil monetary penalty in the amount of \$35,000,000.

- In 2018, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC elected to participate in the Securities and Exchange Commission's Mutual Fund Share Class Selection Disclosure Initiative ("SCSD Initiative"). The SCSD Initiative provided investment advisers with the opportunity to voluntarily self-report to the SEC's Division of Enforcement possible securities law violations related to the adequacy of their disclosures concerning mutual fund share class selection and fees received pursuant to Rule 12b-1 under the Investment Company Act of 1940. As part of the SCSD Initiative, the Firms reviewed disclosures and activities related to mutual fund share class selection within advisory programs. At the conclusion of the SCSD Initiative, the Firms jointly and severally consented to a settlement agreement alleging violations of Sections 206(2) and Section 207 of the Investment Advisers Act of 1940 and entry of an order under which the Firms were censured, agreed to cease and desist from committing further violations, and agreed to pay disgorgement and prejudgment interest totaling \$17,363,847.29. The SEC did not impose a fine or civil monetary penalty in recognition of the fact that the Firms self-reported.
- In December 2017, Wells Fargo Advisors agreed to a settlement with the State of Illinois Securities Department regarding allegations that it received, reviewed and/or analyzed documents and information from a financial advisory firm concerning certain money manager strategies that contained information that was later found to be false and misleading. The findings stated that we included the financial advisory firm's money manager strategies in certain of our externally managed Separately Managed Account Programs, but that we did not utilize inaccurate historical performance data in connection with our decision to onboard the money manager strategies and we did not incorporate inaccurate performance data in our advertisements or Program marketing materials. Without admitting or denying the findings, the Firm agreed to a total monetary payment of \$270,000.
- On December 21, 2016, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC agreed to a settlement with FINRA regarding allegations that the Firms failed to maintain approximately one million electronic brokerage records in non-erasable and non-rewritable format, which is intended to prevent the alteration or destruction of broker-dealer records stored electronically. The findings also stated that for approximately 1.5 million accounts, the Firm failed to preserve customer account form templates containing the terms and conditions related to the opening and maintenance of accounts, failed to retain certain communications and failed to notify FINRA at least 90 days prior to using new storage media to store electronic broker-dealer records. FINRA also found that the Firms failed to implement an audit system for those records, failed to provide its third party vendors full access to the storage systems, failed to implement an adequate supervisory system and failed to enforce written procedures. Without admitting or denying the findings, the Firms agreed to a censure and fine, jointly and severally, of \$1,500,000. The Firms also consented to a review of its policies and procedures.
- On December 5, 2016, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC agreed to a settlement with FINRA regarding allegations that the Firms failed to establish, maintain and enforce reasonable supervisory systems for the use of consolidated reports generated by their registered representatives through available applications. The findings stated that these applications allowed the Firms' representatives to manually enter information regarding customers' external accounts, assets and liabilities into a centralized table which the Firms maintained. This information would then be used to populate reports, including those that would be sent to the Firms' customers. FINRA found that the Firms did not have systems in place to review the contents of the reports, including information about customer holdings away from the Firms. In addition, the Firms' supervisory systems and procedures were inadequate because there was no mechanism allowing representatives to designate which reports were actually provided to customers and the system could not distinguish between draft reports and completed reports that were sent to customers, which should have been subject to the Firms' supervisory systems designed to review customer communications. Without admitting or denying the findings, the Firms agreed to a censure and fine, jointly and severally, of \$1,000,000.
- In December 2014, Wells Fargo Advisors agreed to a settlement with FINRA regarding allegations that the Firm failed to comply fully with requirements to verify the identity of each customer opening a new account under its Customer Identification Program ("CIP"). Due to a design flaw in the Firm's CIP system, 220,000 accounts, out of the total 6.9 million accounts opened during the period from October 2003 through October 2012, were not subject to the Firm's CIP review. When considering sanctions, FINRA took into consideration that WFA discovered the system flaw through self-testing, performed remediation CIP on approximately 100,000 accounts that remained open, made system changes to prevent recurrences and reported the violations in accordance with FINRA Rule 4530(b). Without admitting or denying the allegations, the Firm agreed to a settlement that included a censure, and payment, jointly and severally with its affiliate Wells Fargo Advisors Financial Network, of a \$1,500,000 fine.
- On September 22, 2014, the Securities and Exchange Commission ("Commission") entered an order against Wells Fargo Advisors, LLC following the firm's offer of settlement. The order stated that the firm did not adequately establish, maintain or enforce policies and procedures to prevent the misuse of material nonpublic information, particularly concerning the risk that its associated persons could obtain material nonpublic information from its customers or advisory clients. The order also stated that during the Commission's investigation, the firm unreasonably delayed production of certain documents and produced a document that was altered by an employee. The firm admitted the Commission's findings of fact, acknowledged that its conduct violated the federal securities laws and agreed to retain an independent compliance consultant to review relevant policies and procedures, as well as the making, keeping and preserving of certain required books and records. The order censured the firm, required that the firm cease and desist from violating the federal securities laws cited in the order and imposed a civil money penalty in the amount of \$5,000,000.
- In May 2012, Wells Fargo Advisors agreed to a settlement with FINRA regarding allegations that the Firm failed to establish and maintain supervisory systems, including written procedures, reasonably designed to achieve compliance with applicable FINRA rules in connection with the sale of leveraged, inverse and inverse-leveraged Exchange-Traded Funds. Without admitting or denying the allegations, the Firm agreed to a settlement that included a censure, and payment, jointly and severally with its affiliate Wells Fargo Advisors Financial Network, of a \$2,100,000 fine and restitution to specified clients.
- In May 2011, Wells Fargo Advisors agreed to a settlement with FINRA regarding allegations that the Firm failed to deliver prospectuses to customers on a timely basis and failed to timely file certain amendments to Uniform Applications for Securities Industry or Transfer ("Forms U4") and Uniform Termination Notices for Securities Industry Registration ("Forms U5"). Without admitting or denying the allegations, The Firm agreed to a censure and a \$1,000,000 fine. The Firm also agreed to adopt and implement systems and procedures reasonably designed to achieve compliance with the federal securities laws and FINRA rules applicable to timely filing of Forms U4 and U5.

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

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

WFCS is a member of all principal stock exchanges in the United States, including the New York Stock Exchange and NASDAQ. WFCS is also a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

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

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

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

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

- Wells Fargo also provides retail brokerage and investment advisory services through Wells Fargo Advisors Financial Network, LLC ("WFAFN").
- Wells Fargo Funds Management, LLC, is a registered investment adviser and wholly owned subsidiary of Wells Fargo & Company that provides investment advisory services to the Wells Fargo Advantage Funds. These funds are eligible to be purchased in WFA brokerage Accounts and advisory Programs. Wells Fargo Funds Management, LLC is also an advisor to certain cash sweep vehicles available to Program Clients.
- Wells Capital Management Incorporated and Galliard Capital Management are affiliates of Wells Fargo & Company and may serve as advisers and/or sub-advisers through WFA's Programs and Wells Fargo Advantage Funds.
- Wells Fargo Investment Institute, Inc. ("WFII") is a registered investment advisor and wholly owned subsidiary of Wells Fargo & Company that provides advisory services and research to WFA.

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

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

Certain cash sweep vehicles that we offer as part of our Cash Sweep Program may also be used by our affiliates. The rate of return paid when invested in these cash sweep vehicles with our affiliate could be greater than the rate of return paid when invested in these cash sweep vehicles with WFA.

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

### **Code of Ethics**

Our Associates are subject to a Code of Ethics that is designed to ensure our business activities are performed with the highest possible standards of ethics and business conduct, and to comply with all applicable laws, rules, and regulations that govern our businesses. Key requirements of our Code of Ethics are summarized below:

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



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

Under the Programs, we are generally appointed as sole and exclusive broker by you with respect to the referenced Account for the execution of transactions. Our Program Fee covers transaction costs when transactions are executed through us. On occasion, Clients designate, or the law requires, the use of other brokers. Discretionary Managers within our Programs also elect to execute transactions with other firms as they deem appropriate, taking into account a number of factors such as best execution responsibilities, research services and other qualitative factors. Certain Managers elect to execute all, or a majority of their transactions with other firms based on these factors. When transactions are executed with other firms, including transactions executed through our affiliates, there are additional trading costs in executing the transaction that are embedded into the price of the security that do not apply when trades are executed through us. Any embedded execution costs on trades done away from us are in addition to our Program Fee and Platform Fee and could increase your overall cost. Discretionary Managers are required to consider these additional costs when reviewing their best execution responsibilities in determining whether to trade through us or another firm, however, as stated, there are other factors that also impact their decision in where to place a trade. Discretionary Managers have provided WFA with estimates around volume and additional costs related to trading with other broker dealers. This information can be found in the Legal Disclosures section of the WFA public website under "SMA Trade Away Disclosure" (<https://www.wellsfargoadvisors.com/pdf/disclosures/trade-away-disclosure-for-public-solicitable-nonsolicitable.pdf>.)

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

With respect to cash sweep vehicles investments, you receive disclosures about our affiliates and the advisory and other fees paid to affiliates by such cash sweep vehicles. These disclosures are contained in the prospectuses for the money market funds in which you invest and in our Disclosure Documents and Client Agreements, as applicable. Additional information and disclosures are provided below under the section entitled "Cash Sweep Program."

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

Additionally, we may be restricted or limited in our ability to purchase or sell particular securities or make investment recommendations as a result of these affiliated activities.

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

## **Personal Trading**

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

## **Review of Accounts**

Program services include review and monitoring of your Account by our personnel and facilities. We will provide you with an annual report of your portfolio's performance and it will also be available to you on an ad hoc basis. This will include a statistical presentation of the performance of your Account(s), based on the information on our records, and ongoing comparisons with selected industry indices or benchmarks. Normally, the periodic portfolio-monitoring report is calculated based on the activity of the Account since its inception in our Program.

We will transmit the following to you: (a) trade confirmations reflecting all transactions in securities, and (b) at least a quarterly statement of your Account, if there is no activity to warrant a monthly statement. You have the option to receive periodic statements of Account activity in lieu of transaction-by-transaction confirmations to the extent permitted by Rule 10b-10 under the Exchange Act.

When you open a Program Account, your investment objectives and strategy are reviewed for consistency with each Program's requirements. As applicable, we examine adherence to criteria and Program guidelines on security selection, concentration, diversification, activity and restrictions. Our reviews are performed by the branch office manager, and to the extent applicable, home office personnel, who are assisted by various data processing reports, as the reviews relate to their supervisory and oversight responsibilities, respectively. We review these guidelines periodically and can modify them without notice.

## **Client Referrals and Other Compensation**

From time to time, we initiate incentive Programs for our Associates, including FAs. These programs may compensate them for attracting new assets and Clients, referring business to our affiliates (such as referrals for mortgages, trusts, or insurance services) or other FAs, promoting investment advisory services and promoting green initiatives (such as raising Client awareness of paperless options). We may also initiate Programs that reward FAs who meet total production criteria, length of service requirements, participate in advanced training and improve client service.

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

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

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

Wells Fargo & Company is a full-service financial services firm with many affiliates. Wells Fargo & Company encourages its subsidiaries to use the products and services offered by affiliated firms, when appropriate. During the course of annual business planning, business with our affiliates is included in establishing our sales goals. As a result, we have an incentive to hire affiliate service providers for our advisory Programs. We recommend affiliated mutual funds to Program Clients, and hire other affiliates to provide trade execution, clearing and platform administration services for the Programs. We intend, however, to make all recommendations independent of any such goals and based solely on our obligations to consider your objectives and needs.

## **Brokerage Practices**

Under the Programs, you will generally appoint us as sole and exclusive broker with respect to the referenced Account for the execution of transactions. In connection with these transactions, we act as agent or, where permitted by law, principal (including instances wherein we or an affiliate are an underwriter or selling group member). You authorize us to effect and execute brokerage transactions, including on a national exchange, as permitted by current provisions of Section 11(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and rules promulgated under the Exchange Act, including any future amendments or changes to such statutes and rules. Our Portfolio Managers have the ability to purchase securities for their own Accounts that they also purchase for their Clients.

As a matter of policy, we do not execute principal trades or agency cross transactions in these advisory Programs with the exception of the Private Advisor Network Program. In the Private Advisor Network Program, principal trades are permitted in non-IRA and non-ERISA (Employee Retirement Income Security Act of 1974) Accounts. Although in some instances, we are able to provide a more favorable market price to you if we participate in a principal trade or an agency cross transaction, we do so only when consistent with our obligations to provide best execution, due to regulatory requirements when executing such transactions. Therefore, you will generally not have access to new issues or syndicate offerings in these Accounts. You have the ability to make such purchases in a retail brokerage Account, and you should be aware that they will be subject to the customary fees and commissions charged in such Accounts.

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

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

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

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

Limitations exist within Client trading systems and the Automated Customer Account Transfer Service ("ACATS") whereby only whole share positions are traded or transferred. If your advisory Account maintains fractional shares of equity securities, we will accommodate the liquidation by trading them through a Firm principal trading account, while any whole share positions will be liquidated on an agency basis. The price at which the fractional shares sell could, in some instances, differ from the price in which the whole shares trade.

If you are rolling over assets from an employer-sponsored Qualified Retirement Plan ("QRP"), such as a 401(k), to an Individual Retirement Account ("IRA") with us, you should carefully evaluate all choices which are typically available. These four options include: leaving your assets in your former employer's plan (if permitted), rolling over the assets to your new employer's plan (if permitted), rolling your assets to an IRA with us or another firm, or cashing out the account value. You should consider the following factors, among others, in deciding whether to keep assets in a QRP, roll over to an IRA or cash out: investment options, fees & expenses, ability to make penalty-free withdrawals and differences in creditor protection. We have a conflict of interest in connection with a rollover of your assets into an IRA and the investment of the assets with us as opposed to leaving the assets in your former employer's plan or electing one of the other options. The conflict arises because we will likely earn no compensation if you were to leave the assets in your former employer's plan or transfer to your new employer's plan. In addition, the costs of maintaining and investing assets in an IRA with us will generally involve higher costs than the other options available to you. While we typically offer a broader range of investment options and services than an employer-sponsored QRP, there are no guarantees that the additional investment options will outperform your employer-sponsored QRP.

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

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

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

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

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

If any such prices are unavailable or believed to be unreliable, we will determine prices in good faith so as to reflect our understanding of fair market value.

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

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

We will not sell your information to other companies for marketing purposes. We employ strict security standards and safeguards to protect your personal information and prevent fraud. In addition, we will continue to protect your privacy even if you cease being our Client.

Consistent with our privacy policies and applicable law, WFA and its affiliates provide access to Client personal information to affiliated and third party service providers throughout the world. When Client information is accessed, we maintain protective measures as described in our privacy policies and notices. For more information, please see our Privacy Statement.

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

### **Cash Sweep Program**

Accounts opened must provide consent, through the general Account opening agreement, to use our Cash Sweep Program. Through our Cash Sweep Program you may earn a rate of return on the uninvested cash balances in your Account by automatically placing ("sweeping") cash balances into a sweep vehicle until such balances are invested or otherwise needed to satisfy obligations arising in connection with your Account. The available cash sweep vehicles currently consist of (1) interest-bearing deposit accounts at affiliated and unaffiliated banks in our Expanded Bank Deposit Sweep Program, (2) interest-bearing deposit Accounts at two affiliated banks in our Standard Bank Deposit Sweep Program (together with the Expanded Bank Deposit Sweep Program, the "Bank Deposit Sweep Programs"), and (3) one or more affiliated and non-affiliated stable-value Money Market Mutual Funds

("Money Market Sweep Funds"). Eligibility for each available sweep vehicle is determined by Account type. You may elect not to participate in the Cash Sweep Program and/or periodically invest cash balances directly in available money market mutual funds or other products offered as direct investments outside of the Cash Sweep Program by providing instructions to your investment professional. If you choose not to participate in the Cash Sweep Program, except for retirement Accounts, accruing cash balances will not earn a rate of return prior to direct investment. In addition, available cash will not be automatically swept into any money market mutual fund or other investment that you purchase outside of the Cash Sweep Program. The Cash Sweep Program is subject to the terms and conditions of the Cash Sweep Program Disclosure Statement.

As returns on the Cash Sweep, your personal financial circumstances, and other factors change, it may be in your financial interest to change your Cash Sweep (if another option is available for your Account type) or invest cash balances in products offered outside of the Cash Sweep Program consistent with your investment objectives and risk tolerance. Wells Fargo Advisors does not have any duty to monitor the Cash Sweep for your Account or make recommendations about, or changes to, the Cash Sweep Program that might be beneficial to you.

Prior to receipt of the general Account opening documents, cash deposited in the client's Account and not otherwise invested, will be held as a free credit balance and not placed in the Cash Sweep Program until written consent is provided to participate in our Cash Sweep Program. While any cash remains in free credit balance, we will retain any interest earned on assets awaiting investment or disbursement. You understand and agree that this interest (generally referred to as "float") will be retained by us as additional compensation for the provision of services with respect to the Account. Such interest shall generally be a prevailing interest rate Except for retirement Accounts, Except for retirement Accounts, while any cash remains in free credit balance, you will not earn any interest on such balance.

### **Bank Deposit Sweep Programs**

The Bank Deposit Sweep Programs consist of interest-bearing Accounts at affiliated and unaffiliated banks in our Expanded Bank Deposit Sweep Program, and interest-bearing deposit Accounts at two or more affiliated banks in our Standard Bank Deposit Sweep Program. Each unaffiliated and affiliated bank is a depository institution regulated by bank regulatory agencies under various federal banking laws and regulations.

We, along with our affiliates, including the affiliated banks, benefit financially from cash balances held in the Bank Deposit Sweep Programs. As with other depository institutions, the profitability of the banks in the Bank Deposit Sweep Programs, including affiliated banks, is determined in large part by the difference or "spread" between the interest they pay on deposit Accounts, such as Bank Deposit Sweep Programs, and the interest or other income they earn on loans, investments, and other assets. The banks in the Bank Deposit Sweep Programs may pay rates of interest on the Bank Deposit Sweep Programs that are lower than prevailing market interest rates. The participation of the affiliated banks in the Bank Deposit Sweep Programs is expected to increase their respective deposits and, accordingly, overall profits.

With respect to the unaffiliated banks under the Expanded Bank Deposit Sweep Program, the financial benefits available to Wells Fargo Advisors may differ as between retirement Accounts relative and non-retirement Accounts. For retirement Accounts (including IRAs), each unaffiliated Program Bank in the Expanded Bank Deposit Sweep Program will pay Wells Fargo Advisors a uniform fee equal to 79% of the Federal Funds Effective Rate of the average daily total retirement Account deposit balances at that unaffiliated Program Bank. Because each unaffiliated Program Bank will pay us the same amount on retirement Accounts, we have no incentive to make deposits with any particular unaffiliated Program Bank. In the case of non-retirement Accounts, each unaffiliated Program Bank in the Expanded Bank Deposit Sweep Program will pay Wells Fargo Advisors an amount not to exceed a percentage (equivalent to Federal Funds Target plus 30 basis points (0.30%)) of the average daily total nonretirement deposit balances at that unaffiliated Program Bank, however the amount of that fee may vary from one unaffiliated Program Bank to the next. This amount includes our fee and interest payable to participating Accounts in the Expanded Bank Deposit Sweep.

In addition, Wells Fargo Advisors will receive compensation from the Affiliated Banks in the Bank Deposit Sweep Programs in an amount of up to a \$35 annual flat fee for each Wells Fargo Advisors Account that is eligible to sweep to the Affiliated Banks in the Bank Deposit Sweep Programs. The management personnel and other employees of Wells Fargo Advisors and its affiliates receive incentive compensation based in part on assets in Affiliated Banks or the profitability of Affiliated Banks in the Bank Deposit Sweep Programs and their joint parent company, Wells Fargo & Company.

Under the Expanded Bank Deposit Sweep, we pay an unaffiliated third-party administrator a fee for its services. This fee includes an asset-based fee, which will vary based on deposit balances at the unaffiliated Program Banks. We do not pay the third-party administrator on deposits held in the Affiliated Banks. Thus, the profitability of the Expanded Bank Deposit Sweep is based in part on deposit balances, which may be greater depending on the size of the overall deposit balances in the Expanded Bank Deposit Sweep.

Wells Fargo Advisors has a conflict of interest because it influences both what you receive in interest and what it and its employees receive in compensation on the Standard Bank Deposit Sweep. This compensation is subject to change and we may waive all or any part of this fee at any time without notice. As a result of the fees and benefits described above, the Standard Bank Deposit Sweep will be more profitable to us than the Expanded Bank Deposit Sweep, which means we will receive a greater benefit if you select the Standard Bank Deposit Sweep as your Cash Sweep.

### **Money Market Sweep Funds**

Wells Fargo Advisors and its affiliates may receive distribution (Rule 12b-1), investment management, service fees and other compensation as a result of sweeping available cash into the Money Market Funds. These fees, which vary depending on the Money Market Fund (and class thereof) used, are paid directly by the Money Market Funds but ultimately borne by you as a shareholder in the fund. Mutual fund companies typically offer multiple share classes with different levels of fees and expenses. When selecting the share class for the Money Market Fund used as a Cash Sweep Vehicle, we do not, in all instances, select the share class with the lowest fees that is available from the fund company and these decisions are influenced by the additional compensation we receive in connection with your Account's Money Market Fund holdings. The use of a more expensive share class of a Money Market Fund as a Cash Sweep Vehicle will negatively impact your overall investment returns.

The Cash Sweep Program should not be viewed as a long-term investment option. It is your responsibility to monitor your balances in the Cash Sweep Program, and determine whether you prefer to invest cash balances in products offered outside the Cash Sweep Program. For additional information, see the Cash Sweep Program Disclosure Statement, which we provided to you when you opened your Account. For additional information about the Cash Sweep Program, including information about how we and our affiliates benefit from the Cash Sweep Program, see the Cash Sweep Program Disclosure Statement, which we provided to you when you opened your Account.

### **Financial Information**

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