

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

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

801 - 37967

Investment Advisory Services of Wells Fargo Advisors  
Revised March 2023

One North Jefferson, St. Louis, MO 63103

Phone (314) 875-3000

[www.wellsfargoadvisors.com](http://www.wellsfargoadvisors.com)

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

This information has not been approved or verified by United States Securities and Exchange Commission or by any state securities authority. Additional Information about Wells Fargo Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Please note that registration as an investment adviser does not imply a certain level of skill or training.

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, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

## **Summary of Material Changes**

Material Changes to the Wrap Fee Brochure for Financial Advisor & Client Directed Advisory Programs since March 31, 2022:

- The Priority Credit Line ("PCL") from Wells Fargo Advisors, described in the **Securities-Based Loan Programs** section of the document, will be closed to new Wells Fargo Advisors Clients effective February 24, 2023. Going forward these Clients will have access to the WF Bank Priority Credit Line. In addition, updates have been made to the language in this section.
- The **Portfolio Manager Selection and Evaluation** section of the document has been updated to include additional information specific to the review of Allowable List packaged investment products.
- The **Fundamental Choice** and **Quantitative Choice** sections of the document have been updated to state that going forward, research for the Programs will be provided by WFA, WFA affiliates, and/or several non-affiliated research providers.
- The **Cash Sweep Program** section of the document has been updated to provide additional detail and clarification specific to the use of cash sweep within advisory Programs.
- Language has been added to the document specific to Accounts Held at Unaffiliated Custodians and Broker-Dealers.
- Updates have been made to the **General Information About Fees for Program Services, Other Account Fees and Brokerage Practices** section of the document to provide additional clarification.

# **Table of Contents**

Page

|   |           |
|---|-----------|
| <b>Summary of Material Changes .....</b>  | <b>2</b>  |
| <b>Services, Fees and Compensation .....</b>  | <b>4</b>  |
| The Asset Advisor Program .....   | 5         |
| CustomChoice Program .....  | 5         |
| Private Investment Management, Fundamental Choice and Quantitative Choice Programs .....    | 6         |
| Fees and Compensation .....   | 7         |
| Account Termination .....   | 17        |
| <b>Account Requirements and Types of Clients .....</b>                                      | <b>17</b> |
| <b>Portfolio Manager Selection and Evaluation .....</b>                                     | <b>17</b> |
| Services Tailored to Individual Client Needs .....  | 18        |
| Client Restrictions and Instructions .....  | 18        |
| Performance-Based Fees and Side-By-Side Management .....                                    | 18        |
| Methods of Analysis, Investment Strategies and Risk of Loss .....                           | 18        |
| Proxy and Reorganizations .....   | 19        |
| <b>Client Information Provided to Portfolio Managers .....</b>                              | <b>19</b> |
| <b>Client Contact with Portfolio Managers .....</b>   | <b>19</b> |
| <b>Additional Information .....</b>   | <b>19</b> |
| Disciplinary Information .....  | 19        |
| Other Financial Industry Activities and Affiliations .....                                  | 21        |
| Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..... | 22        |
| Review of Accounts .....  | 23        |
| Prospectus Delivery .....   | 23        |
| Client Referrals and Other Compensation .....   | 24        |
| Brokerage Practices .....   | 24        |
| Cash Sweep Program .....  | 27        |
| Financial Information .....   | 29        |

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, Mutual Fund Advisory Programs, Financial Advisor ("FA") Directed Programs and Non-Discretionary, Client Directed Advisory Programs. We also offer Consulting and Financial Planning advisory services. This Disclosure Document is being provided pursuant to Section 204 of the Investment Advisers Act of 1940 and deals solely with our FA & Client Directed Advisory Programs: Asset Advisor, CustomChoice, Private Investment Management, Fundamental Choice and Quantitative Choice (collectively referred to as "the Programs"). Descriptions of the services and fees for the other programs and services we offer can be found in separate disclosure documents, copies of which are available upon request.

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

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

A Client request to establish 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. We will initiate Program services for new Advisory Program Accounts within a reasonable amount of time, generally within 15 days, after your execution of any required Account documentation, approvals and funding of the account. Until we initiate Program services with respect to a new Advisory Program Account, your assets will be held in a brokerage Account for which you will be solely responsible for making any investment decisions with respect to the assets. During such time, we will not act as an investment adviser with respect to the assets. If you transition from one Program to another, we will effectuate the transition within a reasonable amount of time, generally within 15 days, after our receipt of your instruction to make the change. As part of a transition from one Program to another and until such a transition is complete, a transitioning Account may for a reasonable period of time, generally not exceeding 15 days, hold positions that do not directly align with the newly selected strategy and Program or the strategy selected for the prior Program. As a result, transitioning Accounts may be subject to market volatility in a manner that is different than that associated with the prior or newly selected Program strategy. A transitioning Account will continue to be subject to the fees associated with the Program that it is being transitioned from until the transition is complete.

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.

## **Client Directed Programs**

### **The Asset Advisor Program**

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

Most types of securities are eligible for purchase in an Asset Advisor Account including, but not limited to, common and preferred stocks, exchange-traded funds ("ETF"), closed-end funds ("CEF"), fee-based unit investment trusts ("UIT"), corporate and government bonds, certificates of deposit ("CD"), options, structured products, certain open-end mutual funds whose shares can be purchased at net asset value, certain wrap class alternative investments, such as hedge funds and managed futures funds, and certain wrap class advisory annuities. Collectively, these are referred to as "Program Assets." Program eligible mutual funds 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.

Hedge funds and managed futures are not suitable for all investors. Hedge funds are complex investment vehicles that often use leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that could increase the risk of investment loss. Managed futures are speculative investments that are subject to a significant amount of risk. Prospective investors must be provided a risk-disclosure statement. This Disclosure Document is not a solicitation, recommendation or invitation to invest in alternative investments and is intended solely to disclose the availability of alternative investments within the Asset Advisor Program. Over time, your total expenses to own an alternative investment inside your investment advisory Account will be greater than the total expenses to own a similar alternative investment outside your investment advisory Account.

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

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

### **The CustomChoice Program**

CustomChoice is a non-discretionary investment advisory Program designed to help you allocate your assets among open-end mutual funds in accordance with your individual investment goals, objectives, and expectations. Based on your investment objectives and risk tolerance, your Financial Advisor will recommend an appropriate mix of affiliated or unaffiliated open-end mutual funds and money market funds and target allocation percentages. Funds on the Recommended List and Allowable List (described more fully below in the "Portfolio Manager Selection and Evaluation" section) can be included. Program eligible mutual funds 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.

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

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

### **Rebalance Trading System**

Domestic Clients may request periodic rebalancing of the mutual funds in their Account. We can rebalance your Account either at predetermined intervals (e.g., annually) or when you direct us to do so. The Rebalance Trading System reviews the actual allocation of mutual funds in your Asset Advisor or CustomChoice Account versus the target allocation established for your Account. Generally, subject to certain minimum constraints, if any of the funds in your Account vary by more established percentages from your Target Allocation on the predetermined interval you selected, 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. The Rebalance Trading System will not rebalance any assets that are not offered through the Programs (i.e., "Excluded Assets or Non-Program Assets").

## FA Directed Programs

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

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

**Fundamental Choice** ("FC") is built on the foundation of both fundamental and quantitative equity research. Research for the Program is provided by WFA, WFA affiliates, and/or several non-affiliated research providers. Aside from equities, this Program allows investments in ETFs, CEFs, Program eligible mutual funds, fee-based UITs, cash and cash alternatives as well as individual fixed income positions (bonds and preferred securities). Program eligible mutual funds 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. The Program guidelines are based on equity research ratings, diversification, percentage weightings within economic macro sectors and security concentration limits.

**Quantitative Choice** ("QC") is based on quantitative research. Research for the Program is provided by WFA, WFA affiliates, and/or several non-affiliated research providers. Quantitative Choice is a highly disciplined, objective approach to portfolio management that utilizes equities and cash only. Three management styles have been developed for Financial Advisors to use: Growth, Core and Value. The Program guidelines are based on quantitative research ratings, diversification, percentage weightings within economic macro sectors and security concentration limits.

**Private Investment Management** ("PIM") is based on both fundamental and quantitative research and other independent research. Allowable securities include stocks, bonds, cash, Program eligible mutual funds, ETFs, CEFs, fee-based UITs, CDs and covered options. Program eligible mutual funds 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. Individual PIM Portfolio Managers develop specific investment strategies using a mix of these analytic methods. They also establish quality and concentration requirements to provide overall discipline. Such strategies ordinarily include long and short-term securities purchases and, depending on your objectives and the Portfolio Manager's investment philosophy, supplemental covered option writing. In special circumstances, the strategies also include margin transactions, other option strategies and trading or short sale transactions.

Some Portfolio Managers follow the investment recommendations that are the basis for investment decisions for one, or more, Wells Fargo Compass strategies available within the Personalized UMA Program for some, or all, assets in these Program Accounts. Personalized UMA is another advisory service offered by WFA. Advisory fees associated with Wells Fargo Compass strategies within the Personalized UMA Program are not charged to Clients whose assets are invested following the Wells Fargo Compass strategy investment recommendations. Clients whose Accounts are invested in whole or in part in accordance with Wells Fargo Compass strategy recommendations should consider placing that portion of their Account into a Wells Fargo Compass strategy within the Personalized UMA Program.

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

### **Portfolio Manager Termination**

If for any reason your Portfolio Manager is unable to render investment services to your Advisory Program Account, we will attempt to transfer the Account to another Financial Advisor to act as Portfolio Manager for your Account, and you will be notified of any such transfer. If we are unable to transfer your Advisory Program Account to another Financial Advisor who is eligible to provide investment services to the Account, then we will terminate the Account in accordance with the terms of the Agreement and you will be notified of such termination.

## **Fees and Compensation**

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

### **Asset Advisor Program Fee**

The current standard Program Fee for the Asset Advisor 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.

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

There is a minimum Program Fee of \$125 per quarter. For Accounts opened prior to May 2011, the minimum Program Fee is \$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.

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

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

### **CustomChoice Program Fee**

The current standard Program Fee for CustomChoice 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.

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

There is a minimum Program Fee of \$75 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.

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

The current standard Program Fee for the PIM, Fundamental Choice and Quantitative Choice Programs, 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.

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

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 - Additional Information**

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.

## **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 or greater 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 CustomChoice Program, "Account Value" shall mean the sum of the long market value of all Program eligible mutual funds, including accrued income. For the purposes of calculating fees in the Asset Advisor, Private Investment Management, Fundamental Choice and Quantitative Choice Programs, "Account Value" means the aggregate value of all eligible long positions, including accrued income, cash, and cash alternatives held in the Account, offset by the value of the short positions held in the Account. When you initially enter into a short position, the cash proceeds from the short sale will not affect your Account Value for billing purposes, but once the value of the short position changes, this change will be reflected in your Account Value. Accordingly, if your Account has a short position that reflects an unrealized gain, the Account Value will increase by the amount of that unrealized gain. Similarly, an unrealized loss will reduce your Account Value by the amount of such loss. Note that if you use the proceeds of a short sale to purchase additional securities, those securities are included in the long positions used to calculate your Account Value.

Here is an example of how a short position can affect your Account Value – and thus the fees you pay:

- Short proceeds not reinvested – If, on the date as of which your advisory fee is calculated, you hold a long position in XYZ stock that is valued at \$1000, and also hold \$250 in cash, and during the billing period you took a short position of \$200 in ABC stock that was unchanged in value, your Account Value for billing purposes would be \$1,250. If ABC stock increases in value to \$300 (meaning that you have an unrealized loss of \$100 on the short position), your Account Value would fall to \$1,150. If the ABC stock decreases in value to \$100, reflecting an unrealized gain of \$100 on your short position, then your Account Value would increase to \$1,350.
- Short proceeds reinvested – If you reinvest all the proceeds from the \$200 ABC short sale in PQR stock, and the value of ABC stock remains unchanged, your Account Value will increase (or decrease) by the amount of the appreciation (or depreciation) in PQR stock. If the value of PQR stock increases from \$200 to \$500, your Account Value would increase from \$1250 to \$1550, reflecting the value of all long positions in XYZ and PQR stock (\$1500), plus the value of the cash (\$250), and offset by the value of the short position (\$200). If, in the same scenario, the short position experienced an unrealized gain of \$100, your Account Value would be \$1650.

Margin debit balances do not reduce the Account Value, and purchasing eligible securities with proceeds from a margin loan increases your Account Value by the value of those positions. If the margin loan proceeds are reinvested in securities, the Account Value will be affected by any changes in the value of those securities. 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 and cash alternatives (i.e., money market funds) included in the Account Value. Clients will, in certain interest rate environments, pay Wells Fargo Advisors more in fees with respect to sweep holdings than the interest they earn on the sweep deposits. 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 cycle. 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 of 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 may impact the amount of any such Advisory Account Credit.

## Market Timing in Mutual Funds

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

## 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 WF Bank Priority Credit Line, the Priority Credit Line ("PCL") from Wells Fargo Advisors (Closed to new WFA Clients effective February 24, 2023) 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. Interest Rates for Securities-Based Loan Programs are different and have different features and eligibility criteria. More than one Securities-Based Loan Program product may be available to you. The interest rate charged for one offering may be higher than interest rates available through another lender or offering.
- 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 the other Securities-Based Loans available from Wells Fargo Bank or WFA may not be used to (a) purchase, carry, or trade securities (or margin stock in the case of loans offered by Wells Fargo Bank) or (b) reduce or retire any indebtedness incurred to purchase, carry, or trade securities (or margin stock in the case of loans offered by Wells Fargo Bank). 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 the lender's (WFA or Wells Fargo Bank) 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. For Margin Loans and some Securities-Based Loans, the lender can increase the maintenance requirements or call the loan at any time and for any reason, and is not required to provide you with advance written notice (although these approaches will be different for other 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. The lender can sell your Account assets without contacting you. Neither the lender nor WFA are required to notify you of a maintenance call. The details and timing of how the lender handles a maintenance call will be different for other loan programs from Wells Fargo Bank, and may be different for loans from unaffiliated lenders, but with Margin Loans and Securities-Based Loans, you will be responsible for any shortfall if your Account assets are insufficient to cover the maintenance deficiency. Even if the lender has notified you and provided a specific date by which you can meet a maintenance call, the lender can still take necessary steps to protect its 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, the lender will seek to protect or advance its interests over your interests. You should expect that the lender's interests will not be aligned with - and will be adverse to - your interests when the lender sells assets during a maintenance call, and that the lender 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, the lender 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 deposits, CDs and money market funds in an Account, has been, and may continue in the future to be, lower than the aggregate advisory fees you pay on cash assets held in an Account. As a result, depending on the interest rate environment, you may experience a negative overall investment return with respect to cash held in an Account. Furthermore, in some instances, the effective return on a cash sweep may be negative.

If you invest in 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.

Your Financial Advisor may suggest that you use other products and services that we offer, but that are not available through the Program you select ("Excluded Assets" or "Non-Program Assets"). Excluded 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 Excluded Assets in a separate brokerage Account. If an Excluded Asset purchased for or transferred into your Account later becomes a Program Eligible Asset, the Program Fee and Platform Fee will apply to that Asset without prior notice to you. In Asset Advisor, if that Asset is a mutual fund it may then become subject to the Rebalance Trading System. You will incur any usual and customary brokerage charges and fees imposed on transactions in Excluded Assets which could include (i) any dealer markups and odd lot differentials, transfer taxes, and other fees; (ii) charges imposed by broker-dealers and custodians other than us and fees for other products and services that we offer; (iii) offering discounts, commissions and related fees in connection with underwritten public offerings of securities; (iv) margin interest and operational fees and charges; (v) IRA fees; and (vi) any redemption fees, exchange fees and/or similar fees (among which SEC fees are included) imposed in connection with mutual fund transactions whereby we or your Financial Advisor receive additional compensation on these Excluded Assets. Where these fees apply, the more transactions you enter into, the more compensation that we and your Financial Advisor receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, than investment products that carry lower fees or no fees at all.

If you choose to use Trust services provided by our affiliate, Wells Fargo Bank, N.A., additional costs 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 and our affiliates 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 support**

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

Upon termination of the Account or transfer of the Advisory Share Class into a WFA retail brokerage account, you authorize us to 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.

### **Account Requirements and Types of Clients**

#### **Account Requirements**

A minimum initial Account value of at least \$50,000 is required to establish a PIM, FC or QC Account. The minimum Account value to establish an Asset Advisor or CustomChoice Account is \$25,000. At our discretion, we can choose to waive the minimum Account size. Certain investment options require initial investments greater than the Program minimum Account value. We act as service provider for the advisory Programs offered by our affiliate, Wells Fargo Advisors Financial Network, LLC, as well as for certain fully-disclosed firms that clear their transactions through us. The minimum and maximum Account sizes that these firms require could differ from those required by WFA as stated in this Disclosure Document. Please refer to the Disclosure Document of those firms, as appropriate, to determine their Account requirements. We have the right to terminate Client Accounts with written notice if they fall below minimum Account value guidelines established by the Firm.

#### **Types of Clients**

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

### **Portfolio Manager Selection and Evaluation**

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

We classify the mutual funds available in our advisory Programs as either Recommended List or Allowable List rosters of funds. We determine the Recommended List of funds by utilizing due diligence provided by our affiliate, WFII. WFII uses both qualitative and quantitative criteria when evaluating and rating these funds. 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. The WFII 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 rating of a mutual fund 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. WFII maintains due diligence and database information on each of the funds we include on the Recommended List.

The due diligence process is a continuing one, and we will add or remove funds from the Recommended List based on WFII's ongoing assessments. We will remove a mutual fund from the Recommended List based on reasons which include, but are not limited to, the fund's failure to adhere to expected investment objectives or a given management style, material changes in the professional staff managing the fund, unexplained poor performance, a change of the investment management process, or the identification of a better alternative. WFII will, at their discretion, determine whether any or all of these factors are material when deciding to recommend a replacement for the Recommended List.

WFII and WFA conduct a review of packaged investment products (mutual funds, exchange traded funds, closed end funds and unit investment trusts) prior to making them available on an Allowable List. This initial review includes a quantitatively-oriented due diligence review of fundamental and performance-based attributes using information from the investment manager and third-party data providers. On a periodic basis, WFII will conduct a quantitatively-oriented review of Allowable List packaged investment products, considering criteria similar to the initial investment review to determine Allowable List eligibility. Certain packaged investment products are not available to all Clients because of Program eligibility, Account types, minimum purchase requirements, geographic availability, fund closures or other factors.

WFA and WFII use information, financial data and investment research from a variety of sources to evaluate mutual funds. We believe the information we collect is reliable and accurate, but we make no guarantee to its accuracy or completeness.

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.

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

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

### **Client Restrictions and Instructions**

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

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

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

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

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

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

As stated above in the "Services, Fees and Compensation" section, QC Portfolio Managers generally rely on quantitative research, while FC Portfolio Managers generally rely on both fundamental and quantitative research to develop their investment management discipline. QC and FC research is obtained from both affiliated and third-party sources. PIM Portfolio Managers utilize both fundamental and quantitative research as well as other independent research. Portfolio Managers develop a specific investment philosophy using the mix of these analysis methods. Quality and concentration requirements are established to provide an overall discipline and quality element to the Program. Such strategies ordinarily include long and short-term purchase of securities and,

depending on your objectives and the Portfolio Manager's investment philosophy (if so used), supplemental covered option writing. However, in special circumstances the strategies also include margin transactions, other option strategies and trading or short sale transactions. Some Portfolio Managers follow the investment recommendations that are the basis for investment decisions for Wells Fargo Compass strategies within the Personalized UMA Program for some or all assets in these Program Accounts.

### **Risk of Loss**

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

### **Proxy and Reorganizations**

If you select an FA Directed Program, you delegate proxy voting authority to a third party proxy voting service provider, Institutional Shareholder Services Inc. ("ISS"), which we have engaged to vote proxies on your behalf to act (or refrain from acting) with respect to proxy information related to securities, or the issuer of securities, held or formerly held in an Advisory Program Account. ISS will vote proxies on your behalf in accordance with its established guidelines. ISS' services do not apply to proxies they decline to vote. When using ISS' services, you will not receive proxy materials or annual reports related to securities or other property. In the case where ISS declines to vote, you will not receive proxy materials and the proxy will not be voted.

For any corporate proposal [for investment companies registered under the Investment Company Act of 1940, including mutual funds, closed-end funds, ETFs and UITs] which does not require a proxy (e.g., tender offers or repurchase offers), neither we nor your advisor will exercise discretion in choosing an option on the proposal. Instead of exercising discretion, we will refrain from acting and these positions will be treated as unvoted. As an example, in the case of a repurchase offer by a fund, your shares will not be offered for repurchase by the fund.

You have the ability to rescind the proxy voting authorization by providing written instruction to us appointing either yourself or a third party authorized to act on your behalf. You may not delegate proxy voting authority or authority to exercise discretion on reorganization proposals to us and we will not be obligated to render any advice or take any action with respect to information related to securities, or the issuer of such securities held in the Account. Information regarding ISS' services and its U.S. Proxy Voting Guidelines are available via ISS' website <https://www.issgovernance.com/policygateway/voting-policies>. We may change the third party proxy voting service provider and will not be deemed to have or to exercise proxy voting responsibility or authority by virtue of such action.

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

For Client Directed Advisory Programs (Asset Advisor and CustomChoice), if we become aware of proxy voting in connection with a specific security, our obligations will be limited to forwarding to you any materials or other information regarding the solicitation and acting upon your express instructions to us.

### **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**

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

### **Additional Information**

#### **Disciplinary Information**

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

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

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

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

- In December 2021, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC agreed to a settlement with FINRA regarding allegations that for more than three years beginning in November 2016, the Firm failed to store 13 million records, pertaining to 8.2 million customers, related to its anti-money laundering Customer Identification Program (CIP) in the required non-erasable and non-writable "Write Once, Read Many" (WORM) format in violation of Exchange Act Rule 17A-4(F)(2)(II)(A) and failed to notify FINRA prior to using the non-WORM compliant storage platform in violation of Exchange Act rules 17A-4(F)(3)(V) and 17A-4(F)(2)(I). Without admitting or denying the findings, the firms consented to a settlement that included a censure and fine, jointly and severally, of \$2,250,000.
- 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.
- 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.

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

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

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

We 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 Accounts, 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 Program Clients. The advisory services offered by these investment managers are described more fully in their Disclosure Documents and/or Form ADV, Part 2A. The identity of these related persons and summary of the products and services follows.

- Wells Fargo also provides retail brokerage and investment advisory services through Wells Fargo Advisors Financial Network, LLC ("WFAFN").
- Wells Fargo Investment Institute, Inc. ("WFII") (known prior to November 1, 2014 as Alternative Strategies Group, Inc. and before that as Wachovia Alternatives Strategies, Inc.) is a registered investment advisor and wholly owned subsidiary of Wells Fargo Bank, N.A. that provides advisory services and research to WFA.

Wells Capital Management Incorporated, Wells Fargo Funds Management, LLC, Wells Fargo Asset Management (International) LLC, Wells Fargo Funds Distributor, LLC and Galliard Capital Management, Inc. will no longer be related persons of Wells Fargo Clearing Services, LLC ("WFCS"). These companies were wholly owned by Wells Fargo & Company ("Wells Fargo") and formed the asset management business that Wells Fargo operated under the trade name Wells Fargo Asset Management. These companies served as adviser, sub-adviser, and distributor of the Wells Fargo Funds and certain of the separately managed account programs offered through WFCS. Wells Fargo sold the Wells Fargo Asset Management business in 2021 and the new owners subsequently renamed the business Allspring Global Investments. The sale closed on November 1, 2021.

Allspring Global Investments ("Allspring") is the trade name used by the asset management businesses of Allspring Global Investments Holdings, LLC. This group of companies includes Allspring Funds Management, LLC, the investment adviser to each of the mutual funds within the Allspring Global family of funds, and Allspring Funds Distributor, LLC, the principal underwriter of the Allspring Global mutual funds. It also includes Allspring Global Investments, LLC, an investment adviser to pooled investment vehicles and separately managed accounts.

Wells Fargo will have no role in the management of Allspring. However, Wells Fargo will retain less than a 10% equity ownership interest in Allspring and, for a limited period of time following the close of the sale, continue to provide research and certain non-advisory transition services to Allspring for a fee. WFCS will continue to receive compensation from Allspring for the distribution, administrative and operational services that we provide to the Allspring Global mutual funds. Additionally, WFCS and Wells Fargo Investment Institute, Inc. ("WFII") will continue to provide Allspring, for a fee, with thematic recommended lists and research regarding individual equities used by Allspring to construct portfolios for separately managed accounts that are exclusively distributed by WFCS and its related persons. For a limited period of time, WFII will also continue to provide manager research to Allspring for a fee.

Wells Fargo's equity ownership in Allspring and the agreements by WFCS and its related persons to provide ongoing services and research to Allspring for a fee will provide us with a financial incentive to continue to recommend to our clients products that are managed and distributed by Allspring, including mutual funds, sweep vehicles, and separately managed account programs. Although Allspring will not be a related person of WFCS, WFCS and its related persons will continue to benefit from the sales of these products to a greater extent than the sale of other third-party products in which we do not have a similar financial interest.

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. Investment advisers also elect to execute transactions with other firms as they deem appropriate, taking into account a number of factors such as best execution, research services and other qualitative factors. When transactions are executed with other firms, including transactions executed through our affiliates, the cost of execution is imbedded in the price of the security. Any imbedded execution costs on trades done away from us are in addition to our Program Fee and Platform Fee.

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 your transactions. We communicate our policies and procedures related to participation in Client transactions to Associates through our compliance policies and procedure manuals and Program-specific policy guidelines.

## **Personal Trading**

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

## **Review of Accounts**

Program services include review and monitoring of your Account by our personnel and facilities. We will provide you with 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. For FA Directed Programs, 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 guidelines. As applicable, we examine adherence to criteria and Program guidelines on security selections, 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.

## **Prospectus Delivery**

With respect to certain of the Advisory Programs through which WFA has investment discretion over the day-to-day management of assets in an Account, WFA is authorized to accept on your behalf delivery of the prospectuses for funds registered under the Investment Company Act of 1940 (including mutual funds, closed-end funds, UIT's and ETFs). More specifically, WFA has authorization to accept delivery of such prospectuses on your behalf with respect to: (i) Accounts that participate in the Private Investment Management Program; and (ii) Accounts that participate in the Fundamental Choice Program. If WFA accepts delivery of prospectuses on your behalf, WFA will generally not deliver a prospectus directly to you unless you request one. You may obtain a prospectus at any time by contacting your Financial Advisor. Notwithstanding the authorization described in this paragraph and apart from any requests you may make for prospectuses, WFA may, in its sole discretion, choose to deliver prospectuses directly to you.

## **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 Financial Advisors who meet total production criteria, length of service requirements, participate in advanced training and improve Client service.

Financial Advisors who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums and recognition trips. Portions of these programs may be subsidized by external vendors and/or our affiliates, such as mutual fund companies, insurance carriers, or investment advisers. Therefore, Financial Advisors and other Associates 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 Financial Advisors for referrals of possible Clients to the Programs. Our Financial Advisors, not the referring Associate will make the actual presentation and solicitation of these services. The referral compensation takes the form of a payment to the Associate of a percentage of the fees described in the Programs contracts and results in no additional fees to you or other Clients.

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 which we may execute through our affiliate and from which such affiliate will derive benefits, including benefits as a result of increased trading volumes. 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 that 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 Asset Advisor Program. In the Asset Advisor Program, principal trades are permitted in non-IRA and non-ERISA (Employee Retirement Income Security Act of 1974) Accounts when additional requirements are met. 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 with Client Accounts, we do so only when consistent with our obligations to provide best execution, due to regulatory requirements when executing such transactions. Therefore, with the exception of certain Asset Advisor Clients, you will generally not have access to new issues or syndicate offerings in these Accounts. You 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.

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



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

We also 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 which describes its nature, provides 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 and expenses, ability to make penalty-free withdrawals, and differences in creditor protection. We have a conflict of interest in connection with a rollover of your assets into an IRA and the investment of the assets with us as opposed to leaving the assets in your former employer's plan or electing one of the other options. The conflict arises because we will likely earn no compensation if you were to leave the assets in your former employer's plan or transfer to your new employer's plan. In addition, the costs of maintaining and investing assets in an IRA with us will generally involve higher costs than the other options available to you. While we typically offer a broader range of investment options and services than an employer-sponsored QRP, there are no guarantees that the additional investment options will outperform your employer-sponsored QRP.

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

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

The securities traded for you 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 may receive additional compensation in the form of order flow payments from options trades executed through selected broker-dealers' smart routers. We may receive compensation in the form of rebates for certain equity limit orders we route directly to national exchanges for execution.

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

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

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

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 Financial Advisor. With your written permission, obtained via Client Agreement or other written communication, we have the right to provide your information electronically to your investment adviser and/or agent of such adviser. We reserve the right, at our discretion, to refuse to provide such requested information. Furthermore, in compliance with our Privacy Policy, we accept your instructions to discontinue providing such information.

### **Accounts Held at Unaffiliated Custodians and Broker-Dealers**

In certain cases, clients may choose to custody their Account assets at a financial institution unaffiliated with WFCS. Generally, these custodial arrangements take the form of a delivery-versus-payment account ("DVP Account") at an unaffiliated institution or as a brokerage account held at an unaffiliated broker-dealer ("Held-Away Account"). A DVP Account allows the client to custody their Account assets at a custodian unaffiliated with WFCS. Even though an unaffiliated custodian maintains the assets in the DVP Account, like other Advisory Program Accounts maintained at WFCS, WFCS executes the securities transactions in the DVP Account. Conversely, for a Held-Away Account, WFCS does not execute the securities transactions in the Held-Away Account. For Held-Away Accounts, the unaffiliated broker-dealer maintains custody of the Account assets and executes securities transactions. Clients should carefully review any specific DVP Account and/or Held-Away Account provisions in their Client Agreement.

For both DVP Accounts and Held-Away Accounts, the services provided and conflicts of interest described in this Brochure will differ in the following respects:

- **SIPC Coverage.** DVP Accounts and Held-Away Accounts are not subject to WFCS's Securities Investor Protection Corporation ("SIPC") coverage.
- **Trade Execution, Investment Options & Share Class Selection.** For Held-Away Accounts, securities transactions will be carried out by the unaffiliated broker-dealer that the client has selected for the account. This arrangement is considered client directed brokerage. In these arrangements, WFCS plays no role in executing the trade and therefore is not responsible for obtaining best execution (i.e. achieving net transaction costs or proceeds that are most favorable to the client under the circumstances) with respect to these securities transactions. Thus, using a Held-Away Account could result in greater costs; reasons include: (1) Held-Away Accounts will not participate in aggregated trades (i.e. block trades) prepared by WFA—as described in "Brokerage Practices" section; (2) Managers usually cannot engage in trade-away transactions—transactions completed by a broker-dealer other than the broker-dealer carrying the Held-Away Account—which could result in less favorable execution on the transaction; (3) the unaffiliated broker-dealer's product platform could differ from ours and limit or alter our services on the Held-Away Account; and (4) regarding mutual share class selection, an unaffiliated broker-dealer may not offer the same share classes of mutual funds available at WFCS. Therefore, mutual fund share classes in a Held-Away Account could be more or less expensive than the share classes used in an account held at WFCS. With respect to fractional shares, not all broker-dealers offer the ability to buy and sell fractional shares.
- **Payments from Funds and Platform Support Compensation.** For DVP and Held-Away Accounts, we do not receive any payments from mutual funds held in these accounts; thus, account credits described in this Brochure do not apply. Regarding Platform Support Compensation described in this Brochure, we do not receive this type of compensation when fund shares are held in DVP or Held-Away Accounts.
- **Custodian/Broker-Dealer Fees.** The client is responsible for paying any fees or charges that the unaffiliated custodian or broker-dealer may impose on the DVP or Held-Away Account. These fees and charges are not covered by the Program Fee.
- **Program Fee & Billing.** DVP and Held-Away Accounts will be billed at the rate and manner described in this Brochure. It is the client's responsibility to arrange for our ability to directly deduct the Program Fee from a DVP or Held-Away Account. Otherwise, the client will receive an invoice for Program Fees owed. The Program Fee will be based upon account information received from the unaffiliated custodian or broker-dealer.
- **Platform Fees and Advisory Account Credits.** These fees do not apply to DVP Accounts or Held-Away Accounts.
- **Proxy Voting.** We will not be able to facilitate the delegation of proxy voting or corporate actions. Voting proxies and exercising other shareholder rights for assets held in a DVP or Held-Away Account are the client's responsibility.
- **Cash Sweeps & Securities-Based Lending Programs.** The Cash Sweep Programs, Bank Deposit Sweeps Programs, Money Market Sweep Funds and Securities-Based Lending Programs described in this Brochure are not available to DVP and Held-Away Accounts. DVP Accounts and Held-Away Accounts will be limited to the programs offered by the unaffiliated custodian or broker-dealer.
- **Excluded Assets/Non-Program Assets.** All assets in your DVP or Held-Away Account will be considered eligible program assets and will be assessed the applicable Program Fee. You are responsible for ensuring that Account assets are free of any liens, restrictions or encumbrances in order to allow the Manager to manage the DVP or Held-Away Account.
- **Reports, Account Reviews, Statements and Trade Confirmations.** The unaffiliated custodian or broker-dealer will be responsible for providing the client with account statements and trade confirmations. The client must arrange for duplicate delivery to WFCS; otherwise, account reviews and/or performance reporting will differ from the standard practices described in this Brochure. We will rely on information contained in account statements, trade confirmations and other information provided by the unaffiliated custodian or broker-dealer.
- **Transmittal Errors; Trade Errors; Safekeeping of Assets; Financial Condition of Designated Custodian.** We are not responsible for any acts or errors committed by an unaffiliated custodian or broker-dealer. While this is not an exhaustive list of all possible types of errors, errors could include mistakes in the transmission of account assets in DVP Accounts; errors in executing trades in Held-Away Accounts; or in the safekeeping of your account assets or personal information. Additionally, we will not assess or monitor the financial condition of an unaffiliated custodian or broker-dealer.

### **Cash Sweep Program**

Clients provide consent through the general account opening agreement to use our Cash Sweep Program. Through our Cash Sweep Program, you earn a rate of return on the uninvested cash balances in your Account by automatically placing ("sweeping") cash balances into a sweep program account until such balances are invested in securities or otherwise needed to satisfy obligations arising in connection with your Account. Available cash sweep options, eligibility for which depends on the specific advisory program and account type, currently consist of (1) interest-bearing deposit accounts at a mix of affiliated and unaffiliated banks in our Expanded Bank Deposit Sweep Program, (2) interest-bearing deposit accounts limited to 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 unaffiliated Money Market Mutual Funds ("Money Market Sweep Funds"). If your Account is in the Expanded Bank Deposit Sweep Program, depending on market conditions and/or the size of your Account, cash may be swept to only Affiliated Banks, to only unaffiliated Program Banks, or to a mix of both. Bank Deposit Sweep Programs offer FDIC insurance; money market funds do not. Please refer to the Cash Sweep Program Disclosure Statement for details about the terms and conditions of the Program. Wells Fargo Advisors does not have any duty to affirmatively advise you on whether to use the Cash Sweep Program, which is optional.

Once you sign the general account opening agreement, you will opt into the "default" Cash Sweep option for your respective advisory program and 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, options which likely generate a higher rate of interest or yield than the Cash Sweep Program. You may invest your cash in other products by providing instructions to your investment professional. 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; each such purchase must be requested by you or your financial advisor or manager. If you choose not to participate in the Cash Sweep Program, except for retirement accounts, you will not earn a rate of return on cash balances prior to direct investment.

As returns in the Cash Sweep Program, your personal financial circumstances, and other factors change, it may be in your financial interest to change your Cash Sweep option (if another option is available for your account type), or to invest cash balances in products offered outside of the Cash Sweep Program, options which likely generate a higher rate of interest or yield.

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 the Cash Sweep Program. While any cash remains in free credit balance, Wells Fargo Advisors 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. 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. The rates of interest paid on Affiliated Bank deposits will be periodically set and re-set by the Affiliated Banks in consultation with Wells Fargo Advisors. Note that these rates of interest are typically lower than money market fund yields. Wells Fargo Advisors will direct and otherwise cause the unaffiliated Program Banks participating in the Expanded Bank Deposit Sweep Program to credit interest on their respective deposits at the same rate being credited by the Affiliated Banks.

Wells Fargo Advisors and the Affiliated Banks benefit financially from cash balances held in the Bank Deposit Sweep Programs, through (1) the "spread" Affiliated Banks earn on deposits, and (2) payments Wells Fargo Advisors receives from Affiliated Banks and unaffiliated Program Banks. In addition, the management personnel and certain other employees of Wells Fargo Advisors and its affiliates receive incentive compensation based on a number of factors, including the amount of Wells Fargo Advisors client Bank Deposit Sweep assets held in Affiliated Banks, and the profitability of Affiliated Banks and their joint parent company, Wells Fargo & Company. Wells Fargo Advisors has a conflict of interest as a result of these benefits because it and its affiliates benefit financially from the Bank Deposit Sweep Programs and Wells Fargo Advisors chooses to include these options as default Cash Sweep options in advisory programs, instead of selecting other cash investment options that would not generate these financial benefits, and that typically pay you higher rates of interest.

Moreover, Affiliated and unaffiliated Program Banks deduct client interest from the payments they make to Wells Fargo Advisors. The higher the rate paid to clients, the lower the amount paid to Wells Fargo Advisors. Therefore, Wells Fargo Advisors has an incentive to maintain lower rates in the Bank Deposit Sweep Programs. In addition, Wells Fargo Advisors has an incentive to maintain levels of deposits in unaffiliated Program Banks that satisfy minimum deposit levels, which vary according to contractual terms, because failure to satisfy such minimums in some cases would result in reduced payments or penalties to Wells Fargo Advisors from unaffiliated Program Banks.

#### *Spread Earned by Banks*

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 pay rates of interest on the Bank Deposit Sweep Program deposits that are significantly less than the spread banks earn on deposits. The participation of the Affiliated Banks in the Bank Deposit Sweep Programs increases their respective deposits and, accordingly, overall profits.

Generally, in the Expanded Bank Deposit Sweep Program, Wells Fargo Advisors has an incentive to first place deposits with Affiliated Banks because of the spread revenue generated from these deposits. Wells Fargo & Company's periodic filings include high-level information on deposit spreads and are available at <https://www.wellsfargo.com/about/investor-relations/filings/>.

### *Bank Payments to Wells Fargo Advisors*

As noted above, Wells Fargo Advisors receives payments from unaffiliated Program Banks and Affiliated Banks, which are calculated as a percentage of the client assets deposited in the Cash Sweep Program. The interest paid to client accounts in the Bank Deposit Sweep Programs is deducted from these payments, and Wells Fargo Advisors receives the remainder. Accordingly, Wells Fargo Advisors has an incentive to pay lower interest rates to participating client accounts. Note that the fee Wells Fargo Advisors receives from participating banks usually exceeds the interest paid to participating client accounts by a substantial amount. Moreover, note that the rates paid out to clients will be substantially lower than the Federal Funds Effective Rate, and will not increase as quickly as the Federal Funds Effective Rate.

In both the Standard and Expanded Bank Deposit Sweep Programs, Wells Fargo Advisors receives from the Affiliated Banks payments in an amount not to exceed a percentage (equivalent to Federal Funds Target plus 30 basis points (0.30%)) of the daily total deposit balances at the Affiliated Banks.

With respect to the unaffiliated Program Banks under the Expanded Bank Deposit Sweep Program, the financial benefits available to Wells Fargo Advisors differ as between retirement accounts and non-retirement accounts. In the case of non-retirement accounts, the amounts paid to Wells Fargo Advisors by each unaffiliated Program Bank vary. However, for retirement accounts (including IRAs), each unaffiliated Program Bank in the Expanded Bank Deposit Sweep Program will pay Wells Fargo Advisors a uniform fee up to 79% of the Federal Funds Effective Rate of the average daily total retirement account deposit balances at that unaffiliated Program Bank.

### *Differences Between the Standard Bank Sweep Program and Expanded Bank Sweep Program*

Under the Expanded Bank Deposit Sweep Program, Wells Fargo Advisors pays a third-party administrator a fee for operational 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 or in connection with the Standard Bank Deposit Sweep Program. Accordingly, the profitability of the Expanded Bank Deposit Sweep Program increases if more assets are placed with Affiliated Banks.

As a result of the benefits to Wells Fargo Advisors and its affiliates described above, the Standard Bank Deposit Sweep Program will be more profitable to us than the Expanded Bank Deposit Sweep Program, which means Wells Fargo & Company will receive a greater benefit if you select the Standard Bank Deposit Sweep as your Cash Sweep option.

### **Money Market Sweep Funds**

The Cash Sweep Program includes some money market funds that are managed by third parties, and others advised by an entity in which an affiliate of Wells Fargo Advisors retains an ownership interest. The selection of money market funds advised by an entity in which our affiliate retains an ownership interest creates a conflict of interest because it generates a financial benefit for Wells Fargo that does not exist if a third-party money market fund was selected.

The money market funds managed by the entity in which our affiliate retains an ownership interest, in addition to charging management and administrative fees, also charge a Rule 12b-1 distribution fee and a separate shareholder services fee; all such fees benefit Wells Fargo through its ownership interest in the funds' manager. All money market fees and expenses are ultimately borne by you as a shareholder in the fund, and lower your return. 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 in the Cash Sweep Program, we do not necessarily select the share class with the lowest fees that is available from the fund company; these decisions in the context of the affiliated fund referenced above 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 in the Cash Sweep Program will negatively impact your overall investment returns.

### **Additional Information**

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.

### **Financial Information**

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