WELLS FARGO
Investment Institute

Asset Allocation Strategy

Executive Summary

April 15, 2025

Adjusting our guidance and forecasts

Uncertainty has roiled capital markets in recent weeks. Topping the list, President Trump announced new tariffs that took effect on April 3, covering imports from roughly 50 trading partner countries and including some of the largest sources of U.S. imports. The levies establish a 10% base tariff with additional amounts on a country-by-country basis. In response to the administration's tariff announcement, the S&P 500 Index and Nasdaq Composite Index experienced their worst selloffs since 2020. This market setback followed a tumultuous March that left the U.S. stock-market benchmark down by 5.6% for the month, significantly lagging the gains of many overseas indices. On April 9, President Trump placed a 90-day pause of the previously announced reciprocal tariffs for most countries but increased the tariff to 125% on Chinese imports, effectively immediately.

Alongside equity market fragility, the U.S. dollar has weakened, leaving investors questioning if the pullback in U.S. asset prices heralds the onset of a longer-term trend downward. Investors worried about the economic outlook snapped up U.S. Treasury bonds, driving the yield on the benchmark 10-year note down to around 4.2% at the end of March, from nearly 4.6% at the end of last year. Meanwhile, gold, traditionally viewed a haven in times of uncertainty, rallied 19% year to date (through March), notching its biggest three-month gain since 2011, and it is currently trading at record highs and volumes.

Despite the recent spike in uncertainty, we believe other strengths should help buoy the economy, and recession is not our base case. The U.S. economy has yet to exhibit concrete data suggesting a significant slowdown is on the horizon. The March U.S. employment report showed another solid gain in non-farm payrolls as well as real (inflation-adjusted) incomes continuing to strengthen, and low borrowing rates are starting to make a positive impact on the housing sector. Even so, the escalating trade war poses a risk to the reacceleration of inflation and slower economic and earnings growth. Based on the uncertainties related to tariffs and other market factors, our forecasts and targets now broadly anticipate downshifting U.S. economic growth and somewhat stronger inflation in 2025. We recently revised our guidance and forecasts.[1] Our investment guidance accounts for rising tariffs but foresees opportunities for select areas of equities and commodities, and it also includes a more selective approach to fixed income.

Equity markets may continue to experience bouts of tumult in the near term. Rather than react to headlines or tariff-related volatility, investors may be better suited to a focus on broader market implications. Tariff uncertainty is likely to continue, and actual tariffs will have costs. We expect to see more clarity on the current tariff situation in the coming months, and its future impact on the global economy and corporate earnings should also become more evident as negotiated changes are enacted and investors, consumers, and businesses adapt. In this environment, we recommend that long-term investors use equity-market pullbacks as an opportunity to rebalance portfolios back to designated allocation targets and consider dollar-cost averaging. We also encourage investors to reach out to their investment professional with questions or concerns about their portfolios.

1. See Institute Alert, "Adjusting 2025 targets and equity-sector guidance," Wells Fargo Investment Institute, April 4, 2025.

Economic summary: U.S. economic growth slowed grudgingly through March. Elevated policy uncertainties, ahead of a shift toward more aggressive tariffs, seemingly tipped the balance toward a further loss of momentum last month despite pockets of resilience. Slumping consumer and business confidence included a sharp drop in sentiment for the top one-third of household income earners — the segment that has been the main driver of consumer spending owing to last year's windfall gains in stocks and other financial assets. Two purchasing managers' surveys and last month's jobs report showed manufacturing activity virtually flatlined. Moderate growth in the dominant service sector was apparent both from purchasing-manager surveys and from job growth making up the bulk of a healthy 228,000 increase in March non-farm payrolls.

Fixed income: Fixed-income asset classes posted mixed returns in March, driven by declines in U.S. Treasury yields for shorter maturities and increases in yields for longer-maturity bonds. Performance generally diminished in sync with duration (a measure of interest-rate sensitivity) — U.S. Short Term Taxable Fixed Income and Treasury bills, for example, saw returns of 0.5% and 0.3%, respectively, while U.S. Long Term Taxable Fixed Income suffered the most (-1.1%). Internationally, Emerging Market (EM) and Developed Market (DM) Fixed Income saw mixed returns. Treasury Inflation-Protected Securities performed best during the first quarter (+4.2%).

Equities: The equity market selloff that began in February accelerated in March with U.S. Small Caps (-6.8%) leading the decline, followed by U.S. Large Caps (-5.6%) and Mid Caps (-4.6%). Economic and inflation concerns as well as uncertainty about the scope and implementation of the administration's tariffs also largely drove the decline. U.S. dollar-denominated EM Equities (+0.7%) outperformed DM Equities (-0.3%) last month. The currency conversion into U.S. dollars served as a tailwind for both DM and EM Equities as the dollar broadly weakened.

Real assets: Master limited partnerships (MLPs) outperformed the broader market in March, with an 0.1% total return (as measured by the Alerian MLP Index) versus a decline of 5.6% for the S&P 500 Index. West Texas Intermediate crude oil prices ended the month 2.5% higher. Overall, Commodities performance (measured by the Bloomberg Commodity Total Return Index) was up with a 3.9% total return in March. Looking ahead, we expect the re-acceleration of economic conditions later in the year to be the primary driver of modestly stronger Commodities performance. We also see value in Commodities as a portfolio hedge against heightened geopolitical risks stemming from tariffs and sanctions.

Alternative investments*: **Relative Value** strategies registered a flat return for the month, driven by mixed contributions from Arbitrage, Structured Credit, and Long/Short Credit sub-strategies. **Macro** strategies posted a modest return of 0.2% in March. Systematic sub-strategies saw a flat return for the month, primarily driven by equity, currency, and commodity positions. **Event Driven** recorded a loss of 2.4% for the month. Equity market pullbacks significantly weighed on Activist sub-strategies. However, Merger Arbitrage sub-strategies saw modest gains, driven by successful deal completions and the prospect of a more supportive regulatory environment. **Equity Hedge** strategies posted a 2.0% loss in March but outperformed the MSCI All Country World Index. The negative return was primarily driven by broad equity-market exposure.

Please see pages 9-11 for important definitions and disclosures.

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Wells Fargo Investment Institute forecasts

Global economy (%)	Latest (%)[1]	2025 target (%)[1]
U.S. GDP growth	2.8 (Q4)	▼ 1.0
U.S. inflation[2]	2.4 (Mar.)	▲ 3.5 (Dec.)
U.S. unemployment rate[3]	4.1 (Mar.)	4.8 (Dec.)
Global GDP growth[4]	3.4 (Q4)	▼ 2.1
Global inflation[4]	5.7 (Q4)	▲ 3.5
Developed market GDP growth[5]	1.8 (Q4)	▼ 0.9
Developed market inflation[5]	3.9 (Q4)	▲ 2.8
Emerging market GDP growth	4.6 (Q3)	▼ 3.0
Emerging market inflation	7.0 (Q4)	▲ 4.1
Eurozone GDP growth	0.8 (Q4)	▼ 0.9
Eurozone inflation[2]	2.2 (Mar.)	▲ 2.7 (Dec.)
Global equities	**Latest**	**2025 YE target**
S&P 500 Index	5612	▼ 5900–6100
S&P 500 earnings per share	$243	▼ $260
Russell Midcap Index	3399	▼ 3600–3800
Russell Midcap earnings per share	$170	▼ $190
Russell 2000 Index	2012	▼ 2000–2200
Russell 2000 earnings per share	$67	▼ $70
MSCI EAFE Index	2401	2400–2600
MSCI EAFE earnings per share	$156	▼ $160
MSCI Emerging Markets (EM) Index	1101	▼ 1000–1200
MSCI EM earnings per share	$80	▼ $75
Global fixed income (%)	**Latest**	**2025 YE target**
10-year U.S. Treasury yield	4.21	▼ 4.00–4.50
30-year U.S. Treasury yield	4.57	▼ 4.25–4.75
Fed funds rate	4.25–4.50	▼ 3.50–3.75
Global real assets	**Latest**	**2025 YE target**
West Texas Intermediate crude oil price ($ per barrel)	$71	▼ $65–$75
Brent crude oil price ($ per barrel)	$75	▼ $70–$80
Gold price ($ per troy ounce)	$3124	▲ $3000–$3200
Commodities	260	250–270
Currencies	**Latest**	**2025 YE target**
Dollar/euro exchange rate	$1.08	▲ $1.02–$1.06
Yen/dollar exchange rate	¥150	▼ ¥152–¥156
ICE U.S. Dollar Index	104	▼ 105–109

Tactical guidance*

Cash Alternatives and Fixed Income

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
	U.S. Long Term Taxable Fixed Income U.S. Short Term Taxable Fixed Income	Cash Alternatives Developed Market Ex.-U.S. Fixed Income Emerging Market Fixed Income High Yield Taxable Fixed Income U.S. Intermediate Term Taxable Fixed Income		

Equities

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
	Emerging Market Equities	Developed Market Ex.-U.S. Equities U.S. Small Cap Equities	U.S. Large Cap Equities U.S. Mid Cap Equities	

Real Assets

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
		Private Real Estate	Commodities	

Alternative Investments**

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
		Hedge Funds — Equity Hedge Hedge Funds — Relative Value Private Debt Private Equity	Hedge Funds — Event Driven Hedge Funds — Macro	

Source: Wells Fargo Investment Institute, April 15, 2025. *Tactical horizon is 6-18 months. **Alternative investments are not appropriate for all investors. They are speculative and involve a high degree of risk that is appropriate only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a fund and for which the fund does not represent a complete investment program. Please see pages 9-11 for important definitions and disclosures.

Sources: Bloomberg, Wells Fargo Investment Institute (WFII), as of March 31, 2025. Targets are based on forecasts by WFII as of April 15, 2025 and provide a forecast direction over a tactical horizon. The closer the current date is to the year-end, the more WFII guidance focuses on the following year's target. GDP = gross domestic product. Q3 = third quarter. Q4 = fourth quarter. Forecasts are not guaranteed and based on certain assumptions and on our views of market and economic conditions, which are subject to change. Latest EPS (earnings per share) figures are Bloomberg consensus estimates for full-year 2024 EPS as of April 3, 2025. [1]Average % change in the latest four quarters from the same year-ago period, unless otherwise noted. [2]Latest month percent change from a year ago. [3]Three-month average as of the date indicated, percent of labor force. [4]Weighted average of developed country and emerging-market forecasts. [5]Weighted average of U.S. and other developed-country forecasts. **Past performance is no guarantee of future results.** An index is unmanaged and not available for direct investment. See pages 9-11 for important definitions and disclosures. ▲/▼: recent change.

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Total returns (%)

Fixed Income

Index	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Taxable Investment Grade Fixed Income	0.0	2.8	2.8	4.9	0.5	-0.4
High Yield Taxable Fixed Income	-1.0	1.0	1.0	7.7	5.0	7.3
DM Ex-U.S. Fixed Income (Unhedged)	1.1	2.9	2.9	-0.7	-6.0	-4.8
EM Fixed Income (U.S. dollar)	-0.5	2.3	2.3	6.7	3.2	3.4

Equities

Index	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Large Cap Equities	-5.6	-4.3	-4.3	8.3	9.1	18.6
U.S. Mid Cap Equities	-4.6	-3.4	-3.4	2.6	4.6	16.3
U.S. Small Cap Equities	-6.8	-9.5	-9.5	-4.0	0.5	13.3
DM Equities Ex-U.S. (U.S. dollar)	-0.3	7.0	7.0	5.4	6.6	12.3
EM Equities (U.S. dollar)	0.7	3.0	3.0	8.6	1.9	8.4

Real Assets

Index	MTD	QTD	YTD	1 year	3 year	5 year
Public Real Estate	-2.1	1.9	1.9	5.0	-3.3	7.2
Master Limited Partnerships	0.1	12.6	12.6	23.0	25.0	40.2
Commodities (BCOMTR)	3.9	8.9	8.9	12.3	-0.8	14.5

Alternative Investments

Index	MTD	QTD	YTD	1 year	3 year	5 year
Global Hedge Funds	-1.1	-0.4	-0.4	4.7	4.6	9.6

Sources: Bloomberg, J.P. Morgan, Standard & Poor's, Wells Fargo Investment Institute (WFII), Russell Indices, MSCI Inc., FTSE, Alerian, Hedge Fund Research, Inc.; as of March 31, 2025. MTD = month to date. QTD = quarter to date. YTD = year to date.

DM indicates Developed Market; EM indicates Emerging Market. Returns over one year are annualized.
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See pages 9-11 for important definitions and disclosures.

Fixed income sector tactical guidance* and total returns (%) U.S. investment-grade securities

Sector	Guidance	1 month	Year to date
Duration	Neutral	–	–
U.S. Government	Neutral	0.2	2.9
Treasury Securities	Neutral	0.2	2.9
Agencies	Neutral	0.3	2.1
Inflation-Linked Fixed Income	Neutral	0.6	4.2
Credit	Favorable	-0.2	2.4
Corporate Securities	Favorable	-0.3	2.3
Preferred Securities	Neutral	-1.6	0.1
Leveraged Loans	Unfavorable	-0.3	0.5
Securitized	Favorable	0.0	3.0
Residential MBS	Favorable	0.0	3.1
Commercial MBS	Neutral	0.3	2.6
Asset Backed Securities	Favorable	0.2	1.5
U.S. Municipal Bonds	Neutral	-1.7	-0.2
Taxable Municipal	Neutral	-0.3	3.0
State and Local General Obligation	Favorable	-1.7	-0.3
Essential Service Revenue	Favorable	-1.7	-0.2
Pre-Refunded	Neutral	-0.2	0.9
High Yield Municipal	Neutral	-1.2	0.8

Sources: Total returns: Bloomberg as of March 31, 2025. Guidance: Wells Fargo Investment Institute, as of April 15, 2025. *Tactical horizon is 6-18 months. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** MBS = mortgage-backed securities. Duration is a measure of a bond's interest rate sensitivity. See pages 9-11 for important definitions and disclosures.

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S&P 500 Index sector tactical guidance* and total returns (%)

Sector	S&P 500 Index weight (%)**	Guidance***	MTD	QTD	YTD	1 year	3 year	5 year
Communication Services	9.2	Favorable	-8.3	-6.2	-6.2	13.6	11.8	17.4
Consumer Discretionary	10.3	Neutral	-8.9	-13.8	-13.8	6.9	3.4	15.6
Consumer Staples	6.1	Unfavorable	-2.4	5.2	5.2	12.4	6.8	12.7
Energy	3.7	Most Favorable	3.9	10.2	10.2	2.5	11.1	31.6
Financials	14.7	Favorable	-4.2	3.5	3.5	20.2	11.2	21.5
Health Care	11.2	Neutral	-1.7	6.5	6.5	0.4	3.9	12.4
Industrials	8.5	▼ Neutral	-3.6	-0.2	-0.2	5.6	10.3	19.3
Information Technology	29.6	▲ Favorable	-8.8	-12.7	-12.7	5.9	13.9	24.3
Materials	2.0	Neutral	-2.6	2.8	2.8	-5.7	1.3	16.1
Real Estate	2.3	Neutral	-2.4	3.6	3.6	9.6	-1.2	9.9
Utilities	2.5	Unfavorable	0.3	4.9	4.9	23.9	5.3	10.8
Total	**100.0**							

Sources: S&P 500 Index weight and total returns: Bloomberg, as of March 31, 2025. Guidance: Wells Fargo Investment Institute, as of April 15, 2025. *Tactical horizon is 6-18 months. MTD = month to date. QTD = quarter to date. YTD = year to date. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** ▲/▼: recent change.

**Sector weightings may not add to 100% due to rounding.

***To reposition allocations for consistency with our guidance, add two percentage points of exposure to market weight for favorables, subtract two for unfavorables, and hold market weight for neutrals.

International equity tactical guidance* by region

Region	Benchmark weight (%)**	Regional guidance
DM Ex-U.S. Equities		Neutral
Europe	68	Neutral
Pacific	32	Favorable
EM Equities		Unfavorable
Asia	80	Neutral
Europe, Middle East and Africa	13	Most unfavorable
Latin America	7	Neutral

Sources: Bloomberg, Wells Fargo Investment Institute (WFII). Weightings are as of March 31, 2025. WFII guidance is as of April 15, 2025. An index is unmanaged and not available for direct investment. See pages 9-11 for important definitions and disclosures.

*Tactical horizon is 6-18 months.

** Benchmarks are MSCI EAFE Index for DM (developed markets) and MSCI Emerging Markets Index for EM (emerging markets). Weightings may not add to 100% due to rounding.

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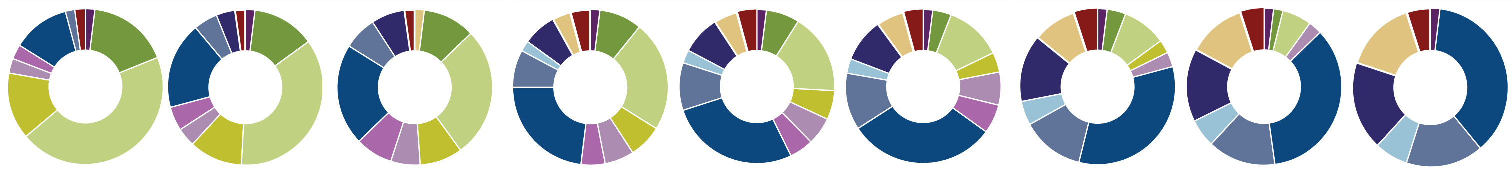
Strategic and tactical asset allocation: Liquid

May include fixed income, equities, and real assets

STRATEGIC



	INCOME						GROWTH AND INCOME						GROWTH					
	Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Taxable Cash Alternatives (%)	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Total Global Fixed Income (%)	**82.0**	**77.0**	**69.0**	**65.0**	**61.0**	**56.0**	**50.0**	**45.0**	**41.0**	**35.0**	**33.0**	**27.0**	**19.0**	**14.0**	**11.0**	**6.0**	**0.0**	**0.0**
Total U.S. Taxable Investment Grade Fixed Income	76.0	71.0	60.0	56.0	47.0	42.0	39.0	34.0	30.0	24.0	20.0	14.0	16.0	11.0	8.0	3.0	0.0	0.0
U.S. Short Term Taxable*	17.0	14.0	13.0	11.0	11.0	8.0	9.0	6.0	7.0	3.0	4.0	2.0	4.0	2.0	2.0	0.0	0.0	0.0
U.S. Intermediate Term Taxable*	45.0	45.0	36.0	36.0	27.0	27.0	23.0	23.0	17.0	17.0	12.0	12.0	9.0	9.0	6.0	3.0	0.0	0.0
U.S. Long Term Taxable*	14.0	12.0	11.0	9.0	9.0	7.0	7.0	5.0	6.0	4.0	4.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0
High Yield Taxable Fixed Income	3.0	3.0	4.0	4.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	3.0	3.0	3.0	3.0	0.0	0.0
Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market Fixed Income	3.0	3.0	5.0	5.0	8.0	8.0	5.0	5.0	5.0	5.0	6.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Global Equities (%)	**14.0**	**17.0**	**27.0**	**30.0**	**35.0**	**38.0**	**44.0**	**47.0**	**53.0**	**56.0**	**61.0**	**65.0**	**74.0**	**77.0**	**82.0**	**85.0**	**93.0**	**91.0**
U.S. Large Cap Equities	12.0	12.0	18.0	18.0	21.0	21.0	23.0	28.0	27.0	31.0	31.0	36.0	33.0	37.0	35.0	39.0	37.0	41.0
U.S. Mid Cap Equities	2.0	5.0	5.0	8.0	7.0	10.0	8.0	10.0	10.0	14.0	12.0	15.0	13.0	16.0	14.0	17.0	16.0	16.0
U.S. Small Cap Equities	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	3.0	3.0	3.0	3.0	5.0	5.0	6.0	6.0	7.0	7.0
Developed Market Ex-U.S. Equities	0.0	0.0	4.0	4.0	7.0	7.0	7.0	7.0	8.0	8.0	9.0	9.0	14.0	14.0	15.0	15.0	18.0	18.0
Emerging Market Equities	0.0	0.0	0.0	0.0	0.0	0.0	4.0	0.0	5.0	0.0	6.0	2.0	9.0	5.0	12.0	8.0	15.0	9.0
Total Global Real Assets (%)	**2.0**	**4.0**	**2.0**	**3.0**	**2.0**	**4.0**	**4.0**	**6.0**	**4.0**	**7.0**	**4.0**	**6.0**	**5.0**	**7.0**	**5.0**	**7.0**	**5.0**	**7.0**
Commodities	2.0	4.0	2.0	3.0	2.0	4.0	4.0	6.0	4.0	7.0	4.0	6.0	5.0	7.0	5.0	7.0	5.0	7.0

Strategic allocations are updated annually; last update was July 16, 2024. Tactical allocations are updated periodically; last update was March 11, 2025. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term.

*Wells Fargo Advisors only.

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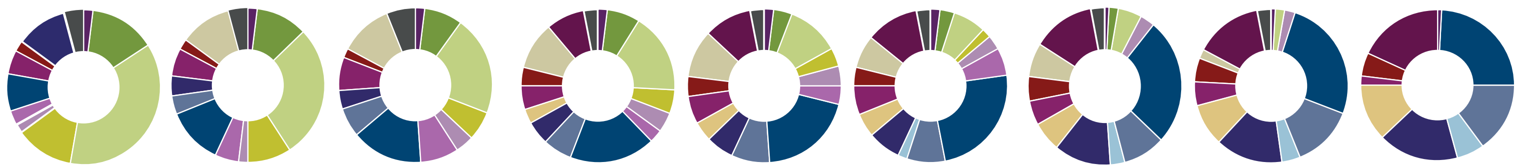
Strategic and tactical asset allocation: Illiquid

May include fixed income, equities, real assets, and alternative investments

STRATEGIC



	INCOME						GROWTH AND INCOME						GROWTH					
	Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive		Conservative		Moderate		Aggressive	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Taxable Cash Alternatives (%)	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Total Global Fixed Income (%)	**68.0**	**63.0**	**55.0**	**50.0**	**47.0**	**42.0**	**36.0**	**31.0**	**27.0**	**22.0**	**21.0**	**16.0**	**10.0**	**5.0**	**4.0**	**2.0**	**0.0**	**0.0**
Total U.S. Taxable Investment Grade Fixed Income	63.0	58.0	48.0	43.0	35.0	30.0	29.0	24.0	19.0	14.0	12.0	7.0	7.0	2.0	2.0	0.0	0.0	0.0
U.S. Short Term Taxable*	14.0	11.0	11.0	8.0	8.0	5.0	7.0	4.0	4.0	2.0	3.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0
U.S. Intermediate Term Taxable*	37.0	37.0	28.0	28.0	21.0	21.0	17.0	17.0	11.0	10.0	7.0	7.0	5.0	2.0	2.0	0.0	0.0	0.0
U.S. Long Term Taxable*	12.0	10.0	9.0	7.0	6.0	4.0	5.0	3.0	4.0	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
High Yield Taxable Fixed Income	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	2.0	2.0	0.0	0.0
Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market Fixed Income	3.0	3.0	5.0	5.0	8.0	8.0	3.0	3.0	4.0	4.0	6.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Global Equities (%)	**8.0**	**11.0**	**20.0**	**23.0**	**25.0**	**28.0**	**32.0**	**35.0**	**38.0**	**41.0**	**46.0**	**49.0**	**56.0**	**59.0**	**66.0**	**66.0**	**74.0**	**72.0**
U.S. Large Cap Equities	8.0	8.0	12.0	12.0	15.0	15.0	18.0	21.0	20.0	24.0	24.0	26.0	26.0	29.0	26.0	29.0	24.0	27.0
U.S. Mid Cap Equities	0.0	3.0	4.0	7.0	6.0	9.0	6.0	9.0	8.0	11.0	8.0	11.0	9.0	13.0	13.0	15.0	15.0	15.0
U.S. Small Cap Equities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	3.0	3.0	4.0	4.0	6.0	6.0
Developed Market Ex-U.S. Equities	0.0	0.0	4.0	4.0	4.0	4.0	5.0	5.0	6.0	6.0	7.0	7.0	12.0	12.0	14.0	13.0	17.0	17.0
Emerging Market Equities	0.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0	4.0	0.0	5.0	3.0	6.0	2.0	9.0	5.0	12.0	7.0
Total Global Real Assets (%)	**7.0**	**9.0**	**8.0**	**10.0**	**9.0**	**11.0**	**9.0**	**11.0**	**10.0**	**12.0**	**10.0**	**12.0**	**10.0**	**12.0**	**10.0**	**12.0**	**7.0**	**9.0**
Private Real Estate**	5.0	5.0	6.0	6.0	7.0	7.0	5.0	5.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	2.0	2.0
Commodities	2.0	4.0	2.0	4.0	2.0	4.0	4.0	6.0	4.0	6.0	4.0	6.0	5.0	7.0	5.0	7.0	5.0	7.0
Total Alternative Investments (%)**	**15.0**	**15.0**	**15.0**	**15.0**	**17.0**	**17.0**	**21.0**	**21.0**	**23.0**	**23.0**	**21.0**	**21.0**	**23.0**	**23.0**	**19.0**	**19.0**	**18.0**	**18.0**
Global Hedge Funds	11.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0	7.0	7.0	7.0	7.0	2.0	2.0	0.0	0.0
Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	8.0	8.0	10.0	10.0	11.0	11.0	13.0	13.0	14.0	14.0	18.0	18.0
Private Debt	4.0	4.0	4.0	4.0	6.0	6.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	0.0	0.0

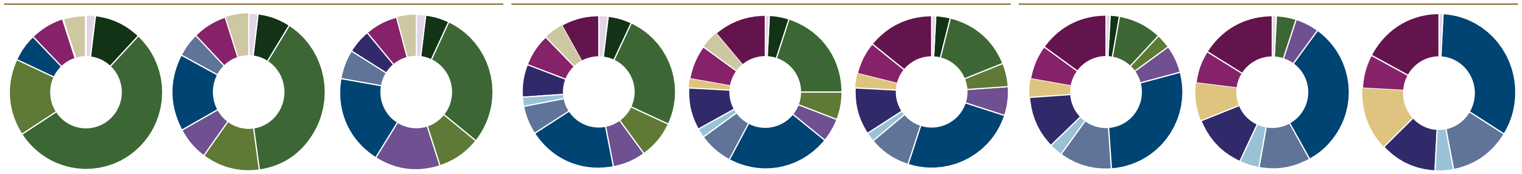
Strategic allocations are updated annually; last update was July 16, 2024. Tactical allocations are updated periodically; last update was March 11, 2025. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. Hedge fund allocations are based on private hedge fund capital market assumptions. *Wells Fargo Advisors only.

** Alternative investments are not appropriate for all investors. They are speculative and involve a high degree of risk that is appropriate only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a fund and for which the fund does not represent a complete investment program. Please see pages 9-11 for important definitions and disclosures.

Strategic asset allocation: Tax-efficient illiquid

May include fixed income, equities, real assets, and alternative investments

STRATEGIC



	INCOME			GROWTH AND INCOME			GROWTH		
	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive
	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic
Tax Exempt Cash Alternatives (%)	**2.0**	**2.0**	**2.0**	**2.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Total Global Fixed Income (%)	**80.0**	**65.0**	**57.0**	**45.0**	**35.0**	**29.0**	**20.0**	**9.0**	**0.0**
Total U.S. Tax Exempt Investment Grade Fixed Income	80.0	58.0	43.0	38.0	30.0	23.0	14.0	4.0	0.0
U.S. Short Term Tax Exempt FI*	10.0	7.0	5.0	5.0	4.0	3.0	2.0	0.0	0.0
U.S. Intermediate Term Tax Exempt FI*	54.0	39.0	29.0	25.0	20.0	15.0	9.0	4.0	0.0
U.S. Long Term Tax Exempt FI*	16.0	12.0	9.0	8.0	6.0	5.0	3.0	0.0	0.0
High Yield Tax Exempt FI	0.0	7.0	14.0	7.0	5.0	6.0	6.0	5.0	0.0
Developed Market Ex-U.S. FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Global Equities (%)	**6.0**	**21.0**	**30.0**	**34.0**	**42.0**	**49.0**	**57.0**	**67.0**	**75.0**
U.S. Large Cap Equities	6.0	16.0	19.0	19.0	22.0	25.0	28.0	32.0	33.0
U.S. Mid Cap Equities	0.0	5.0	6.0	6.0	7.0	9.0	11.0	11.0	13.0
U.S. Small Cap Equities	0.0	0.0	0.0	2.0	2.0	2.0	3.0	4.0	4.0
Developed Market Ex-U.S. Equities	0.0	0.0	5.0	7.0	9.0	10.0	11.0	12.0	12.0
Emerging Market Equities	0.0	0.0	0.0	0.0	2.0	3.0	4.0	8.0	13.0
Total Global Real Assets (%)	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**
Private Real Estate**	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Alternative Investments (%)**	**5.0**	**5.0**	**4.0**	**12.0**	**15.0**	**14.0**	**15.0**	**16.0**	**17.0**
Global Hedge Funds	5.0	5.0	4.0	4.0	4.0	0.0	0.0	0.0	0.0
Private Equity	0.0	0.0	0.0	8.0	11.0	14.0	15.0	16.0	17.0
Private Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Tax-efficient strategic allocations are updated annually; last update was July 16, 2024. Tactical allocations are updated periodically. FI = fixed income. The U.S. Tax Exempt Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. Hedge fund allocations are based on private hedge fund capital market assumptions. *Wells Fargo Advisors only.

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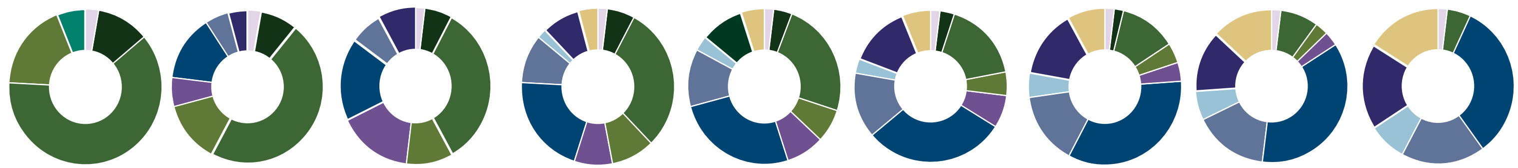
Asset Allocation Strategy Report

Executive Summary April 15, 2025

Strategic asset allocation: Tax-efficient liquid

May include fixed income, equities, and real assets

STRATEGIC



	INCOME			GROWTH AND INCOME			GROWTH		
	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive
	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic	Strategic
Tax Exempt Cash Alternatives (%)	**3.0**	**3.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Total Global Fixed Income (%)	**91.0**	**74.0**	**66.0**	**53.0**	**43.0**	**32.0**	**22.0**	**14.0**	**5.0**
Total U.S. Tax Exempt Investment Grade Fixed Income	91.0	68.0	50.0	45.0	35.0	25.0	18.0	11.0	5.0
U.S. Short Term Tax Exempt FI*	11.0	8.0	6.0	6.0	4.0	3.0	2.0	0.0	0.0
U.S. Intermediate Term Tax Exempt FI*	62.0	47.0	34.0	30.0	24.0	17.0	12.0	8.0	5.0
U.S. Long Term Tax Exempt FI*	18.0	13.0	10.0	9.0	7.0	5.0	4.0	3.0	0.0
High Yield Tax Exempt FI	0.0	6.0	16.0	8.0	8.0	7.0	4.0	3.0	0.0
Developed Market Ex-U.S. FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Market FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Global Equities (%)	**6.0**	**23.0**	**32.0**	**45.0**	**55.0**	**66.0**	**76.0**	**84.0**	**93.0**
U.S. Large Cap Equities	6.0	14.0	17.0	21.0	26.0	30.0	34.0	36.0	33.0
U.S. Mid Cap Equities	0.0	5.0	7.0	10.0	12.0	14.0	15.0	16.0	18.0
U.S. Small Cap Equities	0.0	0.0	0.0	2.0	3.0	3.0	5.0	6.0	8.0
Developed Market Ex-U.S. Equities	0.0	4.0	8.0	8.0	9.0	13.0	14.0	13.0	18.0
Emerging Market Equities	0.0	0.0	0.0	4.0	5.0	6.0	8.0	13.0	16.0
Total Global Real Assets (%)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Tax-efficient strategic allocations are updated annually; last update was July 16, 2024. Tactical allocations are updated periodically. FI = fixed income. The U.S. Tax Exempt Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term.

*Wells Fargo Advisors only.

Forecasts, targets, and estimates are based on certain assumptions and on our views of market and economic conditions which are subject to change.

Past performance does not indicate future results. The value or income associated with a security or an investment may fluctuate. There is always the potential for loss as well as gain. Investments discussed in this report may be inappropriate for some investors depending on their specific investment objectives and financial position.

Asset class risks

Asset allocation and diversification are investment methods used to manage risk and cannot eliminate the risk of investment losses. Your individual allocation may be different than the strategic long-term allocation above due to your unique individual circumstances, but is targeted to be in the allocation ranges detailed. The asset allocation reflected above may fluctuate based on asset values, portfolio decisions, and account needs.

A periodic investment plan such as **dollar cost averaging** does not assure a profit or protect against a loss in declining markets. Since such a strategy involves continuous investment, the investor should consider his or her ability to continue purchases through periods of low price levels.

Alternative investments, such as hedge funds, private capital funds, and private real estate funds, carry specific investor qualifications and involve the risk of investment loss, including the loss of the entire amount invested. While investors may potentially benefit from the ability of alternative investments to potentially improve the risk-reward profiles of their portfolios, the investments themselves can carry significant risks. Government regulation and monitoring of these types of investments may be minimal or nonexistent. There may be no secondary market for alternative investment interests and transferability may be limited or even prohibited.

The use of alternative investment strategies, such as Equity Hedge, Event Driven, Macro and Relative Value, are speculative and involve a high degree of risk. These strategies may expose investors to risks such as short selling, leverage risk, counterparty risk, liquidity risk, volatility risk, the use of derivatives and other significant risks. The use of alternative investment strategies may require a manager's skill in assessing corporate events, the anticipation of future movements in securities prices, interest rates, or other economic factors. No assurance can be given that a manager's view of the economy will be correct which may result in lower investment returns or higher return volatility.

Private capital funds use complex trading strategies, including hedging and leveraging through derivatives and short selling. These funds often demand long holding periods to allow for a turnaround and exit strategy. Hedge fund and private equity/private capital fund investing involves other material risks including capital loss and the loss of the entire amount invested. A fund's offering documents should be carefully reviewed prior to investing.

Privately offered real estate funds carry significant risks. They are unlisted making them hard to value and trade. They are generally only available to accredited investors within the meaning of the U.S. securities laws. There can be no assurance a secondary market will exist for these funds and there may be restrictions on transferring interests.

Investing in long/short strategies is not appropriate for all investors. **Short** selling involves sophisticated investment techniques that can add additional risk, and involves the risk of potentially unlimited increase in the market value of the security sold short, which could result in potentially unlimited loss for the Fund.

Cash alternatives typically offer lower rates of return than longer-term equity or fixed-income securities and provide a level of liquidity and price stability generally not available to these investments. Each type of cash alternatives has advantages and disadvantages which should be discussed with your financial advisor before investing.

Investing in commodities is not appropriate for all investors. Exposure to the commodities markets may subject an investment to greater share price volatility than an investment in traditional equity or debt securities. Investments in commodities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity. Products that invest in commodities may employ more complex strategies which may expose investors to additional risks.

Inflation-Indexed Bonds, including Treasury Inflation-Protected Securities (TIPS), are subject to interest rate risk, especially when real interest rates rise. This may cause the underlying value of the bond in the portfolio to fluctuate more than other fixed income securities.

Investing in foreign securities presents certain risks that may not be present in domestic securities. For example, investments in foreign, emerging and frontier markets present special risks, including currency fluctuation, the potential for diplomatic and potential instability, regulatory and liquidity risks, foreign taxation and differences in auditing and other financial standards.

Investments in fixed-income securities are subject to market, interest rate, credit/default, liquidity, inflation and other risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. Credit risk is the risk that an issuer will default on payments of interest and principal. High yield fixed income securities are considered speculative, involve greater risk of default, and tend to be more volatile than investment grade fixed income securities. Municipal bonds offer interest payments exempt from federal taxes, and potentially state and local income taxes. They are subject to credit risk and potentially the Alternative Minimum Tax (AMT). Quality varies widely depending on the specific issuer. All fixed income investments may be worth less than their original cost upon redemption or maturity.

Leveraged loans are generally below investment grade quality ("high-yield" securities or "junk" bonds). Investing in such securities should be viewed as speculative and investors should review their ability to assume the risks associated with investments which utilize such securities.

Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions and the perception of individual issuers. Investments in equity securities are generally more volatile than other types of securities.

Mortgage-related and asset-backed securities are subject to the risks associated with investment in debt securities. In addition, they are subject to prepayment and call risks. Changes in prepayments may significantly affect yield, yielding investments may not be available for the Fund to purchase. These risks may be heightened for longer maturity and duration securities. Commercial Mortgage Backed Securities (CMBS) are a type of mortgage-backed security backed by commercial mortgages rather than residential real estate. CMBS tend to be more complex and volatile than residential mortgage-backed securities due to the unique nature of the underlying property assets.

Master Limited Partnerships (MLPs) involves certain risks which differ from an investment in the securities of a corporation. MLPs may be sensitive to price changes in oil, natural gas, etc., regulatory risk, and rising interest rates. A change in the current tax law regarding MLPs could result in the MLP being treated as a corporation for federal income tax purposes which would reduce the amount of cash flows distributed by the MLP. Other risks include the volatility associated with the use of leverage; volatility of the commodities markets; market risks; supply and demand; natural and man-made catastrophes; competition; liquidity; market price discount from Net Asset Value and other material risks.

Preferred stocks are subject to issuer-specific and market risks. They are generally subordinated to bonds or other debt instruments in an issuer's capital structure, subjecting them to a greater risk of non-payment than more senior securities.

The prices of small and mid-cap company stocks are generally more volatile than large company stocks. They often involve higher risks because smaller companies may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions.

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility. **Communication Services** companies are vulnerable to their products and services becoming outdated because of technological advancement and the innovation of competitors. Companies in the Communication Services sector may also be affected by rapid technology changes, pricing competition, large equipment upgrades, substantial capital requirements, and government regulation and approval of products and services. In addition, companies within the industry may invest heavily in research and development which is not guaranteed to lead to successful implementation of the proposed product. Risks associated with the **Consumer Discretionary** sector include, among others, apparel price deflation due to low-cost entries, high inventory levels and pressure from e-commerce players, reduction in traditional advertising dollars, increasing household debt levels that could limit consumer appetite for discretionary purchases, declining consumer acceptance of new product introductions, and geopolitical uncertainty that could affect consumer sentiment. **Consumer Staples** industries can be significantly affected by competitive pricing particularly with respect to the growth of low-cost emerging market production, government regulation, the performance of the overall economy, interest rates, and consumer confidence. The **Energy** sector may be adversely affected by changes in worldwide energy prices, exploration, production spending, government regulation, and changes in exchange rates, depletion of natural resources, and risks that arise from extreme weather conditions. Investing in **Financial** services companies will subject an investment to adverse economic or regulatory occurrences affecting the sector. Some of the risks associated with investment in the **Health Care** sector include competition on branded products, sales erosion due to cheaper alternatives, research and development risk, government regulations and government approval of products anticipated to enter the market. There is increased risk investing in the **Industrials** sector. The industries within the sector can be significantly affected by general market and economic conditions, competition, technological innovation, legislation and government regulations, among other things, all of which can significantly affect a portfolio's performance. **Materials** industries can be significantly affected by the volatility of commodity prices, the exchange rate between foreign currency and the dollar, export/import concerns, worldwide competition, procurement and manufacturing and cost containment issues. **Real Estate** investments have special risks, including possible illiquidity of the underlying properties, credit risk, interest rate fluctuations, and the impact of varied economic conditions. Risks associated with the **Technology** sector include increased competition from domestic and international companies, unexpected changes in demand, regulatory actions, technical problems with key products, and the departure of key members of management. Technology and Internet-related stocks, especially smaller, less-seasoned companies, tend to be more volatile than the overall market. **Utilities** are sensitive to changes in interest rates, and the securities within the sector can be volatile and may underperform in a slow economy.

Index definitions

An index is unmanaged and not available for direct investment.

Personal consumption expenditures (PCE) is the primary measure of consumer spending on goods and services in the U.S. economy. It accounts for about two-thirds of domestic final spending, and thus it is the primary engine that drives future economic growth.

Consumer Price Index (CPI). The CPI measures the price of a fixed basket of goods and services purchased by an average consumer.

The ICE U.S. Dollar Index is a weighted average of the value of the U.S. dollar relative to a basket of U.S. trade partner currencies, comprised of the euro, Japanese yen, pound sterling, Canadian dollar, Swedish krona, and Swiss franc. A higher index value indicates dollar appreciation.

Fixed income representative indexes

Cash Alternatives/Treasury Bills. Bloomberg U.S. Treasury Bills (1-3M) Index is representative of money markets.

U.S. Short Term Taxable Fixed Income. Bloomberg U.S. Aggregate 1-3 Year Bond Index is the 1-3 year component of the Bloomberg U.S. Aggregate Bond, which represents fixed-income securities that are SEC-registered, taxable, dollar-denominated, and investment-grade.

U.S. Intermediate Term Taxable Fixed Income. Bloomberg U.S. Aggregate 5-7 Year Bond Index is unmanaged and is composed of the Bloomberg U.S. Government/Credit Index and the Bloomberg U.S. Mortgage-Backed Securities Index, and includes Treasury issues, agency issues, corporate bond issues, and mortgage-backed securities with maturities of 5-7 years.

U.S. Long Term Taxable Fixed Income. Bloomberg U.S. Aggregate 10+ Year Bond Index is unmanaged and is composed of the Bloomberg U.S. Government/Credit Index and the Bloomberg U.S. Mortgage-Backed Securities Index, and includes Treasury issues, agency issues, corporate bond issues, and mortgage-backed securities with maturities of 10 years or more.

U.S. Taxable Investment Grade Fixed Income. Bloomberg U.S. Aggregate Bond Index is a broad-based measure of the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

High Yield Taxable Fixed Income. Bloomberg U.S. Corporate High-Yield Index covers the universe of fixed rate, non-investment grade debt.

Developed Market Ex-U.S. Fixed Income (Unhedged). J.P. Morgan GBI Global ex-U.S. Index (Unhedged) in USD is an unmanaged market index that is representative of the total return performance in U.S. dollars on an unhedged basis of major non-U.S. bond markets.

Developed Market Ex-U.S. Fixed Income (Hedged). J.P. Morgan GBI ex U.S. Hedged is an unmanaged market index representative of the total return performance in U.S. dollars on an unhedged basis of major non-U.S. bond markets.

Emerging Market Fixed Income (U.S. dollar). J.P. Morgan Emerging Markets Bond Index (EMBI Global) currently covers more than 60 emerging market countries. Included in the EMBI Global are U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities.

U.S. Investment Grade Corporate Fixed Income. Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Preferred Stock. **ICE BofA Fixed Rate Preferred Securities Index** tracks the performance of fixed rate US dollar denominated preferred securities issued in the U.S. domestic market.

Equity representative indexes

U.S. Large Cap Equities. S&P 500 Index is a capitalization-weighted index calculated on a total return basis with dividends reinvested. The index includes 500 widely held U.S. market industrial, utility, transportation and financial companies.

U.S. Mid Cap Equities. Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 27% of the total market capitalization of the Russell 1000 companies.

U.S. Small Cap Equities. Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

Developed Market Ex-U.S. Equities (U.S. dollar)/(Local). MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of 21 developed markets, excluding the U.S. and Canada.

Emerging Market Equities (U.S. dollar)/(Local). MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of 23 emerging markets.

MSCI All Country World Index (MSCI ACWI) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of 23 developed and 26 emerging markets.

Real assets representative indexes

Public Real Estate. FTSE EPRA/NAREIT Developed Index is designed to track the performance of listed real-estate companies and REITs in developed countries worldwide.

MLPs. Alerian MLP Index is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for this emerging asset class. The index, which is calculated using a float-adjusted, capitalization-weighted methodology, is disseminated real-time on a price-return basis and on a total-return basis.

Commodities (BCOMTR). Bloomberg Commodity Total Return Index (BCOMTR) is composed of future contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13 week (3 month) U.S. Treasury Bills. Bloomberg Commodity Index (BCOM) is comprised of 23 exchange-traded futures on physical commodities weighted to account for economic significance and market liquidity.

Alternative strategies representative indexes

Global Hedge Funds. HFRI Fund Weighted Composite Index. A global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net-of-all-fees performance in U.S. dollars and have a minimum of $50 million under management or a 12-month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.

Relative Value. HFRI Relative Value (Total) Index. Strategy is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager. Relative Value (RV) position may be involved in corporate transactions also, but as opposed to Event Driven (ED) exposures, the investment thesis is predicated on realization of a pricing discrepancy between related securities, as opposed to the outcome of the corporate transaction.

Macro. HFRI Macro (Total) Index. Encompass a broad range of strategies predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard-currency, and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top-down and bottom-up theses, quantitative and fundamental approaches and long- and short-term holding periods. Although some strategies employ RV techniques, Macro strategies are distinct from RV strategies in that the primary investment thesis is predicated on predicted or future movements in the underlying instruments rather than on realization of a valuation discrepancy between securities. In a similar way, while both Macro and Equity Hedge managers may hold equity securities, the overriding investment thesis is predicated on the impact movements in underlying macroeconomic variables may have on security prices, as opposed to Equity Hedge (EH), in which the fundamental characteristics on the company are the most significant are integral to investment thesis.

Event Driven. HFRI Event Driven (Total) Index. Maintains positions in companies currently or prospectively involved in corporate transactions of a wide variety including mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated and frequently involve additional derivative securities. Exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company-specific developments. Investment theses are typically predicated on fundamental (as opposed to quantitative) characteristics, with the realization of the thesis predicated on a specific development exogenous to the existing capital structure.

Equity Hedge. HFRI Equity Hedge (Total) Index. Equity Hedge: Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short.

Note: HFRI Indices have limitations (some of which are typical of other widely used indexes). These limitations include survivorship bias (the returns of the indexes may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indexes, and, therefore, the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI Indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indexes may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways. Returns of the underlying hedge funds are net of fees and are denominated in USD.

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