

May 15, 2026

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The geopolitical backdrop

In 2014, Russia annexed the Crimea region of Ukraine that provided control over the Black Sea energy shelf and pathways for energy pipelines, like the TurkStream pipeline that opened in 2020. The Black Sea energy shelf was a planned Ukrainian asset that would have created more energy independence in the European Developed Market trade bloc.

In 2022, Russia invaded Ukraine, which has led to full economic sanctions on Russia. As the war intensified, Ukraine started attacking Russian energy assets as a strategy to disrupt Russian war spending. The Russian economy is concentrated in energy production with 30% of federal revenues and 20% of gross domestic product (GDP) tied to the sector.

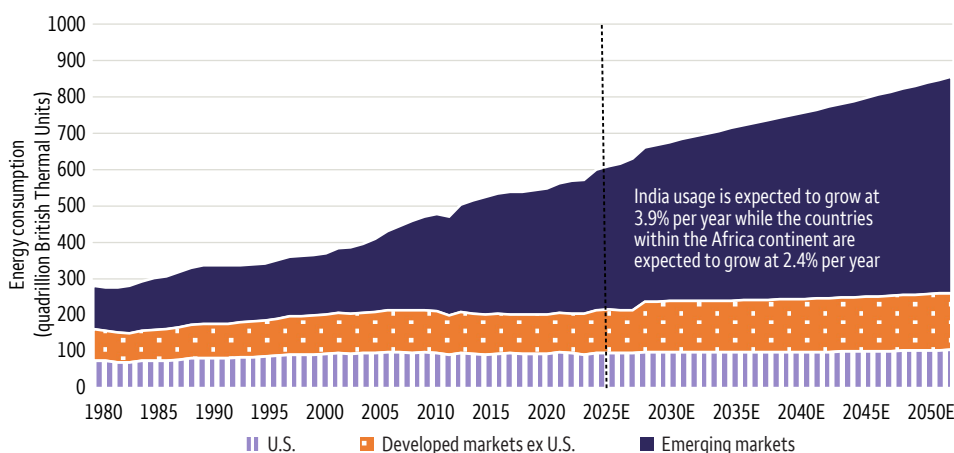
In early 2026, the U.S. carried out military action to relieve the Venezuelan government of its effective dictator and restore U.S.–Venezuelan relations. Venezuela produces around 1% of global oil output but has around 18% of proven oil reserves. Most of the oil refinement occurs in Venezuela but a larger share has recently moved to the U.S.

At the end of February of 2026, the U.S. and Israel led an attack on the Iranian strategic defense targets. As a response, Iran deployed sea-mines and drone defenses to the Strait of Hormuz and effectively closed traffic for oil tankers and frigates with nearly 700 vessels waiting for transit. The strait is part of the navigable trading route responsible for 20% of the world's crude oil supply, 33% of fertilizer, 30%-35% of helium, 20% liquified natural gas (LNG), and 9% of aluminum with majority destinations to Asian developing and emerging markets.¹

The shakeup of markets

The recent geopolitical conflicts have led to the current, supply-shortage-driven surge in oil and LNG prices. However, over the long term, we believe energy prices will be driven by structurally rising demand for natural gas, not persistent supply shocks. History suggests that geopolitical conflict-driven price spikes tend to fade as markets adjust and supply responses emerge, even when near term disruptions dominate headlines. Oil prices may still rise on higher demand over the long term, but demand for natural gas is likely to drive energy prices higher more structurally than oil prices.

Chart: Power demand expected to be driven by emerging markets



Sources: U.S. Energy Information Administration (EIA) and Wells Fargo Investment Institute. Annual data from January 1, 1980, to December 31, 2024. EIA forecast data from 2025 – 2050 as of April 30, 2026. E = estimate.

1. Wells Fargo Investment Institute *State of the Markets*, “Strait talk — The most important questions,” May 4, 2026.

(Continued on the next page.)

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The geopolitical backdrop (continued)

Impact on the economy

Higher oil prices have spilled into transportation and fertilizer costs, adding inflationary pressure at the margin, particularly for net energy-importing economies. This backdrop was the key driver for the increase to our global inflation targets last month. While risks to inflation remain to the upside, unlike with the oil shocks of the 1970s, today's inflation backdrop is shaped by more diversified energy sources and more services-heavy economies. Additionally, in the U.S., strides toward energy independence have made the country much less dependent on oil from the Persian Gulf, which we believe has insulated some of the price shock domestically.

From a growth perspective, we do not expect inflationary pressures to lead to an economic recession, but growth will likely be tempered in 2026 as stickier inflation somewhat erodes the consumer's purchasing power. We also anticipate less of an economic boost from monetary policy as firmer inflation makes it unlikely for the Federal Reserve (Fed) to cut rates.

Impact to U.S. equity and fixed income markets

This energy supply shock has not coincided with tightening financial conditions, collapsing equity leadership, and rising recession risk. Equity leadership has largely reconcentrated in growth-oriented and technology-related sectors, and earnings growth has remained resilient. The recent U.S. equity rally has been driven by those resilient earnings, and the headline-driven volatility spikes have been relatively short-lived.

In fixed income, geopolitical risk has reinforced the value of income-oriented and high-quality bond exposure. Bonds have continued to act as a portfolio stabilizer during this period despite rising inflation and a shift in Fed policy expectations.

Impact to developed and emerging equity markets

In the short term, developed markets that rely heavily on energy imports could see weakness in high-energy-dependent sectors like manufacturing, but ultimately create a more robust energy sector as strategic national defense and energy initiatives become a greater priority for governments.

For mineral and energy-focused emerging markets, higher energy and commodity prices may be a short-term boon to bottom lines but could create an unintended risk that erodes non-mineral-dependent sectors as capital is reallocated across those economies.

What this means for investors

We believe that energy-driven volatility is not a call to abandon discipline or chase short-term performance. While we recently downgraded Energy within both equities and commodities from neutral to unfavorable, that change reflects our view that prices have surged past fundamentals. It is not reflective of a negative long-term view on energy demand. We expect the current imbalance to persist for several months, creating opportunities to rebalance rather than react. We favor trimming exposure in Energy commodities and equities to add exposure to our favored sectors in equities (Information Technology, Industrials, Utilities, and Financials — most favored) as well as Digital Assets.

Ultimately, today's energy driven conflicts reflect a temporary disruption layered on top of a secular demand story. We recommend navigating this uncertainty and avoiding headline-driven decisions by remaining diversified and rebalancing by trimming exposure that has moved significantly above target allocations.

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Global economic summary

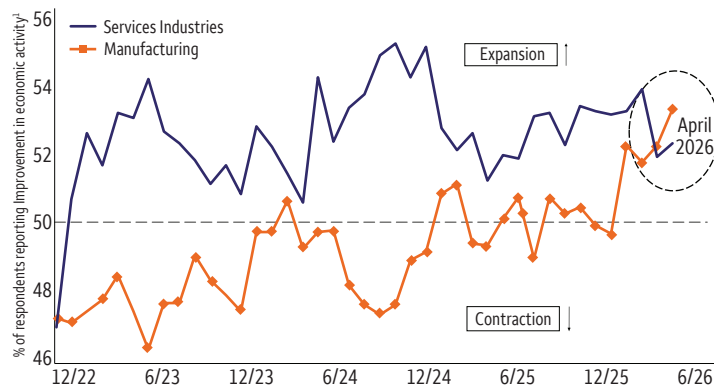
United States

The U.S. economy was resilient through April, supported by strong earnings growth, an investment boom in artificial intelligence (AI), and ample liquidity in overcoming challenges related to the Iran war. Added support came from double-digit growth in tax refunds from a year ago, atop more permanent cuts in business and personal taxes and tariff refunds to businesses. Business surveys showed manufacturing driving economic activity for a second straight month in April.² However, strength likely has been overstated by an inventory buildup stoked by a shortage mentality tied to Middle East disruptions, along with more durable support from AI-driven capital spending.

Service-sector growth moderated noticeably through April due to surging oil prices on energy-intensive travel, along with broader supply-chain disruptions on transportation and warehousing. Slowing services growth left it with its widest gap compared to leading-edge manufacturing since September 2022. Respectable consumer spending through late April was apparent from solid but easing growth of weekly chain-store sales that built on robust, broad-based gains in March retail sales. Lower mortgage rates have fostered a higher turn in housing activity, judging from weekly mortgage applications.

Diminishing jobless claims in April and the first back-to-back gain in nonfarm payrolls in nearly a year pointed to a labor market still capable of supporting consumer spending. The greater threat has come from the sharp rise in Consumer Price Index (CPI) inflation — broadening beyond fuel costs to travel and other energy-sensitive services prices — to a nearly three-year high of 3.8% in April from a year ago.

Trading places: manufacturing regains the lead over services



Sources: Wells Fargo Investment Institute, S&P Global, Inc., and Institute for Supply Management. Data as of May 5, 2026. ¹Average purchasing managers' indexes from S&P Global and the Institute for Supply Management (ISM).

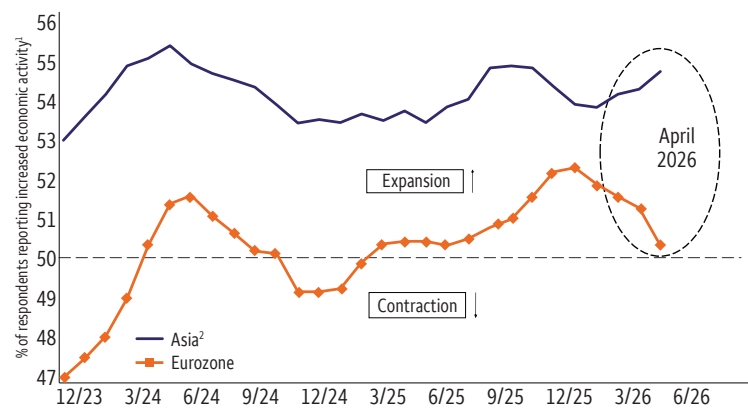
Europe

Europe's greater exposure than the U.S. to Middle East disruptions was apparent from April data showing an increasingly noticeable economic deterioration that left purchasing-manager surveys³ signaling a first decline in overall activity since December 2024. Manufacturing outpaced services activity by the widest margin since January 2022, despite the pressure on foreign trade. Factory output was inflated by the same precautionary stock building supporting U.S. factory output but nonetheless signaled more balanced regional growth between Europe's industrial north and the more services, tourist-oriented south. Growth headwinds intensified in April, with inflation's acceleration to a September 2023 high of 3.0% from a pre-war 1.9% in February. That contributed to April consumer confidence's decline to a December 2022 low last month and prompted a more hawkish policy outlook from business and consumer surveys by the European Sentiment Indicator.⁴

Asia

Middle East-related disruptions have had a more uneven impact across Asia. Support to China and the rest of north Asia is coming from an AI-led boom in tech exports, contributing to improvement in already solid growth since the start of the Iran conflict. Southeast Asia has been more vulnerable to Middle East-related turbulence because of its trade dependence, weak domestic demand, and the lack of a large technology sector. Pressure is building on central banks there to stabilize local exchange rates with interest-rate hikes to control imported inflation but at the risk of aggravating the regional economic slowdown. Japan's AI-driven investment, tourism, and stable domestic demand have limited its growth slowdown. India recovered in April from a March dip, with balanced growth driven by investment and resilient consumption.

Differing economic responses by Asia and Europe to the Iran war



Sources: Wells Fargo Investment Institute, S&P Global, Inc., China Federation of Logistics & Purchasing, and Caixin Global. ¹Three-month moving average data, as of April 30, 2026. ²Represented by an average of China, Japan, and India composite indexes.

Key economic statistics

Global growth rates ¹	1Q26	4Q25	3Q25
U.S. real economic growth (%)	2.0	0.5	4.4
Eurozone real economic growth (%)	0.4	0.8	1.2
Japanese real economic growth (%)	-	1.3	-2.6
Chinese real economic growth (%)	5.3	4.9	4.5

U.S. economic data	4/26	3/26	4/25
Unemployment rate (%)	4.3	4.3	4.2
ISM Manufacturing PMI	52.7	52.7	48.8
ISM Services PMI	53.6	54.0	51.6
Retail sales (%)	-	1.7	-0.2
Consumer confidence (1985 = 100)	92.8	92.2	85.7
Housing starts (millions; annualized)	-	1.50	1.40
U.S. Dollar Index ²	98.1	100.0	99.5
U.S. Consumer Price Index (CPI) (%)	3.8	3.3	2.3
U.S. core CPI (%)	2.7	2.6	2.8
Personal consumption expenditures (PCE) deflator (%)	-	3.5	2.3

Sources: Bloomberg, Wells Fargo Investment Institute, May 12, 2026. ¹Annualized gross domestic product quarter-to-quarter percent change. ²End of period. An index is unmanaged and not available for direct investment. 1Q = first quarter. 2Q = second quarter. 3Q = third quarter. 4Q = fourth quarter. **Past performance is no guarantee of future results.** See pages 27-32 for important definitions and disclosures.

2. Purchasing Managers' Indexes (PMIs) from S&P Global and the Institute for Supply Management (ISM), as of May 5, 2026.
 3. Purchasing Managers' Indexes (PMIs) from S&P Global, as of May 6, 2026.
 4. Prepared by the European Commission's Directorate General for Economic and Financial Affairs, as of May 5, 2026.

Wells Fargo Investment Institute forecasts

Gross domestic product (GDP) growth: The U.S. economic outlook for the balance of 2026 hinges on two intertwined questions: when will the Strait of Hormuz (the Strait) fully reopen, and how persistent the key pillars of the economy prove to be. These pillars have underpinned the economy's resilience even as crude oil prices surged roughly 40% since the Iran war began at the end of February.

Chief among those supports is AI-led capital expenditure (capex) in technology, insulating northern Asia from the worst of supply-chain disruptions challenging southeast Asia and Europe. Subdued longer-term interest rates have reinforced this dynamic, sustaining ample financial-market liquidity and wealth-generating gains across stocks and other financial assets. Double-digit growth in corporate profits has, in turn, supported rapid growth in business investment while limiting layoffs. Finally, we view the U.S. economy as uniquely cushioned because of its role as an oil-exporter and its less energy-intensive, more services-oriented economy.

The more immediate outlook hinges even more heavily on a complete reopening of the Strait as part of a resolution to the Iran war. Roughly 25% of the world's pre-war oil shipments flowed through the Strait.⁵ An unsustainable drawdown of nearly 250 million barrels of global oil inventories in March and April have barely offset an unprecedented loss of 12.8 million barrels per day of crude supply.⁶ Should shortages intensify during a stalemate between the U.S. and Iran, the global economy risks a further spike in oil-led inflation. That outcome would squeeze households' inflation-adjusted incomes and likely push longer-term interest rates higher, denting housing and other credit-sensitive parts of the economy, potentially including wealth-producing gains in stocks supporting consumer spending.

Fiscal stimulus is losing one engine of support as an estimated \$50 billion in tax refunds winds down, even as lower-withheld and non-withheld income taxes provide an estimated \$80 billion of additional support this year atop gradual tariff refunds to businesses totaling over \$160 billion.⁷ Compounding this risk, a recent buildup of manufacturing inventories ahead of future shortages tied to supply-chain disruptions has increased the sector's vulnerability to an abrupt slowing of underlying business and consumer demand.

Our baseline assumption remains for a near-term reopening of the Strait and normalization of supply chains accommodating a swift reversal of energy-driven inflation pressures and above-average full-year U.S. economic growth rotating from services to manufacturing and from consumer spending to business investment. However, we believe that the growing risk of extended disruption of Middle East oil and other supplies risks persistently elevated inflation, higher interest rates, tighter liquidity conditions, and below-trend economic growth.

Consumer Price Index (CPI) inflation: The Middle East impasse entering a third month threatens to push year-end CPI inflation above our 3.1% target. Higher fuel, food, and industrial input costs — capped by a shortage of semiconductors — already was stalling inflation's descent toward the Fed's 2% target rate even before the Iran conflict began at the end of February. The longer those costs stay elevated, the greater the risk they spread more broadly across the economy, beyond pressure already apparent in chemicals, transportation, other energy-intensive goods and services costs, and rebalancing in the rental market poised to reverse disinflation of recent years.

Shorter-term inflation pressures are unfolding against structural changes that previously supported decades of disinflation prior to the pandemic. Cost-driven globalization is winding down, capped by U.S. protectionism, a rewiring of the global trade network, and "chokepoint" policies restricting the flow of goods through critical waterways and access to critical minerals. Slowing growth

5. "Strait of Hormuz Factsheet," International Energy Agency (IEA), February 2026.

6. "Oil Market Report – May 2026," International Energy Agency (IEA), May 2026.

7. "Tax Season is Meeting Expectations," Piper Sandler, April 22, 2026.

Global economy

	Latest (%) ¹	2026 target (%) ¹
U.S. GDP growth	2.3 (Q1)	2.6
U.S. inflation ²	3.8 (Apr.)	3.1 (Dec.)
U.S. unemployment rate ³	4.3 (Apr.)	4.5 (Dec.)
Global GDP growth ⁴	3.4 (Q4)	2.8
Global inflation ⁴	2.9 (Q1)	2.9
Developed-market GDP growth ⁵	1.7 (Q4)	1.7
Developed-market inflation ⁵	3.2 (Q1)	2.8
Eurozone GDP growth	1.2 (Q1)	1.0
Eurozone inflation ²	3.0 (Apr.)	2.2 (Dec.)
Emerging market GDP growth	4.6 (Q4)	3.7
Emerging market inflation	2.8 (Q1)	3.0

Sources: Bloomberg and Wells Fargo Investment Institute (WFII). All latest numbers from Bloomberg as of May 12, 2026. Targets are based on forecasts by Wells Fargo Investment Institute as of May 15, 2026 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. Q1 = first quarter. Q4 = fourth quarter.

¹Average percent change in the latest four quarters from the same year-ago period, unless otherwise noted. ²Latest month percent change from a year ago. ³Three-month average as of the date indicated, percent of labor force. ⁴Weighted average of developed country and emerging-market forecasts. ⁵Weighted average of U.S. and other developed-country forecasts.

Forecasts are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.

of labor supply may boost labor's bargaining power in certain industries. Meanwhile, business pricing power is benefiting from greater industrial concentration and higher barriers to entry, tied to capital-intensive AI and data-center investment in parts of the technology sector. The longer-term inflation path will depend, in part, on whether AI-driven productivity gains and deregulation — along with increased price transparency from the internet and other tech advances — can meaningfully offset these pressures.

Labor market conditions: The labor market has remained resilient despite late-cycle uncertainty and higher energy prices. Slowing labor force growth tied to increased retirements in an aging workforce and more recent tightening of immigration controls have helped keep a lid on the unemployment rate. Strong corporate earnings growth has provided added support, giving firms wherewithal to carry existing payrolls until there is greater clarity on the economic outlook.

However, an early sign of softening has emerged in the narrowing composition of job growth, centered increasingly on less economically sensitive health care and state and local government employment. An early test of labor-market resilience could come from labor-intensive service-industry activity, which has lost momentum recently in response to slowing income growth, low household savings, and the effect of the Iran war on discretionary travel, entertainment, and recreation.

Longer term, AI's impact on the job market remains a focal point. The most visible yellow flag has been sizable layoffs at frontline technology firms. However, an elevated unemployment rate among entry-level college graduates already has begun to decline. Narratives around transformative technology tends to emphasize disruption while overlooking the boost to employment through job enhancement and productivity-driven revenue growth. These are among the reasons why periods of rapid technological adoption have historically coincided with relatively resilient job growth.

Wells Fargo Investment Institute forecasts (continued)

Interest rates: The Fed is a dual-mandate central bank focused on both price stability (inflation) and full employment. Labor-market data has continued to be mixed and highlights falling confidence in the U.S. labor market. However, the weakness in the labor market has moderated, and we see it as being only temporary. On the other hand, the potential impact of tariffs and elevated oil prices on inflation remains a pain point for future Fed rate policy.

The president recently nominated Kevin Warsh to lead the Fed once Chair Jerome Powell's term expires in May. In our view, the Fed — even as incoming leadership tries to build a consensus on rates — is unlikely to cut rates in 2026. We have updated our year-end 2026 federal-funds rate target range to 3.50%–3.75%, which implies no additional rate cuts before year-end, to reflect this. The near-term path of interest rates still depends heavily on the state of the economy and the subsequent actions from the Fed. We expect short-term U.S. Treasury rates to remain stable in tandem with the Fed's stable policy interest rate and that rising near-term inflation and an increase in the premium investors require to hold a rising supply of U.S. Treasury securities should add upward pressure to long-term yields.

With this outlook, we left our year-end 2026 10-year and 30-year U.S. Treasury yield targets unchanged at 4.25%–4.75% and 5.00%–5.50%, respectively.

Equities: Fiscal spending, a resilient consumer despite higher gas prices, an AI-driven capex cycle, and above-average growth should support equity markets through year-end 2026. Our 2026 S&P 500 Index year-end price target of 7500 and our earnings per share (EPS) target of \$300 reflect our expectation that earnings growth will be the main driver of stock returns. Please see the table to the right for the other asset class targets.

As the economy grows, we expect the more risk-on areas of the market to benefit and have raised our 2026 year-end price target for U.S. Small Cap Equities to 2800 to reflect this view. We expect performance to be driven by a rerating of price-to-earnings multiples rather than earnings growth and have kept our earnings target at \$85. We have also raised our price targets for Developed Markets (DM) and Emerging Markets (EM) Equities to 3,200 and 1,600. Unlike U.S. Small Cap Equities, we expect performance to be driven by earnings growth and have raised our DM and EM Equities earnings targets to \$180 and \$100.

We have also upgraded the Information Technology sector from neutral to favorable as this high-quality sector has underperformed against the broader S&P 500 Index due to concerns of AI capital spending, bringing valuations down to more attractive levels. Conversely, we downgraded Energy from neutral to unfavorable due to this sector's significant outperformance this year despite a weakening growth outlook, offering an opportunity to lock in profits.

We continue to suggest that investors emphasize quality in their portfolios and believe that lower-quality companies with less flexible supply chains and weaker balance sheets will likely have a tough time navigating this environment. In keeping with this theme, we continue to favor U.S. Large Cap (favorable) and Mid Cap Equities (favorable) over U.S. Small Cap Equities (unfavorable). Our international equity view is balanced, as we rate both DM ex-U.S. and EM Equities neutral.

Commodities: Commodities underperformed U.S. equities and outperformed U.S. bonds as the Bloomberg Commodity Total Return Index (BCOMTR) ended April with a 4.2% total return. Looking ahead, we see tailwinds in a positive economic growth outlook through year-end and relatively subdued U.S. dollar. We maintain our 2026 BCOMTR target of 325–345 and our neutral rating on Commodities. Our base case is for the conflict in the Middle East to be short-lived, which flows through to our expectations for oil

prices to drift lower by year-end. That said, we believe a lingering geopolitical risk premium will prevent prices from falling to pre-war levels and recently raised our 2026 West Texas Intermediate (WTI) crude and Brent crude oil targets to \$70–\$80 per barrel and \$75–\$85 per barrel, respectively. Additionally, due to the rise in real rates and our expectations for a cautious Fed, we modestly lowered our 2026 year-end gold target to \$5,800–\$6,000 per troy ounce.

Global fixed income (%)	Latest	2026 YE target
10-year U.S. Treasury yield	4.37	4.25–4.75
30-year U.S. Treasury yield	4.97	5.00–5.50
Fed funds rate	3.50–3.75	3.50–3.75

Currencies	Latest	2026 YE target
Dollar/euro exchange rate	\$1.17	\$1.14–\$1.18
Yen/dollar exchange rate	¥157	¥160–¥164
ICE U.S. Dollar Index	98	97–101

The Intercontinental Exchange (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. Additional sources and as-of dates provided under Global real assets table.

Global equities	Latest	2026 YE target
S&P 500 Index	7209	7400–7600
S&P 500 earnings per share	\$278	\$300
Russell Midcap Index	4161	4200–4400
Russell Midcap earnings per share	\$199	\$215
Russell 2000 Index	2800	2700–2900
Russell 2000 earnings per share	\$74	\$85
MSCI EAFE Index	3039	3100–3300
MSCI EAFE earnings per share	\$170	\$180
MSCI Emerging Markets (EM) Index	1600	1500–1700
MSCI EM earnings per share	\$90	\$100

Latest EPS (earnings per share) figures are year-end 2025 EPS actuals, as reported by Bloomberg as of April 30, 2026. Additional sources and as-of dates provided under Global real assets table.

Global real assets	Latest	2026 YE target
WTI crude oil price (\$ per barrel)	105	70–80
Brent crude oil price (\$ per barrel)	114	75–85
Gold price (\$ per troy ounce)	4,618	5,800–6,000
Commodities	\$358	325–345

Sources: Bloomberg, Wells Fargo Investment Institute, as of April 30, 2026. Targets are Wells Fargo Investment Institute forecasts, as of May 15, 2026 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. YE = year end. An index is unmanaged and not available for direct investment. See pages 27–32 for important definitions and disclosures. WTI is a grade of crude oil used as a benchmark in oil pricing.

Forecasts, targets, and estimates are not guaranteed and are based on certain assumptions and on our views of market and economic conditions which are subject to change.

Fixed income

Market observations

Major fixed-income asset class returns were mixed in April, despite slightly higher U.S. Treasury yields. Performance generally fell in sync with duration (a measure of a bond's interest-rate sensitivity) as U.S. Short Term Taxable Fixed Income saw returns of 0.2% while U.S. Long Term Taxable Fixed Income saw returns of -0.1%. Internationally, EM and DM ex-U.S. Fixed Income posted positive returns.

The Fed kept rates steady at its April meeting, the third consecutive hold after cutting rates in December of 2025. As the labor market has firmed and inflation threats resurfaced amid rising oil prices, further cuts in the balance of 2026 have become less likely. Also, the Fed continued purchasing Treasury bills and other short-term Treasury securities to maintain an ample level of reserves during the month.

U.S. fixed income: The U.S. Treasury yield curve moved higher across the curve during April. Bond market volatility has defied the traditional "flight to quality" perceived aspect of Treasuries amid rising market expectations of inflation. Furthermore, the term premium — extra yield investors demand for taking the risk of holding a long term bond instead of short term bonds — also moved higher as market participants began to expect a longer and more costly conflict and larger Treasury issuance ahead.

Investor appetite for credit exposure rose in April, with credit spreads falling considerably in both U.S. Investment Grade (IG) Corporate Fixed Income and High Yield (HY) Taxable Fixed Income. HY corporate bonds (1.7%) outperformed IG (0.5%) given HY is generally less sensitive to interest-rate changes. In our view, current yields near 5.0% for IG Corporate Fixed Income can provide portfolios with attractive income potential. We maintain a favorable view on IG Corporate Securities and neutral guidance on HY Taxable Fixed Income.

Municipal bonds posted positive returns in April (1.1%) as longer term yields fell. Supply of municipal bonds was moderate, while demand remained steady. Municipal bonds often benefit following the end of tax season. Given attractive yield opportunities coupled with our view that municipal credit fundamentals remain solid, we maintain a favorable view on U.S. Municipal Bonds. For investors in higher effective tax brackets, we believe municipal securities can play an important role in fixed-income positioning. However, we remain neutral on HY Municipal Bonds.

Developed markets (DM): Unhedged DM bond returns (1.9%) rose in April and outperformed hedged DM bonds (0.1%) as hedged DM bonds were insulated from strong DM currency performance over the month. Bonds from Italy were one of the best performers in local-currency terms, while Japanese bonds were one of the worst amid continued expectations of rate hikes. Australian Bonds were one of the best performers in U.S. dollar terms amid significant strength in the Australian dollar.

Emerging markets (EM): Dollar-denominated EM bonds (2.5%) slightly underperformed local-currency EM bonds (2.8%) in April on a weak month for EM currencies versus the U.S. dollar. EM bonds were widely positive, with bonds from Mexico and Venezuela being standouts. Venezuelan bonds continue to benefit from an increasingly favorable economic and diplomatic environment following U.S. intervention. Year-to-date (through April 30), 2025's trend of local-currency EM bonds leading U.S. dollar-denominated returns has reversed.

Wells Fargo Investment Institute perspective

We believe the Fed's dual mandate of controlling inflation and maximizing employment will come into conflict during an oil shock, as higher inflation pressures collide with a threat to economic growth. The Fed's path towards rate cuts was already narrow coming

Fixed income index total returns (%)

	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Taxable Inv Grade Fixed Income	0.1	0.1	0.1	4.1	3.5	0.2
U.S. Short Term Taxable	0.2	0.2	0.6	3.5	4.4	2.1
U.S. Intermediate Term Taxable	0.2	0.2	0.0	4.2	4.0	0.7
U.S. Long Term Taxable	-0.1	-0.1	-0.9	3.2	0.5	-3.5
U.S. Treasury Bills	0.3	0.3	1.2	4.1	4.8	3.5
U.S. Inv Grade Corporate	0.5	0.5	-0.1	5.3	4.6	0.6
U.S. Municipal Bonds	1.1	1.1	1.0	6.3	3.3	0.9
High Yield Taxable Fixed Income	1.7	1.7	1.2	8.8	8.9	4.4
DM Ex.-U.S. Fixed Income (Unhedged)	1.9	1.9	-0.8	-3.0	-0.5	-5.4
DM Ex.-U.S. Fixed Income (Hedged)	0.1	0.1	-0.5	-0.1	2.4	-0.4
EM Fixed Income (U.S. dollar)	2.5	2.5	1.4	12.5	9.3	2.6
EM Fixed Income (Local currency) ¹	2.8	2.8	0.5	11.3	7.5	2.2

Sources: Bloomberg, J.P. Morgan, Wells Fargo Investment Institute, April 30, 2026. MTD = month to date. QTD = quarter to date. YTD = year to date. Inv Grade indicates Investment Grade; DM indicates Developed Market; EM indicates Emerging Market. Returns over one year are annualized. ¹Returns are converted to U.S. dollars for U.S. investors. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** See pages 27-32 for important definitions and disclosures.

into the year and now may be completely closed for 2026. We think the income component of fixed income, also known as yield, should remain the central metric for investors in 2026 given our assumption that both interest rates and credit spreads will remain mostly range bound. We also believe that investors should focus on maintaining a diversified portfolio. Finally, in our view, investors overexposed to cash or ultra-short-term investments (such as money market funds or U.S. Treasury bills) should consider increasing exposure in U.S. Intermediate Term Taxable Fixed Income.

We expect European bond yields to remain volatile with a bias toward moving higher, influenced by political instability, fiscal concerns, and oil-driven inflation. We also expect Japanese bond yields to rise further, driven by budget deficits and policy interest-rate increases to stifle inflation. On balance, we remain neutral on DM ex-U.S. Fixed Income for two reasons. Overseas yields generally are below those available in the U.S., and we expect little to no currency return from overseas markets.

The global environment also remains mixed for EM Fixed Income as EM economies have generally been positive and EM currencies have outperformed the U.S. dollar, but EM credit risks are currently priced near decade lows, even with recent volatility. Recent EM policy-rate movements have been mostly idiosyncratic. Some central banks are easing policy rates while others remain on hold. However, modest economic growth and a neutral outlook for commodities are likely to diminish credit risk potential. Our outlook remains neutral on EM Fixed Income as we await better entry opportunities to become more favorable.

Fixed income tactical guidance*

	Guidance
Cash Alternatives	Neutral
U.S. Short Term Taxable	Unfavorable
U.S. Intermediate Term Taxable	Favorable
U.S. Long Term Taxable	Unfavorable
High Yield Taxable Fixed Income	Neutral
DM Ex.-U.S. Fixed Income	Neutral
EM Fixed Income	Neutral

Source: Wells Fargo Investment Institute, May 15, 2026.

*Tactical horizon is 6-18 months.

Fixed income

Sector strategy: U.S. investment-grade securities

Sector tactical guidance* and total returns (%)

Sector	Guidance	1 month	Year to date
Duration	Neutral	-	-
U.S. Government	Neutral	-0.1	-0.1
Treasury Securities	Neutral	-0.1	-0.1
Agencies	Neutral	0.2	0.4
Inflation-Linked Fixed Income	Neutral	1.2	1.4
Investment Grade Credit	Favorable	0.5	0.0
Investment Grade Corporate Securities	Favorable	0.5	-0.1
Preferred Stock	Favorable	2.2	0.8
Leveraged Loans	Unfavorable	1.3	0.7
Investment Grade Securitized	Favorable	0.1	0.5
Residential MBS	Favorable	0.1	0.5
Commercial MBS	Neutral	0.2	0.5
Asset Backed Securities	Favorable	0.3	0.6
U.S. Municipal Bonds	Favorable	1.2	1.3
General Obligation	Favorable	1.1	1.2
Revenue	Favorable	1.2	1.3
High Yield Municipal	Neutral	1.4	2.3

Sources: Total returns: Bloomberg as of April 30, 2026. Guidance: Wells Fargo Investment Institute, as of May 15, 2026. *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 27-32 for important definitions and disclosures.

Duration (Neutral): We are neutral on Duration, a product of our preference for intermediate-term maturities over short- and long-term maturities. We continue to see the intermediate portion of the curve as striking the greatest balance for investors between yield generation and price volatility amid potential fluctuations in yields related to economic and fiscal policies (particularly relevant with the need for increased debt issuance).

U.S. Government (Neutral): We remain neutral on the U.S. Government sector. We view holdings of Treasury securities as a high-credit-quality hedge during volatile economic environments. While concerns about tariff-related inflation fears and growth concerns have sparked volatility, we believe these worries are transient. We still expect that investor appetite for credit risk will tend to flourish, which may cause securities such as U.S. Treasuries to lag. Increased debt issuance and continued debt sustainability concerns following the newest budget also have the potential to weigh on Treasury securities.

Investment Grade (IG) Credit (Favorable): We have a favorable view of the IG Credit sector (and IG Corporate Securities). High-quality IG credit may allow portfolios to generate excess yield (also known as carry) through spread premium that is meant to compensate investors for perceived issuer credit risk. This is particularly relevant in a seemingly benign environment for credit and interest-rate risks. IG

credit spreads are back near historic lows following a brief rise in the initial fallout of the Iran conflict. We believe that further widening may be limited in the upcoming months, despite the level of uncertainty. Still, the higher yields available in these sectors relative to many other IG fixed-income options support our favorable guidance. We reiterate our bias toward selectivity.

Preferred Stock (Favorable): We are favorable on the Preferred Stock sub-sector. We view Preferred Stock as a tactical income-generating asset in portfolios, especially for those seeking tax-efficient yield and diversification. We expect Preferred Stock from issuers in the Financials sector to continue to garner investor appetite, especially given the expected limited new issuance in the preferred space. However, we believe they are best suited for investors who can tolerate interest-rate risk and limited capital appreciation in the near term.

Investment Grade (IG) Securitized (Favorable): We are favorable on the IG Securitized sector given that a large portion of the sector is in the Residential Mortgage Backed Securities (RMBS) sub-sector, on which we are also favorable. We believe that the IG Securitized sector may be positioned to offer value relative to other fixed-income sectors while still providing favorable credit quality and liquidity. Furthermore, we believe the advantage of RMBS over IG Corporate Securities remains visible in valuations. We remain neutral on Commercial Mortgage Backed Securities (CMBS). Although there is still distress in CMBS, we believe it should be less severe than previously feared. Still, we favor staying in the highest credit qualities that may potentially provide more reliable cash flows. We are also favorable on Asset Backed Securities (ABS). Demand for high-quality ABS remains strong, and we still believe credit spreads have room to tighten further once we move past this period of uncertainty.

U.S. Municipal Bonds (Favorable): Within the sector, we still favor both the Revenue and General Obligation sub-sectors. We expect municipal bond issuance to remain ample in 2026. We expect demand to be healthy and counterbalance rising supply. In late April, municipal-to-Treasury yield ratios (MTYR) stood near 68% for 10-year issues and near 88% for 30-year bonds, which were notably lower from the previous month. From a historical valuation perspective using MTYR, both 10-year and 30-year municipal bonds still appear to be somewhat rich as they are both below long-term averages, though lessened by recent volatility.⁸ We currently favor the 8- to 21-year maturity range, where investors can potentially pick up incremental yield. The belly of the municipal yield curve (intermediate term) has become more attractive, in our view, as the curve has steepened. We favor a premium coupon structure and find value potential in the yield offered in coupons near 5%. Bonds with lower coupon structures will have longer duration, and the yield-spread pickup is reflective of that. Municipal credit spreads have pulled back somewhat given recent volatility but are still near historically tight levels. We believe that an emphasis on quality and selectivity remains essential. Municipal investors should also undertake meticulous credit research or access professional management.

8. Bloomberg, data as of March 31, 2026, and April 30, 2026. MTYR is calculated as the Bloomberg Municipal AAA Bond Index yield as a percentage of 10-year and 30-year Treasury yields. 10-year average values are 83% and 10-year and 30-year are 96%, respectively. The Bloomberg Municipal AAA Bond Index is a subset of the broader Bloomberg Municipal Bond Index that tracks the performance of high-quality, long-term, tax-exempt, investment-grade U.S. municipal bonds. It specifically includes bonds rated AAA by at least two of the major rating agencies (Moody's, S&P, Fitch).

Equities

Market observations

U.S. equities: Stocks rebounded sharply in April, with the S&P 500 Index advancing 10.5%, the biggest monthly gain since 2020. The advance was primarily driven by strong first quarter earnings reports with higher revisions for calendar-year 2026. The month ended with investors looking through the continued uncertainties regarding the Iran war and the volatility in oil prices to focus on stronger fundamentals. U.S. Small Cap Equities (+12.2%) outperformed U.S. Large Cap (+10.5%) and U.S. Mid Cap Equities (+7.3%).

Nine of the 11 S&P 500 sectors posted positive returns, with Communication Services (+18.5%) and Information Technology (+17.5%) leading, while Energy (-3.5%) and Health Care (-0.6%) underperformed. AI-related companies continued to exceed earnings and capex spending projections, which benefitted Communication Services and Information Technology sectors while the U.S.-Iran cease fire agreement — though fragile — hampered the Energy sector.

All of the 11 Russell Midcap Index sectors posted gains, led by Information Technology (+22.7%) and Communication Services (17.9%), while Health Care (+0.7%) and Consumer Staples (+0.1%) underperformed. All of the 11 Russell 2000 Index sectors posted positive returns, led by Information Technology (31.9%) and Telecom (+24.6%), while Energy (4.1%) and Utilities (4.5%) lagged.

International equities: U.S. dollar-denominated EM Equities (+14.7%) outperformed DM Equities (+7.6%) last month. U.S. dollar movements served as a headwind for both DM and EM equities to influence returns.

Within DM Equities, the Pacific region (+8.1%) outperformed the Europe region (+7.3%). In the Pacific region, Japan (+9.2%) outperformed while Singapore (+3.1%) underperformed. In the Europe region, Finland (+15.0%) outperformed while Norway (-0.6%) and the U.K. (5.2%) underperformed.

Regarding EM Equities, the Asian region (+17.5%) outperformed both the Europe, Middle East, and Africa region (+4.3%), and the Latin America region (+3.2%). Within the Asian region, Korea (+38.2%) and Taiwan (+26.2%) were notable outperformers while Indonesia (-7.0%) and the Philippines (-2.3%) underperformed. In the Europe, Middle East, and Africa region, Hungary (+23.5%) and Egypt (+20.1%) outperformed while Saudi Arabia (-0.6%), Qatar (+2.3%), and South Africa (2.9%) underperformed. In the Latin America region, Chile (+5.0%) outperformed while Colombia (-6.4%) was a notable underperformer.

Wells Fargo Investment Institute perspective

Our economic outlook remains positive and forward earnings estimates continue to move higher, which should benefit equity returns. In the near term, volatility could increase as geopolitical uncertainties in the Middle East persist with rising commodity prices while various concerns regarding the AI trade and capex cycle percolate. We would view potential stock-market drawdowns as opportunities to add to equities in a manner consistent with our guidance.

We prefer to lean into quality at this point in the cycle. This view is reflected in our guidance as we prefer U.S. Large Cap (favorable) and Mid Cap Equities (favorable) over U.S. Small Cap Equities (unfavorable). We view U.S. Large Cap Equities as the highest-quality major equity class, with strong company balance sheets, durable pricing power, and resilient growth potential. We believe mid caps

offer higher quality than smaller companies and only a modest step lower in quality versus their larger peers. Our international equity view is balanced as we rate both DM ex-U.S. and EM Equities neutral.

Equity index total returns (%)

	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Large Cap Equities	10.5	10.5	5.7	31.1	21.7	13.1
U.S. Large Cap (Growth)	11.9	11.9	1.0	30.6	25.4	13.8
U.S. Large Cap (Value)	8.2	8.2	10.4	29.3	16.8	10.3
U.S. Mid Cap Equities	7.3	7.3	8.7	25.8	16.2	7.7
U.S. Mid Cap (Growth)	6.5	6.5	-0.3	12.9	15.7	5.5
U.S. Mid Cap (Value)	7.6	7.6	11.5	29.8	15.9	8.5
U.S. Small Cap Equities	12.2	12.2	13.2	44.4	18.2	5.7
U.S. Small Cap (Growth)	14.7	14.7	11.5	42.6	18.0	4.0
U.S. Small Cap (Value)	9.7	9.7	15.1	46.3	18.3	7.3
DM Equities Ex-U.S. (USD)	7.6	7.6	6.4	25.2	15.9	9.4
DM Equities Ex-U.S. (Local) ¹	5.2	5.2	5.5	24.0	14.8	11.3
EM Equities (USD)	14.7	14.7	14.6	47.5	21.3	6.5
EM Equities (Local) ¹	13.3	13.3	15.8	49.1	22.9	9.0

Sources: Bloomberg, Standard & Poor's, Russell Indexes, MSCI Inc., Wells Fargo Investment Institute, April 30, 2026. MTD = month to date. QTD = quarter to date. YTD = year to date. DM indicates Developed Market; EM indicates Emerging Market; USD indicates U.S. dollar. Returns over one year are annualized.¹ Returns are in local currencies as experienced by local investors. U.S. investors would experience gains or losses on currency conversion. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** See pages 27-32 for important definitions and disclosures.

Equity tactical guidance*

	Guidance
U.S. Large Cap Equities	Favorable
U.S. Mid Cap Equities	Favorable
U.S. Small Cap Equities	Unfavorable
DM Equities Ex-U.S.	Neutral
EM Equities	Neutral

Source: Wells Fargo Investment Institute, May 15, 2026.

*Tactical horizon is 6-18 months.

International equity tactical guidance* by region

Region	Benchmark weight (%)**	Guidance
DM Equities Ex.-U.S.		Neutral
Europe	66	Neutral
Pacific	34	Favorable
EM Equities		Neutral
Asia	82	Neutral
Europe, Middle East, and Africa	11	Most unfavorable
Latin America	8	Neutral

Sources: Bloomberg, Wells Fargo Investment Institute (WFII). *Tactical horizon is 6-18 months. Weightings are as of April 30, 2026. WFII guidance is as of May 15, 2026.

**Benchmarks are MSCI EAFE Index for DM and MSCI Emerging Markets Index for EM. Weightings may not add to 100% due to rounding. An index is unmanaged and not available for direct investment.

Equities

U.S. equity sector strategy

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	11.0	Neutral	18.5	18.5	10.3	55.9	37.1	15.1
Consumer Discretionary	10.0	Unfavorable	11.7	11.7	1.5	25.2	20.1	7.2
Consumer Staples	4.9	Unfavorable	3.1	3.1	11.0	8.3	8.4	8.7
Energy	3.5	Unfavorable	-3.5	-3.5	33.5	52.4	15.4	24.1
Financials	12.0	Most Favorable	5.6	5.6	-4.3	8.6	18.3	9.5
Health Care	8.5	Unfavorable	-0.4	-0.4	-5.3	5.8	4.8	5.5
Industrials	8.8	Favorable	7.9	7.9	12.9	34.8	22.3	13.2
Information Technology	35.0	Favorable	17.5	17.5	6.7	49.2	32.6	20.8
Materials	1.9	Neutral	2.7	2.7	12.7	23.8	10.4	6.4
Real Estate	1.9	Neutral	8.8	8.8	11.8	12.7	9.8	4.5
Utilities	2.3	Favorable	2.1	2.1	10.5	22.1	14.3	10.4
Total	100.0							

Sources: S&P 500 Index weight and total returns: Bloomberg, as of April 30, 2026. Guidance: Wells Fargo Investment Institute, as of May 15, 2026. *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.**

**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.

Communication Services (Neutral): We believe the Communication Services sector has multiple secular earnings drivers: search, social media, delivery of live and at-home content, and the development of AI. Yet, we expect the sector will remain susceptible to disappointments while AI expectations are elevated. With this risk-to-reward balance, we view a neutral rating to be appropriate.

Consumer Discretionary (Unfavorable): The fundamental investment case for Consumer Discretionary is unattractive in our view as the sector faces challenges from a consumer grappling with higher prices and a softening job market. The sector also faces pressure from high interest rates, contracting margins, and tariff uncertainty.

Consumer Staples (Unfavorable): We believe this defensive and rate-sensitive sector is likely to benefit in risk-off periods but lag the broader market in the tactical environment we forecast. Stubborn input-cost inflation and a lack of pricing power are headwinds.

Energy (Unfavorable): The Energy sector's performance has improved materially in 2026, supported by an unexpected cold snap earlier this year, and the rise in oil prices in response to the war in Iran and the Persian Gulf. Yet, the earnings growth outlook appears weak, and we view the current bounce in prices as an opportunity to lock in profits and hold an unfavorable rating for the Energy sector.

Financials (Most Favorable): We believe a wider spread between short- and long-term interest rates, fiscal stimulus from the One Big Beautiful Bill Act, attractive valuations, and a more favorable regulatory environment should benefit the S&P 500 Index Financials sector.

Health Care (Unfavorable): We believe this traditionally defensive sector is likely to underperform as stocks move higher and economic growth accelerates. The sector faces pressure from an uncertain regulatory environment and tightening margins, among other headwinds. These have the effect of making Health Care unattractive relative to cyclical areas of the market.

Industrials (Favorable): The Industrials sector enjoys tailwinds from increased demand related to ongoing stimulus programs,

attempts to reshore manufacturing, and data-center expansion, among other factors. These tailwinds, as well as our forecast for a modest economic rebound through year-end 2026, should drive sector outperformance.

Information Technology (Favorable): We believe that the sector's quality characteristics will serve investors well, while the AI tailwind has legs to continue to drive above-market sales and earnings growth. The recent underperformance against the S&P 500 Index due to concerns of AI capital spending has brought valuations to more attractive levels, leading us to a favorable rating for the Information Technology sector.

Materials (Neutral): The sector faces headwinds from tariff uncertainty and higher input costs, among other factors. However, the sector could benefit from a weaker U.S. dollar and high metal prices. Considering the balance of factors, we believe a neutral rating to be appropriate.

Real Estate (Neutral): We do not envision sustained outperformance over a tactical timeframe from this typically defensive sector, but we also see little catalyst for significant underperformance. Given this balance of factors, we believe a neutral rating to be appropriate.

Utilities (Favorable): The sector offers a combination of both defensive and offensive traits. We believe Utilities should provide a hedge against further market volatility and economic risks while also being an integral part of the AI data-center growth story.

Growth versus Value (Balanced): Our current sector ratings are balanced between growth and value. Historically, sectors such as Industrials, Financials, and Utilities have tended to fall into value while Information Technology falls into the growth category. We hold a most favorable rating on the Financials sector, a favorable rating on the Information Technology, Industrials and Utilities sectors, and an unfavorable rating on the Consumer Staples, Consumer Discretionary, and Health Care sectors.

Equities

Equity sector and sub-sector preferences

Sector	Sector tactical guidance*	Favorable sub-sectors	Unfavorable sub-sectors
Financials	Most Favorable	Capital Markets; Diversified Banks; Insurance Brokers; Multi-Sector Holdings; Regional Banks	Business Development Companies; Mortgage Real Estate Investment Trusts (REITs)
Industrials	Favorable	Aerospace & Defense; Machinery; Electrical Equipment	Passenger Airlines
Information Technology		Communications Equipment; Semiconductors; Semiconductor Materials & Equipment; Technology Hardware, Storage & Peripherals	IT Services
Utilities		Electric Utilities; Independent Power & Renewable Electricity Producers; Multi-Utilities	Water Utilities
Communication Services	Neutral	Interactive Media & Services	Alternative Carriers; Publishing
Materials		Construction Materials; Industrial Gases; Specialty Chemicals	Containers & Packaging
Real Estate		Data Center REITs; Industrial REITs; Self-Storage REITs; Telecommunications REITs	Diversified REITs; Lodging/Resort REITs; Office REITs; Specialty REITs; Timberland REITs
Consumer Discretionary	Unfavorable	Broadline Retail; Hotels, Restaurants & Leisure; Specialty Retail	Leisure Products
Consumer Staples		Beverages; Consumer Staples Merchandise Retail; Household Products	Tobacco
Energy		Integrated Oil; Midstream Energy	Refining
Health Care		Life Sciences Tools & Services; Health Care Equipment & Supplies	Health Care Facilities

Source: Wells Fargo Investment Institute; favored sub-sectors by Global Securities Research (GSR) and favored sectors by Global Investment Strategy. As of May 15, 2026. REITs = real estate investment trusts.

*Tactical horizon is 6-18 months.

For more information, please request our most recent *Equity Recommendations* report.

Real assets

Master limited partnerships (MLPs)

Market observations

MLPs underperformed the broader market in April, with a 4.4% total return (as measured by the Alerian MLP Index) versus a 10.5% total return for the S&P 500 Index. WTI crude oil prices were volatile and ended the month 3.6% higher. We note that MLPs typically have low direct business exposure to energy commodity prices as business models are primarily fee-based. Also, they are largely insulated from any direct impact from the ongoing Iran war due to their domestic focus.

We believe investor sentiment toward MLPs has generally improved over the past couple of years due to resilient domestic oil demand and visible future demand growth for natural gas, driven by electrification needs and growing export volumes. Additionally, MLPs stand to benefit incrementally from an easing regulatory environment. MLPs have generally become more disciplined on capex, and many high-quality MLPs now have stronger balance sheets and the potential for sustainable payouts, in our view.

Wells Fargo Investment Institute perspective

We prefer high-quality midstream energy companies that have had stable operating results and solid distribution coverage. These companies tend to be relatively large and well diversified. We also believe that midstream C-corporations⁹ typically have stronger corporate governance and a wider institutional investor base relative to midstream companies structured as MLPs.

Commodities

Market observations

Energy: The Bloomberg Commodity Energy Subindex's performance rose by 7.7% in April, outperforming the BCOMTR. Disruptions along the Strait of Hormuz remained, acting as strong tailwinds for crude oil and refined products. Looking ahead, we believe that energy prices will drift lower through year-end, as disruptions ease and supply headwinds mount. Therefore, we recently downgraded the energy sector from neutral to unfavorable. While we do believe directionally the path for oil is lower, we expect a geopolitical risk premium to linger, which could keep prices relatively higher against pre-war levels.

Metals: Precious Metals underperformed the BCOMTR in April with a -1% return. Concerns over inflation and the path of Fed interest-rate policies continued to be strong headwinds. While we do still have a favorable outlook for Precious Metals, there are other factors at play that will need to be resolved before gold takes its next leg higher. We see strengths in above-average purchases by global central banks but recognize the risk to purchasing activity that accompanies the potential for higher rates.

Industrial Metals outperformed the BCOMTR with a 5% return in April. That said, near-term concerns over global economic growth and less supportive interest-rate policies by global central banks remain. Looking ahead, our view is that sluggish, globally mined copper production will be a tailwind to performance as thematic trends, such as the buildout of data centers, electrification, and AI-related investment, continue to drive demand growth. Therefore, we remain favorable and believe the sector offers attractive opportunities as an ancillary trend to the AI investment theme.

Agriculture: Agricultural commodity prices underperformed the BCOMTR, with a 2.5% return in April. Rising fertilizer prices and inputs for agricultural commodities drove prices higher during the month. Meanwhile, soybean oil performance continued to improve due to expectations for higher biofuel demand as crude oil prices spike and new biofuel blending mandates. Looking ahead,

Real assets index total returns (%)

	MTD	QTD	YTD	1 year	3 year	5 year
Public Real Estate	8.6	8.6	10.0	18.3	10.1	3.2
U.S. REITs	9.0	9.0	13.1	14.9	9.8	4.1
International REITs	7.8	7.8	3.1	16.5	7.9	-0.1
Master Limited Partnerships	4.4	4.4	22.0	30.5	25.8	24.3
Global Infrastructure	2.8	2.8	11.3	25.8	16.3	11.9
Commodities (BCOMTR)	4.2	4.2	29.6	44.8	15.7	13.2
Agriculture	2.5	2.5	10.8	4.8	0.3	3.6
Energy	7.7	7.7	72.4	66.1	14.8	15.1
Industrial Metals	5.0	5.0	9.8	31.9	9.9	6.4
Precious Metals	-0.9	-0.9	7.6	58.9	35.0	21.6
Commodities (S&P GSCI)	6.4	6.4	49.0	66.2	21.0	19.2
Commodities (RICI)	6.0	6.0	38.2	52.5	16.7	15.9

Sources: Bloomberg, Wells Fargo Investment Institute, April 30, 2026. MTD = month to date. QTD = quarter to date. YTD = year to date. REITs = real estate investment trusts. Returns over one year are annualized. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** See pages 27-32 for important definitions and disclosures.

we remain neutral on agriculture as ample global supply remains. Prices could continue to rise modestly throughout the year as elevated production and transportation costs flow through to prices. However, we believe a neutral rating is justified given the strong Latin American harvests already underway.

Wells Fargo Investment Institute perspective

Overall, Commodities outperformed the Bloomberg U.S. Aggregate Bond Index but underperformed U.S. Large Cap Equities in April. We remain neutral on Commodities and believe investors can benefit from their diversification benefits. That said, our expectations for oil prices to drift lower by year-end will be a strong headwind for the broader index. Within Commodities, we recommend rotating from Energy, which has outperformed, and into Precious Metals or Industrial Metals.

Digital Assets: Digital assets are emerging as a potentially compelling addition to diversified portfolios. We favor exposure using cryptocurrencies, such as Bitcoin and Ethereum, and specifically prefer their respective spot Exchange-traded funds (ETFs). Over time and consistent with market opportunities we may see, our guidance may tactically either raise or lower the initial (or neutral) guidance.

Private Real Estate: While headwinds remain for Private Real Estate, the gradual economic recovery that we expect in 2026 may start to serve as a favorable backdrop. For now, we remain cautious given the risk that elevated oil prices and supply chain disruptions could influence economic growth and short-term interest rates.

Private Infrastructure: We maintain our favorable view on Private Infrastructure. We expect the strategy to benefit from needed upgrades to the nation's aging infrastructure, as well as greater demand for new data centers and infrastructure that facilitates the transition to more sustainable energy resources.

Real asset tactical guidance*

Guidance

Commodities	Neutral	Private Real Estate	Neutral
Digital Assets	Neutral	Core	Neutral
Energy	Unfavorable	Value-Add	Neutral
Precious Metals	Favorable	Opportunistic	Neutral
Agriculture	Neutral	Private Infrastructure	Favorable
Industrial Metals	Favorable		

Source: Wells Fargo Investment Institute, May 15, 2026. *Tactical horizon is 6-18 months.

9. A C Corporation is a legal business structure in which the corporation is taxed separately from its owners under U.S. federal tax law.

Alternative investments*

Hedge funds

Alternative investment strategies outlook and index/strategy total returns (%)

	Guidance	MTD	QTD	YTD	1 year	3 year	5 year
Relative Value	Neutral	1.8	1.8	3.5	9.5	8.3	5.7
Arbitrage	Unfavorable	2.8	2.8	4.0	10.6	7.7	5.0
Long/Short Credit	Favorable	1.2	1.2	1.2	7.4	8.0	4.5
Structured Credit/Asset-Backed	Neutral	0.7	0.7	2.1	7.8	8.5	6.1
Macro	Neutral	1.8	1.8	6.7	16.8	6.9	5.7
Discretionary	Favorable	1.5	1.5	5.0	17.3	11.3	6.5
Systematic	Unfavorable	1.9	1.9	7.8	16.4	5.5	4.8
Event Driven	Favorable	5.2	5.2	4.7	17.1	11.6	6.6
Activist	Neutral	8.4	8.4	4.0	21.0	12.3	5.2
Distressed Credit	Favorable	6.0	6.0	5.6	17.2	11.4	6.7
Merger Arbitrage	Favorable	2.3	2.3	3.5	12.8	8.7	6.0
Equity Hedge	Neutral	7.3	7.3	6.8	26.3	14.9	7.3
Equity Market Neutral	Unfavorable	1.6	1.6	2.7	11.1	9.9	6.9
Long/Short Equity	Favorable	7.8	7.8	7.1	27.7	15.3	7.3

Sources: Guidance: Wells Fargo Investment Institute, as of May 15, 2026. Index/strategy total returns: Hedge Fund Research, Inc. (HFR), April 30, 2026. (Preliminary numbers released by HFR on May 8, 2026.) MTD = month to date. QTD = quarter to date. YTD = year to date. Returns over one year are annualized. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** See pages 27-32 for important definitions and disclosures.

Market observations

The HFRI Fund Weighted Composite Index advanced 4.8% in April, with gains broadly distributed across hedge fund sub-strategies. Long/Short Equity and Activist sub-strategies led the pack, delivering high single-digit gains supported by favorable market exposure and stock selection. Distressed Credit, Relative Value–Arbitrage, and Merger Arbitrage sub-strategies also posted solid gains, reflecting improving credit opportunities and merger and acquisition activity.

Wells Fargo Investment Institute perspective

Relative Value sub-strategies

Arbitrage (Unfavorable): We remain unfavorable on Arbitrage sub-strategies. Given the sub-strategy's more defensive, absolute-return oriented positioning, we prefer other Relative Value sub-strategies, such as Long/Short Credit, which are flexible in adjusting market exposure.

Long/Short Credit (Favorable): We favor Long/Short Credit sub-strategies that may adjust to evolving credit conditions and potentially benefit from periods of heightened market volatility.

Structured Credit/Asset-Backed (Neutral): We remain neutral on the Structured Credit/Asset Backed sub-strategies. An improving economy in the year ahead may bode well for structured credit, yet concerns remain on collateral quality and areas of weakness in consumer credit.

Macro sub-strategies

Discretionary (Favorable): We continue to favor Macro – Discretionary sub-strategies as we expect geopolitical uncertainty and macroeconomic-driven market trends and trade policy shifts to continue in 2026. We believe Discretionary sub-strategies have the potential to benefit from their ability to position for market trends in the year ahead.

Systematic (Unfavorable): We downgraded Macro – Systematic to unfavorable in late 2025 as these diversifying sub-strategies may underperform other strategies during periods that are characterized by frequent market trend reversals, which we believe will likely persist.

Event Driven sub-strategies

Activist (Neutral): We remain neutral on Activist sub-strategies. The sub-strategies tend to have more concentrated holdings and a higher exposure to the broader equity market relative to other hedge-fund strategies. As such, the sub-strategies are more susceptible to losses, especially during market volatility.

Distressed Credit (Favorable): We continue to favor Distressed Credit sub-strategies. As elevated interest rates flow through the economy, we believe higher debt-service levels and slower growth will meaningfully impact many small- and mid-sized businesses and create opportunities for Distressed Credit sub-strategies.

Merger Arbitrage (Favorable): We remain favorable on Merger Arbitrage sub-strategies. We believe the recovery in merger and acquisition activity, reduced regulatory hurdles, and improving economic growth through 2026 will provide a constructive backdrop for Merger Arbitrage sub-strategies.

Equity Hedge sub-strategies

Equity Market Neutral (Unfavorable): Equity Market Neutral sub-strategies are low return and low volatility, and they may underperform other Equity Hedge strategies in a rising equity market, which we expect as the broad economy recovers. We prefer Long/Short Equity sub-strategies over Equity Market Neutral in the current environment.

Long/Short Equity (Favorable): We favor Long/Short Equity sub-strategies as we expect the category to benefit from a constructive environment for equities. Additionally, we believe the sub-strategies may also benefit from their focus on security selection.

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Alternative investments*

Private capital

Alternative investment strategies outlook*

	Guidance
Private Equity	Neutral
Venture	Neutral
Growth Equity	Favorable
Large Buyout	Neutral
Small / Mid Buyout	Favorable
Secondaries	Favorable
Private Debt	Neutral
Direct Lending	Neutral
Distressed / Special Situations	Favorable

Sources: Wells Fargo Investment Institute, May 15, 2026.

See pages 27-32 for important definitions and disclosures.

Wells Fargo Investment Institute perspective

Private Equity sub-strategies

Venture (Neutral): We remain neutral on Venture sub-strategies. Venture capital continues to navigate the slow exit environment, with deal activities mostly concentrated in AI-related companies.

Growth Equity (Favorable): We have high conviction in Growth Equity sub-strategies as we believe the underlying companies' more established business models and proven revenue streams should support the sub-strategies in the current environment, especially compared to Venture sub-strategies.

Large Buyout (Neutral): We remain neutral on Large Buyout sub-strategies as they continue to navigate the subdued environment, characterized by slow but improving exits and deals as well as soft fundraising. However, we are hopeful for a continued recovery in private equity this year.

Small/Mid Buyout (Favorable): We continue to favor Small/Mid Buyout sub-strategies. We believe valuations in this space are more attractive and capital-market funding is less of a headwind, especially relative to Large Buyout.

Secondaries (Favorable): We maintain our favorable view on Secondaries sub-strategies, as we believe the strategies will continue to benefit from strong demands and healthy pricing discounts.

Private Debt sub-strategies

Direct Lending (Neutral): We maintain our neutral rating on Direct Lending sub-strategies, as overall credit conditions remain stable despite localized stress in certain pockets — particularly among lower-quality middle-market borrowers.

Distressed/Special Situations (Favorable): We maintain a favorable view on Distressed/Special Situations. The number of distressed opportunities is expected to remain elevated as the effects of elevated interest rates, slower economic growth, and tight lending standards continue to weigh on small- and middle-market businesses, creating credit-market stress and dislocations.

Notes on alternative investment structures

The core differences between our guidance for private placements versus liquid alternative mutual funds centers on the expected illiquidity premium and the expected complexity premium often associated with private placements. The illiquidity premium refers to the potential for incremental return or yield generated by owning securities that cannot be sold quickly without affecting the price. Certain securities may be illiquid for one month, quarter, several years or longer. This illiquidity may provide investment managers enhanced flexibility which may result in higher long-term returns. Illiquidity may be experienced in public and private credit securities that can include loans, securitized credit, and stressed and distressed corporate credit. However, equity strategies may also be illiquid for periods of time, especially after a corporate restructuring when debt is converted to equity or within strategies that require significant equity ownership such as Activism. A complexity premium may also be associated with illiquid securities as they often require specialized origination, underwriting and investing strategies. Because private placements do not offer daily liquidity to their investors, they potentially provide greater flexibility to invest in securities that may offer an illiquidity premium. Furthermore, private placements can have a larger concentration in illiquid securities.

The complexity premium potentially offered with private placements results from several structural limitations associated with mutual funds, including provisions of the Investment Company Act of 1940, as amended (1940 Act), that apply at the fund level and not the individual strategy level. The 1940 Act requires, among others, the following:

- Regular liquidity — Redemptions must be paid within seven calendar days
- Regular transparency
- Limits on leverage — 300% asset coverage limits leverage to 33%; making loans; or investing in real estate or commodities
- Limits on concentration — 75% of the value of its total assets cannot be invested more than 5% in any one issuer, 25% in one industry or 10% of the outstanding voting securities of the issuer
- Limits on illiquidity — No more than 15% can be invested in illiquid assets

In addition, under the Investment Advisers Act of 1940, performance-based fees must be symmetric.

As a result of the illiquidity and complexity premiums, performance returns and characteristics are expected to vary between liquid alternative mutual funds and private placements.

In our view, when implementing liquid alternatives in a diversified portfolio, they should not be considered a one-to-one substitute for traditional hedge funds. Our new guidance will reflect these differences in product types.

It is important to remember that only “accredited investors” or “qualified purchasers” within the meaning of U.S. securities laws can invest in private placements. This means investors must have a minimum level of income, assets, or net worth to be eligible. They may also need to meet other qualification requirements. Like all mutual funds, liquid alternative funds are regulated under the 1940 Act, and are open to all investors. As such, they are regulated in their use of leverage and have required levels of liquidity and diversification. Mutual funds must value their portfolios and price their securities daily using fair value guidelines. Hedge funds, on the other hand, face less regulation and are not required to provide investors with periodic pricing or valuation. This allows them a great deal of flexibility but may increase the risks for investors.

Because of the illiquid and complex nature of private placement hedge funds, Wells Fargo Investment Institute will no longer provide tactical percentage guidance for these asset classes. We will instead provide guidance that may be incorporated into portfolios over a longer period of time.

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Currency guidance

The U.S. dollar versus developed market currencies

Market observations and outlook

The U.S. Dollar Index (DXY) has continued to trade within a range of 96–101, struggling to break to the upside or downside since June 2025. In March, the Middle East conflict helped drive the U.S. dollar toward the high end of its recent range. In April, however, the U.S. dollar gave up some of those gains as mixed signals from major central banks complicated the rate outlook. Current U.S.-dollar valuations are near 10-year historical averages. U.S. Treasury yields moved higher across the maturity curve in April amid a continued push higher in inflation expectations and falling market expectations for Fed cuts in 2026 and 2027. Over the next few months, central bank policy actions coupled with potential political risks both in the U.S. and abroad will likely remain key factors for the U.S. dollar's near-term levels. Both factors impact dollar hedging (selling the dollar forward to try to minimize currency volatility by foreign investors), which we see as a headwind amid U.S. policy volatility. DM currencies generally rose against the U.S. dollar in April on market expectations of international rate hikes in response to rising oil prices. The yen fell for most of the month given the exposure of the Japanese economy to oil imports but was buoyed by currency intervention from the Bank of Japan at month-end and ended the month up 1.4%. The euro and pound also rose on rate hike expectations, ending the month higher by 1.5% and 2.9%, respectively. Market expectations of interest rates have also risen for the Fed since the beginning of the conflict, but not to the same degree.

In our view, the U.S. dollar may struggle to stage a significant breakout either to the downside or upside in 2026. Headwinds and tailwinds seem fairly balanced for the U.S. dollar and current valuations may be supported by our shifting expectations for zero rate cuts from the Fed before year-end 2026. For year-end 2026, we see ranges of \$1.14–\$1.18 per euro and 160–164 yen per U.S. dollar.

Year-end currency targets

	Latest	YE26 targets
Dollars per euro	\$1.17	\$1.14–\$1.18
Yen per dollar	¥157	¥160–¥164
ICE U.S. Dollar Index	98	97–101

Source: Bloomberg, as of April 30, 2026. Targets are Wells Fargo Investment Institute forecasts, as of May 15, 2026 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. YE = year end.

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. An index is unmanaged and not available for direct investment.

Forecasts are based on certain assumptions and on our views of market and economic conditions, which are subject to change. See pages 27–32 for important definitions and disclosures.

The U.S. dollar versus emerging market currencies

Market observations and outlook

The U.S. dollar fell versus EM currencies, with the MSCI Emerging Markets Currency Index (an index of currencies mirroring the weighting of the more manufacturing-based MSCI Emerging Markets Index, heavily weighted toward Asia) ending the month higher by 1.8%.

Performance within EM currencies was widely positive during the month. The Hungarian forint (+7.0%) was one of the best performers amid falling risks after a parliamentary election. The Brazilian real (+4.5%) was another high performer and has benefited from the Iran conflict given Brazil's status as a net energy exporter. Prior to the Iran conflict, EM central banks had begun the process of lowering rates from recent highs but at a more cautious pace than developed markets. Interest-rate differentials between emerging and developed markets have been persistent and have been additive to EM currencies. Inflation impacts from rising oil prices may impact EM central bank attempts to lower rates. At the moment, we have observed a longer-trending period of positive performance in EM currencies as the U.S. dollar has struggled due to tariff and interest-rate concerns. As we see a continued period of subdued strength in the U.S. dollar in 2026 compared to previous years, we believe EM currencies may benefit.

Currency hedging

Based on our views on the direction of the U.S. dollar, we provide our currency-hedging guidance in the matrix below. We have revised our view on DM ex-U.S. Fixed Income from unfavorable to neutral. Because we no longer recommend strategic allocations to DM fixed income in local currency, we still do not favor taking tactical positions at this time. For investors with exposure to these bonds, we have revised our hedging guidance from “hedge” to “no hedge” because we see limited U.S. dollar upside from current levels through year-end, we do not expect large currency losses to be a long-term drag on returns. For EM fixed income, the strategic benchmark consists exclusively of U.S. dollar-denominated sovereign EM bonds, so we currently believe hedging is unnecessary.

Hedging matrix

Asset class	Strategic benchmark	Currency advice
Developed Market Ex-U.S. Fixed Income	Local currency*	No hedge
Developed Market Ex-U.S. Equities	Local currency	No hedge
Emerging Market Fixed Income	U.S. dollar	N/A
Emerging Market Equities	Local currency	No hedge

Source: Wells Fargo Investment Institute, May 15, 2026. The table above provides guidance for investors who want and are able to hedge against currency losses, or to take advantage of the dollar's move in either direction. Please note that implementation may vary according to the hedging instruments available to investors.

*We no longer recommend strategic allocations and do not favor tactical allocations at this time to Developed Market Ex-U.S. Fixed Income. Hedging guidance applies to those who wish to hold these assets.

We do not favor hedging currency risk for equities at this time. We think the hurdle to hedging currency risk is higher for equities than for bonds because in equity markets, currency movements have had a smaller influence on total return than for fixed income. Further, the cost and complexity of currency hedging for equities may be greater. It is important to consider that many actively managed mutual funds already may incorporate an element of currency hedging. In addition, the cost of hedging against losses from EM currencies is far higher than for those of DMs, and the availability of efficient hedging instruments is limited.

Tactical guidance

Recommended tactical guidance

No changes this month.

The strategic (neutral) asset allocations are based on long-term strategies. However, capital markets tend to move in cycles, and there may be short-term opportunities to enhance the risk/return relationship within a portfolio by temporarily adjusting the strategic allocations. The tactical asset allocation adjustments are designed to provide guidance on shorter-term (6–18 months) weightings in the portfolio. The minimum position of any asset class is zero, meaning that no short selling is permitted. The maximum position of all asset classes together is 100%, meaning that no leverage is permitted. The actual extent of the recommended tactical adjustments is a judgment call. It should be enough to make a difference without crowding out other assets or creating a vacuum. Also, all the tactical recommendations have to be considered together. It would not be mathematically possible to underallocate two asset groups while maintaining over-allocations in the other two. Adjustments must be made to bring all the broad asset classes into a proper relationship. These are guidelines to be used prudently for investors with temperaments that agree with a more aggressive, tactical investment style.

Additional asset class guidance

Consider long/short equity strategies: These strategies can provide diversification in an equity portfolio by utilizing both long and short exposures to the asset class. While they can provide diversification, investors should expect higher tracking error (extent to which the returns have differed from its benchmark) to traditional benchmarks from these strategies. Prudent use through controlled allocations is recommended.

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
	U.S. Small Cap Equities	Developed Market Ex.-U.S. Equities Emerging Market Equities	U.S. Large Cap Equities U.S. Mid Cap Equities	

Real Assets

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
		Private Real Estate Commodities	Private Infrastructure	

Alternative Investments*

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

For investable ideas within alternative strategies, please see pages 12 – 13.

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Tactical guidance*

Tactical guidance summary

FIXED INCOME	U.S. Short Term Taxable	Unfavorable	We remain cautious of over-allocating to short-term maturities. Hence, we prefer to capture potential yield available in intermediate-term maturities.
	U.S. Intermediate Term Taxable	Favorable	Our view is that U.S. Intermediate Term Taxable Fixed Income currently provides an attractive yield and is less rate sensitive should interest rates increase further above the upper end of our target range. We believe the asset class can provide investors with opportunities to outperform cash, cash alternatives, and both U.S. Short and Long Term Taxable Fixed Income in the near term.
	U.S. Long Term Taxable	Unfavorable	Interest rates have been volatile across the curve due to policy uncertainty and geopolitical events. Long-term (10-plus year) maturities are most impacted by rate movements, and we anticipate price declines in the U.S. Long Term Taxable Fixed Income asset class as yields move higher, toward the midpoint of our range. At this time, we prefer the intermediate-term portion of the curve.
	High Yield Taxable	Neutral	From a valuation perspective, we acknowledge that HY bonds still appear expensive, but yields are relatively attractive. We remain neutral on HY Taxable Fixed Income. Differences are evident among HY Taxable Fixed Income sectors and credit ratings, so selectivity remains important.
	Developed Market Ex-U.S.	Neutral	Currency losses will most likely weigh on returns while political risks add further pressure to yields. Also, the European Central Bank (ECB) is expected to maintain policy rates on hold over the coming months. We remain neutral on this fixed-income class.
	Emerging Market	Neutral	Dollar-denominated debt is a small portion of sovereign borrowing and has limited exposure to EM currency volatility, although it is vulnerable to rises in U.S. yields given its longer duration.
EQUITIES	U.S. Large Cap	Favorable	We view U.S. Large Cap Equities as the highest-quality major equity class, with strong company balance sheets compared to other equity classes, durable pricing power, and resilient growth potential.
	U.S. Mid Cap	Favorable	The U.S. Mid Cap Equities asset class can offer investors higher quality compared to U.S. Small Cap Equities as well as a reasonable amount of exposure to many economically sensitive sectors that may allow investors to participate in cyclical rallies.
	U.S. Small Cap	Unfavorable	U.S. Small Cap Equities continue to struggle with quality and consistent earnings growth. The Russell 2000 Index appears to be hamstrung by excessive leverage and an elevated portion of index components with no profits, among other headwinds.
	Developed Market (DM) Ex.-U.S.	Neutral	The export-sensitive region is constrained by tepid global trade and geopolitical risks, but we suspect sentiment has passed its nadir as news of increased fiscal spending improved investor outlooks, and that upturn should support higher valuations.
	Emerging Market	Neutral	We expect improving sentiment, the AI cycle, and relative valuations to be supportive. Elevated geopolitical and regulatory risks remain headwinds.
REAL ASSETS	Commodities	Neutral	Commodities have performed exceptionally well and have acted as an effective portfolio diversifier amid market uncertainties stemming from the Middle East conflict. However, given our outlook for oil prices to drift lower by year-end and with the BCOMTR beyond our year-end target range, we see better opportunities and stronger expected returns in our other favored asset classes, which supports our neutral rating. Within the Commodities sectors, we are favorable on Precious Metals and Industrial Metals over the tactical horizon.
	Private Real Estate	Neutral	We maintain our neutral guidance on Core, Value-Add, and Opportunistic given our expectation that supply-demand imbalances should recalibrate a new equilibrium, and we remain optimistic that easing credit conditions could lead to an improved environment in 2026.
	Private Infrastructure	Favorable	We remain constructive on Private Infrastructure. We believe the push to upgrade aging infrastructure, develop new data-center capacity, and facilitate the transition to sustainable energy technologies provides a favorable backdrop for Private Infrastructure.
ALTERNATIVE INVESTMENTS*	Hedge Funds–Relative Value*	Neutral	We remain favorable on Long/Short Credit sub-strategies given their flexibility to adjust to evolving credit conditions and navigate periods of elevated market volatility.
	Hedge Funds–Macro*	Neutral	We continue to favor Macro Discretionary sub-strategies that allow managers to position for geopolitical uncertainty and markets driven by policy shifts. Yet, we have downgraded Macro Systematic to unfavorable, as these diversifying strategies may underperform during periods with frequent market trend reversals.
	Hedge Funds–Event Driven*	Favorable	We maintain our favorable view on Merger Arbitrage and Distressed Credit. We believe Merger Arbitrage may benefit from the recovery in merger and acquisition activity, deregulation, and improving economic growth through 2026.
	Hedge Funds–Equity Hedge*	Neutral	We favor Long/Short Equity and expect these sub-strategies to benefit from their flexible approach in adjusting market sensitivity as well as their focus on security selection.
	Private Equity*	Neutral	We have high conviction in certain sub-strategies, including Secondaries, Small/Mid Buyouts, and Growth Equity, where we believe valuations are more attractive and capital-market funding is less of a headwind.
	Private Debt*	Neutral	We maintain a favorable view on Distressed/Special Situations based on our expectations for credit-market stress and dislocations. We remain neutral on Direct Lending considering the risks in lower-quality middle-market borrowers.

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Capital market assumptions

Fixed income, equities, real assets, and alternative investments

Annual update; as of July 2025

Capital market and asset class assumptions are estimates of how asset classes may perform over the long term, covering multiple economic and market cycles. For example, **downside risk** is based on our assumptions about average returns and the variability of returns. It represents the minimum return that would be statistically likely in 95% of annual returns. In other words, in 19 out of 20 years, performance would likely be better than this figure and in the twentieth year it would likely be worse. There is no guarantee that any particular 20-year period would follow this pattern. **Expected returns** represent our estimate of likely average returns over the next several market cycles. They do not represent the returns that an investor should expect in any particular year. **Geometric return** is the compounded annual growth rate of an investment (asset class or portfolio) over a specified period of time longer than one year. **Standard deviation** is a measure of volatility. It reflects the degree of variability surrounding the outcome of an investment decision; the higher the standard deviation, the greater the risk. **Yield** on a bond assumes constant maturity. **Dividend yield** on an equity or real-asset investment represents the projected dividend as a percentage of the purchase price. The assumptions are not designed to predict actual performance, and there are no assurances that any estimates used will be achieved. The information given has been provided as a guide to help with investment planning and does not represent the maximum loss a portfolio could experience.

Capital market assumptions (%)

	Asset class	Expected arithmetic return	Expected geometric return	Expected standard deviation or risk	Yield or dividend yield	Downside risk
	Inflation	2.5				
	Taxable Cash Alternatives	2.8	2.8	0.5	2.8	2.0
	Tax Exempt Cash Alternatives	2.4	2.4	0.5	2.4	1.6
FIXED INCOME	U.S. Taxable Investment Grade Fixed Income	4.3	4.2	4.0	4.2	-2.1
	U.S. Short Term Taxable Fixed Income	3.5	3.5	1.5	3.5	1.1
	U.S. Intermediate Term Taxable Fixed Income	4.3	4.3	3.5	4.3	-1.3
	U.S. Long Term Taxable Fixed Income	5.5	5.1	9.0	5.1	-8.6
	High Yield Taxable Fixed Income	7.3	6.9	8.5	6.9	-6.1
	U.S. Tax Exempt Investment Grade Fixed Income	3.7	3.6	4.3	3.6	-3.2
	U.S. Short Term Tax Exempt Fixed Income	3.0	3.0	1.8	3.0	0.1
	U.S. Intermediate Term Tax Exempt Fixed Income	3.7	3.6	4.0	3.6	-2.8
	U.S. Long Term Tax Exempt Fixed Income	4.7	4.5	5.3	4.5	-3.7
	High Yield Tax Exempt Fixed Income	6.2	5.9	7.5	5.9	-5.7
	Developed Market ex-U.S. Fixed Income	3.3	3.0	8.0	3.0	-9.3
	Emerging Market Fixed Income	7.3	6.9	9.5	6.9	-7.6
	Inflation-Linked Fixed Income	4.0	3.8	7.5	3.8	-7.8
	Preferred Stock	5.4	4.7	11.5	4.7	-12.4
EQUITIES	U.S. Large Cap Equities	9.5	8.3	16.0	1.8	-14.7
	U.S. Mid Cap Equities	9.8	8.5	17.0	1.7	-15.7
	U.S. Small Cap Equities	9.6	7.8	20.0	1.5	-20.0
	Developed Market ex-U.S. Equities	8.6	7.4	16.0	2.9	-15.6
	Emerging Market Equities	9.7	7.8	21.0	2.7	-21.1
REAL ASSETS	Private Real Estate	8.3	7.6	13.0	4.8	-11.6
	Private Infrastructure	8.8	8.2	12.0	4.3	-9.7
	Master Limited Partnerships (MLPs)	9.1	7.7	18.0	7.3	-17.7
	Commodities	7.8	6.6	16.0	0.0	-16.4
ALTERNATIVE INVESTMENTS*	Global Hedge Funds	6.6	6.4	6.3	0.0	-3.4
	Hedge Funds-Relative Value	6.8	6.6	7.0	0.0	-4.3
	Hedge Funds-Macro	5.7	5.5	7.8	0.0	-6.5
	Hedge Funds-Event Driven	7.3	7.0	7.5	0.0	-4.6
	Hedge Funds-Equity Hedge	7.0	6.7	8.5	0.0	-6.4
	Global Liquid Alternatives	3.8	3.7	4.0	0.0	-2.7
	Private Equity	14.2	12.8	18.0	0.0	-12.8
	Private Debt	9.3	8.8	10.5	7.0	-7.0

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Strategic asset allocation

Client goals	INCOME			GROWTH & INCOME			GROWTH		
Risk Tolerance	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive

Efficient frontier

An efficient frontier represents the theoretical set of diversified portfolios that attempt to maximize return given a specific level of risk.

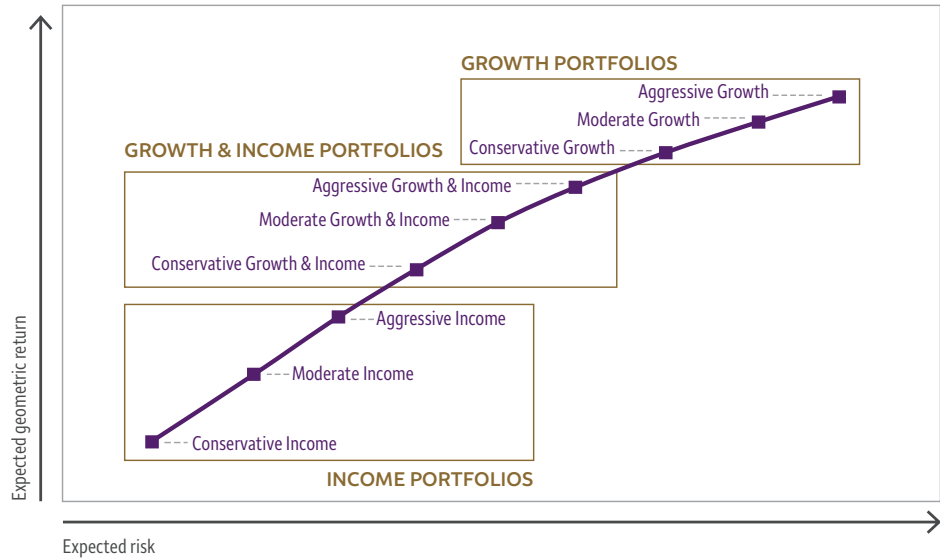


Chart is conceptual and is not meant to reflect any actual returns or represent any specific asset classifications.
Source: Wells Fargo Investment Institute, July 2025

Investment objectives definitions

INCOME

Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets but can still experience losses.

Conservative Income investors generally assume lower risk, but may still experience losses or have lower expected income returns.

Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.

Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.

GROWTH & INCOME

Growth & Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.

Conservative Growth & Income investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns.

Moderate Growth & Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns.

Aggressive Growth & Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.

GROWTH

Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets.

Conservative Growth investors generally assume a lower amount of risk, but may still experience increased losses or have lower expected growth returns.

Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns.

Aggressive Growth investors seek a higher level of returns and are willing to accept a higher level of risk that may result in more significant losses.

Strategic and tactical asset allocation: Liquid

May include fixed income, equities, and real assets

		CONSERVATIVE			MODERATE			AGGRESSIVE		
		Strategic (%)	Tactical (%)	Difference (%)	Strategic (%)	Tactical (%)	Difference (%)	Strategic (%)	Tactical (%)	Difference (%)
INCOME	TAXABLE CASH ALTERNATIVES	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0
	TOTAL GLOBAL FIXED INCOME	82.0	81.0	-1.0	69.0	68.0	-1.0	61.0	60.0	-1.0
	U.S. Taxable Investment Grade Fixed Income	76.0	75.0	-1.0	60.0	59.0	-1.0	47.0	46.0	-1.0
	Short Term Taxable*	17.0	14.0	-3.0	14.0	11.0	-3.0	11.0	8.0	-3.0
	Intermediate Term Taxable*	44.0	49.0	5.0	34.0	39.0	5.0	27.0	31.0	4.0
	Long Term Taxable*	15.0	12.0	-3.0	12.0	9.0	-3.0	9.0	7.0	-2.0
	High Yield Taxable Fixed Income	3.0	3.0	0.0	4.0	4.0	0.0	6.0	6.0	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
	Emerging Market Fixed Income	3.0	3.0	0.0	5.0	5.0	0.0	8.0	8.0	0.0
	TOTAL GLOBAL EQUITIES	14.0	17.0	3.0	27.0	30.0	3.0	35.0	38.0	3.0
	U.S. Large Cap Equities	12.0	12.0	0.0	18.0	18.0	0.0	21.0	21.0	0.0
	U.S. Mid Cap Equities	2.0	5.0	3.0	5.0	8.0	3.0	7.0	10.0	3.0
	U.S. Small Cap Equities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Developed Market Ex-U.S. Equities	0.0	0.0	0.0	4.0	4.0	0.0	7.0	7.0	0.0	
Emerging Market Equities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL GLOBAL REAL ASSETS	2.0	0.0	-2.0	2.0	0.0	-2.0	2.0	0.0	-2.0	
Commodities	2.0	0.0	-2.0	2.0	0.0	-2.0	2.0	0.0	-2.0	
GROWTH AND INCOME	TAXABLE CASH ALTERNATIVES	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0
	TOTAL GLOBAL FIXED INCOME	50.0	47.0	-3.0	41.0	36.0	-5.0	33.0	29.0	-4.0
	U.S. Taxable Investment Grade Fixed Income	39.0	36.0	-3.0	30.0	25.0	-5.0	20.0	16.0	-4.0
	Short Term Taxable*	9.0	6.0	-3.0	7.0	3.0	-4.0	5.0	2.0	-3.0
	Intermediate Term Taxable*	22.0	25.0	3.0	17.0	20.0	3.0	11.0	14.0	3.0
	Long Term Taxable*	8.0	5.0	-3.0	6.0	2.0	-4.0	4.0	0.0	-4.0
	High Yield Taxable Fixed Income	6.0	6.0	0.0	6.0	6.0	0.0	7.0	7.0	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
	Emerging Market Fixed Income	5.0	5.0	0.0	5.0	5.0	0.0	6.0	6.0	0.0
	TOTAL GLOBAL EQUITIES	44.0	48.0	4.0	53.0	59.0	6.0	61.0	66.0	5.0
	U.S. Large Cap Equities	25.0	27.0	2.0	30.0	32.0	2.0	34.0	36.0	2.0
	U.S. Mid Cap Equities	8.0	10.0	2.0	10.0	14.0	4.0	12.0	15.0	3.0
	U.S. Small Cap Equities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Developed Market Ex-U.S. Equities	7.0	7.0	0.0	8.0	8.0	0.0	9.0	9.0	0.0	
Emerging Market Equities	4.0	4.0	0.0	5.0	5.0	0.0	6.0	6.0	0.0	
TOTAL GLOBAL REAL ASSETS	4.0	3.0	-1.0	4.0	3.0	-1.0	4.0	3.0	-1.0	
Commodities	4.0	3.0	-1.0	4.0	3.0	-1.0	4.0	3.0	-1.0	
GROWTH	TAXABLE CASH ALTERNATIVES	2.0%	2.0%	0.0%	2.0%	2.0%	0.0%	2.0%	2.0%	0.0%
	TOTAL GLOBAL FIXED INCOME	19.0	16.0	-3.0	11.0	7.0	-4.0	0.0	0.0	0.0
	U.S. Taxable Investment Grade Fixed Income	16.0	13.0	-3.0	8.0	4.0	-4.0	0.0	0.0	0.0
	Short Term Taxable*	4.0	2.0	-2.0	2.0	0.0	-2.0	0.0	0.0	0.0
	Intermediate Term Taxable*	9.0	11.0	2.0	4.0	4.0	0.0	0.0	0.0	0.0
	Long Term Taxable*	3.0	0.0	-3.0	2.0	0.0	-2.0	0.0	0.0	0.0
	High Yield Taxable Fixed Income	3.0	3.0	0.0	3.0	3.0	0.0	0.0	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
	Emerging Market Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL GLOBAL EQUITIES	74.0	78.0	4.0	82.0	87.0	5.0	93.0	94.0	1.0
	U.S. Large Cap Equities	35.0	39.0	4.0	37.0	41.0	4.0	39.0	43.0	4.0
	U.S. Mid Cap Equities	13.0	16.0	3.0	14.0	17.0	3.0	16.0	16.0	0.0
	U.S. Small Cap Equities	3.0	0.0	-3.0	4.0	2.0	-2.0	5.0	3.0	-2.0
Developed Market Ex-U.S. Equities	14.0	14.0	0.0	15.0	15.0	0.0	18.0	18.0	0.0	
Emerging Market Equities	9.0	9.0	0.0	12.0	12.0	0.0	15.0	14.0	-1.0	
TOTAL GLOBAL REAL ASSETS	5.0	4.0	-1.0	5.0	4.0	-1.0	5.0	4.0	-1.0	
Commodities	5.0	4.0	-1.0	5.0	4.0	-1.0	5.0	4.0	-1.0	

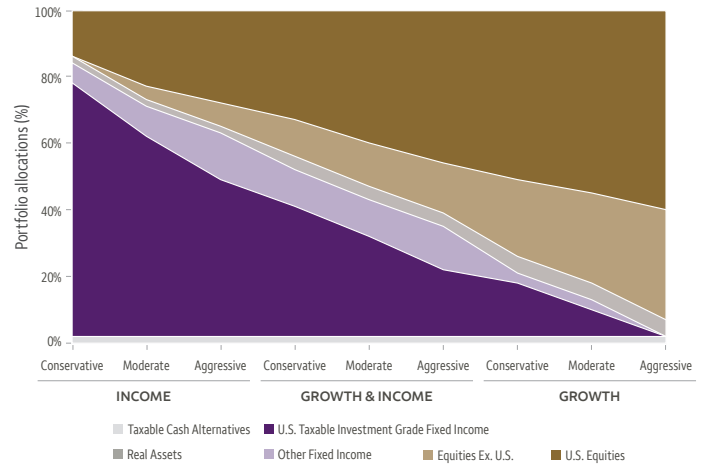
Strategic allocations are updated annually; last update was July 16, 2025. Tactical allocations are updated periodically; last update was October 30, 2025. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. *Wells Fargo Advisors only. See next page for Portfolio allocations across the efficient frontier, strategic and tactical.

Strategic and tactical asset allocation: Liquid

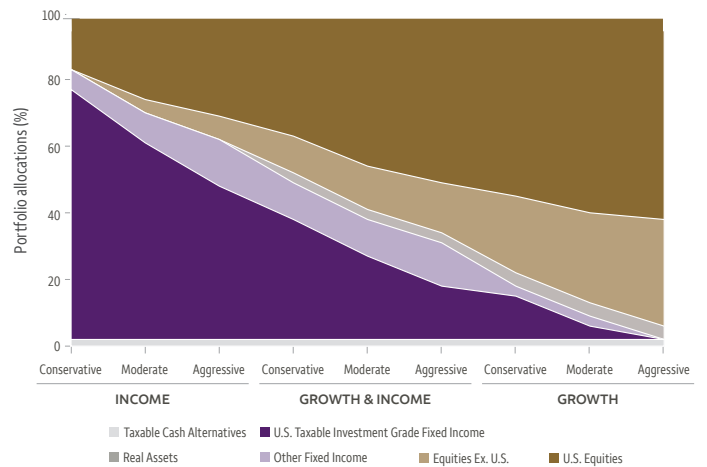
May include fixed income, equities, and real assets (continued)

These allocations span the set of liquid investments available to investors, utilizing broad diversification to help manage portfolio risk. Special issues such as liquidity, cash flow, and taxability would be taken into consideration in the choice of investment vehicles for certain asset classes. Depending on their tax circumstances, investors may wish to utilize the tax-efficient asset allocation guidance. The tactical asset allocation overweightings and underweightings are designed to provide guidance on shorter-term (6–18 months) weightings in the portfolio.

Portfolio allocations across the efficient frontier—strategic



Portfolio allocations across the efficient frontier—tactical



Strategic and tactical asset allocation: Illiquid

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

	CONSERVATIVE			MODERATE			AGGRESSIVE			
	Strategic (%)	Tactical (%)	Difference (%)	Strategic (%)	Tactical (%)	Difference (%)	Strategic (%)	Tactical (%)	Difference (%)	
INCOME	TAXABLE CASH ALTERNATIVES	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0
	TOTAL GLOBAL FIXED INCOME	66.0	65.0	-1.0	52.0	51.0	-1.0	42.0	41.0	-1.0
	U.S. Taxable Investment Grade Fixed Income	61.0	60.0	-1.0	45.0	44.0	-1.0	30.0	29.0	-1.0
	Short Term Taxable*	14.0	11.0	-3.0	10.0	7.0	-3.0	7.0	4.0	-3.0
	Intermediate Term Taxable*	35.0	39.0	4.0	26.0	30.0	4.0	17.0	21.0	4.0
	Long Term Taxable*	12.0	10.0	-2.0	9.0	7.0	-2.0	6.0	4.0	-2.0
	High Yield Taxable Fixed Income	2.0	2.0	0.0	2.0	2.0	0.0	4.0	4.0	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
	Emerging Market Fixed Income	3.0	3.0	0.0	5.0	5.0	0.0	8.0	8.0	0.0
	TOTAL GLOBAL EQUITIES	8.0	11.0	3.0	20.0	23.0	3.0	25.0	28.0	3.0
	U.S. Large Cap Equities	8.0	8.0	0.0	12.0	12.0	0.0	15.0	15.0	0.0
	U.S. Mid Cap Equities	0.0	3.0	3.0	4.0	7.0	3.0	6.0	9.0	3.0
	U.S. Small Cap Equities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Developed Market Ex-U.S. Equities	0.0	0.0	0.0	4.0	4.0	0.0	4.0	4.0	0.0
	Emerging Market Equities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL GLOBAL REAL ASSETS	7.0	5.0	-2.0	8.0	6.0	-2.0	9.0	7.0	-2.0
	Private Real Estate**	5.0	5.0	0.0	6.0	6.0	0.0	7.0	7.0	0.0
	Commodities	2.0	0.0	-2.0	2.0	0.0	-2.0	2.0	0.0	-2.0
	TOTAL ALTERNATIVE INVESTMENTS**	17.0	17.0	0.0	18.0	18.0	0.0	22.0	22.0	0.0
	Global Hedge Funds	11.0	11.0	0.0	11.0	11.0	0.0	11.0	11.0	0.0
Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Private Debt	6.0	6.0	0.0	7.0	7.0	0.0	11.0	11.0	0.0	
GROWTH AND INCOME	TAXABLE CASH ALTERNATIVES	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0
	TOTAL GLOBAL FIXED INCOME	36.0	33.0	-3.0	27.0	23.0	-4.0	21.0	17.0	-4.0
	U.S. Taxable Investment Grade Fixed Income	29.0	26.0	-3.0	19.0	15.0	-4.0	12.0	8.0	-4.0
	Short Term Taxable*	7.0	4.0	-3.0	4.0	2.0	-2.0	3.0	0.0	-3.0
	Intermediate Term Taxable*	16.0	19.0	3.0	11.0	13.0	2.0	7.0	8.0	1.0
	Long Term Taxable*	6.0	3.0	-3.0	4.0	0.0	-4.0	2.0	0.0	-2.0
	High Yield Taxable Fixed Income	4.0	4.0	0.0	4.0	4.0	0.0	3.0	3.0	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
	Emerging Market Fixed Income	3.0	3.0	0.0	4.0	4.0	0.0	6.0	6.0	0.0
	TOTAL GLOBAL EQUITIES	32.0	36.0	4.0	38.0	43.0	5.0	46.0	51.0	5.0
	U.S. Large Cap Equities	18.0	19.0	1.0	20.0	22.0	2.0	26.0	28.0	2.0
	U.S. Mid Cap Equities	6.0	9.0	3.0	8.0	11.0	3.0	8.0	11.0	3.0
	U.S. Small Cap Equities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Developed Market Ex-U.S. Equities	5.0	5.0	0.0	6.0	6.0	0.0	7.0	7.0	0.0
	Emerging Market Equities	3.0	3.0	0.0	4.0	4.0	0.0	5.0	5.0	0.0
	TOTAL GLOBAL REAL ASSETS	9.0	8.0	-1.0	10.0	9.0	-1.0	10.0	9.0	-1.0
	Private Real Estate**	5.0	5.0	0.0	6.0	6.0	0.0	6.0	6.0	0.0
	Commodities	4.0	3.0	-1.0	4.0	3.0	-1.0	4.0	3.0	-1.0
	TOTAL ALTERNATIVE INVESTMENTS**	21.0	21.0	0.0	23.0	23.0	0.0	21.0	21.0	0.0
	Global Hedge Funds	10.0	10.0	0.0	10.0	10.0	0.0	7.0	7.0	0.0
Private Equity	8.0	8.0	0.0	10.0	10.0	0.0	11.0	11.0	0.0	
Private Debt	3.0	3.0	0.0	3.0	3.0	0.0	3.0	3.0	0.0	

Strategic allocations are updated annually; last update was July 16, 2025. Tactical allocations are updated periodically; last update was October 30, 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.

See next page for Growth data and Portfolio allocations across the efficient frontier, strategic and tactical.

**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 27-32 for important definitions and disclosures.

Strategic and tactical asset allocation: Illiquid

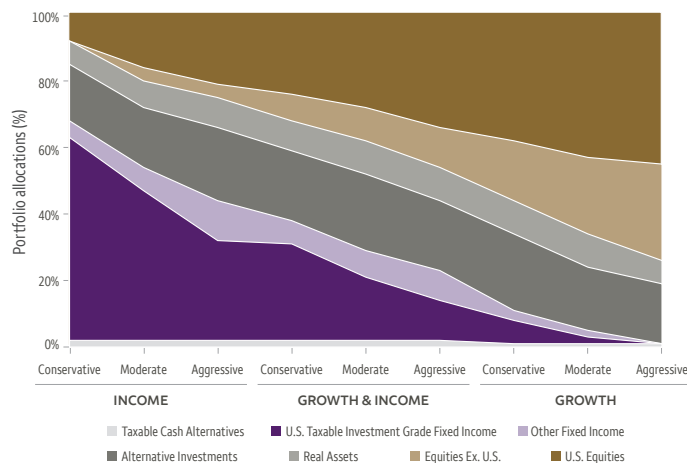
May include fixed income, equities, real assets, and alternative investments (continued)

	CONSERVATIVE			MODERATE			AGGRESSIVE			
	Strategic (%)	Tactical (%)	Difference (%)	Strategic (%)	Tactical (%)	Difference (%)	Strategic (%)	Tactical (%)	Difference (%)	
GROWTH	TAXABLE CASH ALTERNATIVES	1.0	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0
	TOTAL GLOBAL FIXED INCOME	10.0	6.0	-4.0	4.0	2.0	-2.0	0.0	0.0	0.0
	U.S. Taxable Investment Grade Fixed Income	7.0	3.0	-4.0	2.0	0.0	-2.0	0.0	0.0	0.0
	Short Term Taxable*	2.0	0.0	-2.0	0.0	0.0	0.0	0.0	0.0	0.0
	Intermediate Term Taxable*	5.0	3.0	-2.0	2.0	0.0	-2.0	0.0	0.0	0.0
	Long Term Taxable*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	High Yield Taxable Fixed Income	3.0	3.0	0.0	2.0	2.0	0.0	0.0	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
	Emerging Market Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL GLOBAL EQUITIES	56.0	61.0	5.0	66.0	69.0	3.0	74.0	75.0	1.0
	U.S. Large Cap Equities	29.0	30.0	1.0	28.0	31.0	3.0	27.0	30.0	3.0
	U.S. Mid Cap Equities	9.0	13.0	4.0	13.0	15.0	2.0	15.0	15.0	0.0
	U.S. Small Cap Equities	0.0	0.0	0.0	2.0	2.0	0.0	3.0	3.0	0.0
	Developed Market Ex-U.S. Equities	12.0	12.0	0.0	14.0	13.0	-1.0	17.0	17.0	0.0
	Emerging Market Equities	6.0	6.0	0.0	9.0	8.0	-1.0	12.0	10.0	-2.0
	TOTAL GLOBAL REAL ASSETS	10.0	9.0	-1.0	10.0	9.0	-1.0	7.0	6.0	-1.0
	Private Real Estate**	5.0	5.0	0.0	5.0	5.0	0.0	2.0	2.0	0.0
	Commodities	5.0	4.0	-1.0	5.0	4.0	-1.0	5.0	4.0	-1.0
	TOTAL ALTERNATIVE INVESTMENTS**	23.0	23.0	0.0	19.0	19.0	0.0	18.0	18.0	0.0
	Global Hedge Funds	7.0	7.0	0.0	2.0	2.0	0.0	0.0	0.0	0.0
	Private Equity	13.0	13.0	0.0	14.0	14.0	0.0	18.0	18.0	0.0
Private Debt	3.0	3.0	0.0	3.0	3.0	0.0	0.0	0.0	0.0	

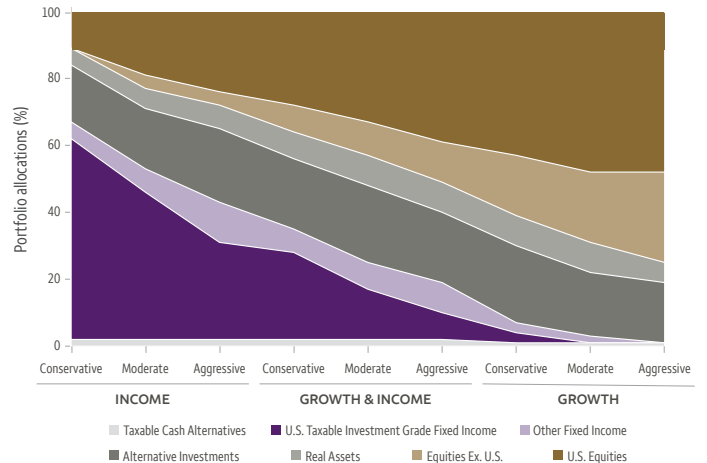
Strategic allocations are updated annually; last update was July 16, 2025. Tactical allocations are updated periodically; last update was October 30, 2025. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. Hedge fund allocations are based on private hedge fund capital market assumptions.
*Wells Fargo Advisors only.

These allocations span the set of investments available to investors, utilizing broad diversification to help manage portfolio risk. Special issues such as liquidity, cash flow, and taxability would be taken into consideration in the choice of investment vehicles for certain asset classes. Depending on their tax circumstances, investors may wish to utilize the liquid tax-efficient asset allocation guidance. The tactical asset allocation overweights and underweights are designed to provide guidance on shorter-term (6–18 months) weightings in the portfolio.

Portfolio allocations across the efficient frontier—strategic



Portfolio allocations across the efficient frontier—tactical



**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 27-32 for important definitions and disclosures.

Strategic asset allocation: Tax-efficient illiquid

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

		CONSERVATIVE	MODERATE	AGGRESSIVE
		Strategic (%)	Strategic (%)	Strategic (%)
INCOME	TAX EXEMPT CASH ALTERNATIVES	2.0	2.0	2.0
	TOTAL GLOBAL FIXED INCOME	78.0	63.0	55.0
	U.S. Tax Exempt Investment Grade FI	78.0	56.0	41.0
	Short Term Tax Exempt*	10.0	7.0	5.0
	Intermediate Term Tax Exempt*	52.0	38.0	28.0
	Long Term Tax Exempt*	16.0	11.0	8.0
	High Yield Tax Exempt Fixed Income	0.0	7.0	14.0
	Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0
	Emerging Market Fixed Income	0.0	0.0	0.0
	TOTAL GLOBAL EQUITIES	6.0	21.0	30.0
	U.S. Large Cap Equities	6.0	16.0	19.0
	U.S. Mid Cap Equities	0.0	5.0	6.0
	U.S. Small Cap Equities	0.0	0.0	0.0
	Developed Market Ex-U.S. Equities	0.0	0.0	5.0
	Emerging Market Equities	0.0	0.0	0.0
	TOTAL GLOBAL REAL ASSETS	7.0	7.0	7.0
	Private Real Estate**	7.0	7.0	7.0
Commodities	0.0	0.0	0.0	
TOTAL ALTERNATIVE INVESTMENTS**	7.0	7.0	6.0	
Global Hedge Funds	5.0	5.0	4.0	
Private Equity	0.0	0.0	0.0	
Private Debt	2.0	2.0	2.0	
GROWTH AND INCOME	TAX EXEMPT CASH ALTERNATIVES	2.0	1.0	1.0
	TOTAL GLOBAL FIXED INCOME	45.0	35.0	29.0
	U.S. Tax Exempt Investment Grade FI	38.0	30.0	23.0
	Short Term Tax Exempt*	5.0	4.0	3.0
	Intermediate Term Tax Exempt*	25.0	20.0	15.0
	Long Term Tax Exempt*	8.0	6.0	5.0
	High Yield Tax Exempt Fixed Income	7.0	5.0	6.0
	Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0
	Emerging Market Fixed Income	0.0	0.0	0.0
	TOTAL GLOBAL EQUITIES	32.0	40.0	47.0
	U.S. Large Cap Equities	19.0	22.0	25.0
	U.S. Mid Cap Equities	6.0	7.0	9.0
	U.S. Small Cap Equities	0.0	0.0	0.0
	Developed Market Ex-U.S. Equities	7.0	9.0	10.0
	Emerging Market Equities	0.0	2.0	3.0
	TOTAL GLOBAL REAL ASSETS	7.0	7.0	7.0
	Private Real Estate**	7.0	7.0	7.0
Commodities	0.0	0.0	0.0	
TOTAL ALTERNATIVE INVESTMENTS**	14.0	17.0	16.0	
Global Hedge Funds	4.0	4.0	0.0	
Private Equity	10.0	13.0	16.0	
Private Debt	0.0	0.0	0.0	

Tax-efficient strategic allocations are updated annually; last update was July 16, 2025. Tactical allocations are updated periodically. 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.

See next page for Growth data and portfolio allocations across the efficient frontier, strategic.

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Strategic asset allocation: Tax-efficient illiquid

May include fixed income, equities, real assets, and alternative investments (continued)

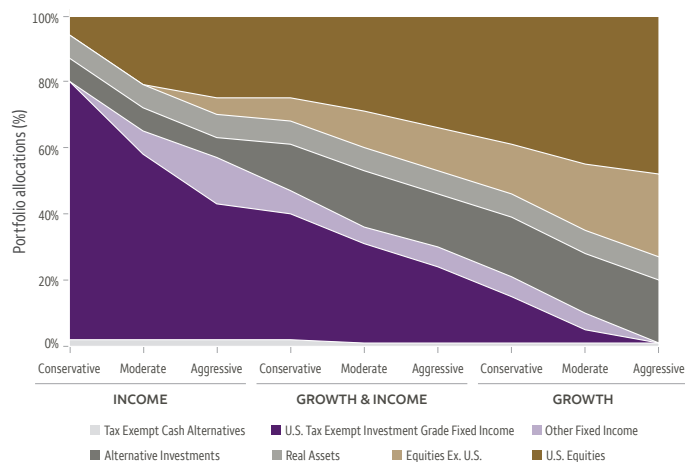
	CONSERVATIVE	MODERATE	AGGRESSIVE
	Strategic (%)	Strategic (%)	Strategic (%)
GROWTH			
TAX EXEMPT CASH ALTERNATIVES	1.0	1.0	1.0
TOTAL GLOBAL FIXED INCOME	20.0	9.0	0.0
U.S. Tax Exempt Investment Grade FI	14.0	4.0	0.0
Short Term Tax Exempt*	2.0	0.0	0.0
Intermediate Term Tax Exempt*	9.0	4.0	0.0
Long Term Tax Exempt*	3.0	0.0	0.0
High Yield Tax Exempt Fixed Income	6.0	5.0	0.0
Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0
Emerging Market Fixed Income	0.0	0.0	0.0
TOTAL GLOBAL EQUITIES	54.0	65.0	73.0
U.S. Large Cap Equities	28.0	32.0	33.0
U.S. Mid Cap Equities	11.0	11.0	13.0
U.S. Small Cap Equities	0.0	2.0	2.0
Developed Market Ex-U.S. Equities	11.0	12.0	12.0
Emerging Market Equities	4.0	8.0	13.0
TOTAL GLOBAL REAL ASSETS	7.0	7.0	7.0
Private Real Estate**	7.0	7.0	7.0
Commodities	0.0	0.0	0.0
TOTAL ALTERNATIVE INVESTMENTS**	18.0	18.0	19.0
Global Hedge Funds	0.0	0.0	0.0
Private Equity	18.0	18.0	19.0
Private Debt	0.0	0.0	0.0

Tax-efficient strategic allocations are updated annually; last update was July 16, 2025. Tactical allocations are updated periodically. 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. The tactical asset allocation overweights and underweights are designed to provide guidance on shorter-term (6–18 months) weightings in the portfolio.

*Wells Fargo Advisors only.

These allocations span the set of investments available to investors, utilizing broad diversification to help manage portfolio risk. Special consideration is given to the taxable implications of investing in various asset classes. Taxability may also be taken into consideration in determining the choice of investment vehicles for certain asset classes. Liquidity and cash flow preferences may also be reflected in the choice of investment vehicles for certain asset classes. We suggest that investors who are highly tax-sensitive generally should elect municipal bonds to implement their fixed income allocation. The tactical asset allocation overweights and underweights are designed to provide guidance on shorter-term (6–18 months) weightings in the portfolio and also take taxation into consideration, therefore, some tactical ideas may not be implemented in these allocations.

Portfolio allocations across the efficient frontier—strategic



**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 27-32 for important definitions and disclosures.

Strategic asset allocation: Tax-efficient liquid

May include fixed income, equities, and real assets

		CONSERVATIVE	MODERATE	AGGRESSIVE
		Strategic (%)	Strategic (%)	Strategic (%)
INCOME	TAX EXEMPT CASH ALTERNATIVES	3.0	3.0	2.0
	TOTAL GLOBAL FIXED INCOME	91.0	74.0	66.0
	U.S. Tax Exempt Investment Grade FI	91.0	68.0	50.0
	Short Term Tax Exempt*	11.0	8.0	6.0
	Intermediate Term Tax Exempt*	62.0	46.0	34.0
	Long Term Tax Exempt*	18.0	14.0	10.0
	High Yield Tax Exempt Fixed Income	0.0	6.0	16.0
	Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0
	Emerging Market Fixed Income	0.0	0.0	0.0
	TOTAL GLOBAL EQUITIES	6.0	23.0	32.0
	U.S. Large Cap Equities	6.0	14.0	17.0
	U.S. Mid Cap Equities	0.0	5.0	7.0
	U.S. Small Cap Equities	0.0	0.0	0.0
	Developed Market Ex-U.S. Equities	0.0	4.0	8.0
Emerging Market Equities	0.0	0.0	0.0	
TOTAL GLOBAL REAL ASSETS	0.0	0.0	0.0	
Commodities	0.0	0.0	0.0	
GROWTH AND INCOME	TAX EXEMPT CASH ALTERNATIVES	2.0	2.0	2.0
	TOTAL GLOBAL FIXED INCOME	53.0	43.0	32.0
	U.S. Tax Exempt Investment Grade FI	45.0	35.0	25.0
	Short Term Tax Exempt*	6.0	4.0	3.0
	Intermediate Term Tax Exempt*	30.0	24.0	17.0
	Long Term Tax Exempt*	9.0	7.0	5.0
	High Yield Tax Exempt Fixed Income	8.0	8.0	7.0
	Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0
	Emerging Market Fixed Income	0.0	0.0	0.0
	TOTAL GLOBAL EQUITIES	45.0	55.0	66.0
	U.S. Large Cap Equities	23.0	29.0	33.0
	U.S. Mid Cap Equities	10.0	12.0	14.0
	U.S. Small Cap Equities	0.0	0.0	0.0
	Developed Market Ex-U.S. Equities	8.0	9.0	13.0
Emerging Market Equities	4.0	5.0	6.0	
TOTAL GLOBAL REAL ASSETS	0.0	0.0	0.0	
Commodities	0.0	0.0	0.0	

Tax-efficient strategic allocations are updated annually; last update was July 16, 2025. Tactical allocations are updated periodically. The U.S. Tax Exempt Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term.

*Wells Fargo Advisors only.

See next page for Growth data and portfolio allocations across the efficient frontier, strategic.

Strategic asset allocation: Tax-efficient liquid

May include fixed income, equities, and real assets (continued)

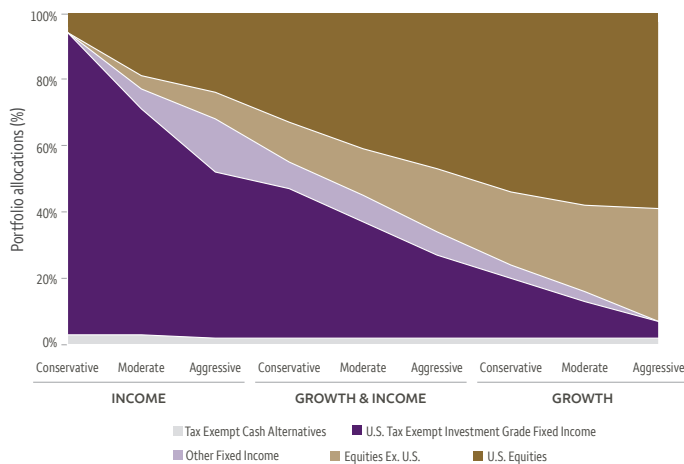
	CONSERVATIVE	MODERATE	AGGRESSIVE
	Strategic (%)	Strategic (%)	Strategic (%)
GROWTH			
TAX EXEMPT CASH ALTERNATIVES	2.0	2.0	2.0
TOTAL GLOBAL FIXED INCOME	22.0	14.0	5.0
U.S. Tax Exempt Investment Grade FI	18.0	11.0	5.0
Short Term Tax Exempt*	2.0	0.0	0.0
Intermediate Term Tax Exempt*	12.0	8.0	5.0
Long Term Tax Exempt*	4.0	3.0	0.0
High Yield Tax Exempt Fixed Income	4.0	3.0	0.0
Developed Market Ex-U.S. Fixed Income	0.0	0.0	0.0
Emerging Market Fixed Income	0.0	0.0	0.0
TOTAL GLOBAL EQUITIES	76.0	84.0	93.0
U.S. Large Cap Equities	37.0	39.0	37.0
U.S. Mid Cap Equities	15.0	16.0	18.0
U.S. Small Cap Equities	2.0	3.0	4.0
Developed Market Ex-U.S. Equities	14.0	13.0	18.0
Emerging Market Equities	8.0	13.0	16.0
TOTAL GLOBAL REAL ASSETS	0.0	0.0	0.0
Commodities	0.0	0.0	0.0

Tax-efficient strategic allocations are updated annually; last update was July 16, 2025. Tactical allocations are updated periodically. The U.S. Tax Exempt Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. The tactical asset allocation overweights and underweights are designed to provide guidance on shorter-term (6–18 months) weightings in the portfolio.

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These allocations span the set of liquid investments available to investors, utilizing broad diversification to help manage portfolio risk. Special consideration is given to the taxable implications of investing in various asset classes. Taxability may also be taken into consideration in determining the choice of investment vehicles for certain asset classes. Liquidity and cash flow preferences may also be reflected in the choice of investment vehicles for certain asset classes. We suggest that investors who are highly tax-sensitive generally should elect municipal bonds to implement their fixed income allocation. The tactical asset allocation overweights and underweights are designed to provide guidance on shorter-term (6–18 months) weightings in the portfolio and also take taxation into consideration, therefore, some tactical ideas may not be implemented in these allocations.

Portfolio allocations across the efficient frontier—strategic



Disclosures

Forecasts, targets, and estimates are not guaranteed and are based on certain assumptions and on our views of market and economic conditions which are subject to change.

Risk considerations

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 allocation and diversification are investment methods used to manage risk. They do not assure or guarantee better performance 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.

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.

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.

Digital assets are not a physical currency, nor legal tender. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment, and a potential total loss of their investment. An investor could lose all or a substantial portion of his/her investment. Digital assets have limited operating history or performance. Digital Assets are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not backed or supported by any government or central bank. Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional fiat currencies.

Virtual or cryptocurrency is not a physical currency, nor is it legal tender. Bitcoin and other cryptocurrencies are a very speculative investment and involves a high degree of risk. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment, and a potential total loss of their investment. An investor could lose all or a substantial portion of his/her investment. Cryptocurrency has limited operating history or performance. Fees and expenses associated with a cryptocurrency investment may be substantial. Cryptocurrencies are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not backed or supported by any government or central bank. Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional fiat currencies.

Private debt strategies seek to actively improve the capital structure of a company often through debt restructuring and deleveraging measures. Such investments are subject to potential default, limited liquidity, the creditworthiness of the private company, and the infrequent availability of independent credit ratings for private companies.

Private debt refers to loans to companies which are not provided by banks or public markets, and instead are provided by private investors and private markets.

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. Distressed credit strategies invest in, and might sell short, the securities of companies where the security's price has been, or is expected to be, affected by a distressed situation. This may involve reorganizations, bankruptcies, distressed sales, and other corporate restructurings. Investing in distressed companies is speculative and involves a high degree of risk. Because of their distressed situation, these securities may be illiquid, have low trading

volumes, and be subject to substantial interest rate and credit risks. Structured credit strategies aim to generate returns via positions in the credit sensitive area of the fixed income markets. The strategy generally involves the purchase of corporate bonds with hedging of interest rate exposure. 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. Long/short credit strategies seek to mitigate interest rate and credit risks regardless of market environment through investment in credit-related and structured debt vehicles. These strategies involve the use of market hedges and involve risks associated with the use of derivatives, fixed income, foreign investment, currency, hedging, leverage, liquidity, short sales, loss of principal and other material risks.

Equity sector risks: *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, and increasing household debt levels that could limit consumer appetite for discretionary purchases. *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 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 a portfolio 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 & development risk, government regulations, and government approval of products anticipated to enter the market. Risks associated with investing in the *Industrials sector* include the possibility of a worsening in the global economy, acquisition integration risk, operational issues, failure to introduce to market new and innovative products, further weakening in the oil market, potential price wars due to any excesses industry capacity, and a sustained rise in the dollar relative to other currencies. *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. *Technology and Internet-related stocks*, especially of smaller, less-seasoned companies, tend to be more volatile than the overall market. *Real estate* has special risks including the possible illiquidity of underlying properties, credit risk, interest rate fluctuations, and the impact of varied economic conditions. *Utilities* are sensitive to changes in interest rates and the securities within the sector can be volatile and may underperform in a slow economy.

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.

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. Municipal bonds are subject to credit risk and potentially the Alternative Minimum Tax (AMT). Municipal securities are also subject to legislative and regulatory risk which is the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income. Although **Treasuries** are considered free from credit risk they are subject to other types of risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate.

Disclosures *(continued)*

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.

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, average life and expected maturity. If called prior to maturity, similar yielding investments may not be available for purchase. These risks may be heightened for longer maturity and duration securities.

Currency hedging is a technique used to seek to reduce the risk arising from the change in price of one currency against another. The use of hedging to manage currency exchange rate movements may not be successful and could produce disproportionate gains or losses in a portfolio and may increase volatility and costs.

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.

There is no guarantee that **dividend-paying stocks** will return more than the overall stock market. Dividends are not guaranteed and are subject to change or elimination. There are no guarantees that **growth** or **value** stocks will increase in value or that their intrinsic values will eventually be recognized by the overall market. The return and principal value of stocks fluctuate with changes in market conditions. The growth and value type of investing tends to shift in and out of favor. The prices of **small and mid-size 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.

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.

Investing in **gold, silver** or other precious metals involves special risk considerations such as severe price fluctuations and adverse economic and regulatory developments affecting the sector or industry.

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.

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.

Merger arbitrage involves investing in event driven situations such as reorganizations, spin-offs, mergers, and bankruptcies, and involves the risks that the proposed opportunities in which the fund may invest may not materialized as planned or may be renegotiated or terminated which can result in losses to the fund.

There are special risks associated with investing in **preferred securities**. Preferred securities are subject to interest rate and credit risks and 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. In addition, the issue may be callable which may negatively impact the return of the security. Preferred dividends are not guaranteed and are subject to deferral or elimination.

Investing in **real estate** involves special risks, including the possible illiquidity of the underlying property, credit risk, interest rate fluctuations and the impact of varied economic conditions. Other risks associated with investing in listed **REITs** include the use of leverage, unexpected reductions in common dividends, increases in property taxes, and the impact to listed REITs from new property development.

Privately offered **real estate** funds are speculative and involve a high degree of risk. Investments in real estate and real estate investments trusts have special risks, including the

possible illiquidity of the underlying properties, credit risk, interest rate fluctuations, and the impact of varied economic conditions. There can be no assurance a secondary market will exist and there may be restrictions on transferring interests.

Sovereign debt are bonds issued by a national government in a foreign currency and are used to finance a country’s growth. In addition to the risks associated with investing in international and emerging markets, sovereign debt involves the risk that the issuing entity may not be able or willing to repay principal and/or interest when due in accordance with the terms of the debt agreement.

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 to fluctuate more than other fixed income securities. TIPS have special tax consequences, generating phantom income on the “inflation compensation” component of the principal. A holder of TIPS may be required to report this income annually although no income related to “inflation compensation” is received until maturity.

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Economic index definitions

An index is unmanaged and not available for direct investment.

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

Core inflation is the change in the core **Consumer Price Index (CPI)**. The core CPI measures the price of a fixed basket of goods and services — excluding the volatile food and energy components — purchased by an average consumer.

Consumer Confidence Index measures and details consumer confidence, which is the degree of optimism or pessimism toward the state of the economy.

JPMorgan Emerging Markets Currency Index tracks the performance of emerging-market currencies relative to the U.S. dollar.

MSCI Emerging Markets Currency Index is an index of emerging market currencies versus the dollar, where the weight of each currency within the index matches the relevant country weight within the Morgan Stanley Capital International (MSCI) Emerging Markets Equity Index.

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.

Producer Price Index (PPI) is a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Purchasing Managers’ Index (PMI) is an indicator of the economic health of the manufacturing sector. The PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

Institute of Supply Management (ISM) Purchasing Manager’s Index gauges internal demand for raw materials/goods that go into end-production. An Index value over 50 indicates expansion; below 50 indicates contraction. The values for the index can be between 0 and 100.

U.S. Dollar Index (USD, DXY) is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners’ currencies.

Institute for Supply Management (ISM) Manufacturing Index is based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders and supplier deliveries.

Institute of Supply Management (ISM) Non-manufacturing Index (ISM Services Survey) measures the rate and direction of change in activity in the nonmanufacturing industries. An index with a score over 50 indicates that the industry is expanding, and a score below 50 shows a contraction. The values for the index can be between 0 and 100.

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.

Disclosures *(continued)*

Alternative investments — strategy definitions

Private Equity. The Burgiss Private Equity Index is based on the pool of private equity funds sourced by Burgiss and is asset weighted. The index is calculated using cash flow and valuation histories of the underlying funds within Burgiss manager universe. The underlying funds are classified by Burgiss private capital classification system and the cash flow data is sourced from institutional investors around the world.

Private Infrastructure. The MSCI Private Infrastructure Index is based on the pool of private infrastructure funds sourced by MSCI and is asset weighted. The index is calculated using cash flow and valuation histories of the underlying funds within MSCI manager universe. The underlying funds are classified by MSCI private capital classification system and the cash flow data is sourced from institutional investors around the world.

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.

Arbitrage. HFRI RV: Multi-Strategy Index: multi-strategies employ an investment thesis predicated on realization of a spread between related yield instruments in which one or multiple components of the spread contains a fixed income, derivative, equity, real estate, MLP or combination of these or other instruments. 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.

Long/Short Credit. HFRI RV: Fixed Income — Corporate Index. Includes strategies predicated on realization of a spread between related instruments in which one or multiple components of the spread is a corporate fixed-income instrument. Strategies are designed to isolate attractive opportunities between a variety of fixed income instruments, typically realizing an attractive spread between multiple corporate bonds or between a corporate and risk free government bond. They typically involve arbitrage positions with little or no net credit market exposure, but are predicated on specific, anticipated idiosyncratic developments.

Structured Credit/Asset Backed. HFRI RV: Fixed Income — Asset Backed Index. Includes strategies predicated on realization of a spread between related instruments in which one or multiple components of the spread is a fixed-income instrument backed by physical collateral or other financial obligations (loans, credit cards) other than those of a specific corporation. Strategies are designed to isolate attractive opportunities between a variety of fixed income instruments specifically securitized by collateral commitments, which frequently include loans, pools and portfolios of loans, receivables, real estate, machinery or other tangible financial commitments. Investment thesis may be predicated on an attractive spread given the nature and quality of the collateral, the liquidity characteristics of the underlying instruments and on issuance and trends in collateralized fixed-income instruments, broadly speaking. In many cases, investment managers hedge, limit, or offset interest-rate exposure in the interest of isolating the risk of the position to strictly the disparity between the yield of the instrument and that of the lower-risk instruments.

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.

Systematic Macro. HFRI Trend Following Directional Index is a global, equal-weighted index of single-manager funds that report to the HFR Database. The HFRI Trend Following Directional Index is comprised of funds that employ trend following strategies such as Macro: Currency – Systematic, Macro: Systematic Diversified, certain Macro: Multi-Strategy funds and other Macro funds that utilize, to some degree, trend following.

Discretionary Macro. HFRI Macro: Discretionary Thematic Index. Strategies primarily rely on the evaluation of market data, relationships and influences, as interpreted by individuals who make decisions on portfolio positions; strategies employ an investment process most heavily influenced by top-down analysis of macroeconomic variables. Investment Managers may trade actively in developed and emerging markets, focusing on both absolute and relative levels on equity markets, interest rates/fixed income markets, currency and commodity markets; they frequently employ spread trades to isolate a differential between instrument identified by the Investment Manager as being inconsistent with expected value. Portfolio positions typically are predicated on the evolution of investment themes the Manager expects to develop over a relevant time frame, which in many cases contain contrarian or volatility-focused components.

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.

Activist. HFRI ED: Activist Index. Strategies may obtain or attempt to obtain representation on the company's board of directors in an effort to impact the firm's policies or strategic direction and in some cases may advocate activities such as division or asset sales, partial or complete corporate divestiture, dividends or share buybacks, and changes in management. Strategies employ an investment process primarily focused on opportunities in equity and equity-related instruments of companies that are currently or prospectively engaged in a corporate transaction, security issuance/repurchase, asset sales, division spin-off or other catalyst-oriented situation. These involve both announced transactions and situations in which no formal announcement is expected to occur. Activist strategies would expect to have greater than 50% of the portfolio in activist positions, as described.

Distressed Credit. HFRI Event Driven Directional Index is a global, equal-weighted index of single-manager funds that report to the HFR Database. The HFRI Event Driven Directional Index is comprised of Event Driven Funds that are classified as Special Situations, Credit Arbitrage and Distressed funds.

Merger Arbitrage. HFRI ED: Merger Arbitrage Index. Strategies primarily focus on opportunities in equity and equity-related instruments of companies that are currently engaged in a corporate transaction. Merger Arbitrage involves primarily announced transactions, typically with limited or no exposure to situations in which no formal announcement is expected to occur. Opportunities are frequently presented in cross-border, collared, and international transactions that incorporate multiple geographic regulatory institutions, typically with minimal exposure to corporate credits. Strategies typically have over 75% of positions in announced transactions over a given market cycle.

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.

Directional Equity. HFRI EH: Long/Short Directional Index is a global, equal-weighted index of single-manager funds that report to the HFR Database. The HFRI EH:

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Long/Short Directional Index is comprised of Equity Hedge funds that are not considered Equity Market Neutral. The HFRI EH: Long/Short Directional Index includes funds that are classified as Fundamental Growth, Fundamental Value, Multi-Strategy, Quantitative Directional and sector-focused (i.e., Energy/Basic Materials, Healthcare and Technology).

Equity Market Neutral. HFRI EH: Equity Market Neutral Index.

Strategies employ sophisticated quantitative techniques to analyze price data to ascertain information about future price movement and relationships between securities. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Factor-based investment strategies include strategies predicated on the systematic analysis of common relationships between securities. In many cases, portfolios are constructed to be neutral to one or multiple variables, such as broader equity markets in dollar or beta terms, and leverage is frequently employed to enhance the return profile of the positions identified. Statistical Arbitrage/Trading strategies consist of strategies predicated on exploiting pricing anomalies which may occur as a function of expected mean reversion inherent in security prices; high-frequency techniques may be employed; trading strategies may also be based on technical analysis or designed opportunistically to exploit new information that the investment manager believes has not been fully, completely, or accurately discounted into current security prices. Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

Note: While the HFRI Indices are frequently used, they 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 hedge fund managers 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.

Asset class index definitions

Fixed income representative indexes

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.

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

Intermediate Term Taxable Fixed Income. Bloomberg U.S. Aggregate 5-7 Year Bond Index 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.

Long Term Taxable Fixed Income. Bloomberg U.S. Aggregate 10+ Year Bond Index 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.

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

U.S. Treasury. Bloomberg U.S. Treasury Index includes public obligations of the U.S. Treasury with a remaining maturity of one year or more.

U.S. Municipal Bond. Bloomberg Municipal Index is considered representative of the broad market for investment grade, tax-exempt bonds with a maturity of at least one year.

U.S. Commercial Mortgage Backed Securities. Bloomberg U.S. CMBS Index measures the investment-grade market of US Agency and US Non-Agency conduit and fusion CMBS deals.

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.

U.S. TIPS. Bloomberg U.S. TIPS Index represents Inflation-Protection securities issued by the U.S. Treasury.

U.S. Government Agencies. Bloomberg U.S. Agency Index includes native currency agency debentures from issuers such as Fannie Mae, Freddie Mac, and Federal Home Loan Bank.

U.S. Government. Bloomberg U.S. Government Bond Index includes U.S.-dollar-denominated, fixed-rate, nominal U.S. Treasury securities and U.S. agency debentures.

Credit. Bloomberg U.S. Credit Index includes investment-grade, U.S.-dollar-denominated, fixed-rate, taxable corporate- and government-related bonds.

Securitized. Bloomberg U.S. Mortgage Backed Securities (MBS) Index includes agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

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 index market 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 Non-U.S. Global Government Bond Index (Hedged) is an unmanaged market index representative of the total return performance, on a hedged basis, of major non-U.S. bond markets. It is calculated in U.S. dollars.

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.

Emerging Market Fixed Income (Local Currency). J.P. Morgan Government Bond Index-Emerging Markets Global Diversified tracks the performance of bonds issued by emerging market governments and denominated in the local currency of the issuer.

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.

Leveraged Loans. S&P/LSTA Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments.

Asset-Backed Securities. Bloomberg U.S. ABS Index measures the investment-grade market of US Credit Card, Auto and Student Loan asset backed securities deals.

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. Large Cap Equities (Growth). Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

U.S. Large Cap Equities (Value). Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

U.S. Mid Cap Equities. Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe.

U.S. Mid Cap Equities (Growth). Russell Midcap Growth Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values.

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U.S. Mid Cap Equities (Value). **Russell Midcap Value Index** measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values.

Communication Services Index (Comm Svc): The Communication Services Index comprises those companies included in the S&P 500 that are classified as members of the GICS® communication services sector.

Consumer Discretionary Index (Cons Disc): The Consumer Discretionary Index comprises those companies included in the index that are classified as members of the GICS® consumer discretionary sector.

Consumer Staples Index (Cons Stap): The Consumer Staples Index comprises those companies included in the index that are classified as members of the GICS® consumer staples sector.

Energy Index: The Energy Index comprises those companies included in the index that are classified as members of the GICS® energy sector.

Financials Index (Fncls): The Financials Index comprises those companies included in the index that are classified as members of the GICS® financials sector.

Health Care Index (HC): The Health Care Index comprises those companies included in the index that are classified as members of the GICS® health care sector.

Industrials Index (Indust): The Industrials Index comprises those companies included in the index that are classified as members of the GICS® industrials sector.

Information Technology Index (IT): The Information Technology Index comprises those companies included in the index that are classified as members of the GICS® information technology sector.

Materials Index (Matrls): The Materials Index comprises those companies included in the index that are classified as members of the GICS® materials sector.

Utilities Index (Utils): The Utilities Index comprises those companies included in the index that are classified as members of the GICS® utilities sector.

Real Estate Index: The Real Estate Index comprises those companies included in the index that are classified as members of the GICS® real estate sector.

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.

U.S. Small Cap Equities (Growth). **Russell 2000 Growth Index** measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.

U.S. Small Cap Equities (Value). **Russell 2000 Value Index** measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

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.

Developed Market Small Cap Equity (U.S. Dollar). **MSCI EAFE Small Cap Gross Total Return USD (M2EASC Index)** is an equity index which captures small cap representation across developed markets countries around the world, excluding the U.S. and Canada. With 2,358 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. Returns measured in U.S. Dollars.

Developed Market Small Cap Equity (Local Currency). **MSCI EAFE Small Cap Gross Total Return Local Index (GCLDEAFE Index)** is an equity index which captures small cap representation across developed markets countries around the world, excluding the U.S. and Canada. With 2,358 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. Priced in MSCI LCL Currency.

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.

Frontier Market Equities (U.S. dollar)/(Local). **MSCI Frontier Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of 24 frontier (least developed) markets.

MSCI AC Asia Index captures large and mid cap representation across Developed Markets countries and Emerging Markets countries in Asia. With 1,244 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI Emerging Markets EMEA Index is a stock market index that tracks large and mid-cap companies in 11 emerging markets in Europe, the Middle East, and Africa (EMEA). The index covers about 85% of the free-adjusted market capitalization in each country.

MSCI Emerging Markets (EM) Latin America Index captures large and mid cap representation across EM countries in Latin America. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI Europe Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe. The index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

MSCI Pacific Index captures large and mid cap representation across 5 Developed Markets countries in the Pacific region. With 294 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI Chile Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Chile market.

MSCI Colombia Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Colombia market.

MSCI Egypt Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Egypt market.

MSCI Finland Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Finland market.

MSCI Hungary Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Hungary market.

MSCI Indonesia Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Indonesia market.

MSCI Japan Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Japan market.

MSCI Korea Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Korea market.

MSCI Norway Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Norway market.

MSCI Philippines Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Philippines market.

MSCI Qatar Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Qatar market.

MSCI Saudi Arabia Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Saudi Arabia market.

MSCI Singapore Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Singapore market.

MSCI South Africa Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the South Africa market.

MSCI Taiwan Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the Taiwan market.

MSCI United Kingdom Index is a capitalization-weighted stock index designed to measure the performance of the large and mid cap segments of the United Kingdom market.

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.

Private Real Estate. The **NCREIF Property Index** is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

Domestic REITs. **FTSE NAREIT U.S. All Equity REITs Index** is designed to track the performance of REITs representing equity interests in (as opposed to mortgages on) properties. It represents all tax-qualified REITs with more than 50% of

Disclosures *(continued)*

total assets in qualifying real estate assets, other than mortgages secured by real property that also meet minimum size and liquidity criteria.

International REITs. **FTSE EPRA/NAREIT Developed ex U.S. Index** is designed to track the performance of listed real estate companies in developed countries worldwide other than the United States.

Infrastructure. The **S&P Global Infrastructure Index** is designed to track 75 companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability. To create diversified exposure, the index includes three distinct infrastructure clusters: energy, transportation, and utilities.

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.

Bloomberg Agriculture Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on coffee, corn, cotton, soybeans, soybean oil, soybean meal, sugar and wheat. It reflects the return of the underlying commodity futures and is quoted in USD.

Bloomberg Energy Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on crude oil, ultra-low sulfur diesel, unleaded gasoline, low sulphur gasoil, and natural gas. It reflects the return of the underlying commodity futures and is quoted in USD.

Bloomberg Industrial Metals Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on aluminum, copper, nickel and zinc. It reflects the return of the underlying commodity futures and is quoted in USD.

Bloomberg Precious Metals Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on gold and silver. It reflects the return of the underlying commodity futures and is quoted in USD.

Commodities (S&P GSCI). **S&P Goldman Sachs Commodity Index** serves as a benchmark for investment in the commodity markets and as a measure of commodity performance over time. It is a tradable index that is readily available to market participants of the Chicago Mercantile Exchange. The index was originally developed by Goldman Sachs.

Commodities (RICI). **Rogers International Commodity Index** is a U.S. dollar based index representing the value of a basket of commodities consumed in the global economy. Representing futures contracts on 37 physical commodities, it is designed to track prices of raw materials not just in the U.S. but around the world.

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