WELLS FARGO
Investment Institute

Asset Allocation Strategy

October 15, 2026

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Do not reach for duration…yet

The extra yield is not free

Higher starting yields have improved income opportunities across fixed income, but we currently do not believe investors are being adequately compensated for the risks associated with extending duration (a measure of interest rate sensitivity). Financial conditions are tightening, long-term borrowing costs face upward pressure, and investors are increasingly demanding additional compensation to hold longer-maturity bonds. Currently, we do not believe we have reached the peak in interest rates for this cycle, so caution is warranted.

Financial conditions tighten beyond Federal Reserve (Fed) policy

Financial conditions are likely to continue tightening even as the economy expands, creating a more challenging backdrop for borrowers, businesses, and investors. Persistent inflation has pushed the interest-rate outlook higher, leading us to expect additional Fed tightening and higher policy rates through 2027. But Fed policy is only part of the story. Longer-term Treasury yields also face upward pressure from persistent inflation, geopolitical uncertainty, heavy Treasury issuance, and concerns about government deficits. Together, these forces could keep longer-term yields elevated even if Fed policy becomes less important further out on the yield curve, tightening financial conditions beyond what Fed policy alone would suggest and limiting the extent to which borrowing conditions improve.

That matters because many households and businesses borrow at rates tied more closely to intermediate- and longer-term Treasury yields than to the federal funds rate. Businesses refinancing debt or funding new projects may continue to face high borrowing costs, while households are likely to see expensive financing for rate-sensitive purchases.

Higher U.S. interest rates can also tighten financial conditions overseas. A wider rate advantage relative to other developed economies may attract capital and support the U.S. dollar. A stronger dollar, in turn, raises local-currency costs for dollar-priced commodities and dollar-denominated debt, adding pressure for some emerging market (EM) economies.

We expect these tighter financial conditions to slow, rather than stop, economic activity. The effects are likely to weigh gradually on household spending, housing, small-business investment, and commercial real estate during the first half of 2027. Elevated bond yields, borrowing costs, and a stronger dollar therefore may add restraint beyond Fed policy, keeping financial conditions tighter at home and abroad.

Term premium comeback

The persistence of higher long-term yields reflects more than expectations for Fed policy or inflation. Investors are increasingly demanding additional compensation for the uncertainty associated with holding long-term bonds, driving a renewed rise in the term premium.

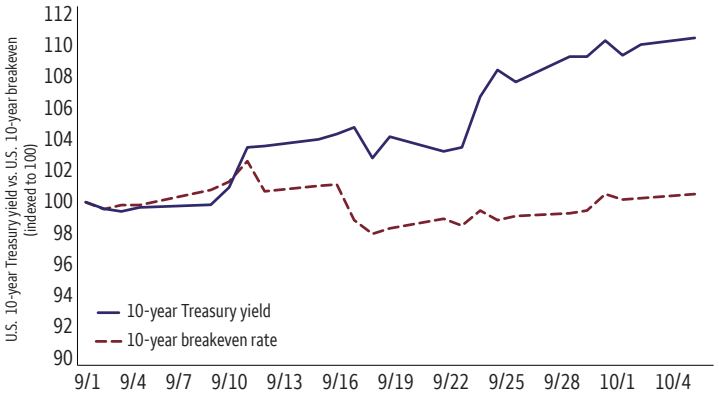
The term premium is the extra yield investors require to hold a long-term bond instead of repeatedly investing in shorter-term bonds. It compensates investors for uncertainty surrounding inflation, interest rates, and bond prices over a longer period. After declining earlier this year as confidence in the Fed's commitment to controlling inflation improved, the term premium has risen as investors confront a wider range of economic and policy outcomes. Importantly, the recent increase in yields does not appear to reflect inflation expectations alone. From September 1 through October 5, the 10-year Treasury yield rose roughly 0.49% while the 10-year breakeven inflation rate was essentially unchanged, suggesting that investors are demanding greater compensation for uncertainty opposed to escalating inflation concerns.

(Continued on the next page.)

Investment and Insurance Products: ▶ NOT FDIC Insured ▶ NO Bank Guarantee ▶ MAY Lose Value

Do not reach for duration…yet
(continued)

10-year Treasury yields vs. 10-year breakeven rates



Sources: Bloomberg and Wells Fargo Investment Institute, data as of October 5, 2026.
Yields represent past performance, which is no guarantee of future results, and fluctuate with market conditions.

Several factors could keep upward pressure on the term premium. Persistent inflation and uncertainty surrounding global energy supplies raise the risk that price pressures will remain higher for longer. At the same time, resilient economic growth gives the Fed greater flexibility to keep policy restrictive, reducing the likelihood of a meaningful decline in long-term interest rates. Heavy Treasury issuance, large government deficits, and concerns about debt sustainability are also increasing the amount of debt investors must absorb. Meanwhile, significant corporate borrowing to finance artificial-intelligence (AI) infrastructure is competing with Treasury issuance for investor capital. Together, these forces have helped push term premiums higher and could keep upward pressure on long-term Treasury yields even if inflation expectations remain stable.

Portfolio implications

Higher yields have improved fixed income return potential, but investors should distinguish between allocating new money and managing existing holdings. For fixed income investors, higher yields offer more income, but taking on more duration also increases exposure to further increases in longer-term rates. We believe investors can capture attractive income without taking substantial duration risk. That balance favors shorter maturities, which is why we favor U.S. Short-Term Taxable Fixed Income over intermediate- and long-term bonds for new allocations.

That preference does not necessarily mean that we believe investors should sell existing long-duration bonds. Investors who own high-quality individual bonds, including Treasuries, and have limited liquidity needs can hold those securities to maturity rather than lock in losses from temporary price declines. For many investors, we believe maintaining income and staying focused on long-term goals is more important than reacting to short-term fluctuations in bond prices.

Our authors

Darrell Cronk, CFA®,
President, Wells Fargo Investment Institute and CIO, Wealth & Investment Management

Global asset allocation team

Tracie McMillion, CFA®,
Head of Global Asset Allocation

Veronica Willis,
Global Asset Allocation Strategist

Michelle Wan, CFA®,
Global Investment Strategist

David Bornfleth, CFA®,
Global Asset Allocation Analyst

Seth Hastings,
Global Asset Allocation Analyst

Global market strategy

Paul Christopher, CFA®,
Head of Global Investment Strategy

Gary Schlossberg,
Global Macro Strategist

Jennifer Timmerman,
Global Macro Analyst

Global fixed income

Brian Rehling, CFA®,
Co-Head of Global Fixed Income and Digital Asset Strategy

Luis Alvarado,
Co-Head of Global Fixed Income Strategy

Anthony Miano, CFA®,
Global Fixed Income Analyst

Global equities and real assets

Sameer Samana, CFA®,
Head of Global Equity and Real Asset Strategy

Douglas Beath,
Global Equity Strategist

Mason Mendez,
Global Real Assets Analyst

Alex Sagal,
Global Equity Analyst

Awsaf Tamjid Arko,
Global Equity Strategy Associate

Global alternative investments

Mark Steffen, CFA®, CAIA,
Global Alternative Investment Strategist

Chao Ma, PhD, CFA®, FRM,
Global Portfolio and Investment Strategist

Sam Lombardo,
Alternative Investment Analyst

Global securities research

Ian Mikkelsen, CFA®,
Equity Sector Analyst, Energy

Amanda Martinez,
Equity Sector Analyst, Real Estate (REITs)

Global economic summary

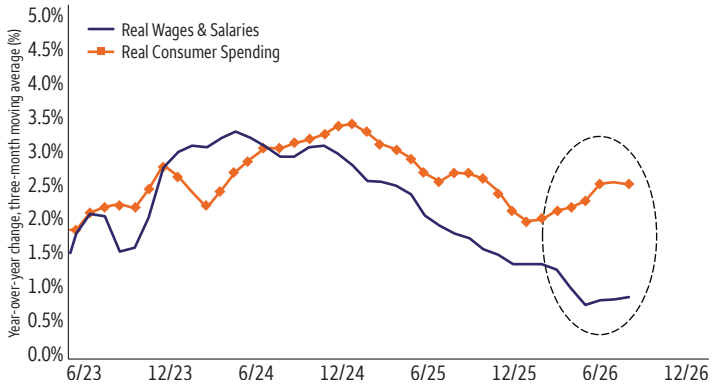
United States

The U.S. economy maintained strong momentum heading into the final months of the year. The Atlanta Fed estimated third-quarter annualized growth at 3.6%, as of October 8. Purchasing-manager surveys[1] showed manufacturing expanded for a ninth-consecutive month in September, while services activity remained firmly in expansionary territory.

Several growth underpinnings remain in place. Liquidity conditions still are adequate despite the Fed's September rate hike. The investment boom in AI continues to provide key support for the economy, directly to economic growth and indirectly, by lifting corporate profit margins, private payrolls, and wealth-building gains[2] in equity markets that have been a primary driver for upper-income consumer spending. Consumer spending has remained strong, evidenced by broad-based gains in personal spending through August. A relatively steady labor market has also supported the overall consumer, despite softer job growth in September. Housing remains the clearest weak spot in the economy as higher long-term interest rates weigh on affordability, homebuilder sentiment, and mortgage demand.

Beyond housing, some "yellow flags" are becoming more visible. Spending outpaced income growth for the sixth time this year in August, extending the decline in the personal savings rate. September consumer confidence also fell to the lowest level since 2014 amid worsening inflation expectations, as retail gasoline prices rose and diesel prices reached record levels. September's headline and core Consumer Price Index (CPI) inflation readings came in at 3.7% and 2.6%, respectively, remaining well above the Fed's 2% target and reinforcing market expectations for at least one additional rate hike before year-end 2026.

Consumer spending outpacing income growth



Sources: Wells Fargo Investment Institute and U.S. Commerce Department. Monthly data as of September 30, 2026. Real = inflation adjusted.

Europe

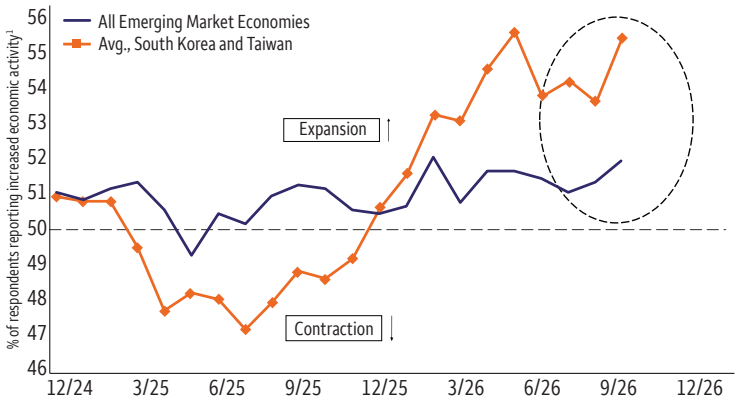
Eurozone economic activity gained momentum in September despite rising energy costs and supply disruptions. Business activity, measured by S&P Global's composite purchasing managers' index, reached its highest level in three-and-a-half years as both manufacturing and service sectors expanded. Germany grew for a third-consecutive month at its fastest pace in nearly a year, while France returned to expansion after 10 months of contraction. Output elsewhere in the eurozone rose at a softer pace. Encouragingly, eurozone new orders increased at their fastest rate since May 2022, aided by stronger export demand.

Employment increased modestly as both services firms and manufacturers added staff. Despite the momentum, supply disruptions continue to threaten the rebound. Flash September inflation accelerated to 3.8% — a three-year high — driven by an 18.8% rise in energy prices, while core inflation edged up to 2.5%. Stronger activity and persistent inflation may reinforce market expectations for further European Central Bank tightening.

Asia

September's economic strength in Asia remained largely concentrated in economies benefiting most from the AI investment boom. Manufacturing activity in Taiwan reached a five-year high, while South Korea remained a regional leader. Japan held in expansionary territory despite slowing to a six-month low, and India continued to show solid manufacturing growth. China saw official factory activity return to growth territory, but weak consumption, investment, and property activity continued to restrain domestic demand. Across southeast Asia, renewed Middle East tensions and softer external demand weighed on several vulnerable economies. Notably, the Philippines and Malaysia slipped into contraction. The divergence highlights uneven exposure to global trade, inflation pressures, and AI-related demand across the region as the investment cycle reshapes regional manufacturing performance.

A tale of AI "haves" and "have-nots" in EM economies



Sources: Wells Fargo Investment Institute and S&P Global, Inc. Monthly data as of October 5, 2026. EM = emerging market. [1]Based on manufacturing purchasing managers' indexes. AI = artificial intelligence.

Key economic statistics

Global growth rates[1]	2Q26	1Q26	4Q25
U.S. real economic growth (%)	2.2	2.5	0.2
Eurozone real economic growth (%)	2.4	0.0	0.8
Japanese real economic growth (%)	1.4	1.9	1.1
Chinese real economic growth (%)	3.6	5.3	4.5

U.S. economic data	9/26	8/26	9/25
Unemployment rate (%)	4.2	4.1	4.4
ISM Manufacturing PMI	54.5	54.6	48.9
ISM Services PMI	54.9	55.4	50.3
Retail sales (%)	–	1.1	0.2
Consumer confidence (1985 = 100)	81.9	88.6	95.6
Housing starts (millions; annualized)	–	1.28	1.32
U.S. Dollar Index[2]	101.5	99.4	97.8
U.S. Consumer Price Index (CPI) (%)	3.7	3.4	3.0
U.S. core CPI (%)	2.6	2.4	3
Personal consumption expenditures (PCE) deflator (%)	–	3.4	2.8

Sources: Bloomberg, Wells Fargo Investment Institute, October 14, 2026. [1]Annualized gross domestic product quarter-to-quarter percent change. [2]End of period. An index is unmanaged and not available for direct investment. 1Q = first quarter. 2Q = second quarter. 4Q = fourth quarter. **Past performance is no guarantee of future results.** See pages 27-32 for important definitions and disclosures.

1. Based on September purchasing-manager surveys from S&P Global and the Institute for Supply Management (ISM).
2. Wealth-building gains refer to increases in the value of financial assets, such as stocks, bonds, real estate, or investment portfolios, that enhance an individual's or household's net worth over time.

Wells Fargo Investment Institute forecasts

Real gross domestic product (GDP) economic growth: We are now expecting full-year growth of 2.2%, down from an earlier 2.4% rate, reflecting a more challenging U.S. growth environment through the early part of 2027. We believe the disruption to Middle East waterways will extend into 2027 and result in higher-for-longer prices of fuel and other tradeable goods. Elevated inflation through the early part of the year will pressure consumers and other spending directly, by squeezing real incomes, and indirectly, by fostering higher interest rates and putting pressure on the economy's credit-sensitive sectors.

We are counting on inflation pressures to unwind during the latter part of next year, due to fuel and other supply-chain normalization that will follow a more complete opening of Middle East shipping lanes. Recovery likely will develop slowly, partly because of logistical delays in getting tradeable goods to end-users and partly because of damage to oil refineries and natural-gas production facilities slowing the decline in prices for processed oil and natural gas.

Ongoing strength in the AI-led investment boom and still-adequate liquidity conditions (supporting wealth-building gains in stocks and other financial assets) should cushion any growth slowdown. The risk is that more aggressive Fed interest-rate hikes, aimed at cooling broadening inflation, end up weighing heavily on credit-sensitive housing, small businesses, consumer finances, and parts of the commercial real estate sector.

Trade-sensitive developed market (DM) and EM economies abroad are more likely to be whipsawed in 2027 by extended disruption of supply chains followed by tailwinds from their normalization, the net effect of which will be generally slower growth and higher inflation, in our view. We expect the trajectory of international economic growth to be shaped by four broad themes. The first is the extent to which a continued energy-led rise of inflation squeezes inflation-adjusted incomes and consumer spending. The second is the outlook for world trade, remarkably resilient in 2026 but at risk of buckling under mounting pressure on supply chains from geopolitical and other disruptions. Third is the extent to which a strengthening U.S. dollar squeezes EM economies by weighing on commodity prices and export earnings, by limiting the scope for local interest-rate cuts by overseas central banks, and by raising the local-currency cost of dollar debt payments. A fourth issue is the extent to which the strength of AI-exposed economies (China, Japan, and north Asia) can offset weakness in less-exposed economies (Europe and much of the EM space).

Consumer Price Index (CPI) inflation: We are maintaining our 3.0% year-end 2027 target rate for CPI on prospects for inflation's energy-led decline during the latter part of next year. We think this will offset a more pronounced, early-year rise tied to refined-product shortages and a more extended disruption of Middle East supply lines. We expect swings in topline inflation over the course of 2027 to mask a steady rise in the CPI's core, or underlying rate (excluding the volatile food and energy components) due to the ripple effect of the AI-investment boom on input costs, a gradual turn from rental disinflation, tariff-related pressure on trade-sensitive goods, and lingering fallout from elevated fuel costs on energy intensive services prices.

Beyond these immediate pressures, the extent to which the rise in core inflation reflects the erosion of forces that contributed to decades-long disinflation remains uncertain. These restraints include globalization, subdued labor bargaining power, and relatively low barriers to entry by new firms, all of which may be weakening amid rising industry concentration and the greater financing requirements of an increasingly capital-intensive business sector. Our view is that these emerging pressures will be countered, over time, by the restraining effect of increased productivity growth on labor costs, the most important cost item for businesses overall, allowing inflation to stabilize at an average annual rate below 3% but likely still above the Fed's 2% target.

Labor market conditions: We recently lowered our targeted unemployment rate for next year's fourth quarter to 4.6% from the previous 4.9%, due less to our view of the economic growth outlook than to structural restraints on labor-force growth. Much of this year's highly unusual declines in the labor supply, in the midst of strong economic growth, was due to a big Labor Department statistical revision at the start of the year. We expect a modest recovery of labor-force growth (the denominator in the unemployment rate's calculation) over the course of 2027 to help lift the official rate from a historically low 4.1% in September 2026.

However, a confluence of structural factors is restraining the recovery of labor supply. These include accelerated retirements in an aging workforce supercharged by the stock rally's lift to defined contribution pension plans, tight immigration controls, and a historically low female participation rate suppressed by, among other things, the high cost of childcare and the need to care for aging baby-boom parents. Lastly, we do not expect tight supply to provide a material restraint on wage inflation during a period of moderating growth in the first half of 2027 but to accentuate wage pressures as economic growth recovers during the second half of 2027 and beyond. The wild card in the longer-term outlook for wage inflation is the extent to which AI substitutes for, rather than enhances, existing jobs.

Global economy

	Latest (%)[1]	2026 target (%)[1]	2027 target (%)[1]
U.S. GDP growth	2.4 (Q2)	2.2	▼ 2.2
U.S. inflation[2]	3.7 (Sep.)	3.6 (Dec.)	3.0 (Dec.)
U.S. unemployment rate[3]	4.1 (Sep.)	4.7 (Dec.)	▼ 4.6 (Dec.)
Global GDP growth[4]	3.4 (Q2)	3.1	▼ 3.0
Global inflation[4]	3.1 (Q2)	3.5	▲ 3.2
Developed-market GDP growth[5]	1.7 (Q2)	1.5	▼ 1.7
Developed-market inflation[5]	3.4 (Q2)	3.4	▲ 3.0
Eurozone GDP growth	0.9 (Q2)	0.8	▼ 1.2
Eurozone inflation[2]	3.8 (Sep.)	3.4 (Dec.)	▼ 1.7 (Dec.)
Emerging market GDP growth	4.5 (Q2)	4.3	▼ 4.0
Emerging market inflation	2.9 (Q2)	3.5	▲ 3.3

Sources: Bloomberg and Wells Fargo Investment Institute (WFII). All latest numbers from Bloomberg as of October 14, 2026. Targets are based on forecasts by Wells Fargo Investment Institute as of October 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. Q2 = second quarter. ▲/▼: recent change.

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

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

Wells Fargo Investment Institute forecasts (continued)

Interest rates: Energy market disruptions, persistent underlying inflation, and Fed Chair Warsh's strong emphasis on price stability lead us to believe that the Fed is likely to tighten rates considerably further. We now expect four additional rate hikes in the coming quarters. Our federal funds rate target range reflects this change, moving to 4.75%–5.00% for year-end 2027. We expect short-term U.S. Treasury rates to remain relatively stable, as markets have already priced in further Fed rate hikes, while long-term yields may face considerable upward pressure on rising near-term inflation and an increase in the premium investors require to hold a rising supply of U.S. Treasury securities. With this outlook, we have changed our year-end 2027 10- and 30-year U.S. Treasury yield targets to reflect considerable upward pressure, now with a target of 5.25%–5.75% on the 10-year and 5.50%–6.00% on the 30-year U.S. Treasury yield.

Equities: 2026 earnings expectations for U.S. large cap companies have risen through the end of September and imply strong earnings growth close to 27%, helping drive the 12.7% year-to-date return. S&P 500 Index earnings are outpacing start-of-year estimates at the fastest pace outside of a post-recession rebound dating back to 1991. The driver remains familiar: Earnings growth continues to find reinforcement from the AI infrastructure buildout, demand for compute capacity, data center expansion, electrification, and the broader technology ecosystem.

Our year-end 2026 S&P 500 Index price target of 7900 and our earnings per share (EPS) target of $355 reflect our expectation that earnings growth will be the main driver of stock returns. Heading into midterm elections, we would not be surprised to see volatility pick up. The conflict in the Persian Gulf and uncertainty surrounding the Strait of Hormuz in addition to shifting monetary policy expectations could all be factors for a fourth-quarter pullback. However, we would view pullbacks as an opportunity to buy equities at more attractive prices.

Internationally, the MSCI Emerging Markets Index has benefitted from materially higher 2026 EPS expectations. We expect EMs earnings growth to outpace developed markets through year-end and in 2027, supported by meaningful exposure to AI hardware, semiconductors, and technology-enabled manufacturing. In contrast, DM earnings growth should remain constrained by less favorable sector composition, slower economic growth, higher energy sensitivity, demographic challenges, and fiscal pressures.

Looking into 2027, we expect continued earnings strength, highlighted by 13% EPS growth for the S&P 500 Index. Our year-end 2027 price target range for the S&P 500 Index is 8,600–8,800. This outlook includes stable to modestly lower valuation multiples, given the likelihood of higher interest rates and persistent uncertainty.

Commodities: Commodities outperformed both U.S. stocks and bonds in September, with the Bloomberg Commodity Total Return Index (BCOMTR) gaining 0.6%. We remain favorable on commodities for their diversification benefits and maintain a neutral rating on energy amid ongoing supply risks and geopolitical uncertainty. Additionally, we raised our 2027 year-end targets for West Texas Intermediate (WTI) crude and Brent crude to $75–$85 and $80–$90 per barrel, respectively, to reflect ongoing supply risks that could linger and expected restocking demand next year. Expectations for additional Fed interest-rate hikes led us to recently lower our 2027 gold targets to $5,200–$5,400 per troy ounce. With commodity prices already within our 2026 year-end BCOMTR target of 350–370 and a 2027 year-end target of 365–385, we suspect that broad commodity returns could moderate. However, our outlook remains constructive as geopolitics and supply disruptions remain potent tailwinds, and we view any pullbacks as opportunities to add commodity exposure.

Digital Assets: Bitcoin and Ethereum underperformed the Market Vector Digital Asset 100 Index benchmark with a 6.0% and 8.4% total return, respectively. Despite prices climbing higher, the rally slowed in September, and both digital assets remain well off their peaks experienced in 2025. We suspect that further clarity on the regulatory environment, as well as around the path of Fed policy and interest rates will be needed before the next leg higher. We maintain a neutral view balancing these near-term headwinds against the positive trends of institutional adoption, exchange-traded funds (ETFs) accessibility, and a growing interest in digital assets.

Global fixed income (%)	Latest	2026 YE target	2027 YE target
Fed funds rate	3.75–4.00	3.75–4.00	▲ 4.75–5.00
10-year U.S. Treasury yield	5.28	4.25–4.75	▲ 5.25–5.75
30-year U.S. Treasury yield	5.63	5.00–5.50	▲ 5.50–6.00

Currencies	Latest	2026 YE target	2027 YE target
Dollar/euro exchange rate	$1.13	$1.14–$1.18	▼ $1.10–$1.14
Yen/dollar exchange rate	¥157	¥160–¥164	▲ ¥160–¥164
ICE U.S. Dollar Index	101	97–101	▲ 100–104

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. ▲/▼: recent change.

Global equities	Latest	2026 YE target	2027 YE target
S&P 500 Index	7652	7800–8000	8600–8800
S&P 500 earnings per share	$278	$355	$400
Russell Midcap Index	4252	4400–4600	4800–5000
Russell Midcap earnings per share	$199	$240	$265
Russell 2000 Index	2797	2700–2900	3100–3300
Russell 2000 earnings per share	$75	$85	$100
MSCI EAFE Index	3126	3100–3300	3300–3500
MSCI EAFE earnings per share	$170	$190	$205
MSCI Emerging Markets (EM) Index	1705	1700–1900	2000–2200
MSCI EM earnings per share	$89	$140	$175

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

Global real assets	Latest	2026 YE target	2027 YE target
WTI crude oil price ($ per barrel)	90	80–90	▲ 75–85
Brent crude oil price ($ per barrel)	104	85–95	▲ 80–90
Gold price ($ per troy ounce)	4,157	4,900–5,100	▼ 5,200–5,400
Commodities	$367	350–370	365–385

Sources: Bloomberg, Wells Fargo Investment Institute, as of September 30, 2026. Targets are Wells Fargo Investment Institute forecasts, as of October 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. ▲/▼: recent change.

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

Nearly all major fixed-income asset classes posted negative returns in September, as U.S. Treasury yields rose sharply across the yield curve. Performance generally reflected each index's maturity profile and sensitivity to changing interest rates: U.S. Short Term Taxable Fixed Income declined approximately 0.6%, while U.S. Long Term Taxable Fixed Income fell 4.7%. Internationally, both EM and DM ex-U.S. fixed income posted negative returns amid rising yields and a stronger U.S. dollar. U.S. Leveraged Loans now lead fixed-income returns, gaining 3.3% year-to-date through September 30, 2026.

The Fed unanimously raised its policy rate at its September meeting, and its economic projections signaled that additional hikes may follow in the coming months. Markets responded by increasing expectations for further rate increases. The Fed also paused its Treasury bill purchases for reserve-management purposes, indicating that policymakers are comfortable with the current ample level of reserves in the financial system.

U.S. fixed income: U.S. Treasury yields rose in September as resilient economic growth and persistent inflation risk reinforced expectations that rates could remain elevated, while increased issuance and fiscal concerns lifted the term premium.

Investor appetite for corporate credit weakened in September, with spreads on both investment-grade (IG) and high-yield (HY) bonds widening from historically tight levels. HY bonds (-2.5%) slightly outperformed IG bonds (-2.7%) because their higher income and lower interest-rate sensitivity provided some cushion, although income was not enough to offset price declines. Looking ahead, IG yields near 5.0% offer attractive income potential alongside generally strong credit quality, supporting our favorable view. We remain neutral on HY because historically tight spreads provide less compensation for taking additional credit risk.

Municipal bonds returned -4.4% in September as municipal yields rose across the curve. Although issuance increased, investor demand remained strong, which may help support the market in the coming months. We maintain a favorable view of IG municipal bonds, particularly for investors in higher effective tax brackets, but we remain neutral on HY municipals.

Developed markets (DM): Unhedged DM bonds (-2.5%) underperformed hedged bonds (-1.3%) in September as a stronger U.S. dollar weighed on returns. Bonds from France were the worst performers in local-currency terms amid significant political fragmentation and significant concerns on the passage of the 2027 French budget. Japanese bonds were among the best performers in local terms, though still slightly negative for the month, supported by a relatively stable interest-rate outlook and yen appreciation versus the dollar.

Emerging markets (EM): U.S. dollar-denominated EM bonds (-3.3%) underperformed local-currency bonds (-2.1%) in September despite a stronger dollar, as demand favored local markets. Returns varied widely: Venezuelan bonds gained on debt-restructuring discussions tied to U.S. energy deals, while Mexican bonds lagged after the central bank signaled that rate hikes may follow its extended pause.

Wells Fargo Investment Institute perspective

Persistent inflation and the Fed's renewed focus on price stability could lead to further rate hikes in the coming months. Against this backdrop, we believe the income component of fixed income, or yield, should remain a key driver of total return, even as long-term yields face upward pressure and credit spreads remain relatively flat through year-end 2027. In our view, investors who are overallocated to cash or ultra-short-term investments, such as money market funds and U.S. Treasury bills, should consider increasing exposure to U.S. short-term taxable fixed income, which may offer more attractive yield opportunities even as the Fed raises rates.

We expect European bond yields to remain volatile with an upward bias, 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 are now unfavorable on DM ex-U.S. Fixed Income for two reasons: overseas yields generally are below those available in the U.S., and we expect limited currency return from overseas markets into year-end 2027.

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 have responded to inflation pressures by hiking rates while others remain on hold. However, we believe modest economic growth is 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 index total returns (%)

	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Taxable Inv Grade Fixed Income	-2.6	-3.5	-2.9	-1.8	4.1	-0.6
U.S. Short Term Taxable	-0.6	-0.2	0.6	1.8	4.4	2.1
U.S. Intermediate Term Taxable	-2.7	-3.3	-3.0	-1.7	4.4	0.0
U.S. Long Term Taxable	-4.7	-7.7	-7.0	-7.0	2.1	-5.5
U.S. Treasury Bills	0.3	0.9	2.8	3.8	4.6	3.8
U.S. Inv Grade Corporate	-2.7	-3.9	-3.1	-2.3	5.0	-0.5
U.S. Municipal Bonds	-4.4	-6.3	-4.2	-2.7	2.9	-0.2
High Yield Taxable Fixed Income	-2.5	-1.8	0.1	1.4	8.0	3.6
DM Ex.-U.S. Fixed Income (Unhedged)	-2.5	-2.6	-5.2	-7.0	0.9	-5.7
DM Ex.-U.S. Fixed Income (Hedged)	-1.3	-2.8	-2.0	-1.7	2.5	-0.8
EM Fixed Income (U.S. dollar)	-3.3	-4.0	-1.2	1.8	9.0	1.8
EM Fixed Income (Local currency)[1]	-2.1	-0.9	0.6	3.9	8.2	2.6

Sources: Bloomberg, J.P. Morgan, Wells Fargo Investment Institute, September 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. [1]Returns 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.

Fixed income tactical guidance*

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

Source: Wells Fargo Investment Institute, October 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	Unfavorable	–	–
U.S. Government	Neutral	-2.2	-2.8
Treasury Securities	Neutral	-2.2	-2.8
Agencies	Neutral	-1.6	-1.2
Inflation-Linked Fixed Income	Neutral	-2.6	-2.1
Investment Grade Credit	Favorable	-2.7	-3.0
Investment Grade Corporate Securities	Favorable	-2.7	-3.1
Preferred Stock	Neutral	-3.4	-4.3
Leveraged Loans	▲ Neutral	0.2	3.3
Investment Grade Securitized	Favorable	-3.2	-3.1
Residential MBS	Favorable	-3.4	-3.3
Commercial MBS	Neutral	-1.7	-1.1
Asset Backed Securities	Favorable	-1.0	0.3
U.S. Municipal Bonds	Favorable	-4.4	-4.2
General Obligation	Favorable	-4.2	-4.4
Revenue	Favorable	-4.4	-4.1
High Yield Municipal	Neutral	-4.3	-1.7

Sources: Total returns: Bloomberg as of September 30, 2026. Guidance: Wells Fargo Investment Institute, as of October 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. ▲/▼: recent change.

Duration (Unfavorable): We are now unfavorable on Duration relative to the Bloomberg U.S. Aggregate Bond Index benchmark, a product of our preference for short-term maturities over intermediate- and long-term maturities. We continue to see the yields available in the short portion of the curve as providing valuable yield for investors while taking less interest-rate risk than in longer-maturity bonds.

U.S. Government (Neutral): We remain neutral on the U.S. Government sector. We view holdings of Treasury securities as a high-credit-quality defensive allocation 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 (Neutral): We are neutral 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. The perpetual (long-duration) nature of Preferred Stock makes it particularly sensitive to the rising yields we see through 2027. We still see the fundamentals of many of these issuers (mainly financials and insurance companies) remaining strong and do not foresee credit risk related issues. We believe they may be 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 the last quarter of 2026. We expect demand to be healthy and counterbalance rising supply. In late September, municipal-to-Treasury yield ratios (MTYR) stood near 78% for 10-year issues and near 93% for 30-year bonds, higher than the previous month. From a historical valuation perspective using MTYR, both 10- and 30-year municipal bonds still appear to be somewhat rich as they are both below long-term averages, though lessened by recent volatility.[3] Incremental yield opportunities have become more uneven this month, favoring the short and select portions of the intermediate end of the curve (3- to 14-year maturities). Given the recent steepening and changes in relative value, we have moved to a neutral stance on the broader intermediate portion of the municipal yield curve. We favor a premium coupon structure and find value potential in the yield offered in coupons above 5%. Bonds with lower coupon structures may face price pressures from tax risks relating to the de minimis rule.[4] 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, and that municipal investors should also undertake meticulous credit research or access professional management.

3. Bloomberg, data as of August 31, 2026, and September 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 81% and 10-year and 30-year are 95%, 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).
4. The de minimis tax rule determines whether a bond discount is taxed as a capital gain or ordinary income.

Equities

Market observations

U.S. equities: Stocks were essentially flat in September, with the S&P 500 Index down -0.3%, following a gain of 2.7% in August. The market was driven by continued strength in the Information Technology sector along with Communication Services, while the Financials and Material sectors underperformed. The month ended with investors again focusing on the Mideast conflict and rising oil prices, along with a spike in long-term yields and a Fed rate hike. U.S. Large Cap Equities (-0.3%) outperformed U.S. Mid Cap Equities (-4.2%) and U.S. Small Cap Equities (-5.3%).

Two of the 11 S&P 500 Index sectors posted positive returns, with Information Technology (+4.5%) and Communication Services (+4.3%) leading, while Financials (-7.2%) and Materials (-6.7%) underperformed. Investors' emphasis on growth in lieu of rising interest rates benefitted Information Technology and Communication Services, while a flattening yield curve through most of September hindered the Financials sector.

Two of the 11 Russell Midcap Index sectors posted gains, led by Technology (+2.8%) and Health Care (+1.0%), while Consumer Staples (-8.6%) and Basic Materials (-8.6%) underperformed.

One of the 11 Russell 2000 Index sectors posted positive returns, led by Technology (+1.0%), while Basic Materials (-9.4%), Energy (-8.4%), and Utilities (-7.3%) lagged.

International equities: U.S. dollar-denominated EM Equities (-0.5%) outperformed DM Equities (-3.0%) 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 (-0.2%) outperformed the Europe region (-4.5%). In the Pacific region, Japan (+1.6%) outperformed while Australia (-5.1%), New Zealand (-4.5%), and Hong Kong (-3.4%) underperformed. In the Europe region, the Netherlands (+2.9%) and Ireland (+0.6%) outperformed while Denmark (-9.7%), France (-6.3%), and Germany (-6.1%) underperformed.

Regarding EM Equities, the Asian region (0.0%) outperformed both the Latin American region (-0.3%) and the Europe, Middle East, and Africa region (-4.4%). In the Asian region, Taiwan (+4.2%) and Korea (+3.2%) outperformed while Indonesia (-7.5%), India (-6.9%), and China (-4.6%) were notable underperformers. Within the Latin American region, Brazil (+3.2%) and Colombia (+2.3%) outperformed while Chile (-7.3%) and Mexico (-6.8%) underperformed. Within the Europe, Middle East, and Africa region, the UAE (+3.5%) and Greece (+1.7%) outperformed, while Egypt (-11.3%), Turkey (-8.8%), and South Africa (-8.7%) underperformed.

Equity index total returns (%)

	MTD	QTD	YTD	1 year	3 year	5 year
U.S. Large Cap Equities	-0.3	2.3	12.7	15.7	22.9	13.8
U.S. Large Cap (Growth)	2.2	0.9	6.3	7.5	24.3	13.7
U.S. Large Cap (Value)	-3.1	2.6	19.3	23.8	20.1	11.9
U.S. Mid Cap Equities	-4.2	-3.0	11.8	12.0	17.2	8.0
U.S. Mid Cap (Growth)	-1.8	-5.8	1.0	-2.7	15.4	4.9
U.S. Mid Cap (Value)	-5.0	-2.0	15.3	16.9	17.5	9.3
U.S. Small Cap Equities	-5.3	-7.2	13.7	16.2	17.7	6.3
U.S. Small Cap (Growth)	-5.3	-9.4	10.7	12.1	17.6	4.7
U.S. Small Cap (Value)	-5.2	-4.9	17.0	20.8	17.9	7.8
DM Equities Ex-U.S. (USD)	-3.0	0.9	10.8	16.2	19.0	9.9
DM Equities Ex-U.S. (Local)[1]	-1.7	0.7	12.9	19.9	17.1	11.7
EM Equities (USD)	-0.5	-0.2	23.7	29.6	24.7	9.4
EM Equities (Local)[1]	-0.3	-2.8	23.4	30.4	25.1	11.4

Sources: Bloomberg, Standard & Poor's, Russell Indexes, MSCI Inc., Wells Fargo Investment Institute, September 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	Neutral
U.S. Small Cap Equities	Unfavorable
DM Equities Ex-U.S.	Neutral
EM Equities	Neutral

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

Wells Fargo Investment Institute perspective

Our economic outlook remains positive and forward earnings estimates continue to move higher, which we believe should benefit equity returns. In the near term, volatility could increase, as geopolitical uncertainties in the Middle East persist along with higher oil prices and interest rates, while various concerns regarding the AI trade and capital expenditure 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 U.S. Mid Cap Equities (neutral) 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 as neutral.

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	9.9	Favorable	4.3	3.6	4.5	12.1	29.5	12.9
Consumer Discretionary	8.6	Neutral	-5.8	-5.1	-5.8	-5.2	13.5	5.6
Consumer Staples	4.4	Unfavorable	-3.3	-1.9	6.0	6.0	10.1	7.4
Energy	3.4	Neutral	-2.7	17.2	40.3	42.4	14.5	23.3
Financials	11.4	Neutral	-7.2	-0.1	-1.3	0.7	19.1	9.2
Health Care	9.3	Neutral	-0.9	6.5	10.2	23.0	11.3	7.6
Industrials	8.0	▲ Favorable	-4.4	-9.7	8.5	9.5	19.8	13.1
Information Technology	39.7	▼ Neutral	4.5	7.2	28.4	30.2	36.6	23.5
Materials	1.7	Favorable	-6.7	-2.8	8.8	10.0	9.7	6.5
Real Estate	1.7	Unfavorable	-6.1	-5.6	5.3	2.3	10.8	2.2
Utilities	1.9	Neutral	-5.9	-12.4	-5.7	-7.0	13.6	7.6
Total	100.0							

Sources: S&P 500 Index weight and total returns: Bloomberg, as of September 30, 2026. Guidance: Wells Fargo Investment Institute, as of October 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.** ▲/▼: recent change.

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

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

Communication Services (Favorable): 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. In our view, lower valuations due to recent underperformance combined with solid fundamentals warrant a favorable rating.

Consumer Discretionary (Neutral): Consumers remain selective but resilient. High energy prices have not derailed e-commerce growth and tailwinds provided from aging auto and housing stocks. New AI-driven efficiencies and improved valuations support a neutral recommendation.

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 (Neutral): Supply disruptions due to the Middle East conflict and low inventories improve the near-term prospects for sector profitability. We remain neutral on the sector, however, because there is increased production from non-OPEC[5] producers and because an eventual reopening of the Strait of Hormuz could ease supply concerns and reduce the geopolitical risk premium embedded in energy prices.

Financials (Neutral): Bank valuations continue to benefit from generally healthy capital levels, robust equity markets, and stronger merger and acquisition (M&A) and initial public offering (IPO) activity. However, Financials are contending with rising credit and regulatory risks and more challenging earnings comparisons in 2027.

Health Care (Neutral): We recently upgraded the sector to neutral from unfavorable after prolonged underperformance, as valuations and sentiment already reflect much of the downside despite persistently solid fundamentals. While unlikely to lead in strong risk on periods, we believe the sector's defensive characteristics position it to perform more in line with the broader market amid uncertainty.

Industrials (Favorable): We recently upgraded Industrials to favorable following a period of underperformance, which improved the sector's risk-reward profile. Durable demand from AI infrastructure, power investment, defense, reshoring, and aerospace, supported by extended backlogs, should drive increasingly broad-based revenue and earnings growth.

Information Technology (Neutral): We recently downgraded Information Technology to neutral after a period of strong performance. Elevated expectations and new risks have made the risk-reward profile of the sector more balanced. AI remains a powerful earnings tailwind, but higher valuations, bullish sentiment, and growing debt-funded infrastructure investment support maintaining market-weight exposure while awaiting a better entry point.

Materials (Favorable): We are constructive on Materials, as a combination of supply chain realignment, geopolitical risk, sustained infrastructure investment, and energy transition demand is strengthening pricing power and investment across the sector. These forces should support improved volumes, margins, and global competitiveness.

Real Estate (Unfavorable): We are cautious on Real Estate given continued pressure from elevated interest rates, which weigh on valuations, refinancing, and transaction activity. With uneven fundamentals and limited balance sheet flexibility, we see the sector as unlikely to outperform.

Utilities (Neutral): Strong power-demand tailwinds are now offset by valuation, rate, and policy risks. Data-center growth, reshoring, and electrification support long-term infrastructure investment, but elevated long-term yields, limited earnings upside, average valuations, and potential regulatory pushback on rising customer bills leave the sector's risk-reward profile more balanced.

Growth versus Value (Balanced): Our current sector ratings are balanced between growth- and value-oriented sectors. Communication Services provides a growth-oriented tilt, while Industrials and Materials have traditionally leaned toward value. We hold favorable ratings on Communication Services, Industrials, and Materials; neutral ratings on Information Technology, Financials, Utilities, Energy, Health Care, and Consumer Discretionary; and unfavorable ratings on Consumer Staples and Real Estate.

5. OPEC (Organization of the Petroleum Exporting Countries) is an intergovernmental organization of major oil-producing nations that coordinates petroleum policies among its member countries.

Equities

Equity sector and sub-sector preferences

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

Source: Wells Fargo Investment Institute; favored sub-sectors by Global Securities Research (GSR) and favored sectors by Global Investment Strategy. As of October 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

Commodities

Market observations

Energy: The Bloomberg Commodity Energy Subindex's performance strengthened by 10.1% in September, outperforming the BCOMTR. Re-escalations in the Middle East and constrained traffic through the Strait of Hormuz were strong tailwinds for prices during the month. While we believe prices will begin to subside in 2027, near-term supply risks, multi-year low inventories, and volatile geopolitics could drive periods of elevated prices. Additionally, we see the risk that prices in 2027 could remain modestly higher than our previous forecasts. Therefore, we recently raised our 2027 WTI and Brent crude oil targets to $75–$85 per barrel and $80–$90 per barrel, respectively. Weighing these near-term risks against our outlook for supply conditions to begin normalizing in 2027 leads us to remain neutral on energy.

Metals: Precious Metals underperformed the BCOMTR Index in September returning -6.8%, as the Fed raised interest rates for the first time since 2023 and signaled further tightening. Additionally, a stronger dollar and rising yields added downward pressure. Despite the headwinds, we continue to see underlying strength for gold in central bank purchases, which rebounded in the second quarter. Geopolitical tensions, persistent U.S. deficits, and debt nearing $40 trillion continue to keep safe-haven demand elevated. We expect additional Fed rate hikes in 2027, which will likely temper gold's rise. We therefore lowered our 2027 year-end targets to $5,200–$5,400 but continue to see upside from current prices as of September 30.

Industrial Metals underperformed the BCOMTR, returning -1.6% in September. Near-term headwinds around further Fed rate hikes remain; however, the fundamental supply and demand outlook remains constructive. Our view is that sluggish globally mined copper production will be a tailwind as thematic trends, such as the buildout of AI-infrastructure, 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, returning -5.8% in September. The onset of U.S. harvests boosted global supplies, weighing on prices, while uncertainty around U.S.-China trade persisted. Despite ongoing disruptions in the Black Sea, a key export hub for global grains, wheat prices declined throughout the month on hopes for renewed diplomatic efforts between Russia and Ukraine. However, future supply risks remain as those hopes began to fade towards the end of the month. Looking ahead, elevated energy costs could continue to drive higher input costs and put upward pressure on prices for the foreseeable future. Weighing these factors against supply growth from the U.S. harvest and strong Latin American supply leads us to remain neutral on the agriculture sector.

Wells Fargo Investment Institute perspective

Overall, Commodities outperformed the Bloomberg U.S. Aggregate Bond Index and S&P 500 Index in September. We remain favorable on Commodities and see their potential benefits as a portfolio diversifier amid a shifting geopolitical environment and rising food and energy costs. However, we see potential headwinds in expected additional Fed rate hikes, and a higher for longer interest-rate environment which could lead to pullbacks. With current prices already within our 2026 and 2027 year-end target ranges, we would recommend taking advantage of future pullbacks as opportunities to add commodity exposure.

Real assets index total returns (%)

	MTD	QTD	YTD	1 year	3 year	5 year
Public Real Estate	-5.5	-5.9	3.7	3.2	10.6	1.6
U.S. REITs	-5.7	-6.1	7.9	5.6	11.0	2.4
International REITs	-5.9	-5.6	-7.1	-5.8	7.5	-2.1
Global Infrastructure	-5.4	-7.4	1.9	4.3	16.8	9.9
Commodities (BCOMTR)	0.6	16.2	32.9	40.6	15.6	11.3
Agriculture	-5.8	12.6	17.9	18.6	3.3	5.4
Energy	10.1	34.4	86.3	74.7	11.4	9.4
Industrial Metals	-1.6	4.3	11.2	24.6	11.9	6.1
Precious Metals	-6.8	2.7	-5.1	15.6	33.2	19.7
Commodities (S&P GSCI)	4.8	25.1	55.2	56.7	17.5	17.3
Commodities (RICI)	0.8	17.8	42.7	46.5	15.2	14.0
Digital Assets (MVDA)	9.7	48.4	-4.0	-28.5	36.0	4.9
Bitcoin	6.0	42.6	-4.6	-27.1	45.6	14.0
Ether	8.4	70.4	-10.0	-36.1	16.9	-2.0

Sources: Bloomberg, Wells Fargo Investment Institute, September 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.

Digital Assets: Digital Asset prices continued to climb higher in September, with the MarketVector Digital Asset 100 Index returning 9.7%. Bitcoin and Ethereum both underperformed the broader index with 6.0% and 8.4% month-to-date returns, respectively. Investor sentiment continued to improve, supported by strong spot ETF inflows and a technical breakout for the largest digital assets. Concerns surrounding rising government debt levels and long-term currency debasement also contributed to demand for alternative stores of value. Looking ahead, we continue to expect additional Fed rate hikes and the potential for a higher-for-longer interest-rate environment which could be headwinds for digital assets. That said, we continue long-term trends of institutional adoption, investor accessibility, and growing interest in digital assets. Balancing these trends against tighter monetary policy, we maintain neutral tactical guidance. We favor exposure using cryptocurrencies, such as Bitcoin and Ethereum, and specifically prefer their respective spot ETFs.

Private Real Estate: We remain cautious on Private Real Estate 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	Favorable
Energy	Neutral
Precious Metals	Favorable
Agriculture	Neutral
Industrial Metals	Favorable
Digital Assets	Neutral

Private Real Estate	Neutral
Core	Neutral
Value-Add	Neutral
Opportunistic	Neutral
Private Infrastructure	Favorable

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

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	-1.1	-0.7	3.0	4.4	7.3	5.1
Arbitrage	Unfavorable	-1.0	-0.6	2.6	4.1	6.6	4.3
Long/Short Credit	Favorable	-1.2	-1.0	1.6	2.9	7.2	4.2
Structured Credit/Asset-Backed	Neutral	0.1	1.1	4.4	6.0	8.2	6.0
Macro	Neutral	2.7	5.6	12.2	16.2	7.9	6.5
Discretionary	Favorable	-1.3	0.5	6.4	9.5	11.4	7.2
Systematic	Unfavorable	4.0	6.2	14.1	18.4	6.6	5.9
Event Driven	Favorable	-1.8	-2.1	4.8	7.1	10.4	6.3
Activist	Neutral	-2.8	-0.5	5.9	8.3	12.0	5.4
Distressed Credit	Favorable	-2.6	-4.0	4.4	6.5	9.8	6.1
Merger Arbitrage	Favorable	-0.5	0.5	4.7	6.3	8.0	5.9
Equity Hedge	Neutral	-1.9	-2.2	7.1	10.2	14.2	7.1
Equity Market Neutral	Unfavorable	0.1	1.0	4.5	7.1	9.2	6.7
Long/Short Equity	Favorable	-2.0	-2.5	7.3	10.4	14.7	7.1

Sources: Guidance: Wells Fargo Investment Institute, as of October 15, 2026. Index/strategy total returns: Hedge Fund Research, Inc. (HFR), September 30, 2026. (Preliminary numbers released by HFR on October 7, 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 declined 0.7% in September, as most hedge fund sub-strategies posted losses. Equity-oriented strategies, including Activist and Long/Short Equity, were pressured by weaker public equity markets and challenges in stock selection. In contrast, Systematic Macro was a notable bright spot, benefiting from gains across fixed income, energy commodities, and currencies positions.

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 M&A 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 generally low return and low volatility, and they may underperform other Equity Hedge sub-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, October 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 slowing exits and deals, as well as soft fundraising. Furthermore, the possibility of additional rate hikes may weigh on deal activity, limiting the pace of any further improvement in transaction volumes.

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 dislocation.

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) rose 2.03% in September, its strongest monthly gain since June, as markets repriced expectations for U.S. monetary policy. The primary catalyst was the Fed's first 25-basis-point (100 basis points equals 1%) rate hike since 2023, accompanied by hawkish guidance that signaled rates could remain elevated. Resilient job growth, firm inflation, accelerating business activity, higher energy prices, and geopolitical tensions reinforced the case for additional tightening and pushed Treasury yields higher. Rising U.S. yields, wider interest-rate differentials, and economic outperformance supported broad-based demand for the dollar throughout the month. Over the next few months, central-bank policy and political risks in the U.S. and abroad will likely remain key drivers of the dollar. DM currencies mostly fell against the dollar in September amid higher energy prices and persistent inflation. The yen initially rose on expectations of a Bank of Japan rate hike but later pared its gains as interest-rate differentials weighed on the currency. The threat of further currency intervention also provided support, leaving the yen up 1.5% for the month but below its peak. The euro and pound ended the month down at 2.5% and 2.1%, respectively.

Current U.S.-dollar valuations remain above 10-year historical averages. In our view, the U.S. dollar's recent strength should continue, as we see significant increases in rates from the Fed combined with a robust U.S. economy. Our view is that the Fed will raise rates four more times by year-end 2027, which should be supportive for the U.S. dollar. For year-end 2026, we see ranges of $1.14–$1.18 per euro and 160–164 yen per U.S. dollar. For year-end 2027, we now see values of $1.10–$1.14 per euro and 160–164 yen per U.S. dollar.

Year-end currency targets

	Latest	YE26 targets	YE27 targets
Dollars per euro	$1.13	$1.14–$1.18	▼$1.10–$1.14
Yen per dollar	¥157	¥160–¥164	▲¥160–¥164
ICE U.S. Dollar Index	101	97–101	▲100–104

Source: Bloomberg, as of September 30, 2026. Targets are Wells Fargo Investment Institute forecasts, as of October 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. ▲/▼: recent change.

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 rose versus most EM currencies; however, 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) ended the month higher by 0.1%.

Performance within EM currencies was mixed during the month. The South Korean won was a notable outlier, rising 0.9% as strong hardware exports from the AI trade drove currency demand higher. The Mexican peso was the worst performer falling 5.9% as bond yields in the U.S. rose, reducing the currency's relative attractiveness to the dollar. While Mexican rates remained relatively attractive, expectations for further Fed tightening and a smaller yield premium caused selling in peso-denominated assets. 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 DMs. Interest-rate differentials between EMs and DMs have been less supportive of EM currencies. Inflation from rising oil prices may impact EM central banks' attempts to lower rates and may even cause rates to rise. At the moment, we are observing a reversal in a prolonged period of positive performance in EM currencies, as they have benefited from generally high interest rates, while the U.S. dollar has struggled due to policy volatility concerns. Currently we see a period of strength in the U.S. dollar into year-end 2026, compared to previous years, followed by a further strengthening into 2027; we believe EM currencies may start to lose ground against the U.S. dollar.

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, October 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.

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 maintain an unfavorable view on DM ex-U.S. Fixed Income. 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 in the coming years; 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.

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, as 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
	Developed Market Ex.-U.S. Fixed Income U.S. Long Term Taxable Fixed Income	Cash Alternatives Emerging Market Fixed Income High Yield Taxable Fixed Income U.S. Intermediate Term Taxable Fixed Income	U.S. Short 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. Mid Cap Equities	U.S. Large Cap Equities	

Real Assets

Most Unfavorable	Unfavorable	Neutral	Favorable	Most Favorable
		Digital Assets 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	Favorable	We favor short-term maturities because they offer attractive income, while limiting exposure to a potentially volatile yield environment. Short-term yields already reflect the likelihood of additional Fed rate hikes, and we believe this part of the curve offers a better balance of yield and interest-rate risk than longer maturities.
	U.S. Intermediate Term Taxable	Neutral	We are neutral on U.S. Intermediate Term Taxable Fixed Income. The sector offers income potential with moderate interest-rate sensitivity, but it faces more price risk than short-term bonds if yields rise further. For investors with longer time horizons, a neutral allocation remains appropriate.
	U.S. Long Term Taxable	Unfavorable	Long-term bonds currently offer slightly higher absolute yields, but in our view, they do not fully compensate investors for the risks associated with higher issuance, fiscal uncertainty, and potential volatility in long-term rates. At this time, we prefer the short portion of the curve.
	High Yield Taxable	Neutral	High-yield bonds offer relatively attractive income, but valuations remain expensive and spreads are still tight by historical standards. We believe a neutral stance is appropriate, with selectivity across sectors and credit ratings remaining important.
	Developed Market Ex-U.S.	Unfavorable	After accounting for currency hedging costs, yield advantages versus U.S. fixed income have diminished. We continue to prefer U.S. fixed income, where yields remain attractive and the risk-reward profile appears more compelling.
	Emerging Market	Neutral	We remain neutral on EM Fixed Income. EM economies have been generally resilient, but credit spreads are priced near historically tight levels, and U.S.-dollar-denominated debt remains vulnerable to increases in U.S. yields. We prefer to await more attractive entry points.
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.
	U.S. Mid Cap	Neutral	U.S. Mid Cap Equities are higher quality compared to U.S. Small Cap Equities, and offer a reasonable amount of exposure to many economically sensitive industries that may allow investors to participate in cyclical rallies.
	U.S. Small Cap	Unfavorable	U.S. Small Cap Equities are the lowest quality U.S. asset class, in our view. The Russell 2000 Index appears to be hamstrung by excessive leverage and poor profitability metrics, with a significant amount of companies in the asset class making no profit.
	Developed Market (DM) Ex.-U.S.	Neutral	The export-sensitive asset class 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. This 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	Favorable	Commodity prices eased in late September after rallying to the highest level since 2008 (measured by the BCOMTR). Current prices are already well within our 2026 and 2027 year-end target ranges. However, we still see value in their diversification benefits and potential hedge against rising food and energy costs. A resilient economic outlook and favorable supply and demand fundamentals for precious and industrial metals should benefit broad commodity performance and supports our favorable rating on Commodities.
	Digital Assets	Neutral	Potential interest rate headwinds from additional Fed rate hikes and uncertainty surrounding the CLARITY Act (a U.S. legislative bill designed to provide clear regulatory guidance for digital assets) may slow the rally in digital assets over the coming months. However, we continue to see encouraging signs of institutional adoption and growing interest in the asset class. While near-term headwinds remain, we are constructive on the long-term outlook. Accordingly, we remain neutral, but we believe current prices may offer an attractive entry point for investors comfortable with the volatility and risks associated with digital assets.
	Private Real Estate**	Neutral	We remain neutral on Private Real Estate. While we expect supply-demand imbalances to gradually recalibrate toward a new equilibrium, elevated oil prices and persistent supply-chain disruptions may weigh on economic growth and influence interest rates, which present risks to the asset class.
	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 M&A 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.

***Tactical horizon is 6-18 months.**

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Capital market assumptions

Fixed income, equities, real assets, and alternative investments

Annual update; as of July 2026

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	2.9	2.9	0.5	2.9	2.0
	Tax Exempt Cash Alternatives	2.3	2.3	0.5	2.3	1.5
FIXED INCOME	U.S. Taxable Investment Grade Fixed Income	4.4	4.3	4.0	4.3	-2.0
	U.S. Short Term Taxable Fixed Income	3.7	3.7	1.5	3.7	1.2
	U.S. Intermediate Term Taxable Fixed Income	4.4	4.3	3.5	4.3	-1.3
	U.S. Long Term Taxable Fixed Income	5.3	4.9	9.0	4.9	-8.8
	High Yield Taxable Fixed Income	7.1	6.8	8.5	6.8	-6.3
	U.S. Tax Exempt Investment Grade Fixed Income	3.5	3.4	4.3	3.4	-3.3
	U.S. Short Term Tax Exempt Fixed Income	2.9	2.9	1.8	2.9	0.1
	U.S. Intermediate Term Tax Exempt Fixed Income	3.5	3.4	4.0	3.4	-2.9
	U.S. Long Term Tax Exempt Fixed Income	4.2	4.1	5.3	4.1	-4.2
	High Yield Tax Exempt Fixed Income	5.7	5.4	7.5	5.4	-6.2
	Developed Market ex-U.S. Fixed Income	3.4	3.1	8.0	3.1	-9.2
	Emerging Market Fixed Income	7.5	7.1	9.5	7.1	-7.4
	Inflation-Linked Fixed Income	4.0	3.8	7.5	3.8	-7.8
	Preferred Stock	5.3	4.7	11.5	4.7	-12.4
EQUITIES	U.S. Large Cap Equities	9.6	8.5	16.0	1.8	-14.6
	U.S. Mid Cap Equities	10.0	8.7	17.0	1.7	-15.6
	U.S. Small Cap Equities	9.8	8.0	20.0	1.5	-19.7
	Developed Market ex-U.S. Equities	8.9	7.8	16.0	2.9	-15.3
	Emerging Market Equities	11.3	9.3	21.0	2.7	-19.6
REAL ASSETS	Private Real Estate**	8.4	7.6	13.0	4.8	-11.6
	Private Infrastructure**	9.3	8.6	12.0	4.3	-9.3
	Commodities	7.4	6.3	16.0	0.0	-16.7
	Digital Assets	17.5	11.2	40.0	0.0	-35.5
ALTERNATIVE INVESTMENTS**	Global Hedge Funds	6.7	6.5	6.6	0.0	-3.9
	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	7.6	7.3	8.0	0.0	-5.0
	Hedge Funds–Equity Hedge	7.3	6.9	9.6	0.0	-7.7
	Global Liquid Alternatives	3.9	3.8	4.0	0.0	-2.6
	Private Equity	13.7	12.3	18.0	0.0	-13.3
	Private Debt	9.1	8.6	10.5	7.0	-7.3

*Capital market assumptions, expected returns, volatility estimates, correlations, Sharpe ratios, efficient frontier analyses, and other model outputs are hypothetical, do not represent actual investment results, and are not guarantees of future performance.

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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.

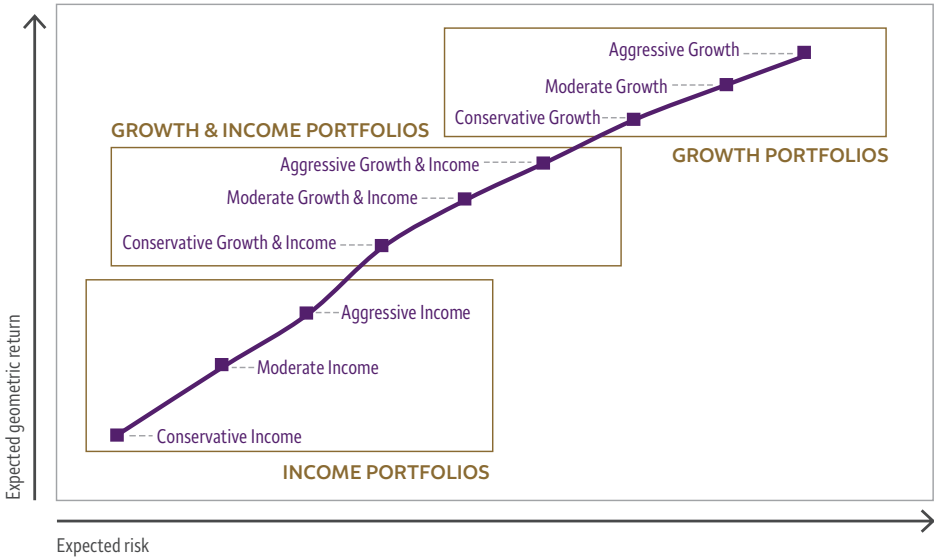


Chart is conceptual and is not meant to reflect any actual returns or represent any specific asset classifications.

Source: Wells Fargo Investment Institute, July 2026

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*	18.0	21.0	3.0	15.0	18.0	3.0	11.0	14.0	3.0
	Intermediate Term Taxable*	44.0	44.0	0.0	34.0	34.0	0.0	27.0	27.0	0.0
	Long Term Taxable*	14.0	10.0	-4.0	11.0	7.0	-4.0	9.0	5.0	-4.0
	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	14.0	0.0	27.0	27.0	0.0	35.0	35.0	0.0
	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	2.0	0.0	5.0	5.0	0.0	7.0	7.0	0.0
	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	3.0	1.0	2.0	3.0	1.0	2.0	3.0	1.0
	Commodities	2.0	3.0	1.0	2.0	3.0	1.0	2.0	3.0	1.0
	Digital Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	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	10.0	1.0	7.0	8.0	1.0	5.0	5.0	0.0
	Intermediate Term Taxable*	23.0	23.0	0.0	17.0	17.0	0.0	11.0	11.0	0.0
	Long Term Taxable*	7.0	3.0	-4.0	6.0	0.0	-6.0	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	42.0	44.0	2.0	51.0	53.0	2.0	59.0	61.0	2.0
	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	6.0	6.0	0.0	8.0	8.0	0.0	10.0	10.0	0.0
	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	6.0	7.0	1.0	6.0	9.0	3.0	6.0	8.0	2.0
	Commodities	4.0	5.0	1.0	4.0	7.0	3.0	4.0	6.0	2.0
	Digital Assets	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0

Strategic allocations are updated annually; last update was July 16, 2026. Tactical allocations are updated periodically; last update was July 16, 2026. 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)

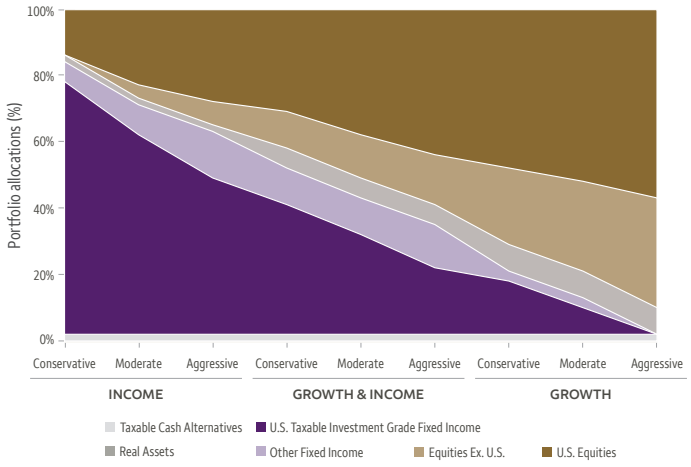
		CONSERVATIVE			MODERATE			AGGRESSIVE		
		Strategic (%)	Tactical (%)	Difference (%)	Strategic (%)	Tactical (%)	Difference (%)	Strategic (%)	Tactical (%)	Difference (%)
GROWTH	TAXABLE CASH ALTERNATIVES	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0
	TOTAL GLOBAL FIXED INCOME	19.0	16.0	-3.0	11.0	7.0	-4.0	0.0	0.0	0.0
	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	4.0	0.0	2.0	0.0	-2.0	0.0	0.0	0.0
	Intermediate Term Taxable*	9.0	9.0	0.0	6.0	4.0	-2.0	0.0	0.0	0.0
	Long Term Taxable*	3.0	0.0	-3.0	0.0	0.0	0.0	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	71.0	72.0	1.0	79.0	81.0	2.0	90.0	88.0	-2.0
	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	10.0	10.0	0.0	11.0	11.0	0.0	13.0	10.0	-3.0
	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	8.0	10.0	2.0	8.0	10.0	2.0	8.0	10.0	2.0
	Commodities	5.0	7.0	2.0	5.0	7.0	2.0	5.0	7.0	2.0
	Digital Assets	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, 2026. Tactical allocations are updated periodically; last update was July 16, 2026. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term.

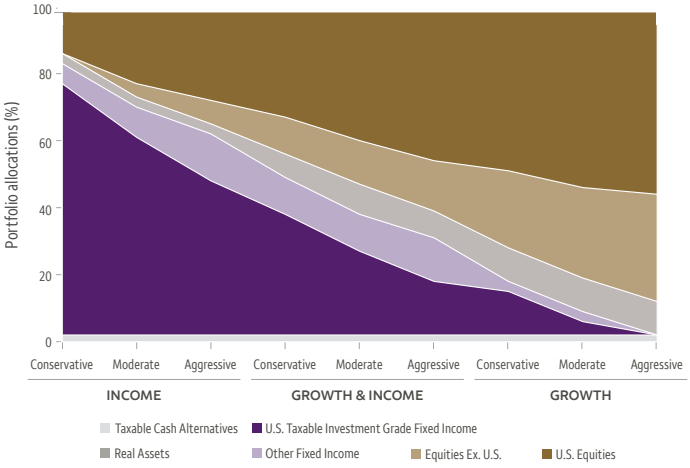
*Wells Fargo Advisors only.

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 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



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	44.0	43.0	-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*	15.0	18.0	3.0	11.0	14.0	3.0	7.0	9.0	2.0
	Intermediate Term Taxable*	35.0	35.0	0.0	26.0	26.0	0.0	17.0	17.0	0.0
	Long Term Taxable*	11.0	7.0	-4.0	8.0	4.0	-4.0	6.0	3.0	-3.0
	High Yield Taxable Fixed Income	2.0	2.0	0.0	2.0	2.0	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	8.0	8.0	0.0	20.0	20.0	0.0	25.0	25.0	0.0
	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	0.0	0.0	4.0	4.0	0.0	6.0	6.0	0.0
	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	8.0	1.0	8.0	9.0	1.0	9.0	10.0	1.0
	Private Real Estate**	3.0	3.0	0.0	4.0	4.0	0.0	5.0	5.0	0.0
	Private Infrastructure**	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0
	Commodities	2.0	3.0	1.0	2.0	3.0	1.0	2.0	3.0	1.0
	Digital Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL ALTERNATIVE INVESTMENTS**	17.0	17.0	0.0	18.0	18.0	0.0	20.0	20.0	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	9.0	9.0	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	8.0	1.0	5.0	4.0	-1.0	3.0	1.0	-2.0
	Intermediate Term Taxable*	17.0	17.0	0.0	11.0	11.0	0.0	7.0	7.0	0.0
	Long Term Taxable*	5.0	1.0	-4.0	3.0	0.0	-3.0	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	30.0	31.0	1.0	36.0	38.0	2.0	44.0	46.0	2.0
	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	4.0	4.0	0.0	6.0	6.0	0.0	6.0	6.0	0.0
	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	11.0	13.0	2.0	12.0	14.0	2.0	12.0	14.0	2.0
	Private Real Estate**	3.0	3.0	0.0	4.0	4.0	0.0	4.0	4.0	0.0
	Private Infrastructure**	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0
	Commodities	4.0	6.0	2.0	4.0	6.0	2.0	4.0	6.0	2.0
	Digital Assets	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0
	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, 2026. Tactical allocations are updated periodically; last update was July 16, 2026. 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

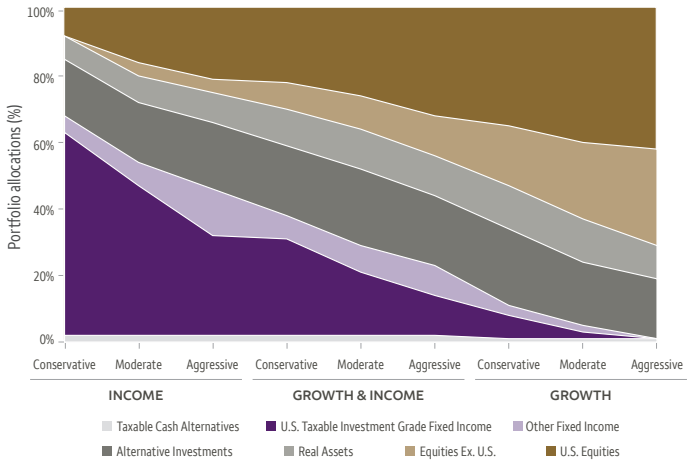
May include fixed income, equities, real assets, and alternative investments (continued)

		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	53.0	54.0	1.0	63.0	64.0	1.0	71.0	69.0	-2.0
	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	6.0	6.0	0.0	10.0	10.0	0.0	12.0	9.0	-3.0
	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	13.0	16.0	3.0	13.0	14.0	1.0	10.0	12.0	2.0
	Private Real Estate**	3.0	3.0	0.0	3.0	3.0	0.0	2.0	2.0	0.0
	Private Infrastructure**	2.0	2.0	0.0	2.0	2.0	0.0	0.0	0.0	0.0
	Commodities	5.0	8.0	3.0	5.0	6.0	1.0	5.0	7.0	2.0
	Digital Assets	3.0	3.0	0.0	3.0	3.0	0.0	3.0	3.0	0.0
	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

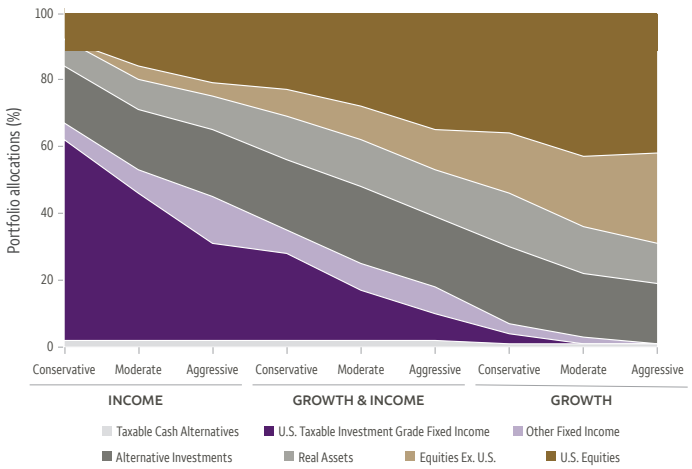
Strategic allocations are updated annually; last update was July 16, 2026. Tactical allocations are updated periodically; last update was July 16, 2026. The U.S. Taxable Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term. Hedge fund allocations are 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



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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**	5.0	5.0	5.0
	Private Infrastructure**	2.0	2.0	2.0
	Commodities	0.0	0.0	0.0
	Digital Assets	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	30.0	38.0	45.0
	U.S. Large Cap Equities	19.0	22.0	25.0
	U.S. Mid Cap Equities	4.0	5.0	7.0
	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	9.0	9.0	9.0
	Private Real Estate**	5.0	5.0	5.0
	Private Infrastructure**	2.0	2.0	2.0
	Commodities	0.0	0.0	0.0
	Digital Assets	2.0	2.0	2.0
	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, 2026. 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.

**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

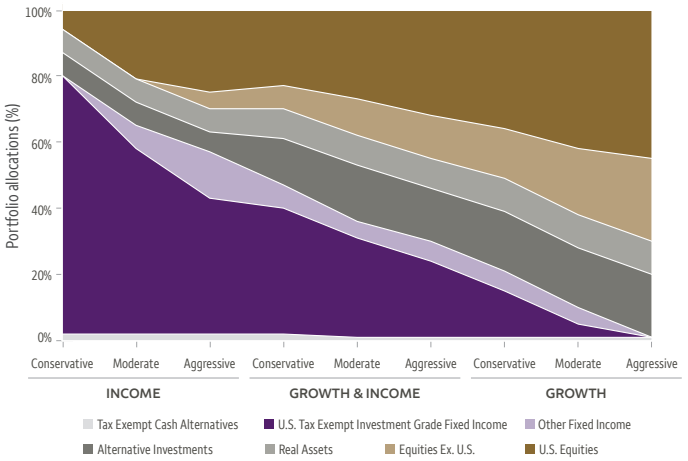
May include fixed income, equities, real assets, and alternative investments (continued)

		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	51.0	62.0	70.0
	U.S. Large Cap Equities	28.0	32.0	33.0
	U.S. Mid Cap Equities	8.0	8.0	10.0
	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	10.0	10.0	10.0
	Private Real Estate**	5.0	5.0	5.0
	Private Infrastructure**	2.0	2.0	2.0
	Commodities	0.0	0.0	0.0
	Digital Assets	3.0	3.0	3.0
	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, 2026. 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
	Digital Assets	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	43.0	53.0	64.0
	U.S. Large Cap Equities	23.0	29.0	33.0
	U.S. Mid Cap Equities	8.0	10.0	12.0
	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	2.0	2.0	2.0
	Commodities	0.0	0.0	0.0
	Digital Assets	2.0	2.0	2.0

Tax-efficient strategic allocations are updated annually; last update was July 16, 2026. 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)

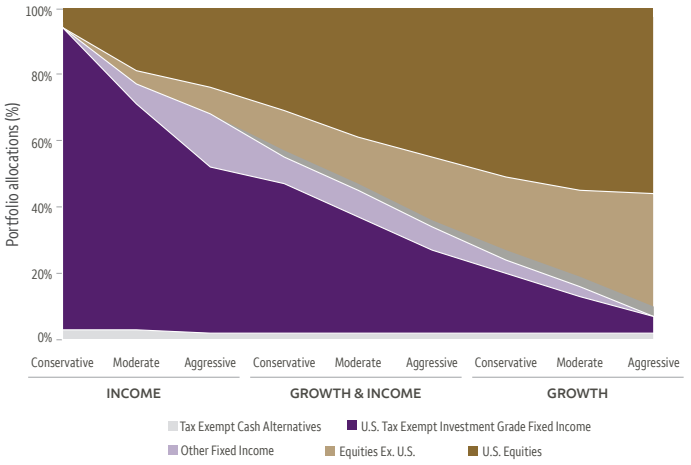
		CONSERVATIVE	MODERATE	AGGRESSIVE
		Strategic (%)	Strategic (%)	Strategic (%)
GROWTH	TAX EXEMPT CASH ALTERNATIVES	2.0	2.0	2.0
	TOTAL GLOBAL FIXED INCOME	22.0	14.0	5.0
	U.S. Tax Exempt Investment Grade FI	18.0	11.0	5.0
	Short Term Tax Exempt*	2.0	0.0	0.0
	Intermediate Term Tax Exempt*	12.0	8.0	5.0
	Long 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	73.0	81.0	90.0
	U.S. Large Cap Equities	37.0	39.0	37.0
	U.S. Mid Cap Equities	12.0	13.0	15.0
	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	3.0	3.0	3.0
	Commodities	0.0	0.0	0.0
	Digital Assets	3.0	3.0	3.0

Tax-efficient strategic allocations are updated annually; last update was July 16, 2026. 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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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.

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.

Cryptocurrency and other digital assets often involve significant risks and can be highly volatile. Their value may fluctuate substantially, and investors could lose all or a significant portion of their investment. Digital assets may be subject to market, liquidity, regulatory, and operational risks and may be subject to heightened risks of fraud, cyber incidents, and market manipulation. Digital assets may not provide the same regulatory protections as traditional investment products and often are not insured by the Federal Deposit Insurance Corporation (FDIC), the Securities Investor Protection Corporation (SIPC), or any government agency. Investors should carefully consider their investment objectives, risk tolerance, and financial circumstances before investing in cryptocurrency or other digital assets.

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.

Private investments are generally illiquid and may require investors to hold investments for extended periods. Investors may be unable to sell investments when desired or at favorable prices.

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.

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.

Disclosures *(continued)*

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.

Exchange-traded funds (ETFs) are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed, or sold, may be worth more or less than their original cost. ETFs seek investment results that, before expenses, generally correspond to the price and yield of a particular index. There is no assurance that the price and yield performance of the index can be fully matched.

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 specialty 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.

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.

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.

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.

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 (USDX, 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.

MarketVector™ Digital Assets 100 Index is a market cap-weighted index which tracks the performance of the 100 largest and most liquid digital assets in the global cryptocurrency market, rebalanced monthly. Base date 31 December 2014, with a base value of 100.00. Larger assets (e.g., Bitcoin, Ethereum) have proportionally greater influence on the index. MarketVector uses verified market data to calculate daily market caps.

Purchasing Managers' Composite Index is a monthly economic indicator that combines survey data from both the manufacturing and services sectors to measure overall private-sector business activity.

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market.

MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

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

Disclosures *(continued)*

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: 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

Disclosures *(continued)*

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.

Investment Grade Bonds. A rating that indicates that a bond has a relatively low risk of default. Bond rating firms, such as Standard & Poor's, use different designations consisting of upper- and lower-case letters 'A' and 'B' to identify a bond's credit quality rating. 'AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings for bonds below these designations ('BB', 'B', 'CCC', etc.) are considered low credit quality, and are commonly referred to as "junk bonds".

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

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

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

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

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

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

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

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

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

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

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

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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PM-04122028-6010304