

Product Alert

December 1, 2015

Wells Fargo Asset Management launches Dynamic Target Date Fund suite

Wells Fargo Asset Management (WFAM) has launched a new suite of target date funds effective today. The Wells Fargo Dynamic Target Date Funds will be managed by Wells Capital Management Portfolio Managers Christian Chan, CFA, and Kandarp Acharya, CFA, FRM. The new funds will employ a proprietary dynamic glide path that aims to mitigate both longevity risk and market risk in a single target date strategy.

How was the strategy developed?

We conducted a rigorous research process in which we evaluated and tested numerous glide path designs, using thousands of simulated return paths, varying capital market assumptions, and observed participant cash flow data against three measures of retirement investing success:

1. Probability of generating sufficient assets to replace 80% of pre-retirement income in retirement, a common financial planning goal
2. Minimizing the retirement income shortfall in cases where the 80% income replacement goal was not met
3. Maximum ending wealth at retirement

Our research revealed a conundrum: A glide path with meaningful equity exposure throughout may help grow long-term wealth, but a more conservative glide path is needed to hedge against short-term market volatility and the potential for large losses near the target retirement date. Our research also suggested that the industry average glide path may not be built to provide consistent participant success based on our three measures. Our conclusion was that to improve participant outcomes, a glide path must maintain meaningful equity exposure throughout the glide path while also taking measures to manage volatility and downside risk, especially in the critical final years leading to the target retirement date.

What are the key features of the funds?

- The Wells Fargo Advantage Dynamic Target Date Funds seek to mitigate both longevity risk and market risk for retirement plan participants through:
 - Meaningful equity exposure across the glide path to help mitigate longevity risk)
 - A proprietary dynamic risk management strategy that seeks to reduce exposure to risky assets during times of market turmoil and help mitigate market risk
- Three levers of active risk management are designed to drive better potential outcomes:
 - Tactical asset allocation uses qualitative and quantitative market analysis to shift underlying assets towards potential opportunities and away from risk over time
 - Volatility management seeks to keep short-term volatility for each fund in line with long-term average volatility
 - Tail risk management seeks to quickly reduce downside risk exposure in times of market turmoil
- Robust underlying portfolios designed to bring portfolio construction best practices to the target date space:
 - Blend of active and passive underlying managers
 - Diversified exposures that include allocations to alternatives and inflation-hedging assets
 - Multi-manager approach that offers meaningful manager diversification among underlying active strategies

Can you tell me more about the portfolio managers?

Christian Chan, CFA, is a senior portfolio manager at Wells Capital Management, Inc. (WellsCap), and has a long history of managing multi-asset-class funds. Previously, he was head of investments at Wells Fargo Funds Management, LLC, where he also served as a co-portfolio manager on a number of multistyle asset allocation funds, including balanced funds and equity funds.

Kandarp Acharya, CFA, FRM, is a senior portfolio manager at WellsCap. He has a deep background in quantitative research, development of capital markets expectations, multi-asset-class market risk modeling, risk management, and hedging and optimization strategies.

Mr. Chan and Mr. Acharya are co-managers of WellsCap Multi-Asset Solutions team, a multi-asset portfolio management solution that integrates portfolio management and investment risk management with asset-specific expertise from WFAM's entire global investment platform. Total assets under management were \$4.7 billion as of September 30, 2015.

What share classes are available for the funds?

All funds will be available in five share classes: A, C, R, R4, and R6. Share classes, expenses, CUSIPs, and ticker symbols are below.

Fund name and share class	Net expense ratio (%)	CUSIP	Ticker	Transfer agent number
Wells Fargo Dynamic Target Today Fund–A	0.98	94988A650	WDYAX	3369
Wells Fargo Dynamic Target Today Fund–C	1.73	94988A643	WDYCX	3561
Wells Fargo Dynamic Target Today Fund–R	1.23	94988A635	WDYRX	3628
Wells Fargo Dynamic Target Today Fund–R4	0.67	94988A627	WDYYX	4616
Wells Fargo Dynamic Target Today Fund–R6	0.52	94988A619	WDYZX	4668
Wells Fargo Dynamic Target 2015 Fund–A	1.00	94988A593	WDTAX	3370
Wells Fargo Dynamic Target 2015 Fund–C	1.75	94988A585	WDTCX	3562
Wells Fargo Dynamic Target 2015 Fund–R	1.25	94988A577	WDTRX	3629
Wells Fargo Dynamic Target 2015 Fund–R4	0.69	94988A569	WDTYX	4617
Wells Fargo Dynamic Target 2015 Fund–R6	0.54	94988A551	WDTZX	4669
Wells Fargo Dynamic Target 2020 Fund–A	1.02	94988A544	WDTDY	3371
Wells Fargo Dynamic Target 2020 Fund–C	1.77	94988A536	WDTFX	3563
Wells Fargo Dynamic Target 2020 Fund–R	1.27	94988A528	WDTGX	3630
Wells Fargo Dynamic Target 2020 Fund–R4	0.71	94988A510	WDTGX	4618
Wells Fargo Dynamic Target 2020 Fund–R6	0.56	94988A494	WDTGX	4670
Wells Fargo Dynamic Target 2025 Fund–A	1.04	94988A486	WDTIX	3372
Wells Fargo Dynamic Target 2025 Fund–C	1.79	94988A478	WDTJX	3564
Wells Fargo Dynamic Target 2025 Fund–R	1.29	94988A460	WDTKX	3631
Wells Fargo Dynamic Target 2025 Fund–R4	0.73	94988A452	WDTLX	4619
Wells Fargo Dynamic Target 2025 Fund–R6	0.58	94988A445	WDTMX	4671
Wells Fargo Dynamic Target 2030 Fund–A	1.06	94988A437	WDTNX	3373
Wells Fargo Dynamic Target 2030 Fund–C	1.81	94988A429	WDTOX	3565
Wells Fargo Dynamic Target 2030 Fund–R	1.31	94988A411	WDTPX	3632
Wells Fargo Dynamic Target 2030 Fund–R4	0.75	94988A395	WDTQX	4620

Wells Fargo Dynamic Target 2030 Fund–R6	0.60	94988A387	WDTSX	4672
Wells Fargo Dynamic Target 2035 Fund–A	1.07	94988A379	WDTTX	3374
Wells Fargo Dynamic Target 2035 Fund–C	1.82	94988A361	WDCTX	3566
Wells Fargo Dynamic Target 2035 Fund–R	1.32	94988A353	WDTUX	3633
Wells Fargo Dynamic Target 2035 Fund–R4	0.76	94988A346	WDTVX	4621
Wells Fargo Dynamic Target 2035 Fund–R6	0.61	94988A338	WDTWX	4673
Wells Fargo Dynamic Target 2040 Fund–A	1.08	94988A320	WTDAX	3375
Wells Fargo Dynamic Target 2040 Fund–C	1.83	94988A312	WTDCX	3567
Wells Fargo Dynamic Target 2040 Fund–R	1.33	94988A296	WTDDX	3634
Wells Fargo Dynamic Target 2040 Fund–R4	0.77	94988A288	WTDEX	4622
Wells Fargo Dynamic Target 2040 Fund–R6	0.62	94988A270	WTDFX	4674
Wells Fargo Dynamic Target 2045 Fund–A	1.08	94988A262	WTDGX	3376
Wells Fargo Dynamic Target 2045 Fund–C	1.83	94988A254	WTDHX	3568
Wells Fargo Dynamic Target 2045 Fund–R	1.33	94988A247	WTDIX	3635
Wells Fargo Dynamic Target 2045 Fund–R4	0.77	94988A239	WTDJX	4623
Wells Fargo Dynamic Target 2045 Fund–R6	0.62	94988A221	WTDKX	4675
Wells Fargo Dynamic Target 2050 Fund–A	1.08	94988A213	WTDLX	3377
Wells Fargo Dynamic Target 2050 Fund–C	1.83	94988A197	WTDMX	3569
Wells Fargo Dynamic Target 2050 Fund–R	1.33	94988A189	WTDNX	3636
Wells Fargo Dynamic Target 2050 Fund–R4	0.77	94988A171	WTDQX	4624
Wells Fargo Dynamic Target 2050 Fund–R6	0.62	94988A163	WTDPX	4676
Wells Fargo Dynamic Target 2055 Fund–A	1.08	94988A155	WTDQX	3378
Wells Fargo Dynamic Target 2055 Fund–C	1.83	94988A148	WTDRX	3570
Wells Fargo Dynamic Target 2055 Fund–R	1.33	94988A130	WTDSX	3637
Wells Fargo Dynamic Target 2055 Fund–R4	0.77	94988A122	WTDTX	4625
Wells Fargo Dynamic Target 2055 Fund–R6	0.62	94988A114	WTDUX	4677
Wells Fargo Dynamic Target 2060 Fund–A	1.08	94987W257	WTDVX	3379
Wells Fargo Dynamic Target 2060 Fund–C	1.83	94987W240	WTDWX	3571
Wells Fargo Dynamic Target 2060 Fund–R	1.33	94987W232	WTDYX	3638
Wells Fargo Dynamic Target 2060 Fund–R4	0.77	94987W224	WTDZX	4626
Wells Fargo Dynamic Target 2060 Fund–R6	0.62	94987W216	WTSZX	4678

The target date represents the year in which investors may likely begin withdrawing assets. The funds gradually seek to reduce market risk as the target date approaches and after it arrives by decreasing equity exposure and increasing fixed-income exposure. The principal value is not guaranteed at any time, including at the target date.

Stock values fluctuate in response to the activities of individual companies and general market and economic conditions. Bond values fluctuate in response to the financial condition of individual issuers, general market and economic conditions, and changes in interest rates. Changes in market conditions and government policies may lead to periods of heightened volatility in the bond market and reduced liquidity for certain bonds held by the fund. In general, when interest rates rise, bond values fall and

investors may lose principal value. Interest-rate changes and their impact on the fund and its share price can be sudden and unpredictable. The use of derivatives may reduce returns and/or increase volatility. Securities issued by U.S. government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. Certain investment strategies tend to increase the total risk of an investment (relative to the broader market). This fund is exposed to foreign investment risk, mortgage- and asset-backed securities risk, smaller-company investment risk, and allocation methodology risk (risk that the allocation methodology of the Dow Jones Target Date Index, whose total returns the fund seeks to approximate, before fees and expenses, will not meet an investor's goals). Consult the fund's prospectus for additional information on these and other risks.

Carefully consider a fund's investment objectives, risks, charges, and expenses before investing. For a current prospectus and, if available, a summary prospectus, containing this and other information, visit wellsfargoadvantagefunds.com. Read it carefully before investing.

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