

Product Alert

November 1, 2016

Wells Fargo Funds 2016 capital gains estimates

On December 8 and December 12, 2016, Wells Fargo Funds will pay year-end capital gains distributions for 2016. Included in the tables on the following pages are the estimated distribution ranges for all Wells Fargo Funds that currently are expected to pay capital gains.

Wells Fargo Funds recognizes the potential impact of capital gains distributions on shareholders' taxes, and our fund accountants and portfolio management teams work closely together to seek to minimize this potential impact while focusing on before-tax returns. Our portfolio management teams continue to follow consistent investment processes with a focus on long-term performance and risk management.

Please refer to the subsequent Q&A for additional information about capital gains.

Please note:

- The projections below were computed based on September 30, 2016, data and therefore should be considered estimates only. As estimates, these numbers are subject to change prior to the actual distribution dates. The ex-dividend date for capital gains distributions for all Wells Fargo Funds will be December 7 or December 9, 2016, depending on the fund (see the tables on the following pages).
- Portfolio trading through Monday, October 31, 2016, and shareholder redemptions and purchases up until the record date of the distributions may affect actual distribution amounts on a per-share basis.
- Estimates apply to all share classes of the funds listed.
- Funds that are not listed are not expected to pay year-end capital gains distributions for 2016 based on September 30, 2016, data.
- Form 1099-DIV, which is expected to be mailed to shareholders in late January through early February 2017 (if applicable), will provide actual capital gains information for 2016 tax-reporting purposes.
- Shareholders should consult their tax advisors about the impact of capital gains distributions on their particular financial situations.
- Final capital gains distribution numbers will be posted on wellsfargofunds.com by December 8 and December 12, 2016, depending on the fund (see the tables on the following pages).

Record date: December 6, 2016
Ex-dividend date/reinvestment date: December 7, 2016
Payable date: December 8, 2016

Wells Fargo Funds	Forecasted range per share (\$)	Forecasted range as a percentage of NAV* (%)	Forecasted short-term distribution range (\$)	Forecasted long-term distribution range (\$)
C&B Large Cap Value Fund	0.17–0.32	1.7	0.00–0.05	0.17–0.27
Core Bond Fund	0.03–0.12	0.4	0.03–0.08	0.00–0.04
Diversified Equity Fund	1.46–1.71	5.3	0.08–0.13	1.38–1.58
Dow Jones Target 2010 Fund	0.12–0.27	1.3	0.01–0.06	0.11–0.21
Dow Jones Target 2015 Fund	0.09–0.23	1.3	0.00–0.04	0.09–0.19
Dow Jones Target 2020 Fund	0.12–0.27	1.1	0.00–0.05	0.12–0.22
Dow Jones Target 2025 Fund	0.10–0.24	1.4	0.00–0.04	0.10–0.20
Dow Jones Target 2030 Fund	0.21–0.36	1.6	0.00–0.05	0.21–0.31
Dow Jones Target 2035 Fund	0.13–0.28	1.6	0.00–0.05	0.13–0.23
Dow Jones Target 2040 Fund	0.28–0.43	1.8	0.01–0.06	0.27–0.37
Dow Jones Target 2045 Fund	0.12–0.27	1.5	0.00–0.05	0.12–0.22
Dow Jones Target 2050 Fund	0.12–0.26	1.5	0.00–0.04	0.12–0.22
Dow Jones Target Today Fund	0.04–0.13	0.7	0.00–0.04	0.04–0.09
Dynamic Target 2015 Fund	0.08–0.13	0.9	0.01–0.01	0.07–0.12
Dynamic Target 2020 Fund	0.13–0.23	1.6	0.00–0.00	0.13–0.23
Dynamic Target 2025 Fund	0.13–0.23	1.5	–	0.13–0.23
Dynamic Target 2030 Fund	0.16–0.26	1.9	–	0.16–0.26
Dynamic Target 2035 Fund	0.17–0.27	1.9	–	0.17–0.27
Dynamic Target 2040 Fund	0.17–0.27	1.9	–	0.17–0.27
Dynamic Target 2045 Fund	0.18–0.28	2.1	–	0.18–0.28
Dynamic Target 2050 Fund	0.19–0.29	2.1	–	0.19–0.29
Dynamic Target 2055 Fund	0.19–0.29	2.2	–	0.19–0.29
Dynamic Target 2060 Fund	0.20–0.30	2.3	–	0.20–0.30
Dynamic Target Today Fund	0.05–0.14	0.8	0.00–0.04	0.05–0.10
Emerging Growth Fund	0.37–0.47	2.7	–	0.37–0.47
Index Fund	4.53–4.78	7.0	0.03–0.08	4.50–4.70
Moderate Balanced Fund	0.21–0.36	1.1	0.03–0.08	0.18–0.28
Real Return Fund**	0.00–0.04	0.1	–	0.00–0.04
WealthBuilder SM Conservative Allocation Portfolio	0.13–0.28	1.7	0.00–0.05	0.13–0.23
WealthBuilder Equity Portfolio**	0.00–0.00	0.0	–	0.00–0.00
WealthBuilder Growth Allocation Portfolio	0.59–0.69	4.5	–	0.59–0.69
WealthBuilder Growth Balanced Portfolio	0.48–0.58	3.7	–	0.48–0.58
WealthBuilder Moderate Balanced Portfolio	0.30–0.40	2.9	0.00–0.00	0.30–0.40

Record date: December 8, 2016
Ex-dividend date/reinvestment date: December 9, 2016
Payable date: December 12, 2016

Wells Fargo Funds	Forecasted range per share (\$)	Forecasted range as a percentage of NAV* (%)	Forecasted short-term distribution range (\$)	Forecasted long-term distribution range (\$)
Capital Growth Fund	0.06–0.11	0.5	–	0.06–0.11
Common Stock Fund	0.65–0.85	3.3	0.09–0.19	0.56–0.66
Core Plus Bond Fund**	0.00–0.04	0.1	–	0.00–0.04
Disciplined U.S. Core Fund	0.18–0.28	1.5	–	0.18–0.28
Diversified Capital Builder Fund	0.78–0.92	8.2	0.00–0.04	0.78–0.88
Diversified Income Builder Fund	0.03–0.08	0.8	–	0.03–0.08
Endeavor Select Fund	0.94–1.09	10.5	0.00–0.05	0.94–1.04
Enterprise Fund	1.12–1.32	2.7	–	1.12–1.32
Global Opportunities Fund	2.19–2.49	5.9	0.36–0.46	1.83–2.03
Government Securities Fund	0.20–0.35	2.2	0.13–0.23	0.07–0.12
Growth Fund	5.76–6.06	13.1	0.19–0.29	5.57–5.77
High Yield Municipal Bond Fund	0.03–0.13	0.6	0.01–0.06	0.02–0.07
Index Asset Allocation Fund	0.12–0.27	0.6	0.00–0.05	0.12–0.22
Intermediate Tax/AMT-Free Fund**	0.00–0.04	0.1	0.00–0.00	0.00–0.04
International Bond Fund	0.08–0.18	1.1	0.07–0.12	0.01–0.06
Intrinsic Value Fund	0.67–0.77	5.7	–	0.67–0.77
Intrinsic World Equity Fund	0.87–0.97	4.5	–	0.87–0.97
Large Cap Growth Fund	1.83–2.03	4.0	–	1.83–2.03
Minnesota Tax-Free Fund	0.02–0.07	0.4	0.00–0.00	0.02–0.07
Municipal Bond Fund	0.05–0.10	0.6	–	0.05–0.10
Omega Growth Fund	0.95–1.05	2.4	–	0.95–1.05
Opportunity Fund	2.56–2.86	6.2	0.11–0.21	2.45–2.65
Premier Large Company Growth Fund	1.14–1.34	8.0	–	1.14–1.34
Small Cap Opportunities Fund	1.77–2.02	7.9	0.04–0.09	1.73–1.93
Small Cap Value Fund	0.85–1.00	4.5	0.00–0.05	0.85–0.95
Special Mid Cap Value Fund**	0.00–0.04	0.0	–	0.00–0.04
Special Small Cap Value Fund	0.49–0.69	1.8	0.20–0.30	0.29–0.39
Specialized Technology Fund	0.53–0.63	5.4	–	0.53–0.63
Strategic Municipal Bond Fund	0.02–0.07	0.5	0.02–0.07	–
Traditional Small Cap Growth Fund	0.64–0.79	5.2	0.04–0.09	0.60–0.70
Ultra Short-Term Municipal Income Fund**	0.00–0.00	0.0	0.00–0.00	0.00–0.00
Wisconsin Tax-Free Fund**	0.00–0.04	0.1	0.00–0.04	–

*Net asset value (NAV) calculated using total net assets as of September 30, 2016.

**Estimate is less than 0.01 and/or less than a penny per share.

Q: What are capital gains?

A: Under federal law, mutual funds are required to distribute to shareholders net gains that occur when a fund sells a security and receives a profit as a result of that sale. When a capital asset is sold, the difference between the amount the asset is sold for and the base cost for which it was purchased is a capital gain or a capital loss. Capital assets include property held for investment, such as stocks, bonds, or shares of a mutual fund. If a mutual fund has gains that cannot be offset by losses, those gains must be distributed to shareholders in the form of either a short-term or long-term capital gain or a combination of the two.

Mutual funds typically distribute capital gains to shareholders annually, near the end of the calendar year. It is important to note that, in certain situations, capital gains may be distributed to shareholders more than once a year at any time of the year.

Q: How are capital gains distributed to shareholders?

A: Shareholders may receive capital gains distributions in cash, or they may reinvest the distributions into their accounts as additional shares (or a fraction of a share). Distributions are subject to income tax in the year that they were declared and are reported annually, if applicable, on Form 1099-DIV, whether they are received as cash or reinvested into a shareholder's account.

Q: How can mutual funds pay capital gains distributions when the market is either flat or down?

A: When the value of a fund holding increases, the fund has an unrealized gain until the security is sold. Once this security is sold, however, the fund realizes the gain and must pay a distribution unless the gain is offset by capital losses. Consequently, a fund's capital gains distribution in a particular year is a result of the sale of securities that may have appreciated in value over time, perhaps during prior years when the fund's returns were positive.

Q: What is a shareholder's tax liability on capital gains?

A: Capital gains can be paid out to shareholders or reinvested into a fund in the form of new shares. Either way, shareholders in taxable accounts are subject to taxes on the payout in the year the capital gains are distributed.

The length of time that a fund owned a security determines the rate at which the capital gains will be taxed. For securities held for 12 months or less, capital gains are considered short-term capital gains, while capital gains distributions for those held for more than 12 months are considered long-term capital gains.

The American Taxpayer Relief Act of 2012 (P.L. 112-240), or ATRA, changed the rates for long-term capital gains (which includes long-term capital gains distributions from a mutual fund) and qualified dividends received in 2016 in the following ways:

- For individuals who fall in the top income bracket, the top rate was raised from 15% to 20%.
- For individuals who fall in lower tax brackets, long-term capital gains and qualified dividends will continue to be taxed at 15% or 0%.
- Nonqualified dividends and short-term capital gains continue to be taxed at rates of 10%, 15%, 25%, 28%, 33%, 35%, and 39.6%, depending on the level of taxable income.
- All dividends and capital gains after January 1, 2013, could be subject to a 3.8% Medicare surtax that would be added onto an individual's regular income tax.

Please consult your tax advisor to see how these income tax changes may affect you.

Q: What are some of the factors driving estimated capital gains for the following Wells Fargo Funds larger (as a percentage of the fund’s NAV) than the distributions for other funds listed in the tables above?

Wells Fargo Funds	Estimated capital gains can be attributed to the following:
Diversified Capital Builder Fund	<ul style="list-style-type: none"> • Anticipated capital gains are primarily from the equity portfolio, with fixed income also contributing to a lesser extent. • Appreciation in stock prices caused a number of long-term holdings to reach levels that more reflected their fundamental value, leading to portfolio turnover and capital gains. • Fixed-income holdings benefited from credit upgrades and a general fall in bond yields, both of which positively affected prices. The fund realized gains and took profits opportunistically.
Diversified Equity Fund	<ul style="list-style-type: none"> • Anticipated capital gains are from long-term appreciation within the U.S. large-growth and large-value equity styles.
Endeavor Select Fund	<ul style="list-style-type: none"> • Anticipated capital gains are mostly from long-term appreciation. • Appreciation in stock prices caused numerous holdings to approach their respective valuation targets, leading portfolio managers to trim or eliminate those holdings in order to balance reward potential with an appropriate level of risk. • The team incrementally increased the fund's exposure to domestically focused companies with good visibility into their earnings-growth potential. In contrast, the team reduced positions affected by movements in commodity prices. These portfolio modifications contributed to higher long-term capital gains.
Global Opportunities Fund	<ul style="list-style-type: none"> • Capital gains were the result of the team’s fundamental analysis, which identified undervalued companies that reached valuations approaching the higher end of the team’s estimate of intrinsic value and were sold. • A key element of the team’s investment process is attempting to manage valuation risks; stocks that no longer exhibit favorable reward-to-risk ratios were sold.
Growth Fund	<ul style="list-style-type: none"> • Anticipated capital gains are mostly from long-term appreciation. • Appreciation in stock prices caused numerous holdings to approach their respective valuation targets, leading portfolio managers to trim or eliminate those holdings in order to balance reward potential with an appropriate level of risk.

Index Fund	<ul style="list-style-type: none"> • Anticipated capital gains are mostly from long-term appreciation. • This fund must hold all of the securities of the S&P 500 Index. As index rebalances occurred, the team sold securities in the fund to stay aligned with the index.
Intrinsic Value Fund	<ul style="list-style-type: none"> • Anticipated capital gains are from long-term appreciation. • Appreciation in stock prices caused certain holdings to reach their full valuation, leading portfolio managers to sell those holdings and look for more-attractive opportunities.
Opportunity Fund	<ul style="list-style-type: none"> • Market conditions and company-specific catalysts caused certain holdings to reach valuations that approached the team’s assessed private market values. • The team has remained disciplined in selling off holdings that it believed had limited upside potential.
Premier Large Company Growth Fund	<ul style="list-style-type: none"> • Anticipated capital gains are mostly from long-term appreciation. • Appreciation in stock prices caused numerous holdings to approach their respective valuation targets, leading portfolio managers to trim or eliminate those holdings in order to balance reward potential with an appropriate level of risk.
Small Cap Opportunities Fund	<ul style="list-style-type: none"> • Long-held securities in the fund were sold, resulting in much of the realized capital gains. • As holdings approached the team’s price targets, the portfolio manager trimmed or sold those particular holdings. • The team traded positions to maintain exposure to a diversified mix of companies with stable growth characteristics, with understated growth opportunities, and that have undergone a period of transition—companies that the team believed were apt to provide attractive risk/reward opportunities over the long term.
Specialized Technology Fund	<ul style="list-style-type: none"> • Anticipated capital gains have been partially due to long-term appreciation of certain holdings sold during the year. • Movement in technology stock prices also caused certain holdings to reach their price targets, leading portfolio managers to sell those particular holdings.
Traditional Small Cap Growth Fund	<ul style="list-style-type: none"> • Anticipated capital gains are mostly from long-term appreciation. • Numerous holdings approached their respective valuation targets, leading portfolio managers to trim or eliminate those particular holdings.

Q: What actions can shareholders take to mitigate the tax liability on capital gains distributions?

A: Shareholders should consult their tax professionals to determine what course of action is most appropriate for their individual situations.

Q: What steps does Wells Fargo Funds take to manage tax implications of portfolio transactions?

A: In conjunction with managing each fund to its respective investment objective and within its stated investment strategy, portfolio managers receive information relating to the current tax status of their funds' holdings in order to assist them as they consider security transactions.

Q: How will shareholders be notified of the estimated and actual capital gains distributions?

A: Notification of projected distribution ranges was posted on wellsfargofunds.com on November 1, 2016. We will post notification regarding actual capital gains distribution amounts to wellsfargofunds.com on or around the ex-dividend date (December 7 or December 9, 2016, as listed on the tables on previous pages) for each fund.

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. Some funds, including nondiversified funds and funds investing in foreign investments, high-yield bonds, small- and mid-cap stocks, and/or more volatile segments of the economy, entail additional risk and may not be appropriate for all investors. Consult a 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 wellsfargofunds.com. Read it carefully before investing.

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For government funds: The U.S. government guarantee applies to certain underlying securities and not to shares of the fund.

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