

Product Alert

June 2, 2017

Note: This product alert was first issued on April 21, 2017. On June 2, 2017, a new question was added to the end of the alert to provide information about the transition of assets related to the fund enhancements.

Enhancements and name change for the Wells Fargo Dow Jones Target Date Funds

The Wells Fargo Funds Board of Trustees has approved several enhancements to the Wells Fargo Dow Jones Target Date Funds. The changes are intended to create an improved target date solution for existing and prospective clients and are planned to take effect on or about July 14, 2017.

The planned enhancements are as follows:

- **Lower net expenses:** Net operating expenses will be reduced across all share classes of the funds.
- **New subadvisor:** Wells Capital Management, Inc., will replace Global Index Advisors, Inc., as the funds' subadvisor.
- **New management team:** Wells Fargo Asset Management's Multi-Asset Solutions team will manage the funds.
- **Strategic glide path:** The expected glide path would seek to provide a better balance of higher potential returns and long- and short-term risks while remaining conservative relative to many target date solutions.
- **Additional subasset classes:** While continuing their diversified stock and bond exposure, the funds are expected to add new subasset classes, seeking better diversification.
- **Evolving subasset-class weights:** Subasset-class exposures would no longer be fixed; instead, they would change with the roll down of the glide path (that is, they would evolve from focusing on return potential earlier in the glide path to focusing on capital preservation later in the glide path).
- **Factor-based indexing:** The subasset classes are expected to use factor-based indexes for the equity exposures and certain fixed-income exposures. Factor-based equity indexes seek to provide stronger risk-adjusted returns than the market-capitalization-weighted indexes currently used by the funds. Factor-based fixed-income indexes for the U.S. investment-grade and high-yield corporate bond allocations seek to improve diversification and liquidity.
- **New name:** The Wells Fargo Dow Jones Target Date Funds will be renamed the Wells Fargo Target Date Funds.
- **New distribution frequency:** The distribution frequency for most funds in the suite will change to annually.

Please refer to the prospectus supplements and the following Q&A for more information.

Q. Will these changes have tax consequences for clients?

A. These changes may create capital gains for clients currently investing in the funds through taxable accounts. We recommend that clients consult their tax advisors about how this may affect them.

Q. Will the expenses be reduced for all funds in the suite?

A. Yes, net operating expenses will be reduced across the funds. These cost savings will support better investment performance (net of fees). Please see the table at the end of this product alert for expense ratios.

Q. Why is the portfolio management structure changing?

A. The Wells Fargo Asset Management Multi-Asset Solutions team was selected to manage the target date suite, allowing us to design and implement the aforementioned fund enhancements, which we believe create a more effective target date solution for clients.

This management change also takes advantage of the Multi-Asset Solutions team's experience in quantitative and asset allocation research and risk modeling. The team used this expertise to create the risk-based glide path methodology and asset allocation model, which we believe will provide better client outcomes.

Q. Who will be the funds' portfolio managers?

A. The following experienced managers will manage the funds:

- **Christian Chan, CFA:** Head of Multi-Asset Solutions, Mr. Chan joined Wells Fargo's fund family in 2002 as head of investments and has served as portfolio manager for several asset allocation strategies for the Wells Fargo Funds since 2005. He has conducted extensive research on target date fund investing and published research articles in several retirement-focused industry publications.
- **Kandarp Acharya, CFA, FRM:** Mr. Acharya, senior portfolio manager, has built and applied quantitative models and risk management tools for fixed-income and equity portfolios at Wells Fargo since 2000. Prior to joining the Multi-Asset Solutions team, he was head of the Advanced Analytics and Quantitative Research group at Wells Fargo from 2008 to 2013. He also led the development of RiskOptics, a patent-pending multiasset risk model, and the development of quantitative tactical allocation models.
- **Petros Bocray, CFA, FRM:** Mr. Bocray, portfolio manager, joined Wells Fargo Asset Management in 2006. Prior to joining the Multi-Asset Solutions team, he held a similar role with the Quantitative Strategies group, where he co-managed several of the team's portfolios and conducted research supporting the quantitative models and investment strategies.

Q. How would the glide path change?

A. We believe that the new expected strategic glide path and subasset allocation would create the potential for stronger client returns while continuing to offer a relatively conservative target date suite by industry standards.

To construct our glide path, we analyzed defined contribution plan participant savings and salary data to simulate thousands of saving and investing outcomes over various capital market scenarios to seek an optimal balance between long-term risks (such as longevity risk) and short-term risks (such as market risk).

With a greater focus on longevity risk, the new glide path would feature increased average and ending equity allocations (that are still relatively conservative compared with peers). Later years of the glide path would emphasize capital preservation and incorporate income-producing and inflation-protected assets to more closely match the income needs of an investor during retirement.

As shown in the table on the next page, the new expected glide path's allocation to equities would be increased at later points in the glide path, which we believe would help investors reach their savings goals at retirement.

Point on glide path	Equity exposure (%)	
	Current glide path ¹	Expected new glide path (effective on or about 7-14-17)
Beginning	90	90
At retirement	28	40
Landing point	20	30

Q. How do you expect to change the subasset-class mix and weighting?

A. While the funds will continue to provide diversified stock and bond exposure, we expect to add new equity and fixed-income subasset classes for better diversification, including real estate investment trusts (REITs), emerging markets debt, high-yield debt, and Treasury Inflation-Protected Securities (TIPS). Asset-segment weightings would be adjusted along the glide path to help create optimal exposures for investors at each stage of their investing life.

Q. Can you describe the equity factor indexing methodology?

A. The equity subasset classes would each use a factor-based indexing methodology that seeks to provide better risk-adjusted returns while maintaining what we believe are the best attributes of market-cap indexes, including transparency and low fees.

Our philosophy is that the factors of value, momentum, quality, low volatility, and size are important drivers of investment performance. We believe that diversification across the factors increases the odds that a portfolio will outperform in a variety of market conditions.

The index methodology scores individual stocks using a combination of these factors. The factor weights across the index constituency will change dynamically over time as market conditions shift. The methodology takes into account the influence of each factor relative to the others and adjusts the weighting to each factor during the index rebalancing process.

Stocks that detract most from the risk/return profile of the factor indexes would be removed, resulting in the removal of approximately 20% to 30% of the original securities in the starting index universe. This process establishes an ending factor index that we believe would generate better risk-adjusted returns. A rules-based process helps keep costs lower and increases transparency.

Q. Can you describe the fixed-income indexing methodology?

A. We also expect to use factor-based strategies in seeking to enhance our allocations to investment-grade and high-yield corporate bonds. We would eliminate exposure to the smallest issues and issuers and reduce the concentration of the largest issues. Our research indicates that these adjustments typically result in increased liquidity and diversification when compared with broad-based market-cap benchmark indexes.

We would reallocate the portion of the risk budget represented by small issues and issuers that were removed from the index to the remaining investments to help maintain the associated benchmark's relative weightings among sectors. We expect that the reallocation would help improve diversification by increasing holdings among the remaining smaller issues.

To help keep the tracking error of each index portfolio low relative to the associated benchmark, each index portfolio would seek to maintain generally the characteristics of the benchmark.

Q. Would all subasset classes use factor-based indexes?

A. The REIT, TIPS, and government and agency fixed-income allocations would be implemented with traditional market-cap indexes. The emerging markets fixed-income allocation would use an emerging markets index that weights country exposure more evenly than a comparative market-cap index to help improve diversification.

Q. Would the funds still be passively managed?

A. Yes, the expected underlying equity and fixed-income allocations would seek to replicate the performance of the benchmark indexes. The factor indexes are designed to retain what we believe are the best attributes of market-cap indexes, including lower fees, lower turnover, more transparency, and higher capacity.

Q. Why are you renaming the funds?

A. We are renaming the Wells Fargo Dow Jones Target Date Funds the Wells Fargo Target Date Funds for two primary reasons. First, the funds will no longer track the Dow Jones Target Date Indexes but instead will be benchmarked to a composite index that represents the strategic asset-class exposures along the expected glide path. Second, the Wells Fargo Asset Management Multi-Asset Solutions team will now manage the funds. Note that the funds' CUSIPs, tickers, and transfer agent numbers will not change.

Q. How would the distribution frequency change?

A. The distribution frequency of all funds in the suite, except for the Wells Fargo Target 2015 Fund, Wells Fargo Target 2010 Fund, and Wells Fargo Target Today Fund, will change to annually. The distribution frequency for the Target 2015 Fund, Target 2010 Fund, and Target Today Fund will remain quarterly.

Q. How will the transition of the funds' underlying assets occur?

A. BlackRock has been hired as the transition manager to assist in transitioning assets quickly and efficiently. The primary aim is to ensure no investor disruption during the process while striving to maintain market exposure and minimize unnecessary costs. The funds will transition from investing in the currently existing 3 underlying master portfolios to investing in 10 new passive master portfolios. We intend to transfer securities in kind from those existing portfolios to the new portfolios where permissible and appropriate. We are carefully planning and developing our transition plan, and at this time, we do not anticipate any purchase blackout periods during the transition.

Target date suite details

Current fund name	New fund name (effective on or about 7-14-17)	Share class	CUSIP	Ticker	TA #	Current net expense (%)	New net expense (%) ² (effective on or about 7-14-17)
Dow Jones Target 2010	Wells Fargo Target 2010	A	94975G272	STNRX	702	0.78	0.65
Dow Jones Target 2010	Wells Fargo Target 2010	Admin	94975G249	WFLGX	259	0.67	0.54
Dow Jones Target 2010	Wells Fargo Target 2010	C	94975G256	WFOCX	502	1.53	1.40
Dow Jones Target 2010	Wells Fargo Target 2010	R	94987W489	WFARX	3617	1.03	0.90
Dow Jones Target 2010	Wells Fargo Target 2010	R4	94987W653	WFORX	4602	0.47	0.34
Dow Jones Target 2010	Wells Fargo Target 2010	R6	949915201	WFOAX	708	0.32	0.19

Current fund name	New fund name (effective on or about 7-14-17)	Share class	CUSIP	Ticker	TA #	Current net expense (%)	New net expense (%) ² (effective on or about 7-14-17)
Dow Jones Target 2015	Wells Fargo Target 2015	A	94987W620	WFACX	3359	0.79	0.65
Dow Jones Target 2015	Wells Fargo Target 2015	Admin	94984B108	WFFFY	3713	0.68	0.54
Dow Jones Target 2015	Wells Fargo Target 2015	R	94987W380	WFBRX	3618	1.04	0.90
Dow Jones Target 2015	Wells Fargo Target 2015	R4	94987W646	WFSRX	4603	0.48	0.34
Dow Jones Target 2015	Wells Fargo Target 2015	R6	94984B207	WFSCX	3151	0.33	0.19
Dow Jones Target 2020	Wells Fargo Target 2020	A	94975G231	STTRX	703	0.81	0.65
Dow Jones Target 2020	Wells Fargo Target 2020	Admin	94975G199	WFLPX	260	0.70	0.54
Dow Jones Target 2020	Wells Fargo Target 2020	C	94975G215	WFLAX	503	1.56	1.40
Dow Jones Target 2020	Wells Fargo Target 2020	R	94987W471	WFURX	3619	1.06	0.90
Dow Jones Target 2020	Wells Fargo Target 2020	R4	94987W406	WFLRX	4604	0.50	0.34
Dow Jones Target 2020	Wells Fargo Target 2020	R6	949915300	WFOBX	709	0.35	0.19
Dow Jones Target 2025	Wells Fargo Target 2025	A	94987W612	WFAYX	3360	0.81	0.65
Dow Jones Target 2025	Wells Fargo Target 2025	Admin	94984B405	WFTRX	3714	0.70	0.54
Dow Jones Target 2025	Wells Fargo Target 2025	R	94987W463	WFHRX	3620	1.06	0.90
Dow Jones Target 2025	Wells Fargo Target 2025	R4	94987W505	WFGRX	4605	0.50	0.34
Dow Jones Target 2025	Wells Fargo Target 2025	R6	94984B504	WFTYX	3152	0.35	0.19
Dow Jones Target 2030	Wells Fargo Target 2030	A	94975G181	STHRX	704	0.82	0.65
Dow Jones Target 2030	Wells Fargo Target 2030	Admin	94975G157	WFLIX	261	0.71	0.54
Dow Jones Target 2030	Wells Fargo Target 2030	C	94975G165	WFDMX	504	1.57	1.40
Dow Jones Target 2030	Wells Fargo Target 2030	R	94987W455	WFJRX	3621	1.07	0.90
Dow Jones Target 2030	Wells Fargo Target 2030	R4	94987W604	WTHR	4606	0.51	0.34
Dow Jones Target 2030	Wells Fargo Target 2030	R6	949915409	WFOOX	710	0.36	0.19
Dow Jones Target 2035	Wells Fargo Target 2035	A	94987W596	WFQBX	3361	0.83	0.65
Dow Jones Target 2035	Wells Fargo Target 2035	Admin	94984B702	WFQWX	3715	0.72	0.54
Dow Jones Target 2035	Wells Fargo Target 2035	R	94987W448	WFKRX	3622	1.08	0.90
Dow Jones Target 2035	Wells Fargo Target 2035	R4	94987W638	WTTRX	4607	0.52	0.34
Dow Jones Target 2035	Wells Fargo Target 2035	R6	94984B801	WFQRX	3153	0.37	0.19
Dow Jones Target 2040	Wells Fargo Target 2040	A	94975G140	STFRX	705	0.83	0.65
Dow Jones Target 2040	Wells Fargo Target 2040	Admin	94975G116	WFLWX	262	0.72	0.54
Dow Jones Target 2040	Wells Fargo Target 2040	C	94975G124	WFOFX	505	1.58	1.40
Dow Jones Target 2040	Wells Fargo Target 2040	R	94987W430	WFMRX	3623	1.08	0.90
Dow Jones Target 2040	Wells Fargo Target 2040	R4	94987W703	WTFRX	4608	0.52	0.34

Current fund name	New fund name (effective on or about 7-14-17)	Share class	CUSIP	Ticker	TA #	Current net expense (%)	New net expense (%) ² (effective on or about 7-14-17)
Dow Jones Target 2040	Wells Fargo Target 2040	R6	949915508	WFOSX	711	0.37	0.19
Dow Jones Target 2045	Wells Fargo Target 2045	A	94987W588	WFQVX	3362	0.83	0.65
Dow Jones Target 2045	Wells Fargo Target 2045	Admin	94984B876	WFQYX	3716	0.72	0.54
Dow Jones Target 2045	Wells Fargo Target 2045	R	94987W422	WFNRX	3624	1.08	0.90
Dow Jones Target 2045	Wells Fargo Target 2045	R4	94987W802	WFFRX	4609	0.52	0.34
Dow Jones Target 2045	Wells Fargo Target 2045	R6	94984B868	WFQPX	3154	0.37	0.19
Dow Jones Target 2050	Wells Fargo Target 2050	A	94987W869	WFQAX	3358	0.83	0.65
Dow Jones Target 2050	Wells Fargo Target 2050	Admin	94984B843	WFQDX	3717	0.72	0.54
Dow Jones Target 2050	Wells Fargo Target 2050	C	94987W851	WFQCX	3555	1.58	1.40
Dow Jones Target 2050	Wells Fargo Target 2050	R	94987W414	WFWRX	3625	1.08	0.90
Dow Jones Target 2050	Wells Fargo Target 2050	R4	94987W885	WQFRX	4610	0.52	0.34
Dow Jones Target 2050	Wells Fargo Target 2050	R6	94984B835	WFQFX	3155	0.37	0.19
Dow Jones Target 2055	Wells Fargo Target 2055	A	94987W570	WFQZX	3363	0.83	0.65
Dow Jones Target 2055	Wells Fargo Target 2055	Admin	949921191	WFLHX	3726	0.72	0.54
Dow Jones Target 2055	Wells Fargo Target 2055	R	94987W398	WFYRX	3626	1.08	0.90
Dow Jones Target 2055	Wells Fargo Target 2055	R4	94987W877	WFVRX	4611	0.52	0.34
Dow Jones Target 2055	Wells Fargo Target 2055	R6	949921183	WFQUX	4150	0.37	0.19
Dow Jones Target 2060	Wells Fargo Target 2060	A	94987W331	WFAFX	3380	0.83	0.65
Dow Jones Target 2060	Wells Fargo Target 2060	Admin	94987W299	WFDFX	3777	0.72	0.54
Dow Jones Target 2060	Wells Fargo Target 2060	C	94987W323	WFCFX	3572	1.58	1.40
Dow Jones Target 2060	Wells Fargo Target 2060	R	94987W281	WFRFX	3639	1.08	0.90
Dow Jones Target 2060	Wells Fargo Target 2060	R4	94987W273	WFSFX	4627	0.52	0.34
Dow Jones Target 2060	Wells Fargo Target 2060	R6	94987W265	WFUFX	4679	0.37	0.19
Dow Jones Target Today	Wells Fargo Target Today	A	94975G322	STWRX	701	0.76	0.65
Dow Jones Target Today	Wells Fargo Target Today	Admin	94975G280	WFLOX	258	0.65	0.54
Dow Jones Target Today	Wells Fargo Target Today	C	94975G298	WFODX	501	1.51	1.40
Dow Jones Target Today	Wells Fargo Target Today	R	94987W497	WFRRX	3627	1.01	0.90
Dow Jones Target Today	Wells Fargo Target Today	R4	94987W661	WOTRX	4601	0.45	0.34
Dow Jones Target Today	Wells Fargo Target Today	R6	949915102	WOTDX	707	0.30	0.19

1. The current glide path for the Wells Fargo Dow Jones Target Date Funds is defined in terms of equity risk allocation, and actual equity allocation varies based on volatilities and correlations. The expected new glide path for the Wells Fargo Target Date Funds would be defined in terms of equity allocation to align with peers and the philosophy of our management team.

2. The manager has contractually committed through July 31, 2018, to waive fees and/or reimburse expenses to the extent necessary to cap the fund's total annual fund operating expenses after fee waiver at the amounts shown above. Brokerage commissions, stamp duty fees, interest, taxes, acquired fund fees, and expenses and extraordinary expenses are excluded from the cap. After this time, the cap may be increased or the commitment to maintain the cap may be terminated only with the approval of the Board of Trustees.

The Wells Fargo Asset Management Multi-Asset Solutions team is part of Wells Capital Management, Inc., the subadvisor for the funds.

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). Each fund is exposed to foreign investment risk, mortgage- and asset-backed securities risk, smaller-company investment risk, and allocation methodology risk (risk that the funds' allocation methodology will not meet an investor's goals). Consult the fund's prospectus for additional information on these and other risks.

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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.

Wells Fargo Asset Management (WFAM) is a trade name used by the asset management businesses of Wells Fargo & Company. Wells Fargo Funds Management, LLC, a wholly owned subsidiary of Wells Fargo & Company, provides investment advisory and administrative services for Wells Fargo Funds. Other affiliates of Wells Fargo & Company provide subadvisory and other services for the funds. The funds are distributed by **Wells Fargo Funds Distributor, LLC**, Member FINRA, an affiliate of Wells Fargo & Company. Neither Wells Fargo Funds Management nor Wells Fargo Funds Distributor has fund customer accounts/assets, and neither provides investment advice/recommendations or acts as an investment advice fiduciary to any investor. 303932 06-17

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