WELLS FARGO ASSET MANAGEMENT

Product Alert

August 17, 2017

Enhancements to the Wells Fargo WealthBuilder Funds

The Wells Fargo *WealthBuilder*℠ Funds were introduced in 1997 and are part of our long history of pioneering asset allocation strategies. The funds offer investors five portfolio options to match their unique risk profiles. Throughout our history of asset allocation investing, we have continued to evaluate and enhance our investment approach. As part of this ongoing process, we are pleased to announce several enhancements to the five WealthBuilder Funds that are planned to take effect on or around October 1, 2017.

It is important to note that we will be maintaining many of the WealthBuilder Funds' features. We will continue to use both proprietary and nonproprietary underlying mutual funds and there will be no changes to the investment objectives or tax reporting features of the WealthBuilder Funds.

The planned enhancements are as follows:

Adding two tactical overlay strategies in an effort to enhance fund performance

In addition to the current Tactical Asset Allocation (TAA) overlay strategy currently employed by the WealthBuilder Funds, we are adding the following two overlay strategies:

- **Downside mitigation:** A Put Replication Overlay (PRO) feature will be added, seeking to buffer portfolio losses against a significant market downturn.
- **Volatility management:** A Volatility Management Overlay (VMO) feature will be added, seeking to keep a portfolio's short-term volatility close to its strategic long-term target.

In order to implement these overlay strategies, the asset allocation ranges will be adjusted for all five WealthBuilder Funds and the neutral mix will change slightly for three of the WealthBuilder Funds (WealthBuilder Moderate Balanced Fund, WealthBuilder Growth Balanced Fund, and WealthBuilder Growth Allocation Fund).

Expanding the underlying fund options that the WealthBuilder Funds invest in

To help reduce overall shareholder expenses and pursue improved fund performance, the funds will look to allocate assets to the following:

- **Lower-cost investments:** Increased exposure to lower-cost investments, including passively managed strategies, are expected to help lower the funds' acquired fund fees and expenses (AFFE) over time.
- **Factor-enhanced strategies:** Factor-enhanced strategies seek to provide better risk-adjusted returns while having lower tracking error and volatility than broad market benchmarks.

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

Q. Why are these changes being made to the Wells Fargo WealthBuilder Funds?

A. We are making these changes because we believe they have the potential to contribute meaningfully to risk management and, in turn, increase the portfolios' opportunities to meet the performance expectations of our clients. The investing environment has seen many changes in recent years and we believe updating the funds' approach is in the best interest of our clients.

The put replication overlay (PRO) and volatility management overlay (VMO) are unique value-added features used by institutional investors and are not typically available for retail clients. These features seek to insulate investors from significant downturns and periods of increased market volatility. We believe the addition of factor-enhanced strategies provides the opportunity for better risk-adjusted returns compared with investing in only broad market benchmarks at a lower cost than actively managed strategies.

Q. What is the PRO?

A. In the event of a significant market downturn, the portfolio can hedge up to 60% of its assets, thus reducing its market exposure in an effort to preserve portfolio value. The PRO is a structured hedging feature designed to replicate the payout structure of a theoretical protective put option on a given portfolio using futures contracts.

Q. What is the VMO?

A. The VMO seeks to keep a portfolio's short-term volatility close to its strategic long-term target by decreasing the portfolio's effective equity exposure when projected equity market volatility is higher than average and increasing the portfolio's effective equity exposure when projected equity market volatility is lower than average.

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

A. A new allocation to factor-enhanced strategies will be added to all of the WealthBuilder Funds. Factor-enhanced strategies are lower-cost investments compared with most active strategies. AFFE is derived from the fees charged by the fund's underlying investments. We anticipate the funds' AFFE will be reduced over time thus reducing the overall expense of the WealthBuilder Funds.

Q: Can you provide more details on the factor-enhanced strategies?

A. Factor-enhanced strategies seek to provide better risk-adjusted returns compared with broad market benchmarks. Our philosophy is that the factors of value, momentum, quality, low volatility, and size are important drivers of equity returns. We believe that diversification across the factors increases the odds that a portfolio will outperform in a variety of market conditions. Factor-enhanced strategies will be added to the equity allocation of all of the WealthBuilder Funds.

Q. Can you explain the changes to the neutral allocations for certain portfolios?

A. The WealthBuilder Funds' neutral allocation refers to the allocation to stock funds, bond funds, and alternative funds that a WealthBuilder Fund targets before making any tactical allocation changes. We will decrease the neutral allocation to alternative funds to 5% in most of the portfolios. Alternative funds originally were introduced to diversify the asset allocation lineup and improve the risk/return profiles of the WealthBuilder Funds. When viewed in conjunction with the capabilities of the VMO and PRO overlays, we believe the lower neutral allocations to alternative investments are more appropriate. As part of our enhanced risk management approach with PRO and VMO, we adjusted the permissible allocation ranges to implement these strategies.

	Current				New (effective 10/1/17)			
WealthBuilder Fund	Stock/bond/alternative neutral allocation %	Stock Range %	Bond Range %	Alternative Range %	Stock/bond/alternative neutral allocation %	Stock Range %	Bond Range %	Alternative Range %
Conservative Allocation	20/75/5	15-25	65-85	0-10	20/75/5	10-30	65-85	5-20
Moderate Balanced	40/50/10	30-50	40-60	0-20	40/55/5	30-50	45-65	5-20
Growth Balanced	60/30/10	50-70	20-40	0-20	60/35/5	50-70	25-45	5-20
Growth Allocation	80/10/10	70-90	0-20	0-20	80/15/5	70-90	5-25	5-20
All Equity	100/0/0	100	0	0-10	100/0/0	100	0	0-20

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.

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

Balanced funds may invest in stocks and bonds. 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). The funds will indirectly be exposed to all of the risks of an investment in the underlying funds and will indirectly bear expenses of the underlying funds. 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 funds' 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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