

# Product Alert

October 27, 2015

## Wells Fargo Advantage Funds 2015 capital gains estimates

On December 10 and December 14, 2015, *Wells Fargo Advantage Funds* will pay year-end capital gains distributions for 2015. Included in the tables on the following pages are the estimated distribution ranges for all *Wells Fargo Advantage Funds* that are currently expected to pay capital gains. This information can also be found on our website:

- [Investment Professionals](#) (Products>Fund Performance>Distributions)  
NOTE: A more complete distribution history is available on the bottom of the Performance tab on each distributing fund's Investment Professional profile page.
- [Individual Investors](#) (Prices & Performance>Distributions)

*Wells Fargo Advantage 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, 2015, 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 Advantage Funds* will be December 9 or December 11, 2015, depending on the fund (see the tables on the following pages).
- Portfolio trading through Friday, October 30, 2015, 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 2015 based on September 30, 2015, data.
- Form 1099-DIV, which is expected to be mailed to shareholders in late January through early February 2016 (if applicable), will provide actual capital gains information for 2015 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 the websites listed above by December 10 or December 14, 2015, depending on the fund (see the tables on the following pages).

Record date: December 8, 2015 Ex-dividend date/reinvestment date: December 9, 2015 Payable date: December 10, 2015				
Wells Fargo Advantage Fund	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	0.20–0.30	1.9	–	0.20–0.30
Diversified Equity Fund	3.24–3.54	11.3	0.07–0.17	3.17–3.37
Emerging Growth Fund	1.71–1.91	11.7	–	1.71–1.91
Index Fund	3.74–3.99	6.1	0.00–0.05	3.74–3.94
Moderate Balanced Fund	0.72–0.87	3.4	0.04–0.09	0.68–0.78
Real Return Fund	0.12–0.27	1.8	0.01–0.06	0.11–0.21
Small Company Growth Fund	0.27–0.37	0.7	–	0.27–0.37
Target 2010 Fund <sup>†</sup>	0.38–0.53	3.3	0.04–0.09	0.34–0.44
Target 2015 Fund <sup>†</sup>	0.09–0.23	1.3	0.00–0.04	0.09–0.19
Target 2020 Fund <sup>†</sup>	0.21–0.36	1.8	0.00–0.05	0.21–0.31
Target 2025 Fund <sup>†</sup>	0.17–0.31	2.1	0.00–0.04	0.17–0.27
Target 2030 Fund <sup>†</sup>	0.32–0.47	2.3	0.00–0.05	0.32–0.42
Target 2035 Fund <sup>†</sup>	0.23–0.37	2.6	0.00–0.04	0.23–0.33
Target 2040 Fund <sup>†</sup>	0.46–0.61	2.8	0.00–0.05	0.46–0.56
Target 2045 Fund <sup>†</sup>	0.25–0.39	2.7	0.00–0.04	0.25–0.35
Target 2050 Fund <sup>†</sup>	0.23–0.37	2.7	0.00–0.04	0.23–0.33
Target 2055 Fund <sup>†</sup>	0.05–0.13	0.7	0.00–0.03	0.05–0.10
Target Today Fund <sup>†</sup>	0.08–0.22	1.1	0.00–0.04	0.08–0.18
WealthBuilder Conservative Allocation Portfolio <sup>†</sup>	0.21–0.36	2.5	0.02–0.07	0.19–0.29
WealthBuilder Growth Allocation Portfolio <sup>†</sup>	0.75–0.85	5.8	–	0.75–0.85
WealthBuilder Growth Balanced Portfolio <sup>†</sup>	0.60–0.75	4.8	0.02–0.07	0.58–0.68
WealthBuilder Moderate Balanced Portfolio <sup>†</sup>	0.42–0.57	4.0	0.05–0.10	0.37–0.47
Record date: December 10, 2015 Ex-dividend date/reinvestment date: December 11, 2015 Payable date: December 14, 2015				
Wells Fargo Advantage Fund	Forecasted range per share (\$)	Forecasted range as a percentage of NAV* (%)	Forecasted short-term distribution range (\$)	Forecasted long-term distribution range (\$)
Absolute Return Fund	0.08–0.18	1.1	–	0.08–0.18
Alternative Strategies Fund	0.26–0.46	3.2	0.18–0.28	0.08–0.18
Asset Allocation Fund	0.15–0.25	1.4	–	0.15–0.25
Capital Growth Fund	2.22–2.42	13.7	–	2.22–2.42
Common Stock Fund	2.14–2.34	9.9	–	2.14–2.34
Disciplined U.S. Core Fund	1.55–1.85	11.2	0.19–0.29	1.36–1.56
Discovery Fund <sup>†</sup>	2.54–2.74	8.2	–	2.54–2.74
Diversified Capital Builder Fund	0.81–0.91	9.2	–	0.81–0.91
Diversified Income Builder Fund	0.16–0.31	3.6	0.03–0.08	0.13–0.23
Endeavor Select Fund <sup>†</sup>	4.26–4.56	33.5	0.35–0.45	3.91–4.11

(Continued on next page.)

**Record date: December 10, 2015 (continued)**  
**Ex-dividend date/reinvestment date: December 11, 2015**  
**Payable date: December 12, 2015**

Wells Fargo Advantage Fund	Forecasted range per share (\$)	Forecasted range as a percentage of NAV* (%)	Forecasted short-term distribution range (\$)	Forecasted long-term distribution range (\$)
Enterprise Fund <sup>†</sup>	3.19–3.39	7.7	–	3.19–3.39
Global Long/Short Fund	0.07–0.17	1.1	0.07–0.17	–
Global Opportunities Fund	1.43–1.63	4.3	–	1.43–1.63
Government Securities Fund**	0.02–0.07	0.4	0.00–0.00	0.02–0.07
Growth Fund	4.97–5.27	10.9	0.09–0.19	4.88–5.08
High Yield Municipal Bond Fund	0.02–0.07	0.4	0.02–0.07	–
Income Plus Fund	0.02–0.07	0.3	–	0.02–0.07
Index Asset Allocation Fund	1.93–2.23	7.2	0.11–0.21	1.82–2.02
Intrinsic Value Fund	1.13–1.33	9.1	–	1.13–1.33
Intrinsic World Equity Fund	2.28–2.53	11.1	0.06–0.11	2.22–2.42
Large Cap Core Fund	0.12–0.22	1.0	–	0.12–0.22
Large Cap Growth Fund	2.50–2.70	5.6	–	2.50–2.70
Large Company Value Fund	1.11–1.31	7.7	–	1.11–1.31
Minnesota Tax-Free Fund**	0.00–0.00	0.0	0.00–0.00	0.00–0.00
Municipal Bond Fund	0.03–0.08	0.5	–	0.03–0.08
Omega Growth Fund	3.53–3.73	8.5	–	3.53–3.73
Opportunity Fund <sup>†</sup>	5.79–6.04	13.2	0.04–0.09	5.75–5.95
Premier Large Company Growth Fund	0.87–0.97	6.1	–	0.87–0.97
Short-Term Bond Fund	0.00–0.09	0.4	0.00–0.04	0.00–0.05
Short-Term Municipal Bond Fund**	0.00–0.01	0.1	0.00–0.01	0.00–0.00
Small Cap Opportunities Fund	2.93–3.13	12.9	–	2.93–3.13
Small Cap Value Fund	5.94–6.14	24.8	–	5.94–6.14
Small/Mid Cap Value Fund	0.27–0.37	3.0	–	0.27–0.37
Special Mid Cap Value Fund	1.15–1.35	4.0	0.22–0.32	0.93–1.03
Special Small Cap Value Fund	0.30–0.40	1.3	–	0.30–0.40
Specialized Technology Fund	1.26–1.46	12.9	–	1.26–1.46
Strategic Municipal Bond Fund**	0.00–0.05	0.2	0.00–0.00	0.00–0.05
Traditional Small Cap Growth Fund	3.61–3.91	22.5	0.23–0.33	3.38–3.58
Ultra Short-Term Municipal Income Fund**	0.00–0.00	0.0	–	0.00–0.00
Wisconsin Tax-Free Fund**	0.00–0.00	0.0	–	0.00–0.00

\*Net asset value (NAV) calculated using total net assets as of September 30, 2015.

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

<sup>†</sup>In this document, the *Wells Fargo Advantage Discovery Fund*<sup>SM</sup>, *Wells Fargo Advantage Endeavor Select Fund*<sup>SM</sup>, *Wells Fargo Advantage Enterprise Fund*<sup>SM</sup>, *Wells Fargo Advantage Opportunity Fund*<sup>SM</sup>, *Wells Fargo Advantage Dow Jones Target 2010 Fund*<sup>SM</sup>, *Wells Fargo Advantage Dow Jones Target 2015 Fund*<sup>SM</sup>, *Wells Fargo Advantage Dow Jones Target 2020 Fund*<sup>SM</sup>, *Wells Fargo Advantage Dow Jones Target 2025 Fund*<sup>SM</sup>, *Wells Fargo Advantage Dow Jones Target 2030 Fund*<sup>SM</sup>, *Wells Fargo Advantage Dow Jones Target 2035 Fund*<sup>SM</sup>, *Wells Fargo Advantage Dow Jones Target 2040 Fund*<sup>SM</sup>, *Wells Fargo Advantage Dow Jones Target 2045 Fund*<sup>SM</sup>, *Wells Fargo Advantage Dow Jones Target 2050 Fund*<sup>SM</sup>, *Wells Fargo Advantage Dow Jones Target 2055 Fund*<sup>SM</sup>, *Wells Fargo Advantage Dow Jones Target Today Fund*<sup>SM</sup>, *Wells Fargo Advantage WealthBuilder Conservative Allocation Portfolio*<sup>SM</sup>, *Wells Fargo Advantage WealthBuilder Growth Allocation Portfolio*<sup>SM</sup>, *Wells Fargo Advantage WealthBuilder Growth Balanced Portfolio*<sup>SM</sup>, and *Wells Fargo Advantage WealthBuilder Moderate Balanced Portfolio*<sup>SM</sup> are referred to as the Discovery Fund, Endeavor Select Fund, Enterprise Fund, Opportunity Fund, Target 2010 Fund, Target 2015 Fund, Target 2020 Fund, Target 2025 Fund, Target 2030 Fund, Target 2035 Fund, Target 2040 Fund, Target 2045 Fund, Target 2050 Fund, Target 2055 Fund, Target Today Fund, WealthBuilder Conservative Allocation Portfolio, WealthBuilder Growth Allocation Portfolio, WealthBuilder Growth Balanced Portfolio, and WealthBuilder Moderate Balanced Portfolio, respectively.

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**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 2015 in the following ways:

- For individuals that fall in the top income bracket, the top rate was raised from 15% to 20%.
- For individuals that 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 beginning in 2013 could be subject to a new 3.8% Medicare surtax that would be added onto an individual's regular income tax.

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

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**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 Advantage 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: *Wells Fargo Advantage Funds* will post notification regarding projected distribution ranges to [wellsfargoadvantagefunds.com](http://wellsfargoadvantagefunds.com) on Monday, November 2, 2015.

*Wells Fargo Advantage Funds* will post notification regarding actual capital gains distribution amounts to [wellsfargoadvantagefunds.com](http://wellsfargoadvantagefunds.com) on or around the ex-dividend date (December 9 or December 11, 2015, 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.

For municipal income funds: A portion of the fund's income may be subject to federal, state, and/or local income taxes or the Alternative Minimum Tax (AMT). Any capital gains distributions may be taxable.

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

Any tax or legal information in this product alert is merely a summary of our understanding and interpretations of some of the current income tax regulations and is not exhaustive. Investors should consult their tax advisor or legal counsel for advice and information concerning their particular situation. Wells Fargo Funds Management, LLC; **Wells Fargo Funds Distributor, LLC**; nor any of their representatives may give legal or tax advice.

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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 [wellsfargoadvantagefunds.com](http://wellsfargoadvantagefunds.com). Read it carefully before investing.*

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