

Product Alert

March 2, 2018

Portfolio manager change to the Wells Fargo Small Company Value Fund

Wells Fargo Asset Management (WFAM) has announced changes to the Wells Fargo Small Company Value Fund. These changes will be effective May 1, 2018, and are as follows:

- Wells Capital Management Incorporated (WellsCap), a part of WFAM, will be named as subadvisor of the fund, changing both subadvisor responsibilities and portfolio management of the fund from Peregrine Capital Management.
- **Garth Nisbet, CFA, Craig Pieringer, CFA, and Jeff Goverman**, experienced managers of small capitalization investment strategies, will be named portfolio managers of the fund, and will be supported by their colleagues on the Stageline Value Equity team with regard to portfolio construction and strategy.
- The fund's investment strategy language will be revised to accommodate the Stageline Value Equity team's small capitalization value equity strategy and investment process.
- Net operating expense caps for the Small Company Value Fund will be reduced.

For further information, please review the following Q&A.

Why is WFAM changing the subadvisor and portfolio management from Peregrine Capital Management to WellsCap and the Stageline Value Equity team?

WFAM is changing the subadvisor to the Stageline Value Equity team with the goal of achieving consistent long-term outperformance. The Stageline Value Equity team has demonstrated expertise in managing a small capitalization value equity strategy, and the fund will be managed in a manner consistent with that strategy. The Stageline Value Equity team is a long-tenured investment team with a well-defined, repeatable investment process that aims to generate attractive risk-adjusted performance over time.

Can you tell me about the Stageline Value Equity team and their approach to portfolio construction?

The team's strategy has an extensive small-cap value history, dating back to 1988. This 28 years of industry knowledge is built upon rigorous fundamental research on small-cap companies, their management teams, competitors, and industry dynamics. Using rigorous, bottom-up fundamental analysis, the team seeks to identify companies that are in one of these categories:

- Neglected companies: solid-performing companies that are largely ignored by the mainstream investment community
- Oversold shares: companies whose shares becomes oversold due to short-term earnings difficulties
- Thematic companies: small companies poised to benefit from certain macroeconomic or industrywide trends
- Earnings turnaround: companies on the verge of earnings turnaround

The Stageline Value Equity team focuses on bottom-up fundamentals and layering on risk management, both of which could potentially result in strong long-term performance results for investors.

Who are the portfolio managers that will be managing the fund?

A stable, tenured team with an average of 27 years of industry experience, the Stageline Value Equity team, led by Senior Portfolio Manager Garth Nisbet, CFA, has experience managing small cap value equity strategies.

About Garth Nisbet, CFA

Garth Nisbet is a senior portfolio manager on the Stageline Value Equity team at WFAM. Before joining WFAM in 2011, he served as senior vice president and senior portfolio manager at Quest Investment Management Inc. for six years. Earlier in his career, Garth served as senior vice president and senior portfolio manager at Columbia Management. In addition, he served as Crabbe Huson Group's chief investment officer for five years. He began his investment career 1985 with the State of Wisconsin Investment Board. Garth earned a bachelor's degree in economics and communications from the University of Washington and a master's degree in business administration with an emphasis in finance from the University of Wisconsin. He has earned the right to use the CFA designation and is member of the CFA Institute and CFA Society of Portland, where he previously served as president.

About Craig Pieringer, CFA

Craig Pieringer is a portfolio manager on the Stageline Value Equity team at WFAM. Before joining WFAM in 2003, Craig was a portfolio manager for Benson Associates Value/Contrarian strategy, which was acquired by Wells Capital Management. Prior to this, he was a senior portfolio manager for high net worth clients at First Asset Management, a subsidiary of U.S. Bancorp. Before joining U.S. Bancorp, Craig was the director of research for Anderson Capital Management. Craig earned a bachelor's degree in economics from The United States Military Academy at West Point, New York. He also earned a master's degree in international public policy from Johns Hopkins University in Washington, D.C., and a master's degree in business administration from the Amos Tuck School of Business at Dartmouth College. Craig has earned the right to use the CFA designation.

About Jeff Goverman

Jeff Goverman is a portfolio manager on the Stageline Value Equity team at WFAM. Before joining WFAM in 2006, Jeff was research director, senior partner and research analyst at Pacific Crest Securities. While there, Jeff built a nationally recognized research department that was named "best small technology boutique" by Institutional Investor magazine in 2001, 2002 and 2003. Prior to this, he was an executive vice president and software and internet analyst with Cowen and Co. Jeff began his career in the industry in 1987 as a research analyst with Soundview Financial focusing on minicomputers and networking. Jeff earned a bachelor's degree from Colby College, a master's degree in business administration from Carnegie-Mellon University and a master's degree in information technology from Pace University.

Is the fund's investment objective changing?

The fund's investment objective will not change. The current and planned investment processes share several similarities. Both processes employ bottom up fundamental analysis to identify potential investment opportunities within the U.S small-capitalization universe. In addition, both investment teams manage their portfolios with adequate risk controls in place to manage the portfolio's active risk exposures and style purity.

Is there a change to the fund's benchmark?

No. The fund will continue to be managed against the Russell 2000 Value Index.

Are expenses for the Small Company Value Fund being lowered?

Yes. In conjunction with the portfolio management changes to the fund, there will be net operating expense ratio cap reductions for all share classes beginning on May 1, 2018. The net operating expenses will change as follows:

Wells Fargo Small Company Value Fund	R6	A	C	Admin	I
Gross operating expense ratios current (not projected to change)	1.04	1.47	2.22	1.39	1.14
Net operating expense ratio caps current	0.90	1.35	2.10	1.20	1.00
Net operating expense ratio caps as of 5/1/2018	0.75	1.15	1.90	1.05	0.85

Stock values fluctuate in response to the activities of individual companies and general market and economic conditions. Smaller-company stocks tend to be more volatile and less liquid than those of larger companies. Certain investment strategies tend to increase the total risk of an investment (relative to the broader market). 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 wellsfargofunds.com. Read it carefully before investing.

The Russell 2000® Value Index measures the performance of those Russell 2000 companies with lower price/book ratios and lower forecasted growth values. You cannot invest directly in an index.

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 Distributor nor Wells Fargo Funds Management holds fund shareholder accounts or assets. This material is for general informational and educational purposes only and is NOT intended to provide investment advice or a recommendation of any kind—including a recommendation for any specific investment, strategy, or plan. 309337 03-18

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