WELLS FARGO Advisors

A guide to investing in cash alternatives

What you should know before you invest

Wells Fargo Advisors wants to help you invest in cash alternative products that are appropriate for you based on your investment objectives, risk tolerance, time horizon, and diversification needs. This guide will help you better understand the features, characteristics, risks, and costs associated with the various cash alternative programs offered by Wells Fargo Advisors, as well as how your financial advisor and the firm are compensated.

What are cash alternatives?

In recent years, various investment products have been marketed and sold as alternatives to cash holdings. Cash alternative products can represent an important part of your portfolio. They can provide a higher level of liquidity and price stability, yet typically offer lower rates of return than long-term equity or fixed-income securities.

There are differences among cash alternative products. For example, some cash alternatives, such as bank certificates of deposit (CDs) and bank money market accounts, offer Federal Deposit Insurance Corporation (FDIC) protection on accounts up to $250,000. U.S. Treasury securities are backed by the full faith and credit of the U.S. government if held to maturity. Another type of cash alternative product — a money market mutual fund (money market fund) — has historically provided a dependable level of stability and liquidity. Although these funds are not FDIC insured and carry some risk, they are regulated by the U.S. Securities and Exchange Commission (SEC) under Rule 2a-7 of the Investment Company Act of 1940. The benefits and features associated with each type of cash alternative will differ, depending on the underlying assets and product complexity.

Cash alternatives have become increasingly intricate and specialized. The levels and types of risks associated with cash alternative products may vary significantly from one to another. It is important to have a complete understanding of the investment strategies and the underlying investments from which the product values are derived to properly evaluate the risks associated with each.

This guide primarily focuses on money market mutual funds and cash sweep programs, yet there are a number of other offerings in the marketplace that could be considered cash alternatives. Some of those products are also described briefly on the following pages.

We have a responsibility to consider reasonably available alternatives in making a recommendation. We do not need to evaluate every possible alternative either within our products or outside the firm in making a recommendation. We are not required to offer the "best" or lowest cost product. While cost is a factor that we take into consideration in making a recommendation, it is not the only factor.

You should consider factors such as those below prior to accepting a recommendation:

- The potential risks, rewards, and costs in purchasing and in the future selling of a security.
- Your age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, and risk tolerance.
- The security's investment objectives, characteristics (including any special or unusual features), liquidity, volatility, and likely performance in a variety of market and economic conditions.
- For complex products, you should consider whether less complex or costly products achieve the same objectives.

By accepting a recommendation, you acknowledge that you have considered the above factors to your satisfaction.

What are money market funds?

Money market funds were developed in the early 1970s as an option for investors to purchase a pool of securities that generally provided higher returns than interest-bearing bank accounts. Many investors use money market funds to manage their cash and other short-term funding needs. These funds have grown significantly since the 1970s and have become an important part of the overall U.S. money market.

A money market fund is a type of mutual fund that can only invest in certain high quality short-term debt securities issued by the U.S. government, U.S. corporations, and state and local governments. These funds can be taxable or tax-exempt depending on their investment universe. By law, money market funds can only invest in securities with maturities of less than 13 months, and the average maturity of all the securities in the fund's portfolio cannot exceed 90 days. Money market funds pay dividends that generally reflect short-term interest rates, are considered to have less risk than other fixed income mutual funds, and are less affected by interest rate changes than other bond funds. Some examples of these securities are Treasury securities such as Treasury bills, certain U.S. government agency debt, commercial paper, CDs, bankers' acceptances, high-quality bank notes, and other short-term debt instruments.

Money market funds provide the benefit of pooled investments, offering liquidity for individuals and institutions by investing in short-term instruments. These funds are typically used by investors who have a low risk tolerance or want a conservative alternative for their discretionary money (such as funds needed for a home down payment or to pay bills). The goal of a money market fund is to provide a conventional investment, while attempting to maximize current income, preserve capital, maintain liquidity, and provide stability of principal.

An investment in a money market fund differs from having a traditional bank deposit money market account and is not insured by the FDIC. Before investing in any money market fund or cash sweep program, you should discuss your investment goals and objectives with your financial advisor and understand the features, characteristics, risks, and costs associated with the investment vehicle.

History has shown that investing in money market funds is not without risk. Typically, money market funds seek to keep their net asset value (NAV) at a constant $1.00 per share (NAV is the price at which investors purchase or redeem shares.) This stability and per-share NAV is implied, but not guaranteed. In fact, a limited number of funds have had their NAV fall below $1.00 per-share, an event called "breaking the buck."

Features and characteristics

The goals and objectives of money market funds are to maximize current income, preserve capital, maintain liquidity, and provide stability of principal. Although other short-term investments may provide similar features, it is important to note that money market funds are regulated primarily under the Investment Company Act of 1940. The Act limits the risks that funds can take and sets guidelines for how funds invest in short-term, fixed-income instruments.

On July 23, 2014, the SEC adopted amendments to the rules that govern money market funds. These rules became effective on October 14, 2016. The new amended rules are designed to reduce the risk of investor runs on money market funds in times of financial crisis and increase the transparency of these funds to investors.

A key element of the reform is the establishment of three categories of money market funds: retail, government, and institutional. There are a variety of changes and distinctions within these categories, based on the type of fund, including restrictions on who can invest in retail money market funds and the requirement that institutional prime (funds that invest in corporate debt) and institutional municipal money market funds move from a stable $1 price per share NAV to a floating NAV. These are discussed more fully below.

In addition, the reform includes provisions requiring the funds (excluding government funds) to impose liquidity fees and possibly suspend or limit share redemptions when a fund's portfolio fails to meet certain liquidity thresholds. These new rules allow for redemption fees of up to 2% and the suspension of share redemptions for up to 10 business days during a 90 day period if the fund's board determines it is in the fund's best interests. This must be promptly and publicly disclosed.

Floating NAV — A floating NAV is calculated using market value accounting rather than the cost accounting that money market funds historically used. This means that the fund will price and transact at the underlying value of the fund's securities on an ongoing basis and publish the corresponding price to four decimal places ($1.0000). The NAV will be determined based on how like securities are trading in the market, and the price will adjust as needed to reflect credit events or other market developments. As such, the NAV can fluctuate, or "float."

Liquidity — Liquidity is offered for money market funds by dealing in short-term borrowing of highly liquid securities, such as T-bills or CDs, with a maturity date of 13 months or less. These high-quality, short-term securities help maintain a stable value and access to funds, although market fluctuations may limit the liquidity of these investments.

Liquidity fees and redemption gates (fees and gates) — Fees and gates are methods by which a fund can control redemptions during rare periods of market stress in order to give investors additional protection and ensure all investors are treated fairly when requests for redemptions may increase significantly. Some money market funds are permitted to impose a liquidity fee of up to 2% on redemptions in the event that weekly liquid assets fall below 30% of the fund's total assets and the fund's board determines it is in the fund's best interest. Alternatively, the fund's board could halt redemptions (redemption gate) for up to ten business days during a 90-day period. In the event the fund's weekly liquid assets fall below 10% of total assets, a money market fund must impose a fee of 1% unless the fund's board determines that a lower or higher fee (not exceeding 2%) is in the fund's best interest. Fees and gates will be automatically removed when a fund's weekly liquid assets rise to or above the 30% threshold. However, if a fund's weekly liquid assets fall below 10%, the fund may suspend redemptions and the money market fund may be liquidated.

Stable NAV — A money market fund's goal is to maintain a constant NAV of $1.00 per share. Only the yield, which is the net difference between the value of the fund's assets and liabilities, is expected to fluctuate. As mentioned earlier, "breaking the buck" occurs if the NAV falls below $1.00. Such occurrences are rare and, when they occur, the investing community views them negatively. Although investor losses in money market funds are uncommon, they are possible.

Underlying securities — Typically, a money market fund's strategy is to invest in high-quality, short-term instruments in accordance with industry standards and requirements for quality, maturity, and protection. In addition, diversification can help prevent major losses in the event of a default on a particular money market instrument. Money market funds may also invest in municipal securities. Some characteristics and risks associated with municipal money market funds are provided later in this document.

Rate of return — A money market fund rate of return (the percentage gain or loss of an investment) may vary over time. Current rates can be obtained from your financial advisor. Money market funds seek to achieve the highest rate of return (less fees and expenses) consistent with prudent practices and the fund's investment objectives. There is no guarantee that the yield on any particular investment will remain higher than other investments over any given period. The rate of return may be lower than that of similar investments held outside of the money market fund.

Investor protection — The Securities Investor Protection Corporation (SIPC) protects against the custodial risk (the risk associated with owning and safeguarding assets) to clients of securities brokerage firms like Wells Fargo Advisors in the event such firms become insolvent. SIPC coverage does not ensure against the failure of a security, the quality of investments or declines in the market value of investments. However, SIPC coverage does protect your securities, including money market funds and cash held in your

Additional information

Please refer to the money market fund's prospectus for a full description of fees and expenses associated with each share class. For more information about share classes, see the *A Guide to Investing in Mutual Funds* on the Wells Fargo Advisors website, wellsfargoadvisors.com.

brokerage account, should our firm fail and be liquidated. In this event, SIPC will replace missing securities and cash of up to $500,000 per client, including $250,000 in cash.

Above and beyond SIPC coverage, Wells Fargo Advisors maintains additional insurance coverage through London Underwriters (led by Lloyd's of London Syndicates), (referred to here as "Lloyd's"). For clients who have received the full SIPC payout limit, Wells Fargo Advisors' policy with Lloyd's provides additional coverage above the SIPC limits for any missing securities and cash in client investment accounts up to a firm aggregate limit of $1 billion (including up to $1.9 million for cash per client). Please note that coverage provided by SIPC and Lloyd's does not protect against the loss of market value of securities. All coverage is subject to the specific policy terms and conditions.

Tax treatment — Money market funds can be either taxable or tax-exempt. Taxable money market funds invest primarily in short-term instruments, such as repurchase agreements, CDs, Treasury securities, agency securities, and commercial paper. Tax-exempt money market funds are a significant source of funding to state and local governments for public projects, such as roads, bridges, water and sewage, airports, hospitals, and low-income housing. Money market funds that invest in these short-term, tax-exempt securities provide tax-free income to shareholders*, and generally pay relatively lower income than taxable funds.

Funds should be evaluated on an after-tax basis. You should be aware that there may be tax consequences related to your investment and liquidation of money market funds. If you have questions about the possible tax consequences associated with these funds, you should consult your tax advisor before making an investment decision.

Types of money market funds

As noted above, the SEC established three categories of money market funds:

Retail money market funds — A retail money market fund is a fund with policies and procedures reasonably designed to limit all beneficial owners of the fund to natural persons (retail clients), meaning individual investors. The definition of natural person includes participants in certain tax-deferred accounts, such as defined contribution plans. Nonnatural persons (institutional clients) are not permitted to purchase or hold retail money market funds. Retail money market funds will transact at a stable $1.00 NAV and may be subject to the imposition of a mandatory or discretionary liquidity fee and redemption gate during periods of extreme market stress if the fund's board determines it is in the fund's best interests.

Institutional money market funds — Institutional money market funds include both institutional prime and institutional municipal money market funds (tax-exempt funds). These funds will be required to maintain a floating NAV for sales and redemptions based on the current market value of the securities held in the fund. Share prices will fluctuate depending on market conditions and will be rounded to the fourth decimal place.

* Income from municipal securities is generally free from federal taxes and state taxes for residents of the issuing state. While the interest is tax-free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternate Minimum Tax (AMT).

Share classes

There are share classes within the categories of money market funds. These share classes are generally determined by either the amount being invested or the platform. For example, an institutional money market fund may have retail shares with smaller investment amounts and institutional share classes with larger investment amounts, or on the advisory platform. You should discuss these differences with your financial advisor.

These funds may have multiple intraday price times to accommodate same day settlement and are also subject to liquidity fees and redemption gates. In addition, institutional money market funds will no longer support certain account features, such as, check writing. Money market funds may play an important role in your investment plan by providing high-quality, liquid investments. This remains unchanged, but it is important for you to understand what has changed. If you would like more information please contact your financial professional. Wells Fargo Advisors allows its retail clients to hold previously purchased institutional money market funds; however, new purchases are available only to institutional clients.

Government money market funds — A government money market fund is a fund that invests 99.5% of its total assets in (i) cash, (ii) government securities, or (iii) repurchase agreements fully collateralized by cash or government securities. Government money market funds may invest up to 0.5% in nongovernment assets. Government money market funds are neither subject to the floating NAV requirement nor required to impose liquidity fees and redemption gates. These funds will trade at a stable $1.00 NAV and have the option to voluntarily impose liquidity fees and redemption gates, if previously disclosed to investors in the fund's prospectus. Government money market funds are available to both retail and institutional clients.

Money market fund share classes

Separate from the types of money market funds, investors should consider the differences between retail and institutional share classes, particularly in terms of the fees and expenses associated with them. In brief, some of the differences between retail and institutional share classes are the same for both money market funds and other stock and bond mutual funds. For example, retail mutual fund share classes typically have lower minimum investment requirements, are generally lower yielding and have higher expenses than institutional share classes. The following provides more information about the two primary types of money market fund share classes:

Retail share classes — Retail money market funds generally consist of the same share classes (A, B, and C shares) as stock and bond mutual funds. Each share class represents a similar amount of ownership in a mutual fund, but each has different fees, expenses, performance, and/or contingent deferred sales charges (CDSC). However, due to the short-term nature of these particular investments, the fund may elect to waive some fees commonly associated with long-term mutual fund investments.

Institutional share classes — Institutional share classes typically require a higher minimum investment than retail share classes, which may be waived at the fund company's discretion. The underlying investments of institutional share classes are similar to the retail share class version; although, institutional share classes are potentially higher yielding and have lower expenses compared to retail share classes.

Read the prospectus

Money market funds are sold by prospectus. The prospectus contains important information you should carefully consider, including the fund's investment objectives, risks, charges and expenses, and other important information about the investment company. Your financial advisor can provide you with a free prospectus upon request for any mutual fund you may be considering. You should read it carefully before investing.

Money market fund switches

As your objectives change, similar to equity and bond mutual funds, you may switch among money market funds in the mutual fund group whose objective most closely meets your needs, without incurring an additional sales charge. Staying within the same mutual fund group may be beneficial, because switching from one mutual fund group to another may involve additional costs or fees.

If you do switch your investment to a different mutual fund group or to another type of investment, and your account is based on commission, you will probably incur a sales charge on the new investment. In addition, a new commission will be charged, and you will receive a switch letter. This letter discloses general information regarding your switch, including the potential availability of an exchange within your existing open-end mutual fund family, as well as the possibility of additional costs and expenses.

You should also be aware that there may be tax consequences related to your sale, redemption, or exchange of mutual fund shares. If you have questions about the possible tax consequences of a sale, redemption, or exchange of your mutual fund shares, you should consult your tax advisor before making these kinds of investment decisions.

Risks of investing in money market funds

As noted previously, it is important to understand that there are risks associated with money market funds. Although stable value money market funds seek to preserve a value of $1.00 per share, there is no guarantee that the fund can maintain a NAV per share of $1.00, and it may "break the buck." Alternatively, because the share price of floating NAV money market funds will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. Therefore, it is possible to lose money investing in a money market fund. While Money Market Funds typically maintain a stable Net Asset Value ("NAV"), some funds may choose to convert from a Stable NAV to a floating NAV Money Market Fund. The following list includes some of the other risks associated with investing in money market funds:

Not FDIC-insured — Money market funds are not guaranteed or insured by the FDIC, and are not deposits of any bank or affiliate, unlike bank-deposit money market accounts. Money market fund investments are covered by SIPC, described previously in the "Features and characteristics" section.

The fund may impose a fee of up to 2% upon the sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors.

The fund sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Market risk — Market fluctuations and liquidity risks may impact your money market funds. The value of the underlying securities within the fund may increase or decrease in response to the prospects of individual companies, industry sectors, and general economic conditions.

Liquidity risk — Fund companies may make investments that could become less liquid in response to market developments or adverse investor perception. Such conditions could limit the liquidity of your money market fund.

Interest rate risk — Money market funds are also susceptible to interest rate risks and inflation. Rising interest rates can cause a money market fund's yield to drop below prevailing market rates, due to the falling value of its securities. In periods of falling interest rates, on the other hand, a money market fund's yield will tend to be higher. Also, the values of the money market fund's underlying securities may decline when interest rates rise and increase when interest rates fall. Money market funds may pay dividends that generally reflect short-term interest rates. Historically, the returns for money market funds have been lower than for either bond or stock funds. Finally, there is a risk that inflation may outpace, and thus erode, your money market returns over time.

Costs of investing in money market funds and compensation paid to Wells Fargo Advisors and your financial advisor

A money market fund's prospectus includes a fee table listing the associated costs, such as sales charges, annual operating expenses, and redemption fees. You can pay these charges in a variety of ways, depending on the share class you choose. Some of the most common fees and expenses are described below, including information about how some of these costs, or percentages of these costs, are used to compensate Wells Fargo Advisors and your financial advisor. Please refer to our document *A Guide to Investing in Mutual Funds* for a more detailed explanation of how various charges and expenses are used to compensate Wells Fargo Advisors and your financial advisor.

Sales charges — These charges provide compensation for the fund company, and to Wells Fargo Advisors and your financial advisor, for helping you select funds that are appropriate for you. Most sales charges are either front-end (charged when you buy shares) or back-end (charged when you sell). A back-end charge is also called a contingent deferred sales charge (CDSC), because it is contingent upon the length of time you hold the shares and deferred as long as you hold them. The charge decreases annually during the holding period, ultimately dropping to zero.

Operating expenses — Many of the costs associated with running a mutual fund are operating expenses or, simply put, the cost of doing business. Included in fund operating expenses are management fees, 12b-1 fees, shareholder mailings, and other expenses. Operating expenses are not paid directly as a fee; instead, they are deducted from the fund's assets and so reduce investment returns.

The fund's prospectus will note the fund's expense ratio, which helps you compare the annual expenses of various funds. The fund company takes 12b-1 fees out of the fund's assets each year for marketing and distribution expenses, which may include compensating your financial advisor or other investment professionals.

Investment advisory services

For a full description of the firm's investment advisory services, including fees and expenses, you should review your investment advisor's ADV Part II, available on request. Fee-based accounts may impose additional fees on securities not eligible for this fee structure. Fee-based programs are not designed for excessively traded or inactive accounts, and may not be appropriate for all investors.

Redemption fees — A short-term redemption fee may be charged when shareholders redeem their mutual fund shares early. This fee may be charged regardless of any initial sales-charge paid. Redemption fees are designed to discourage frequent trading in mutual funds and to offset the costs associated with those trades.

These fees are paid directly to the mutual fund company and not to your financial advisor. Each fund's rules about short-term redemption are different. It is important to check the mutual fund's prospectus for its specific redemption period and schedule of fees.

Administration fee — In addition to any other fees and expenses charged directly by the money market funds, Wells Fargo Advisors may charge an administrative fee. This fee will be directly deducted from the dividends you receive from the money market funds, and your periodic account statement will reflect such dividend net of this fee.

Additional considerations for money market funds

As noted above, a money market fund is a type of mutual fund. If you open and maintain your retirement account directly with a mutual fund company, you may qualify for benefits, such as NAV privileges, rights of accumulation, and breakpoint discounts. However, if you open and maintain your account with Wells Fargo Advisors, you may forfeit your right to these benefits and privileges; consequently, your costs associated with the fund purchases may be greater if you invest through our firm. Before investing in a money market fund, you should review whether you qualify for any benefits and consider investing directly with the fund company without the assistance of your financial advisor.

Wells Fargo Advisors assesses a ticket charge for purchases and sales of mutual funds. Every mutual fund offered by Wells Fargo Advisors may be purchased without a ticket charge by processing the transaction with a check and application sent directly to the mutual fund company. Your financial advisor does not receive compensation from the ticket charge.

From time to time, fund families may institute fee waivers for certain funds, including money market funds, and/or share classes. Such waivers are voluntary arrangements to lower shareholder fees, which directly increase shareholder returns. Similarly, fund families may decide to discontinue any voluntary fee waiver, usually at any time and without any advance notice that would in turn raise shareholder fees and reduce shareholder returns. For additional information for a particular fund, please refer to the fund's prospectus. Shareholders should also review the fund's website and other public disclosures to access information on when waivers, if any, are in place and/or discontinued as reflected in a fund's most recently updated yield.

What are cash sweep programs?

The cash sweep programs (sweeps) allow your otherwise uninvested cash holdings to "sweep" automatically from your brokerage account. The Cash Sweep Program consists of three distinct options:

- Wells Fargo Advisors Standard Bank Deposit Sweep that offers FDIC protection
- Wells Fargo Advisors Expanded Bank Deposit Sweep that offers FDIC protection
- Money Market Fund Sweep that offers SIPC insurance

Note: These sweep options are generally liquid in nature, giving investors the ability to earn a return on cash holdings or funds being set aside for future purchase.

Eligibility for each sweep vehicle is determined by account type; additional information can be obtained from your financial advisor. Upon opening an account, you will receive the "Cash Sweep Program Disclosure Statement," which explains the terms and conditions of the sweep program in detail.

The Wells Fargo Advisors Cash Sweep Program features, characteristics, risks, costs, and other considerations are unique, so it is important that you review the program information and disclosures. For information on the sweeps available at Wells Fargo Advisors, please refer to the Cash Sweep Program Disclosure Statement, which can be obtained online or from your financial advisor.

Municipal money market funds

A municipal money market fund is an open-end mutual fund that invests primarily or exclusively in short term municipal securities. Like other money market funds, municipal money market funds typically have lower risk than traditional mutual funds and provide the diversification of pooled investments and tax-exempt returns. They are generally liquid securities due to the short-term nature of the underlying investments and are typically used by investors who have a low risk tolerance or want a conservative, tax-exempt alternative for their discretionary money. The goal of a municipal money market fund is to provide a conventional, tax-exempt investment*, while attempting to maintain preservation of capital, liquidity, and return on principal.

An investment in a municipal money market fund differs from having a traditional bank deposit money market account and is not insured by the FDIC. As with municipal bond funds, municipal money market funds and municipal sweep program options carry fund operating expenses not associated with an individual municipal bond.

Municipal money market funds are subject to the same risks associated with the underlying municipal bond holdings in the portfolio. In addition to interest rate risk as described above, municipal bonds are generally subject to risks such as:

* Income from municipal securities is generally free from federal taxes and state taxes for residents of the issuing state. While the interest is tax-free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternate Minimum Tax (AMT).

State/municipality risk — Extreme economic, budgetary, and financial stress can result in weakened revenue and performance for the state of issuance and its agencies or municipalities which may impact the liquidity, values, and ability to pay interest due on the securities issued by a state and its agencies or municipalities. Some single-state municipal money market funds may offer tax benefits but lack the diversification of a multi-state or national fund.

Credit risk — Money market funds that invest in short-term municipal securities are subject to the creditworthiness of the municipal issuer. While many municipal bonds will be rated by an independent rating agency, some municipalities may choose not to be rated as the cost to do so may outweigh the benefit. Two subcategories of credit risk are default risk and downgrade risk. If the underlying municipal issuer defaults or the security is downgraded or defaults, a subsequent decrease in the value of these securities may impact your portfolio.

Before investing in any municipal money market fund, you should discuss your investment goals and objectives with your financial advisor and understand the features, characteristics, risks, and costs associated with the investment vehicle. For more information on municipal market mutual funds, contact your financial advisor, or reference *A Guide to Investing in Municipal Securities* by Wells Fargo Advisors (wellsfargoadvisors.com/guides).

Cash alternatives and fee-based account considerations

You can also invest in cash alternatives through fee-based accounts. At Wells Fargo Advisors, these accounts include discretionary and nondiscretionary investment advisory programs in which clients may be charged a fee depending on the underlying assets. It is also possible to use cash alternative products and services, including sweeps, through discretionary and nondiscretionary investment advisory programs. Instead of paying a sales charge or commission on each transaction, you pay an annual fee based on a percentage of the account's value, which is billed quarterly. Annual fund operating expenses still apply. In lower-yield environments, account fees may be higher than the yield on the cash alternatives in your account. As a result, it is possible for you to incur a negative yield rather than a desired positive yield on the cash alternatives in your account.

Additional resources

Before buying any cash alternative product, it is important for you to read and understand the product prospectus, disclosures, and other offering documents. If you have any questions about a specific product or the information in the product's documents and disclosures, contact your financial advisor.

To learn more about cash alternative products, contact your financial advisor or visit the following websites:

Wells Fargo Advisors
wellsfargoadvisors.com

Investment Company Institute
ici.org

Financial Industry Regulatory Authority
finra.org

U.S. Securities and Exchange Commission
sec.gov

Securities Industry and Financial Markets Association
sifma.org

Other products

As indicated above, money market funds and cash sweep programs are only two products that may be considered cash alternatives within the industry. Other short-term investment vehicles can be an important component of an investment portfolio. Typically, these products offer lower rates of return, but may offer increased liquidity and price stability compared to longer-term securities. However, these products have unique risks and characteristics; and it is possible to lose money investing in these products.

Other products that may be considered cash alternatives, as well as some of the risks associated with them, are briefly described below. You should not rely on this information alone when making investment decisions. Please consult with your financial advisor to learn more about the risks and characteristics of these products before investing.

Bank money market accounts — This type of money market account is similar to a savings account and is held by the bank. These accounts are insured by the FDIC, and differ from money market funds described above in the "Features and characteristics" section. Bank money market accounts are not securities and are not covered by SIPC.

Brokered Liquid Deposit — The "Brokered Liquid Deposit Program" or "Program," is a bank deposit product offered to eligible Wells Fargo Advisors brokerage accounts. The Program consists of interest-bearing deposit accounts at affiliated and unaffiliated Program Banks, each a depository institution regulated by bank regulatory agencies under various federal banking laws and regulations. For more information on the Program, please refer to the Brokered Liquid Deposit Disclosure Statement, which can be obtained online or from your financial advisor.

Treasury bills, bonds, and notes — These securities offer principal preservation, high liquidity, and incremental return (the difference between the discount and par at maturity). These securities are issued by the U.S. Treasury at a price that is a discount to the face value; at maturity, the investor receives the face value. Interest is exempt from state taxes, but is subject to federal income tax. Investors who sell prior to redemption may realize a loss due to changes in short-term interest rates.

How your financial advisor and Wells Fargo Advisors are compensated on money market funds

Wells Fargo Advisors and your financial advisor receive payments depending on the amount invested and share class that you select. The fund family pays Wells Fargo Advisors from the fees you pay. Part of that payment then goes to your financial advisor. Financial advisors also receive ongoing payments (known as "residuals" or "trails") on mutual fund shares (excluding advisory programs). In certain fee-based accounts, financial advisors' compensation is based on a percentage of the assets in the account rather than on residuals or trails, as mentioned above.

In addition to transaction-based commissions received by Wells Fargo Advisors and your financial advisor, we receive compensation paid by the fund complexes, not related to individual transactions. This compensation could compensate us for ongoing account maintenance, marketing support, educational, and training services performed by Wells Fargo Advisors in support of mutual fund sales. This "non-commission" compensation received by Wells Fargo Advisors from mutual fund complexes can be broken down into six general categories: (1) networking and omnibus platform services compensation, (2) revenue sharing, (3) intra-company compensation arrangements, (4) training and education support, (5) additional compensation for general services provided to funds, and (6) data agreements. Fund complexes pay us revenue sharing or omnibus fees at a minimum rate for all money market mutual funds purchased.

Please note that the prospectus and the Statement of Additional Information (SAI), a supplementary document to the prospectus, for each mutual fund describe these compensation arrangements. For additional information on the compensation received by your financial advisor and Wells Fargo Advisors, please refer to *A Guide to Investing in Mutual Funds* and our *Regulation Best Interest Disclosure*.

How your financial advisor and Wells Fargo Advisors are compensated on sweeps into the Wells Fargo Advisors Cash Sweep Program

Wells Fargo Advisors receives fees and benefits for services provided in connection with the cash sweep program. Your financial advisor generally receives compensation based on the assets in the Cash Sweep Program. For additional information on the types and calculation of compensation, please refer to the *Cash Sweep Program Disclosure Statement* and our *Regulation Best Interest Disclosure*.

Affiliate relationships with money market mutual fund companies

Wells Fargo & Company, one of the largest financial holding companies in the United States, provides a wide range of financial services to various mutual fund companies through its subsidiaries and affiliates, including Wells Fargo Advisors. These relationships provide financial and other benefits to Wells Fargo & Company as well as Wells Fargo Advisors and other subsidiaries and affiliates. There is a conflict of interest when Wells Fargo Advisors recommends and sells affiliated funds. Wells Fargo earns more fees by providing investment management or other services to the affiliated funds and from the services supporting your account relationship at Wells Fargo Advisors. In addition, certain affiliated funds receive marketing or servicing considerations that are not generally available to mutual funds operated by unaffiliated sponsors.

These relationships include the following services:

Wells Fargo Advisors, through its affiliates, provides investment management and other services to our affiliate, the Wells Fargo Funds family of mutual funds.

Wells Fargo & Company, through its affiliates, distributes the Wells Fargo Funds (as well as unaffiliated mutual funds).

During the course of annual business planning, business with our affiliates is included in establishing Wells Fargo Advisors' sales goals. However, our financial advisors are instructed to make their recommendations independent of any such goals and based solely on the clients' objectives and needs.

Additionally, within the division that operates in Wells Fargo Bank financial centers and Wells Fargo stores, financial advisors can assist you with your mutual fund investment needs. A licensed banker is a Wells Fargo Bank associate who is registered with Wells Fargo Advisors. Licensed bankers may refer you to a financial advisor. In these instances, the financial advisor and licensed banker may be compensated for the sale of a mutual fund. Referrals and recommendations are made independent of compensation arrangements and based solely on the client's needs and objectives.

Your relationship with Wells Fargo & Company

Wells Fargo appreciates your confidence and wants to make your brokerage and banking relationships clear and convenient for you. Your Wells Fargo Advisors financial advisor may serve as your relationship manager not only for your brokerage accounts and services with Wells Fargo Advisors, but also for products and services with Wells Fargo Bank, N.A., including trust accounts of which you may be a beneficiary or agency accounts in which you may have an interest.

The responsibilities of Wells Fargo Advisors and your financial advisor, when acting in a brokerage or investment advisory capacity or in introducing you to a banking product or service, are different from the responsibilities of Wells Fargo Bank and your financial advisor when acting in a role as relationship manager for a Wells Fargo Bank trust or agency account. Your financial advisor, in a brokerage or investment advisory capacity, may recommend or assist you with a transaction that does not concern the Wells Fargo Bank trust or agency account for which he or she will be compensated. If you decide to enter into such a transaction, you will receive specific disclosures in connection with the transaction, including all relevant information and a description of the compensation that your financial advisor will receive. You will have the opportunity to ask for more information about the compensation to your financial advisor on such a transaction.