

# A guide to investing in Market Linked Investments

What you should know before you buy

Before you make an investment decision, it is important to review your financial situation, investment objectives, risk tolerance, time horizon, diversification needs, and need for liquidity with your financial advisor. This guide will help you better understand the features, risks, rewards, and costs associated with investing in Market Linked Investments, as well as how your financial advisor and Wells Fargo Advisors are compensated when you invest in these products. Refer to the applicable preliminary prospectus and any related prospectus supplements for market linked securities or the preliminary terms supplement and disclosure statement for market linked depository products for the details of a particular Market Linked Investment.

## What are Market Linked Investments?

In very general terms, Market Linked Investments are investment vehicles whose value is derived from, or based on, an underlying market measure. Market measures may include single equity or debt securities, indexes, commodities, interest rates, and/or foreign currencies, as well as baskets of these market measures.

Like other well-known market instruments, such as convertible bonds, many Market Linked Investments are a type of a hybrid product. Market Linked Investments typically have two components—a note and a derivative, which is often an option. The note, in some instances, may pay interest at a specified rate and interval. The derivative component establishes payment at maturity, which is based on a return calculation and the performance of the underlying market measure. For example, Market Linked Investments may combine characteristics of debt and equity or debt and commodities.

Most Market Linked Investments have a fixed maturity and may or may not pay an interest rate or coupon rate. Market Linked Investments also frequently cap or limit the upside participation in the market measure, particularly if the investment offers a full return of principal at maturity, or an enhanced rate of interest. Any return of principal at maturity would be subject to the ability of the issuer to make payments when due.

Market Linked Investments are usually created to meet specific needs that cannot be met from the standardized financial instruments available in the markets.

### They can be used as:

- An alternative to a direct investment
- A part of the overall asset allocation
- A risk-reduction strategy in a portfolio

#### Investment and Insurance Products are:

- Not Insured by the FDIC or Any Federal Government Agency
- Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate
- Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested

Market Linked Investments can be issued in various forms, including publicly offered and privately placed debt securities, publicly offered and privately placed pooled investments (such as closed end-funds and trusts), and certificates of deposit.

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.

## Different types of Market Linked Investments

Market Linked Investments may be offered in a variety of strategies such as Market Linked Notes, Market Linked Securities with Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside, Access Securities, Yield Securities, and Market Linked Certificates of Deposit. While the category of Market Linked Investments includes Market Linked Certificates of Deposit, this investor guide to Market Linked Investments will focus on securities, not Market Linked Certificates of Deposit. For more information on Market Linked Certificates of Deposit, please refer to the *Guide to Investing in Market Linked Certificates of Deposit* ([wellsfargoadvisors.com/guides](https://wellsfargoadvisors.com/guides)).

Market Linked Investments can be structured to include a wide array of upside and downside features and calculations. Before investing, investors should always read and understand the applicable prospectus or offering documents, which contain important details about these features and calculations.

## Market Linked Notes

Market Linked Notes offer a return of principal if held to maturity, subject to the ability of the issuer to make payments when due. In other words, the promise to return principal at maturity is only as good as the financial strength of the company that makes the promise. In the event the issuer goes bankrupt, investors who hold these notes are generally considered unsecured creditors and might recover little, if anything, of their original investment.

Market Linked Notes are designed for investors who seek exposure to an asset class and/or who wish to reflect a certain view of the market but who also want to have the principal value of their investment returned, if the investment is held to maturity and the issuer does not default. Market Linked Notes typically will return 100% of the principal investment, but they may also provide only a partial return of principal depending on the particular structure (for example, only 90% of the principal amount may be returned at maturity with a decline in value of the underlying market measure).

In general, Market Linked Notes linked to commodities, equities, or indexes do not pay any coupons. The returns, if any, on these products are typically payable at maturity and depend on the performance of the underlying commodities, equities, or indexes. Market Linked Notes linked to interest rates, on the other hand, may potentially pay higher current coupons than could be achieved by investing directly in traditional debt instruments of similar credit quality and maturity. However, those coupons may be at risk, based on the movements of the underlying interest rates and such products may be subject to call risk. It is important to note that, while these products have the potential to outperform the total interest payment of a typical fixed interest rate bond of similar maturity and credit quality, they could also underperform a typical fixed interest rate bond and could earn no return for the entire term of the note, even if you hold it until maturity. This could also allow inflation to erode the value of the Market Linked Investment.

## Market Linked Securities with Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside

Market Linked Securities with Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside are complex and include risks associated with the underlying market measure in addition to risks typically associated with traditional debt securities. Market Linked Securities with Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside seek to provide enhanced participation in the price movement of an underlying market measure. These products do not offer a full return of principal at maturity, will have caps (maximum returns) on return potential, and will be subject to some degree of downside exposure linked to the underlying market measure—meaning you could lose some or all of your principal.

As an example, consider a direct investment in an exchange-traded fund that pays dividends. An investor would have a 100% participation rate in the upside and downside price movements of the exchange-traded fund, plus any dividends that may be paid. On the other hand, as an extension to this example, consider

an investment in a Market Linked Security with Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside that is not only linked to the same exchange-traded fund, but also offers an increased participation rate of 150%, an upside return cap of 30% and a 10% fixed percentage downside buffer. This means an investor would receive 150% participation (1.5 times the growth of the underlying exchange-traded fund's price) at maturity; however, the investor in the Market Linked Security with Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside does not receive any dividends paid on the underlying exchange-traded fund. In return for the opportunity to receive potentially enhanced returns, an investor's growth potential is capped at 30%. The investor is also exposed to downside price movements in the underlying exchange-traded fund, but the downside risk is buffered by a fixed 10%. To illustrate these concepts, growth of 20% in the underlying exchange-traded fund's price at maturity will provide an investor with the maximum return (20% price growth x 1.5 participation = 30% return cap). Conversely, a loss of 25% in the underlying exchange-traded fund's price at maturity will provide the investor with only a 15% loss of principal due to the 10% fixed percentage downside buffer (25% price loss – 10% buffer = 15% loss). The 10% fixed percentage downside buffer is a first-loss buffer, which means that if the underlying exchange-traded fund's price decreases 10% or less at maturity, the investor will receive a full return of principal. Any return of principal at maturity is subject to the ability of the issuer to make payments when due.

It is important to note that in the aforementioned example, a direct investment in the underlying exchange-traded fund outperforms the Market Linked Security with Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside if the exchange-traded fund (plus any dividends) over a defined maturity provides for a return in excess of the 30% cap. This concept may also apply when the market is relatively flat and the underlying exchange-traded fund (plus any dividends) outperforms the return of the Market Linked Security with Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside over a defined maturity.

Investors should review the applicable prospectus or other offering documents of a Market Linked Security with Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside for a complete discussion of the terms, features, and risks before investing.

## Yield securities

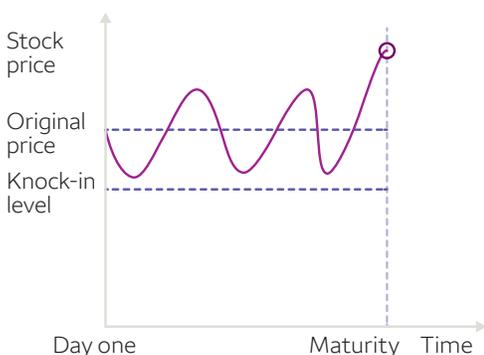
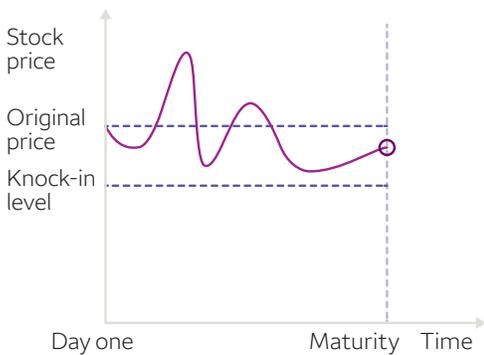
Yield securities are more complex than traditional bonds and expose investors to risks of the underlying market measures in addition to risks typically associated with traditional debt securities. They encompass a number of income-oriented structures which seek to provide higher current yields than what could typically be achieved by investing directly in an equity security or traditional debt instrument of similar credit quality and maturity. In many of these structures, investors give up some or all potential price appreciation in the underlying market measure and are exposed to downside price movements in the underlying market measure in exchange for this higher current yield.

A type of yield security available in the market today is the reverse convertible security. Although reverse convertible securities are offered in the industry, Wells Fargo Advisors does not currently offer these products. Reverse convertibles (sometimes called “reverse exchangeables” or “revcons”) are debt obligations of the issuer which are tied to the performance of an unrelated underlying market measure. Reverse convertible structures typically combine a debt instrument paying an above-market coupon and a derivative component. This derivative component is a short put option that gives the issuer the right to repay principal to the investor in the form of a set amount of the physical market measure or a cash equivalent if the price of the underlying market measure dips to or below a predetermined price (also known as a “knock-in” or “barrier” price). It is important to remember that this is not an “ordinary” debt instrument. It is a complex financial instrument with significant and unique risks and characteristics.

When purchasing certain reverse convertible securities, the investor does not own or participate in the upside potential of any underlying market measure. Reverse convertible securities are complex products with complex payout scenarios. This can make assessing the potential risks and benefits difficult for the investor.

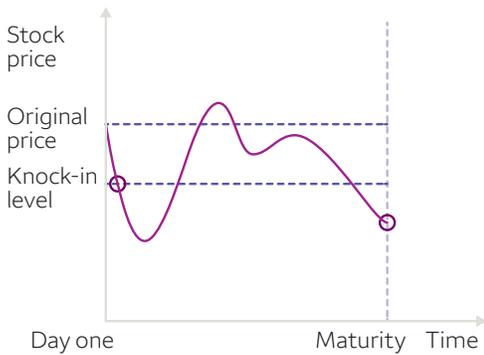
Using common stock as the underlying market measure, the chart below displays the five possible payout scenarios based on the final stock price of the underlying market measure at maturity as well as graphical examples.

#### Graphical examples



Knock-in event	Final stock price of reference asset at maturity	Payout at maturity
<b>Does not trigger</b> —the stock price never declines to or below the knock-in level	The final stock price at maturity is below the original stock price, but above the knock-in level	Investor will receive full return of principal in cash, plus any fixed coupon payments even though the stock price declined
<b>Does not trigger</b> —the stock price never declines to or below the knock-in level	The final stock price at maturity is above the original stock price	Investor will receive full return of principal in cash, plus any fixed coupon payments, but no participation in the increase in the stock price

### Graphical examples



Knock-in event	Final stock price of reference asset at maturity	Payout at maturity
<b>Triggers</b> —the stock price declined below the knock-in level	The final stock price at maturity is below the knock-in level	Investor will receive a predetermined number of shares of stock or cash equivalent worth less than the principal amount, plus any fixed coupon payments
<b>Triggers</b> —the stock price declined below the knock-in level	The final stock price at maturity is below the original stock price, but above the knock-in level	Investor will receive a predetermined number of shares of stock or cash equivalent worth less than the principal amount, plus any fixed coupon payments  Note: Depending on the product, some issuers may return full principal in cash plus any fixed coupon payments
<b>Triggers</b> —the stock price declined below the knock-in level	The final stock price at maturity is above the original stock price	Investor will receive full return of principal in cash, plus any fixed coupon payments, but no participation in the increase in the stock price

There are many other yield securities available in today's markets, each with unique risks. Investors should review the applicable prospectus or other offering documents of a yield security for a complete discussion of the terms, features, and risks before investing.

### Access securities

Access securities are complex instruments that seek direct exposure to global markets, industry sectors, investment strategies, and/or asset classes—allowing investors access to strategies that may otherwise be cumbersome to implement or not easily accessible to everyday investors. Access securities are often thought of as those structures that do not easily fit into one of the other three previously mentioned classifications. Though they generally do not provide for a full return of principal at maturity, they may combine attributes of market linked notes, yield securities, and/or Market Linked Securities with Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside.

Although various types of such “access” securities are offered in the industry, Wells Fargo Advisors does not currently offer these products.

For example, consider an investor who believes that small cap companies are overvalued relative to large cap companies. That investor may be interested in an access security paying a fixed coupon plus the relative performance (the performance of one asset compared to another) of a large cap stock index versus a small cap stock index. This Market Linked Investment would avoid the administrative complexity and may provide more efficient execution than implementing this investment strategy directly.

Investors should review the applicable prospectus or other offering documents of an access security for a complete discussion of the terms, features, and risks before investing.

## Features and characteristics

For investors who find that the risk profile of Market Linked Investments fits their investment objectives and risk tolerance, some features and characteristics of investing in those products include:

**Potential for enhanced risk-adjusted returns.** Market Linked Investments may complement a portfolio by providing performance characteristics of multiple asset classes within a single investment. For example, a traditional index-linked note that provides for the full return of principal at maturity typically performs more like the underlying index as the underlying index increases in value. On the other hand, it will perform more like a debt security if the underlying index decreases in value. Adding certain types of Market Linked Investments to a well-diversified portfolio may help to decrease the overall-portfolio downside volatility, while offering the opportunity to enhance overall portfolio returns on an absolute or risk-adjusted basis.

**Tailoring the risk/return profile of underlying investments.** Market Linked Investments often allow investors to tailor the risk/return profile of underlying investments in an effort to better express investment views, such as to either maximize potential performance or hedge risks related to individual securities or commodities, interest rates, currencies, inflation, or other investments. For example, many Market Linked Securities with Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside and yield structures are designed to outperform their underlying market measure in modest growth environments. Many structures that return an investors principal at maturity are designed to hedge against the risk of loss in an underlying market measure. *There is no guarantee that any of the structures discussed will achieve the desired investment result.*

**Access to investment strategies.** Many Market Linked Investments are designed to enable investors to obtain exposure to various investment strategies and markets, such as commodities and international equities (with or without currency protection), that may not be readily available through traditional investments. Investors may be reluctant to implement these trading or investment strategies directly due to difficulty in achieving execution, overall complexity, or time-consuming nature.

**Return calculations and features.** For a particular Market Linked Investment, the return calculation method and features differ depending on market conditions and goals of the offering. Typically, a return is calculated as price return, not total return. The following are some of the more commonly used return calculations and features for Market Linked Investments. Since there are many other ways an issuer can calculate returns and apply product features, investors should always read the applicable prospectus or other offering documents when considering a Market Linked Investment, and make sure they understand the calculations involved.

- **Point-to-point calculation.** The point-to-point return calculation is the percentage change of the underlying market measure from one point in time to another, typically from the pricing date to the final valuation date.
- **Averaging calculation.** The averaging return calculation is based on the average level of the underlying market measure observed on a specified number of valuation dates throughout the life of the Market Linked Investment. On predetermined dates (e.g., annually, quarterly, monthly, etc.), the level of the underlying market measure is recorded and those observations are used to calculate an average. That calculated average is compared to the initial level of the underlying market measure to determine the percentage change. The averaging return calculation may result in a return that is less than a return based on the point-to-point performance of the underlying market measure.
- **Sum of periodic return feature.** The sum of periodic return feature is typically based on the sum of the returns measured over multiple discrete periods of time. These discrete periods may be of any length (e.g., annual, quarterly, monthly, etc.), but will always be specified and fixed for a particular offering. The discrete period returns are often subject to a cap and/or a floor, where the floor on the downside may be significantly lower than the cap on the upside or where there may be no floor on the downside. As a result, the sum of periodic returns feature generally provides less opportunity for appreciation than a point-to-point return calculation.
- **Contingent periodic interest feature.** The contingent periodic interest feature pays periodic interest payments contingent on the performance of the components of a basket. The contingent periodic interest payments, if any, are based on the sum of the weighted component returns of each of the basket components. Typically, the basket components are equally weighted and there are limits to the positive and negative component returns for each applicable valuation period. In most cases, the limit for negative component returns is significantly lower than the limit for positive component returns. As a result, if the return of one or more of the basket components is negative during a valuation period, such negative component returns could offset entirely any positive component returns generated by the other basket components during the same period, and the periodic interest would be equal to zero.
- **Upside participation rate feature.** The participation rate determines how much of the gain in the underlying market measure will be credited to the Market Linked Investment. Participation rates can be more or less than 100%. For example, assuming a point-to-point return calculation, if the participation rate is 125%, then a 10% increase in the underlying market measure at maturity would lead to a 12.5% return on the investment.

In a second example, if the participation rate on a similar investment were 75%, a 10% increase in the underlying market measure at maturity would lead to a 7.5% return on the investment.

## Investor characteristics

Market Linked Investments are not appropriate for all investors. You should consider your individual financial condition and your ability to evaluate and tolerate the risks before you invest in Market Linked Investments. Market Linked Investments can have complicated pay-out structures that can make it hard to accurately assess their risk and potential for growth. Investors should always read a product's applicable prospectus and other offering documents carefully. For assistance, contact your financial advisor to ensure you understand the mechanics of the product.

**Diversification.** Wells Fargo Advisors believes that investors should diversify their investments. It is recommended that investors observe an asset-allocation strategy and not overweight their overall portfolio in any one class of investment including Market Linked Investments. Although asset allocation can be an effective investment strategy, it cannot eliminate the risk of fluctuating prices, uncertain returns, and credit risk. Diversification does not guarantee profit or protection against loss in declining markets.

## Risks

Investors need to be aware of the risks of an investment in Market Linked Investments. You should evaluate your individual financial condition and your ability to tolerate risk before investing in Market Linked Investments. As with any investment, your financial advisor can advise you on whether Market Linked Investments are appropriate for you based on your overall investment objectives.

Set out below are some of the most significant risks associated with investing in Market Linked Investments. The list is not exhaustive. Particular Market Linked Investments may involve other risks, which will be disclosed in the applicable prospectus or offering documents for those products.

**Potential loss of principal.** You may lose money investing in Market Linked Investments. Market Linked Investments are usually medium-term investments that have typical maturities ranging from 2–10 years. At the time of purchase, you should be willing to hold the Market Linked Investment to maturity. Some Market Linked Investments provide for the full return of principal at maturity; others may provide for a partial return of principal, some may not offer any protection. Any defined return of principal at maturity is subject to the ability of the issuer to make payments when due. For Market Linked Investments that offer a full return of principal at maturity, an investor will be entitled to the return of the full principal amount only if the investor holds the Market Linked Investment to maturity (or to the call date, if the Market Linked Investment is callable at par or higher) and assuming the issuer does not default. Between purchase date and maturity, the market value (that is, the amount an investor would receive if he or she sold the investment) of a Market Linked Investment may fluctuate substantially. If an

investor sells a Market Linked Investment before maturity, the price may be substantially less than the original invested amount, regardless of whether the product offers a full return of principal or not.

**Market prices may fluctuate based on unpredictable factors.** The market value of Market Linked Investments will be affected by unpredictable factors that interrelate in complex ways. These factors may include, but are not limited to, the price or level of the underlying market measure, the volatility of the underlying market measure, interest rates, dividends if applicable, the issuer's creditworthiness, the time remaining to maturity, and geopolitical conditions. Apart from these, there are many other factors that may affect the market value of Market Linked Investments.

**Credit risk.** Many Market Linked Investments are issued in the form of unsecured debt. Therefore, investors are subject to the credit risk and default risk of the issuer. If the issuer of a Market Linked Investment defaults on its obligations, investors could lose their entire principal amount of the Market Linked Investment, even if the product offers the full return of principal at maturity.

**Appreciation potential may be limited.** The appreciation potential of certain Market Linked Investments may be limited by an issuer's call right, a pre-defined maximum payment or a capped value at maturity.

**Call rights may affect value.** Some Market Linked Investments allow the issuer to redeem, or "call," the Market Linked Investment at its sole discretion. These Market Linked Investments are referred to as being "callable." On predetermined dates, the issuer can choose to redeem the Market Linked Investment prior to maturity and pay a stated call price. The call price may be above, below or equal to the par amount of the Market Linked Investment, and may or may not include accrued but unpaid interest, if any. Typically, the issuer will call a Market Linked Investment when it is economically advantageous to the issuer—for example, because the issuer can borrow at a lower rate or because an underlying market measure has appreciated sufficiently. If a Market Linked Investment is called, investors may not be able to reinvest their money at the same rate as the rate of return provided by the Market Linked Investment that was called. This risk is referred to as "reinvestment risk." Non-callable Market Linked Investments may not be called by the issuer prior to maturity.

**Value at maturity/call date.** In many Market Linked Investments, the value paid to the investor at maturity or the specified call date is based on the market value of the underlying market measure as of the valuation date, as detailed in the offering documentation. There may be significant fluctuations of the market value between the trade date and the specified valuation date; however, it is the value as of the valuation date that will determine the payout to the investor at the maturity/call date.

**Interest payments.** Although many Market Linked Investments are issued in the form of debt, there may not be periodic interest payments on certain Market Linked Investments. In some cases, the interest rate may fluctuate, be reduced, or be suspended upon the occurrence of specified events. The yield may be lower than on other investments. An investment in a Market Linked Investment may not reflect the full opportunity cost to the investor when factors that affect the time value of money are taken into account. In certain cases where there is a

significant rise in interest rates, a coupon cap embedded into a Market Linked Investment could negatively affect the market value of the product.

**Liquidity risk.** At the time of purchase, you should be willing to hold the Market Linked Investment to maturity. Market Linked Investments are usually not listed on a securities exchange. Even if a Market Linked Investment is listed on a securities exchange, there is no assurance that a liquid trading market for that Market Linked Investment will develop. Some issuers may provide a secondary market, though they are not obligated to do so. However, depending on demand, the notes might trade at a significant discount to their purchase price and might not return the full amount of principal. In addition, the value of the Market Linked Investment before maturity might be difficult to calculate and can vary depending on a wide variety of factors. Investors should take into account their future liquidity needs (such as required minimum distributions in an IRA) when considering the purchase of a Market Linked Investment.

**Liquidations prior to maturity.** While investors should be prepared to hold Market Linked Investments to maturity, it may be appropriate given market conditions and certain other factors (such as a change in investment strategy, an unanticipated change in liquidity needs, or other unforeseen events, etc.) to sell your Market Linked Investment prior to maturity. However, as noted above in the Liquidity risk section, there is no assurance that a liquid trading market for Market Linked Investments will develop. Investors should understand that selling a Market Linked Investment prior to maturity will result in the loss of any features that require you hold the product to maturity, such as any defined return of principal.

Additional considerations should be made if an investor sells a Market Linked Investment prior to maturity and chooses to reinvest the proceeds into another Market Linked Investment. Investors should carefully consider the new product features (such as full or partial return of principal), fees associated with the new Market Linked Investment, and differences in the underlying market measure when making a decision to reinvest.

**Potential conflicts of interest.** Potential conflicts of interest could arise in respect to Market Linked Investments for which an affiliate of Wells Fargo Advisors is the issuer, and/or for which an affiliate of Wells Fargo Advisors has a role that could potentially affect the value of the investment, such as that of calculation agent or hedging counterparty. The calculation agent for a Market Linked Investment is responsible for calculating the levels of securities, assets, or indexes that determine the amount payable at maturity of the Market Linked Investment. These responsibilities as calculation agent could give rise to conflicts of interest. These conflicts could occur, for instance, in connection with the calculation agent's determination as to whether the level of the underlying market measure can be calculated on a particular trading day, or in connection with judgments that it would be required to make in the event of the discontinuance of a market measure to which a Market Linked Investment is linked or if the method for calculating a market measure is changed in any material respect. In addition, the applicable issuer, Wells Fargo Advisors, or one of their respective affiliates may engage in business with companies whose securities are included in a market measure, or may publish research on such companies or a market measure. Finally, the estimated value of a Market Linked Investment may be determined by the issuer or a broker for the offering,

which broker may be an affiliate of the issuer (see estimated value on page 13). Any such conflicts are disclosed in the applicable offering documents for the Market Linked Investments. Wells Fargo Bank, National Association, or Wells Fargo Securities may frequently act as calculation agent and hedging counterparty for certain Market Linked Investments. Wells Fargo Bank is a bank affiliate of Wells Fargo & Company. Wells Fargo Securities is a subsidiary of Wells Fargo & Company.

An investor should carefully read the applicable prospectus or other offering documents for a more complete discussion of potential conflicts of interest that could arise from the various roles that Wells Fargo Advisors or any of its affiliates may play in bringing a Market Linked Investment to market and which could affect the value of the Market Linked Investment.

## Tax treatment

Tax treatment of many Market Linked Investments is potentially complex and may be uncertain. In addition, the tax treatment of an investment in many Market Linked Investments may differ from the tax treatment of an investment in traditional investments, such as conventional debt securities or common stock. Also, the timing and character of income payments, as well as amounts received upon sale, exchange, redemption, or maturity, may differ from the timing and character of equivalent payments on more conventional investments, including the assets to which a Market Linked Investment maybe linked.

### **Market Linked Investments that provide for a return of principal at maturity.**

These Market Linked Investments are generally treated as debt for United States federal income-tax purposes. Depending on the payoff characteristics of a particular Market Linked Investment, it will either be treated as conventional debt or it will be subject to special rules governing “contingent-payment debt instruments,” often referred to as “contingent debt.”

The holder of a contingent debt instrument will generally be required to pay taxes on ordinary income over the term of the contingent debt instrument based on the issuer’s comparable yield, even though the holder may not receive any payments until maturity. This is the case even if the contingent debt instrument is issued at par. In addition, even though a contingent debt instrument is linked to an asset that would otherwise give rise to capital gain or loss upon sale, such as stocks or commodities, any gain or loss realized upon sale, early redemption, or maturity of a contingent debt instrument will generally be treated as ordinary income.

**Principal at risk Market Linked Investments with current income.** In general, depending upon the particular structure, principal at risk Market Linked Investments that pay current income, such as yield securities and certain access securities, may be characterized either as prepaid forward contracts or, if the product does not provide participation in the appreciation of an underlying asset, may be split into separate instruments for tax purposes, such as a non-contingent debt instrument and a short put option. Other tax characterizations are also possible.

If a Market Linked Investment that pays current income is characterized as a prepaid forward contract, it is likely that the holder will be taxed on any income payments as ordinary income in the year received. If the Market Linked Investment is split into a non-contingent debt instrument and a short put option, the portion of the income payments attributable to the debt instrument will be taxable as ordinary income in the year received, and the portion attributable to the put option will be deferred.

As a result of the complexities of tax-reporting requirements, and since Wells Fargo Advisors is not a tax or legal advisor, you should consult with your tax advisor or attorney prior to investing in Market Linked Investments.

## Costs and estimated value of Market Linked Investments

The costs of investing in a Market Linked Investment may reduce the value of an investment as well as the return on the investment. An understanding of the costs and expenses associated with a Market Linked Investment is essential in determining whether that product is an appropriate investment.

### **Costs and estimated value of Market Linked Investments on the pricing date.**

The original principal amount of each Market Linked Investment will include certain costs that are borne by you the investor. Because of these costs, the estimated value of a Market Linked Investment on the pricing date will be less than the original principal amount. As specified in the applicable pricing supplement to the prospectus, the costs included in the original offering price relate to selling, structuring, hedging, and issuing the securities, as well as to the issuer's funding considerations for securities of this type.

The costs related to selling, structuring, hedging, and issuing the securities include (1) the agent discount, (2) the projected profits that the issuer's hedge counterparty (which may be an affiliate of the issuer) expects to realize for assuming risks inherent in hedging the issuer's obligations under the securities, and (3) hedging and other costs relating to the offering of the securities.

The issuer's funding considerations take into account the higher issuance, operational, and ongoing management costs of market-linked debt as compared to the issuer's conventional debt of the same maturity, as well as the issuer's liquidity needs and preferences. Moreover, the issuer's funding considerations are reflected in the fact that the issuer determines the economic terms of the securities based on an assumed funding rate that is generally lower than the issuer's secondary market rates. If the costs relating to selling, structuring, hedging, and issuing the securities were lower, or if the assumed funding rate we use to determine the economic terms of the securities were higher, the economic terms of the securities would be more favorable to you and the estimated value would be higher.

**Determining the estimated value.** The estimated value of a Market Linked Investment will be determined by estimating the value of the combination of hypothetical financial instruments that would replicate the payout on the Market Linked Investment, which combination consists of a non-interest

bearing fixed-income bond and one or more derivative instruments underlying the economic terms of the Market Linked Investment.

The estimated value of a Market Linked Investment on the pricing date that is disclosed in the applicable pricing supplement to the prospectus will be determined by the issuer or a broker for the offering, which broker may be an affiliate of the issuer (for example, the issuer may be Wells Fargo & Company and the broker may be Wells Fargo Securities, which are affiliates of each other and also affiliates of Wells Fargo Advisors). The estimated value will be based on the issuer's or the broker's proprietary pricing models and assumptions and certain inputs that may be determined by the issuer or broker in its discretion. Because other dealers may have different views on these inputs, any estimated value that is disclosed in the applicable pricing supplement to the prospectus may be higher, and perhaps materially higher, than the estimated value that would be determined by other dealers in the market.

**Valuation of Market Linked Investments after issuance.** You should understand that any estimated value that is disclosed in the applicable Pricing Supplement to the Prospectus will not be an indication of the price, if any, at which the issuer or any other person may be willing to buy the Market Linked Investment from you at any time after issuance in the secondary market.

The price, if any, at which Wells Fargo Advisors or any of its affiliates, such as Wells Fargo Securities, may purchase the securities in the secondary market will be based upon Wells Fargo Securities' proprietary pricing models and will fluctuate over the term of the securities due to changes in market conditions and other relevant factors, which may be further reduced by a bid-offer spread. Accordingly, unless market conditions and other relevant factors change significantly in your favor, any secondary market price for the securities is likely to be less than the original principal amount.

You should read the applicable pricing supplement to the prospectus for more information about the estimated value of a Market Linked Investment and how it is determined. For publicly registered offerings, the costs and estimated value are disclosed upfront in the related pricing supplement to the prospectus.

## How your financial advisor and Wells Fargo Advisors are compensated on Market Linked Investments

For helping you invest in the most appropriate Market Linked Investments, Wells Fargo Advisors and your financial advisor are compensated in ways that may vary depending on the investment as described in the following sections.

**Sales concession and distribution expense fee.** For all purchases of Market Linked Investments, your financial advisor will receive compensation in the form of an upfront sales concession, which is based on a general concession schedule depending on factors such as the products tenor. In addition, Wells Fargo Advisors will receive a portion of the Wells Fargo Securities underwriting agent discount as a distribution expense fee for selling the Market Linked Investment. To clarify,

## Additional information

*You'll find more information about Market Linked Investments by visiting the following websites:*

Wells Fargo Advisors  
wellsfargoadvisors.com

Financial Industry Regulatory  
Authority (FINRA)  
finra.org

U.S. Securities and Exchange  
Commission  
sec.gov

Securities Industry and  
Financial Markets  
Association (SIFMA)  
sifma.org

for each Market Linked Investment sold via Wells Fargo Advisors, the underwriting broker Wells Fargo Securities will pay a portion of its underwriting agent discount to Wells Fargo Advisors in the form of a selling concession and a distribution expense fee. In the event that the investment is called prior to maturity and you elect to reinvest the proceeds in another investment product, the financial advisor will receive additional compensation prior to the original maturity date of the initial investment. As such, your financial advisor may have an incentive to recommend initial and subsequent reinvestment in callable investment products for additional compensation.

For publicly registered offerings, the total amount of the Wells Fargo Securities underwriting agent discount, amount of the selling concession, distribution expense fee, and any other similar fees, if any, paid to Wells Fargo Advisors are disclosed upfront in the applicable Pricing Supplement to the Prospectus.

**Advisory fee.** For Market Linked Investments that are eligible for purchase in certain advisory accounts, your financial advisor will also receive compensation (starting after one-year of holding the investment) based on a percentage of assets in the advisory account, which is not related to the costs of the original purchase of the Market Linked Investment on the offering pricing date.

**Licensed bankers.** Within the division that operates in Wells Fargo financial centers and some Wells Fargo branches, a licensed banker may refer you to a financial advisor, as they generally work as a team. In this case, the licensed banker will be compensated through a referral arrangement with the financial advisor, which payments are not related to the costs of the original purchase of the Market Linked Investment on the offering pricing date.

**Payments from issuers.** Wells Fargo Advisors may receive payments from the issuers of Market Linked Investments, which may include its affiliate Wells Fargo & Company. These payments may be used to pay for training, educational conferences, meetings for our financial advisors, and meetings for our clients or prospective clients, as well as for conducting due diligence on the Market Linked Investments.

These types of payments are not related to the costs of the original purchase of the Market Linked Investment on the offering pricing date and are not part of the compensation formula for your financial advisor. We believe that these financial arrangements do not compromise the advice your financial advisor offers you. If you have any questions about these practices, please contact your financial advisor.

**Secondary market purchases.** While the aforementioned information pertains to new product issuance, known as primary market issuance, Market Linked Investments bought in the secondary market, whether on a securities exchange or over-the-counter, will be subject to transaction costs, and the secondary market prices will typically reflect bid/offer spreads.

*To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax penalties or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.*

*Wells Fargo Corporate & Investment Banking (CIB) is the trade name for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC (“Wells Fargo Securities”), member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, member of FINRA, NFA and SIPC, and Wells Fargo Bank, N.A. Wells Fargo Securities, LLC and Wells Fargo Prime Services, LLC, are distinct entities from affiliated banks and thrifts.*

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

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