

PMV Small Cap Equity

Portfolio benchmark: Russell 2000 Index | As of December 31, 2018

Investment philosophy

- Public equity markets are fraught with emotion, in part, because investors do not control nor do they have all the information about the companies they invest in.
- Successful investing in that environment is a function of conviction in individual securities and diversification across sectors.
- Conviction comes from an in-depth private market valuation analysis of the business model, key trends, and worth of an enterprise, coupled with a pragmatic assessment of management.
- The business model, management team, key trends, and worth of an enterprise are much more stable than its associated public market stock price.
- A consistent, repeatable, and accurate private market valuation discipline that captures these key elements, provides the opportunity to exploit market emotion and generate alpha.

Portfolio construction

Portfolios are constructed with careful attention paid towards security weights for both buy and sell decisions.

- Bottom-up stock selection with strict portfolio weights
- Diversified portfolios
- Disciplined sell decisions

Private market valuation (PMV)

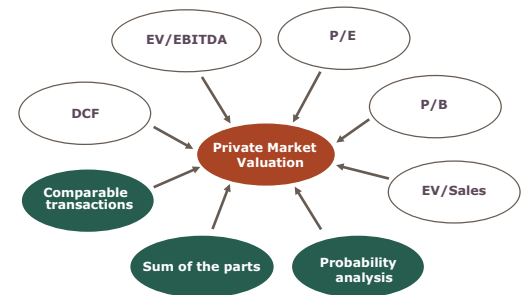
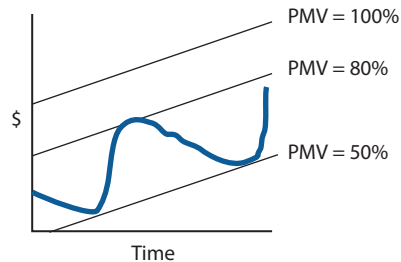
The price an acquirer would pay to purchase the entire company.

- On a public stock exchange, a common stock will normally trade at a price level between 50% and 80% of its PMV.
- PMV of a stock is based on quantitative and qualitative metrics relative to its industry.

Investment process

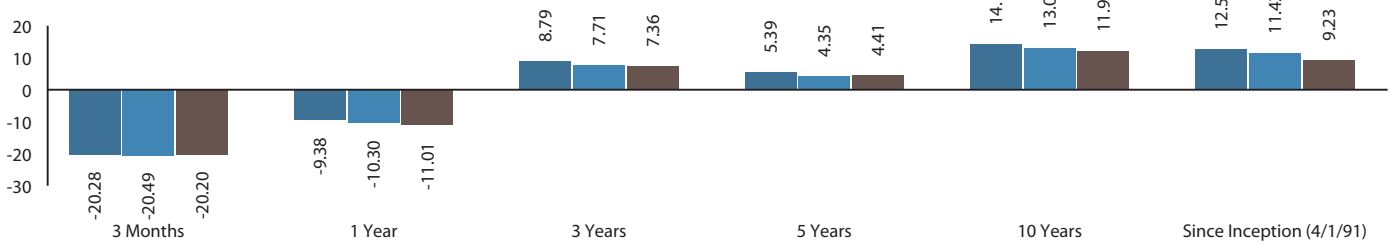
Stock selection

- Competitive position & management
 - Unique assets
 - Brand
 - Share
 - Efficiency
- Favorable trends
 - Secular
 - Cyclical
 - Internal
- Valuation (PMV)
 - Future cash flows
 - Buyer/owner perspective
 - Growth /variability
 - Discount to PMV



Investment performance¹

Historical returns (%)



■ PMV Small Cap Equity Composite - Gross ■ PMV Small Cap Equity Composite - Net ■ Russell 2000 Index

Past performance is no guarantee of future results.

Note: The GIPS® compliant presentation can be found at the end of this presentation, including information on net returns.

All returns for periods greater than one year are annualized.

¹ Source: Wells Fargo Asset Management.

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Portfolio characteristics²

	Portfolio	Benchmark
Weighted average market cap	\$3.5B	\$2.0B
Weighted median market cap	\$2.5B	\$1.8B
Long-term growth forecast	15.0%	14.0%
EPS growth (1-year forecast)	11.9%	10.2%
EPS growth (2nd year forecast)	10.8%	10.6%
P/E (1-year EPS forecast)	15.8x	18.2x
Dividend yield	1.2%	1.6%
Number of holdings	86	2,023
Turnover 1 year trailing	40%	
Active share	95%	

Sector weightings (% of equities)²

	Portfolio	Benchmark
Industrials	18.0	14.8
Financials	17.5	18.2
Information Technology	17.4	14.7
Health Care	17.1	15.6
Consumer Discretionary	8.4	12.2
Real Estate	8.0	7.2
Energy	4.3	3.5
Materials	4.0	3.7
Consumer Staples	1.0	2.9
Communication Services	0.9	3.3
Utilities	0.0	3.8
Cash	3.3	0.0

Ten largest company weights^{2, 3}

	Portfolio %
Livanova Plc	3.2
AngioDynamics, Inc.	2.3
Four Corners Property Trust, Inc.	2.1
Physicians Realty Trust	1.9
National General Holdings Corp.	1.9
Raymond James Financial, Inc.	1.9
Integer Holdings Corporation	1.8
Royal Gold, Inc.	1.7
Essent Group Ltd.	1.6
Retail Opportunity Investments Corp.	1.6

Investment team

	Position
Ann M. Miletti	Co-Lead & Senior Portfolio Manager
Christopher G. Miller, CFA	Co-Lead & Senior Portfolio Manager
Kurt S. Gunderson	Associate Portfolio Manager
Garth B. Newport, CFA	Associate Portfolio Manager
Trevor A. D'Souza	Senior Portfolio Specialist
Theran G. Motl, CFA	Senior Research Analyst
Kersten R. Larson	Senior Research Analyst
Mike D. Adducci	Senior Research Analyst
David J. Hermann	Senior Research Analyst
Jillian S. Morrissey	Research Analyst
Joe E. Bachmann, CFA	Research Analyst
Cody Y. Ampomah	Associate Analyst
Gretchen R. Wilder	Research/Product Analyst
Corey P. Johnson	Trader

² This information is based on a representative account within the PMV Small Cap Equity Composite. The representative account has been selected by meeting the following criteria: 1) the account is in the PMV Small Cap Equity Composite, 2) Wells Fargo Asset Management represents that the holdings, characteristics and risk profile are representative of the strategy/style of the PMV Small Cap Equity Composite. Any changes to the representative account must be approved by one of the Co-Heads of Portfolio Risk Management and Analytics. All currency figures in USD. Source: FactSet.

³ Largest company weights are based on market value of the representative account and not necessarily held in all client portfolios. The information shown is not intended to be, nor should it be construed to be, a recommendation to buy or sell an individual security. Past performance is not indicative of future results. A list of all holdings from the prior one-year period is available upon request. Source: FactSet.

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GIPS® Compliant Presentation

Period	Gross Annual Return (%)	Net Annual Return (%)	Primary Index Return (%)	Composite 3 Yr Std Dev (%)	Primary Index 3 Yr Std Dev (%)	Internal Dispersion (%)	Number of Accounts	Composite Assets (\$-mm)	Total Firm Assets (\$-mm)
2018	-9.38	-10.30	-11.01	15.99	15.79	N.A.	5	625.39	371,582
2017	14.88	13.75	14.65	14.12	13.91	N.A.	5	720.09	385,111
2016	23.68	22.47	21.31	15.25	15.76	N.A.	4	428.40	330,718
2015	0.10	-0.90	-4.41	12.82	13.96	N.A.	5	571.40	349,342
2014	0.89	-0.11	4.89	11.86	13.12	N.A.	5	604.51	351,065
2013	36.11	34.79	38.82	15.24	16.45	N.A.	8	673.87	357,113
2012	23.04	21.83	16.35	18.73	20.20	0.16	8	663.19	332,154
2011	-6.42	-7.36	-4.18	22.51	24.99	0.16	8	550.51	330,855
2010	30.67	29.40	26.85	27.11	27.69	0.26	7	554.59	365,552
2009	41.13	39.76	27.17	24.68	24.84	0.22	7	526.15	363,451

Source: Wells Fargo Asset Management

Primary Index = Russell 2000 Index

1. Wells Fargo Asset Management (WFAM) (formerly named Wells Capital Management) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. WFAM has been independently verified for the periods from January 1, 1997 through December 31, 2017. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The PMV Small Cap Equity Composite has been examined for the periods from January 1, 1993 through December 31, 2004 and January 1, 2010 through December 31, 2017. The verification and performance examination reports are available upon request.

2. For the purpose of complying with GIPS, the GIPS firm is defined as WFAM. Since the GIPS firm's creation in 1996, the firm has acquired a number of investment teams and/or assets through mergers or acquisitions which include assets and/or investment teams from Wells Capital Management, Norwest Investment Management Inc., Sutter Advisors, LLC, Montgomery Asset Management, Benson Associates, Strong Financial Corporation, Evergreen Investments, Wells Fargo Asset Management, LLC (International) (formerly named First International Advisors, LLC), Metropolitan West Capital Management, LLC, EverKey Global Partners, ECM Asset Management Limited, Analytic Investors, LLC and Golden Capital Management, LLC (GCM). Effective July 1, 2018, the GIPS firm also includes assets under management of Wells Fargo Asset Management Luxembourg S.A. and Wells Fargo Funds Management, LLC (WFFM).

3. The PMV Small Cap Equity Composite ("Composite") consists of all discretionary accounts managed in this style. The Composite contains accounts investing primarily in the equities of small underfollowed and undervalued companies with market capitalizations between \$100 million and \$3.5 billion. The manager bases their analysis on a company's "private market valuation" – the price an investor would be willing to pay for the entire company given its management, financial health, and growth potential. The manager determines a company's private market valuation based on a fundamental analysis of a company's cash flows, asset valuations, competitive standing, and other factors the manager deems to be relevant to each industry. Investment management is conducted in a bottom-up fashion, driven by fundamental equity research. Individual security selection is the primary determinant of long-term investment results. Cash may be held in modest amounts to manage risk during adverse market conditions. The manager may sell a stock when its price no longer compares favorably with the company's private market valuation. Investment results are measured versus the Russell 2000® Index. Effective January 1, 2010, Richard Weiss no longer serves as a senior team advisor. The Composite was created in 1993. The Composite inception date is April 1, 1991.

4. Composite returns are net of transaction costs and non-reclaimable withholding taxes, if any, are expressed in US dollars, and reflect the reinvestment of dividends and other earnings. Gross Composite returns do not reflect the

deduction of investment advisory fees. Net Composite returns are calculated using a model investment advisory fee, which is the maximum annual advisory fee based upon the fee schedule in effect during each respective performance period. Any changes to the fee schedule are reflected in the calculation of the net Composite returns beginning with the period in which the fee schedule is revised. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. WFAM's fee schedules are available upon request and may also be found in Part 2 of Form ADV. The published fee schedule for this strategy is 1.00% for the first \$25mm, 0.90% for the next \$25mm, 0.85% for the next \$50mm and 0.80% over \$100mm. Effective April 1, 2009, the Composite has a Significant Cash Flow (SCF) policy to temporarily remove accounts from the Composite. A SCF is defined as a single or series of client initiated net cash flows within a seven-business day window of either a contribution or withdrawal of cash and/or securities that exceeds 15% of the previous day's total market value of the account. Additional information regarding WFAM's policies for valuing accounts, calculating performance and preparing compliant presentations is available upon request.

5. Internal dispersion is the equal weighted standard deviation of the annual gross returns of all accounts included in the Composite for the entire year. For years where there are 5 or fewer accounts in the Composite for the entire year, dispersion is not presented as it is not a meaningful statistical calculation. The 3-year annualized standard deviation measures the variability of the gross Composite returns and the index returns over the preceding 36-month time period.

6. Index returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. For comparison purposes, the index is fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs.

7. Actual performance results may differ from Composite returns, depending on the size of the account, investment guidelines and/or restrictions, inception date and other factors. Performance for some accounts in this Composite may be calculated by third-parties that use different security pricing and performance methodologies. **Past performance is not indicative of future results.** As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. For a complete list of WFAM composite descriptions, please see <https://wellsfargo.com/about-us/business-risk-compliance.jsp>.

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). This strategy is exposed to foreign investment risk. Consult the investments offering document, investment management agreement, and/or the adviser's Form ADV Part 2 for additional information on these and other risks.

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