

U.S. Short-Term High Yield

Portfolio benchmark: ICE BofAML 3 Month LIBOR Constant Maturity Index | As of September 30, 2018

Investment philosophy

We believe we can deliver consistent risk adjusted returns with lower volatility over a market cycle by focusing on **credit fundamentals**:

- Target companies whose **ability to refinance** doesn't depend on good economic times or market conditions (i.e. ample asset coverage and strong free cash flow).
- Select shorter-dated issues with materially **less credit risk than implied by credit rating** assigned based on long-term risks.

Investment process and approach

- Given our intention to hold securities until retired by the issuer and our shorter investment time horizon, our process focuses on four fundamental questions and credit analysis designed to answer them.

Key advantages

Pioneer in the asset class

- Access to the longest Short-Term High Yield (STHY) track record.
- Experienced STHY team backed with global credit resources.

Benchmark agnostic research process

- Absolute return orientation.
- Flexibility to uncover and exploit inherent inefficiencies within the market.

Strong record of minimizing volatility

- Protect on the downside.
- Deliver consistent positive returns quarter over quarter.
- Historical default rate lower than BBB default rate.
- Top decile or quartile Sharpe ratios over 3- and 5-year periods.

Fundamental questions

- What is the likelihood the company would not be able to refinance regardless of market conditions?
- If we are wrong, what is our downside risk?
- Is the capital structure appropriate for the business risk?
- What is the potential for idiosyncratic price volatility?



Credit Analysis

Quantitative

- Liquidity
- Free cash flow generating ability
- Asset coverage
- Capital structure
- Debt amortization schedule

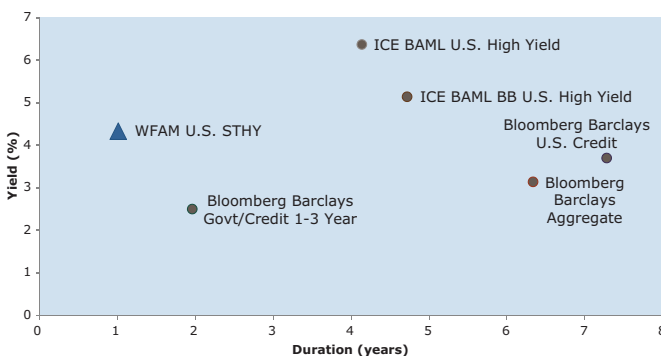
Qualitative

- Market position
- Competitive environment
- Management credibility

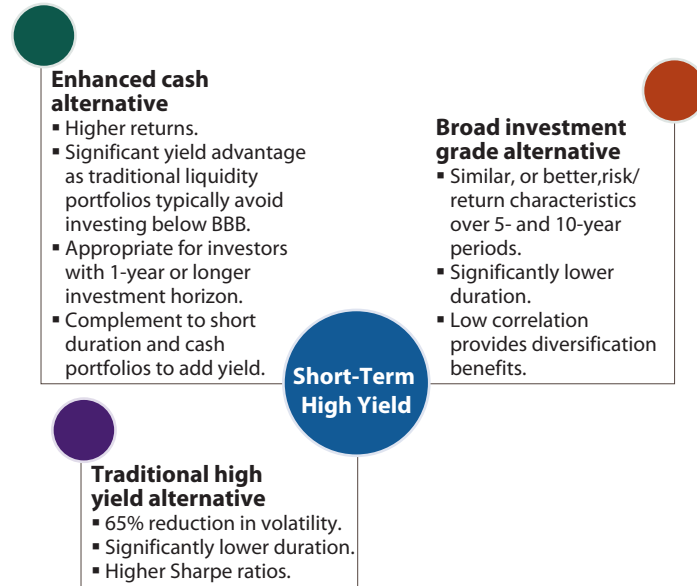
Short-term high yield market

- The short-term high yield universe can be broadly defined as high yield bonds with a maturity of 5 years or less plus all high yield bank loans. The WellsCap Short-Term High Yield strategy excludes bonds rated CCC and loans without at least a B1 or B+ rating.

Yield to worst vs duration¹



Short-term high yield client goals



¹ This information is based on a representative account within the U.S. Short-Term High Yield Composite. The representative account has been selected by meeting the following criteria: 1) the account is in the U.S. Short-Term High Yield Composite, 2) Wells Fargo Asset Management represents that the holdings, characteristics and risk profile are representative of the strategy/style of the U.S. Short-Term High Yield Composite. Any changes to the representative account must be approved by one of the Co-Heads of Portfolio Risk Management and Analytics. Source: Wells Fargo Asset Management Portfolio Analytics.

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

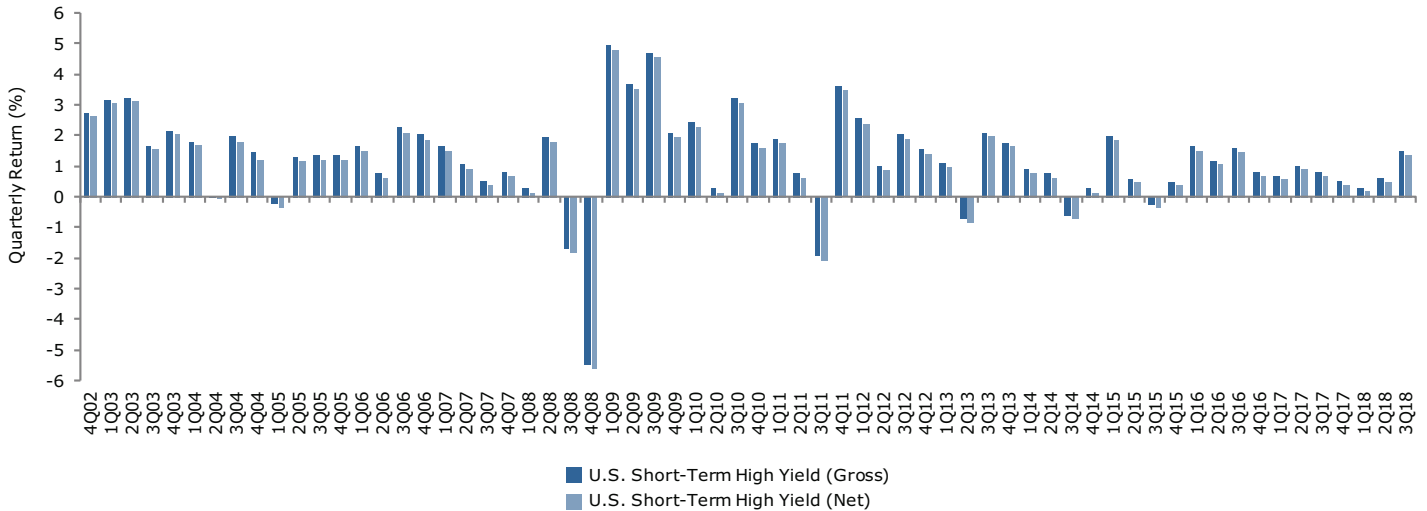
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Quarterly returns²

Consistently delivered strong absolute returns quarter over quarter

- 56 out of 64 quarters of positive returns historically



Top ten industries (%)^{1,3}

	Portfolio
Media entertainment	8.33
Technology	7.83
Cable satellite	7.62
Healthcare	7.21
Midstream	5.23
Retailers	5.05
Finance companies	4.60
Consumer cyclical services	4.40
Home construction	4.20
Food and beverage	4.20

Credit quality¹

	Portfolio ¹
Average	BB
Investment grade	10.54
BB	59.38
B	25.48
<B	0.00
Cash	4.61

Portfolio and benchmark summary¹

	Portfolio
Effective duration	0.84
YTW	4.40
YTM	4.62

All returns for periods greater than one year are annualized.

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² Source: Wells Fargo Asset Management.

³ Ten largest industry 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 a reliable indicator of future results.

Source: Wells Fargo Asset Management Portfolio Analytics.

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Investment team

	Position
Thomas Price, CFA	Managing Director and Head of Short Term High Yield Senior Portfolio Manager
Kevin Maas, CFA	Portfolio Manager & Senior Research Analyst

	Position
Michael Schueller, CFA*	Portfolio Manager & Senior Research Analyst
Eric Bjorklund	Trader

U.S. High Yield research team

	Position
Mike Mallardi	Co-Director of HY Research
Henry Naah	Co-Director of HY Research
Alex Basman, CFA	Senior Analyst
Marianne Beyer, CFA	Senior Analyst
James Brown, CFA	Senior Analyst
Cheryl Ngo	Senior Analyst

	Position
Oscar Olivas, CFA	Senior Analyst
Steven Pfeiffer, CFA	Senior Analyst
Maya Sarda	Senior Analyst
Brian Keller, CFA	Research Analyst
Robert McHenry	Research Analyst
Patricia Calzado Real	Research Analyst

Global credit research platform

U.S. based	Position
James Newton, CFA	Co-Head, Global Credit Research
11 Investment professionals	Global research resources

Europe based	Position
Duncan Warwick-Champion	Co-Head, Global Credit Research
8 Investment professionals	Global research resources

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* Part of WFAM Multi Sector Fixed Income - Plus Team with specialty focus on high yield.

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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)
2017	3.05	2.54	1.11	1.35	0.11	N.A.	3	1,878.35	385,111
2016	5.29	4.77	0.66	1.66	0.06	N.A.	3	1,838.92	330,718
2015	2.81	2.30	0.23	1.93	0.02	N.A.	3	1,627.11	349,342
2014	1.33	0.83	0.23	1.87	0.04	N.A.	3	1,666.72	351,065
2013	4.32	3.78	0.29	2.68	0.04	N.A.	3	1,668.35	357,113
2012	7.35	6.71	0.51	2.70	0.06	N.A.	2	1,180.92	332,154
2011	4.31	3.69	0.27	3.83	0.14	N.A.	1	802.05	330,855
2010	7.85	7.21	0.33	5.92	0.58	N.A.	1	526.09	365,552
2009	16.27	15.58	0.99	5.92	0.67	N.A.	1	328.06	363,451
2008	-5.03	-5.60	3.82	5.02	0.46	N.A.	1	103.42	252,048

Source: Wells Fargo Asset Management

Primary Index = ICE BofAML 3 Month LIBOR Constant Maturity 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 U.S. Short-Term High Yield Composite has been examined for the periods from January 1, 2014 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 U.S. Short-Term High Yield Composite (Composite) consists of all discretionary accounts managed in this style. The Composite contains accounts investing primarily in below investment grade corporate bonds and leveraged loans and aims to produce positive returns with low volatility in all market environments, within the constraints of a long only strategy. Accounts typically have a duration between one and three years. Certain accounts included in the Composite may utilize futures, options, swaps, and forward contracts for the purposes of hedging or creating synthetic positions. The accounts have the ability to invest up to 100% of their assets in such securities. More restrictive investment limitations may be imposed. Investment results are measured versus the ICE BofAML 3 Month LIBOR Constant Maturity Index. Prior to September 2016, the primary index was a blend of 70% ICE BofAML HY U.S. Corp. Cash Pay, BB Rated 1-5 Yr Constrained Index / 30% ICE BofAML HY U.S. Corp. Cash Pay B Rated 1-5 Yr Constrained Index and the secondary index was the Barclays 1-3 Year U.S. Government/Credit Index. The index changes were made in 2016, for all periods, to more accurately reflect the Strategy's investment objective. The Composite was created in 1997. The Composite inception date is July 1, 1997.

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 0.50% for the first \$50mm and 0.45% over \$50mm. Additional information regarding WFAM's policies for valuing accounts, calculating performance and preparing compliant presentations are 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 five 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 ICE BofAML 3 Month LIBOR Constant Maturity Index tracks the performance of a synthetic asset paying Libor to a stated maturity. The index is based on the assumed purchase at par of a synthetic instrument having 3 months to maturity and with a coupon equal to the closing quote for 3-Month LIBOR. The issue is assumed to be sold the following business day (priced at a yield equal to the current day closing 3-Month LIBOR rate) and rolled into a new 3-Month instrument. 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>.

As of March 31, 2018, the U.S. High Yield Fixed Income team was renamed WFAM U.S. High Yield Fixed Income team and the U.S. Short-Term High Yield Fixed Income strategy was renamed the U.S. Short-Term High Yield strategy. The philosophy and process of the team and strategy remain unchanged.

Bond values fluctuate in response to the financial condition of individual issuers, general market and economic conditions, and changes in interest rates. Changes in market conditions and government policies may lead to periods of heightened volatility in the bond market and reduced liquidity for certain bonds held by the fund. In general, when interest rates rise, bond values fall and investors may lose principal value. Interest-rate changes and their impact on the fund and its price can be sudden and unpredictable. Loans are subject to risks similar to those associated with other below-investment-grade bond investments, such as risk of greater volatility in value, credit risk (for example, risk of issuer default), and risk that the loan may become illiquid or difficult to price. The use of derivatives may reduce returns and/or increase volatility. 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 and high-yield securities risk. High-yield securities have a greater risk of default and tend to be more volatile than higher-rated debt securities. 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.

Wells Fargo Asset Management (WFAM) is the trade name for certain investment advisory/management firms owned by Wells Fargo & Company. These firms include but are not limited to Wells Capital Management Incorporated and Wells Fargo Funds Management, LLC. Certain products managed by WFAM entities are distributed by Wells Fargo Funds Distributor, LLC (a broker/dealer and Member FINRA). WCM 316765 1018