

Wells Fargo Funds Management

100 Heritage Reserve
Menomonee Falls, Wisconsin 53051

PRODUCT OVERVIEW

The WellsCap Value Equity team believes that its broad approach to value investing enhances the opportunity to generate alpha and to do so with greater consistency than their peer group. By employing a multifaceted investment process that consists of quantitative idea generation and rigorous fundamental research, they believe they are able to identify companies that exhibit attractive valuation characteristics and warrant further research. Fundamental research is then conducted to find small to mid capitalization companies with a positive dynamic for change that they believe could move the stock price higher. The positive dynamic may include a change in management team, a new product or service, corporate restructuring, an improved business plan, a change in the regulatory environment, or expansion in the market cycle for the particular industry. They typically sell a security when its fundamentals deteriorate, when its relative valuation versus the peer group and market becomes expensive, for risk management considerations, or if they believe more attractive opportunities are present in the marketplace.

TARGET PORTFOLIO CHARACTERISTICS

Number of stock holdings:	130 to 160
Average dividend yield:	Similar to/Below the S&P 500
P/E ratio:	Similar to/Above the S&P 500
Cash level over market cycle:	0 to 10%
Risk (standard deviation):	Above the S&P 500
Average turnover rate:	40 to 50%
Use ADRs:	0 to 30%
Capitalization:	Medium, Small and Micro companies

MANAGER'S INVESTMENT PROCESS

- **Broad Approach to Investing:** They believe that different value opportunities perform well in different market cycles, and they look for the best opportunities across all segments of value investing, including intrinsic value, relative value, and contrarian value.
- **Focus on What Drives Stock Performance:** They look for what they believe are measurable improvements in the income statement and the balance sheet as an indication that a stock is at an inflection point. They then conduct an in-depth, fundamental analysis to identify the positive dynamic that they think could drive stock price appreciation.
- **Deep, Experienced Investment Team:** Led by Charles Rinaldi, who has more than 30 years of investment experience, their ten-member team focuses solely on small- and mid-cap equity research.
- **Research- Driven Portfolio Construction:** They do not set ranges for sector weightings against the benchmark, and believe the best way to generate alpha is to let the process, rather than the index constituency, dictate where to invest.
- **Modest Trading:** The average holding period is two to three years, and they tend to let the winners ride.

RISK CONSIDERATIONS

Investing in securities entails risks, including: Small-cap stocks may be subject to a higher degree of risk than more established companies' securities, including higher volatility. The illiquidity of the small-cap market may adversely affect the value of these investments. When investing in value securities, the market may not necessarily have the same value assessment as the manager, and, therefore, the performance of the securities may decline.

MANAGER'S INVESTMENT STRATEGY

- ☐ Top-down / portfolio structures based on economic trends
- ☒ Bottom-up / portfolio structure based on individual securities

% PROCESS BASED ON

0 Asset allocation - cash vs. stock
15 Industry or sector weighting
85 Stock Selection

PORTFOLIO'S ALLOCATION HISTORY (%)[^]

	03/14	12/13	09/13	06/13
U.S. Stocks	85	85	86	85
ADRs/Non-U.S. Stocks	14	13	12	13
Cash/Cash Equivalents	1	2	2	2

Style: Small Cap Value
Sub-Style: Traditional Value
Firm Assets Under Management: \$92.2 billion[^]
Firm Strategy Assets Under Management: \$24.1 million
Year Founded: 1981
Professional Staff: 415
Firm Ownership: Wells Fargo Bank, N.A.
CG IAR Status: Focus

PORTFOLIO STATISTICS^{*}

	-----03/14-----		09/13
	Wells	Russell 2000 VI	Wells
Number of stock holdings	138	1,374	140
Weighted average dividend yield	1.6%	2.0%	1.8%
Weighted average P/E ratio ¹	20.49x	17.40x	22.36x
Weighted average portfolio beta	0.90	—	0.93
Mega capitalization ⁺	0.0%	0.0%	0.0%
Large capitalization ⁺	0.0%	0.0%	0.0%
Medium capitalization ⁺	0.0%	17.3%	0.0%
Small capitalization ⁺	0.0%	68.9%	0.0%
Micro capitalization ⁺	0.0%	13.7%	0.0%

PORTFOLIO'S EQUITY SECTOR WEIGHTINGS ⁺

	-----03/14-----		09/13
Sector	Wells	Russell 2000 VI	Wells
Energy	19.96	7.53	18.42
Materials	8.60	4.62	8.10
Industrials	14.72	13.25	15.20
Consumer Discretionary	12.09	10.19	10.60
Consumer Staples	0.41	2.46	1.11
Health Care	8.14	4.77	8.87
Financials	21.64	39.77	21.79
Information Technology	12.60	10.62	12.87
Telecomm Services	1.17	0.53	0.88
Utilities	0.00	6.27	0.00
Miscellaneous	0.00	0.00	0.00
Cash/Cash Equivalents	0.67	0.00	2.16

PORTFOLIO'S TOP FIVE EQUITY HOLDINGS⁺

	%
Interoil Corp.	5.1
Randgold Resources Limited ADR	4.2
Chimera Investment Corp.	3.7
United Continental Holdings, Inc.	2.9
Century Casinos, Inc.	2.8

[^]As of 06/30/2012. Information as of 03/31/2014 is not yet available.

¹The P/E used here is calculated by the harmonic mean.

^{*}Total may not equal 100% due to rounding.

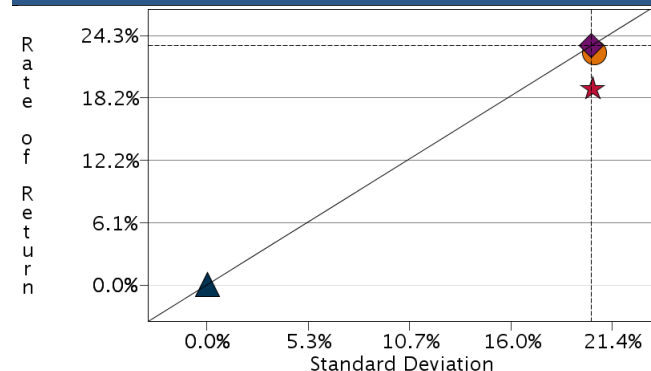
⁺As represented by Wells Capital Management.

Wells Capital Management

Style: Small Cap Value

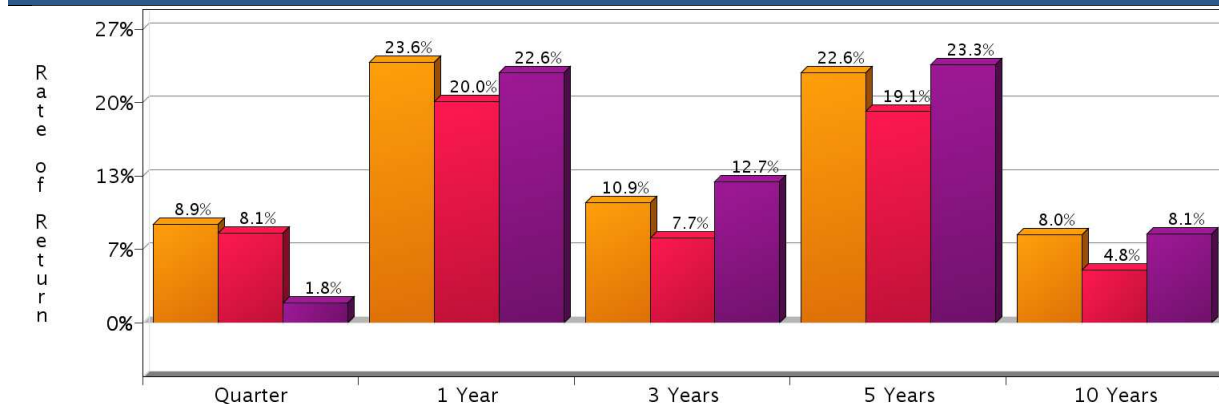
Sub-Style: Traditional Value

RISK/RETURN ANALYSIS – 5 YEARS ENDING 03/31/14



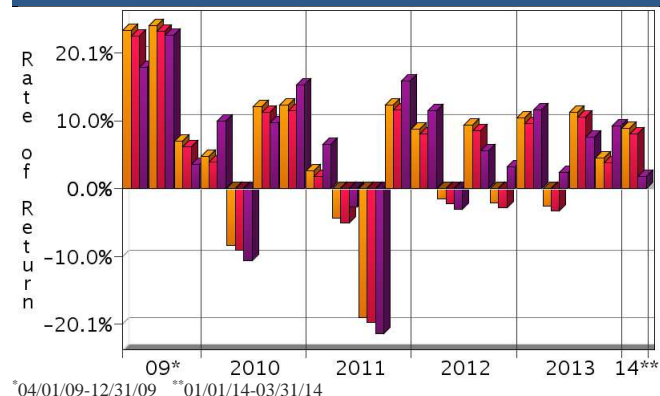
	STD	ROR
Wells (Gross)	20.43	22.64
Wells (Net)	20.33	19.11
Russell 2000 VI	20.24	23.33
90-Day T-Bills	0.02	0.09

AVERAGE ANNUAL TOTAL RETURN (%) – PERIODS ENDING 03/31/14



INVESTMENT RESULTS	Annual Rates of Return (%)										10 Year - Ending 03/31/14	
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Annualized	Std. Dev.
Wells (Gross)	18.95	12.63	14.44	1.44	-40.57	45.41	20.86	-10.73	14.81	25.37	7.97	20.85
Wells (Net)	15.33	9.21	11.13	-1.55	-42.49	41.16	17.38	-13.32	11.47	21.77	4.77	20.77
Russell 2000 VI	22.25	4.71	23.48	-9.78	-28.93	20.57	24.50	-5.50	18.05	34.50	8.07	20.45

RISK VOLATILITY



	Number Of	Up Qtrs.	Down Qtrs.
Wells (Gross)		14	6
Wells (Net)		14	6
Russell 2000 VI		16	4

PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2004	5.54	4.75	-0.86	-1.66	1.22	0.44	12.32	11.47
2005	-1.88	-2.64	0.46	-0.35	13.92	13.11	0.30	-0.49
2006	10.45	9.69	-3.17	-3.89	-0.86	-1.63	7.94	7.16
2007	4.11	3.34	7.84	7.06	-3.57	-4.33	-6.31	-6.99
2008	-8.07	-8.79	2.61	1.87	-10.80	-11.50	-29.36	-30.06
2009	-11.38	-12.09	23.43	22.62	24.16	23.29	7.07	6.22
2010	4.74	3.93	-8.40	-9.05	12.10	11.32	12.38	11.56
2011	2.63	1.85	-4.36	-5.07	-19.11	-19.72	12.43	11.69
2012	8.79	8.05	-1.47	-2.20	9.40	8.59	-2.10	-2.86
2013	10.49	9.70	-2.54	-3.28	11.34	10.57	4.56	3.79
2014	8.89	8.09						

Fiduciary Services

PORTFOLIO'S RISK STATISTICS – PERIODS ENDING 03/31/14^{1,2}

	3 Year	5 Year
Standard Deviation	18.55%	20.43%
Standard Deviation of Primary Benchmark	19.54%	20.24%
Sharpe Ratio	0.58	1.10
Sharpe Ratio of Primary Benchmark	0.65	1.15
Alpha	0.00%	0.93%
Beta	0.86	0.93
Downside Risk	6.04%	5.67%
R-Squared	0.83	0.86
Tracking Error	8.18%	7.85%
Information Ratio	-0.23	-0.09

PORTFOLIO DIVERSIFICATION - R² (10 YEARS ENDING 03/14)*

	R ²
Wells vs. Russell 2000 VI	0.80

*Statistics are calculated using gross of fee performance only.

1. Statistics are calculated using gross of fee performance only.
 2. Russell 2000 VI was used as the primary benchmark and the 90-Day U.S. T-Bill Index as the risk-free benchmark.

See page 3 for a discussion of the sources of the performance data used to calculate the performance results and related analyses on page 2.

Past performance is no guarantee of future results. This profile is not complete without pages 3 and 4, which contain important notes, including disclosures about the composite, index descriptions and a glossary of terms. Information shown is as of March 31, 2014, unless otherwise noted. All data are subject to change.

IMPORTANT NOTES AND DISCLOSURES

COMPOSITE DISCLOSURES

Past performance is no guarantee of future results. Actual individual account results may differ from the performance shown in this profile. There is no guarantee that this investment strategy will work under all market conditions. Do not use this profile as the sole basis for your investment decisions.

Performance results in this profile are calculated assuming reinvestment of dividends and income. Returns for more than one year are annualized and based on quarterly data. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Related Performance (Manager's Composite):

For periods before the date on which Morgan Stanley begins to calculate an applicable performance composite for actual Morgan Stanley program accounts, the performance composite and certain other information for this strategy (including the data on page 1 of this profile) are based on the investment manager's own composite and data. This composite includes accounts managed by the investment manager according to the same or a substantially similar investment strategy. To provide maximum information to you, the investment manager's own composite is linked to the Morgan Stanley composite to create a simulated continuous track record of performance information for the investment strategy. The investment manager's composite may include separately managed accounts, institutional accounts and/or mutual funds. Performance and other data for the investment managers composite may vary from that of Morgan Stanley accounts due to differences such as the availability and weighting of securities, trading implementation or client objectives. Morgan Stanley does not verify composite and other data provided by the investment manager and therefore does not guarantee its accuracy. Some of the accounts in the investment managers composite may have invested in the initial public offering ("IPO") market, whereas accounts held in Morgan Stanley programs do not do so. Since investment managers may use different methods of selecting accounts to be included in their composites and for calculating performance, returns of different investment managers may not be comparable.

Related Performance:

The performance composite calculated by Wells Fargo Managed Account Services includes all new discretionary, fee-paying equity accounts at the beginning of the first full calendar month following the initial contribution. All new discretionary, fee-paying fixed income accounts are included in a composite at the beginning of the third full calendar month following the initial contribution. Closed accounts are excluded from the composite after the last full month for which we have discretion. Accounts are removed from the composite if any deposit or withdrawal during a month exceeds 50% of the beginning market value of the account for that month. An account is removed from the composite if it has requested an investment restriction on more than four individual securities or more than two industry sectors. The Wells Fargo Managed Account Services' gross of fees composite performance is presented before the deduction of investment advisory fees and before the deduction of transaction costs. The Wells Fargo Managed Account Services' net of fees composite performance is presented after the deduction of investment advisory fees and after the deduction of transaction costs. The composite return is the summation of the asset-weighted returns of the constituent accounts. The weighting is based on the account market value at the beginning of the period. Net of fee composite returns are calculated using a model fee, which is the maximum annual advisory fee based upon the fee schedule in effect during each respective performance period.

Fiduciary Services Performance:

In this profile, the performance from 1/1/2002 through June 2012 consists of accounts in either the Morgan Stanley or the Smith Barney form of the Fiduciary Services program. From July 2012, performance consists of all Fiduciary Services accounts managed by the investment manager in the strategy, subject to any other limitations stated in this profile. Performance composites calculated by Morgan Stanley include all fee-paying portfolios with no investment restrictions. New accounts are included upon the first full quarter of performance. Terminated accounts are removed in the quarter in which they terminate. Performance is calculated on a total return basis and by asset weighting the individual portfolio returns using the beginning of period values.

Equity Account (Gross): Wells' gross results do not reflect a deduction of the investment advisory fees charged by Wells, or program fees, if any, but are net of commissions charged on securities transactions.

Past performance is no guarantee of future results. This profile is not complete without pages 3 and 4, which contain important notes, including disclosures about the composite, index descriptions and a glossary of terms. Information shown is as of March 31, 2014, unless otherwise noted. All data are subject to change.

Net Performance for all Periods: To demonstrate the effect of Morgan Stanley's fees that would have applied if you had invested in the investment manager strategy's through the Fiduciary Services program, the net results for all periods are calculated by deducting a quarterly fee of 0.75% (equivalent to an annual fee of 3%).

Morgan Stanley program fees are usually deducted quarterly, and have a compounding effect on performance. The Morgan Stanley program fee, which differs among programs and clients, is described in the applicable Morgan Stanley ADV brochure, which is available at www.morganstanley.com/ADV or on request from your Financial Advisor or Private Wealth Advisor.

Fiduciary Services is a separately managed account program sponsored by Morgan Stanley. For periods for which sufficient data is available, the profile shows a composite of client accounts managed by the investment manager in the Fiduciary Services program. Through June 2012, Morgan Stanley offered the Fiduciary Services program through two channels - the Morgan Stanley channel and the Smith Barney channel. For periods through June 2012, any composite based on Fiduciary Services accounts consists of Fiduciary Services accounts managed by the manager in the strategy in either the Morgan Stanley channel or the Smith Barney channel. If the strategy or similar strategies were available in both the Morgan Stanley and Smith Barney forms of the program, through June 2012 this profile presents the composite for the strategy that is closest to the strategy currently offered in the Fiduciary Series program. If both strategies were equally close, this profile shows through June 2012 the longer of the two composites. From July 2012, any composite based on Fiduciary Services accounts consists of all Fiduciary Services accounts managed by the manager in the strategy, subject to any other limitations stated in this profile. Performance and other data for Fiduciary Services composites may differ from composites in other Morgan Stanley programs, and performance and data for composites in one channel may differ from composites in the other channel, due to differences such as the availability and weighting of securities, trading implementation or client objectives.

Focus List, Approved List, and Watch Status:

Consulting Group Investment Advisor Research ("CG IAR") uses two methods to evaluate investment products in applicable advisory programs. In general, strategies that have passed a more thorough evaluation may be placed on the "Focus List", while strategies that have passed through a different and less comprehensive evaluation process may be placed on the "Approved List". Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. CG IAR may also determine that an investment product no longer meets the criteria under either evaluation process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

CG IAR has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if CG IAR identifies specific areas that (a) merit further evaluation by CG IAR and (b) may, but are not certain to, result in the investment product becoming "Not Approved". The Watch period depends on the length of time needed for CG IAR to conduct its evaluation and for the investment manager to address any concerns. CG IAR may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" on the cover page.

For more information on the Focus List, Approved List, and Watch processes, please see the applicable Morgan Stanley ADV brochure. Your Financial Advisor or Private Wealth Advisor can provide on request a copy of a paper entitled "Manager Research and Selection: A Disciplined Process".

ADDITIONAL DISCLOSURES

The information about a representative account is for illustrative purposes only. Actual account holdings, performance and other data will vary depending on the size of an account, cash flows within an account, and restrictions on an account. Holdings are subject to change daily. The information in this profile is not a recommendation to buy, hold or sell securities.

Actual portfolio statistics may vary from target portfolio characteristics.

Wells Capital Management

Style: Small Cap Value

Sub-Style: Traditional Value

The investment manager may use the same or substantially similar investment strategies, and may hold similar portfolios of investments, in other portfolios or products it manages (including mutual funds). These may be available at Morgan Stanley or elsewhere, and may cost an investor more or less than this strategy in the Morgan Stanley Fiduciary Services program.

The portfolio may, at times, invest in exchange-traded funds (ETFs), which are a form of equity security in seeking to maintain continued full exposure to the broad equity market.

Morgan Stanley investment advisory programs may require a minimum asset level and, depending on your specific investment objectives and financial position, may not be suitable for you. Investment advisory program accounts are opened pursuant to a written client agreement.

The investment manager acts independently of, and is not an affiliate of, Morgan Stanley Smith Barney LLC.

Morgan Stanley Smith Barney LLC Member SIPC.

INDEX DESCRIPTIONS

90-Day T-Bills

The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of discount is the interest earned. T-bills are issued in denominations of \$10,000 auction and \$1,000 increments thereafter.

Russell 2000 VI

The Russell 2000 Value Index is representative of the U.S. market for smaller capitalization stocks containing those companies in the Russell 2000 Index with lower price-to-book ratios and lower forecasted growth.

S&P 500

The S&P 500 has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index has over \$5.58 trillion benchmarked, with index assets comprising approximately \$1.31 trillion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities. This index includes dividend reinvestment.

Indices are unmanaged and have no expenses. You cannot invest directly in an index.

GLOSSARY OF TERMS

Alpha is a mathematical estimate of risk-adjusted return expected from a portfolio above and beyond the benchmark return at any point in time.

American Depositary Receipts (ADRs) are receipts for shares of a foreign-based corporation held in the vault of a U.S. bank.

Average Portfolio Beta is a measure of the sensitivity of a benchmark or portfolio's rates of return to changes against a market return. The market return is the S&P 500 Index. It is the coefficient measuring a stock or a portfolio's relative volatility.

Beta is a measure of the sensitivity of a portfolio's rates of return to changes in the market return. It is the coefficient measuring a stock or a portfolio's relative volatility.

Bottom-Up Stock Selection Emphasis primarily on individual stock selection. Considerations of economic and industry factors are of secondary importance in the investment decision-making process.

Capitalization is defined as the following: Mega (Above \$100 billion), Large (\$12 to \$100 billion), Medium (\$2.5 - \$12 billion), Small (\$.50 - \$2.5 billion) and Micro (below \$.50 billion).

Dividend a portion of a company's profit paid to common and preferred shareholders.

Downside Risk is a measure of the risk associated with achieving a specific target return. This statistic separates portfolio volatility into downside risk and upside uncertainty. The downside considers all returns below the target return, while the upside considers all returns equal to or above the target return.

Duration is a measure of price sensitivity expressed in years.

High Grade Corporate Bonds corporate bonds from issuers with credit ratings of AA or AAA.

Information Ratio is a measure of the investment manager's skill to add active value against a given benchmark relative to how stable that active return has been. Essentially, the information ratio explains how significant a manager's alpha is. Therefore, the higher the information ratio, the more significant the alpha.

Investment Grade Bonds are those rated by Standard & Poor's AAA (highest rated), AA, A or BBB (or equivalent rating by other rating agencies or, in the case of securities not rated, by the investment manager).

Price/Book Ratio (P/B) weighted average of the stocks' price divided by book value per share. Book value per share is defined as common equity, including intangibles, divided by shares outstanding times the adjustment factor.

Price/Cash Flow Ratio a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's market cap by the company's operating cash flow in the most recent fiscal year (or the most recent four fiscal quarters); or, equivalently, divide the per-share stock price by the per-share operating cash flow.

Price/Earnings Ratio (P/E Ratio) shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. The P/E ratio shown here is calculated by the harmonic mean.

Price/Sales Ratio determined by dividing current stock price by revenue per share (adjusted for stock splits). Revenue per share for the P/S ratio is determined by dividing revenue for past 12 months by number of shares outstanding.

R² (R-Squared)/Portfolio Diversification indicates the proportion of a security's total variance that is benchmark-related or is explained by variations in the benchmark.

Sharpe Ratio measures the efficiency, or excess return per unit of volatility, of a manager's returns. It evaluates managers' performance on a volatility-adjusted basis.

Standard Deviation is a statistical measure of historical variability or spread of returns around a mathematical average return that was produced by the investment manager over a given measurement period. The higher the standard deviation, the greater the variability in the investment manager's returns relative to its average return.

Top-Down/Economic Analysis Emphasis primarily on macroeconomic trends as opposed to bottom-up stock selection.

Tracking Error represents the standard deviation of the difference between the performance of the investment strategy and the benchmark. This provides a historical measure of the variability of the investment strategy's returns relative to its benchmark.

U.S. Treasury Bonds a marketable, fixed interest U.S. government debt security with a maturity of more than 10 years. Treasury bonds make interest payments semi-annually and the income that holders receive is only taxed at the federal level.

Volatility a measure of risk based on the standard deviation of the asset return. Volatility is a variable that appears in option pricing formulas, where it denotes the volatility of the underlying asset return from now to the expiration of the option. There are volatility indexes. Such as a scale of 1-9; a higher rating means higher risk.