



Global Investment Strategy Team

- Guidance change
- Forecast change
- Allocation change**

## Adjusting tactical positions for annual strategic changes

### Guidance changes

- No guidance changes

### Forecast changes

- No forecast changes

### Allocation changes

- We are adjusting tactical allocations to align with our annual strategic portfolio adjustments. Please see the appendix for specific allocations.

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As we make our annual adjustments to strategic portfolio allocations, it is important to combine these long-term reallocations with additional changes to maintain our guidance over the shorter tactical horizon of 6 to 18 months. That is, we want to maintain our preferred shorter-term overallocations and underallocations relative to the new longer-term, or strategic, allocations.

This year, the strategic adjustments in our 2023 Capital Market Assumptions are modest.<sup>1</sup> For portfolios that prioritize income objectives, the changes reallocate from U.S. equities, and smaller reallocations from U.S. Long Term Taxable Fixed Income, into U.S. Short Term and Intermediate Term Taxable Fixed Income. For portfolios that focus on capital appreciation, the strategic changes reallocate moderately across various fixed income asset classes and alternative investment strategies into Developed Market ex-U.S. Equities.

**Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value**

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1. For details on our capital market assumptions and revised strategic allocation preferences, please see “2023 Capital Market Assumptions: Methodology — The building-block approach”, and “2023 Capital Market Assumptions: Strategic asset allocation recommendations”, Wells Fargo Investment Institute, July 18, 2023.

Large tactical adjustments are unnecessary, in our view, because the strategic changes are in the same direction as the tactical changes we published in April.<sup>2</sup> We favor a tactically defensive stance that has reallocated from U.S. equities into fixed income. In addition, we favor moving tactical allocations to match strategic levels for Developed Market ex-U.S. Equities. The table below lists our tactical preferences. The tables at the back of this report detail the specific tactical adjustments that we favor to keep our tactical preferences and to align with the changes to the strategic allocations.

**Table 1. Tactical asset class preferences**

<b>Fixed Income</b>	<b>Guidance</b>
U.S. Short Term Taxable Fixed Income	Most favorable
U.S. Intermediate Term Taxable Fixed Income	Unfavorable
U.S. Long Term Taxable Fixed Income	Most favorable
High Yield Taxable Fixed Income	Unfavorable
Emerging Market Fixed Income	Neutral
<b>Equities</b>	<b>Guidance</b>
U.S. Large Cap Equities	Favorable
U.S. Mid Cap Equities	Neutral
U.S. Small Cap Equities	Most unfavorable
Developed Market ex-U.S. Equities	Neutral
Emerging Market Equities	Unfavorable

Source: Wells Fargo Investment Institute, July 18, 2023

2. Please see Wells Fargo Investment Institute, “Announcing 2024 targets and updated guidance”, April 21, 2023.

**Illiquid**

**May include fixed-income, equities, real assets, and alternative investments**

Updated for strategic allocation as of July 18, 2023, and for tactical allocation as of July 18, 2023.

	CONSERVATIVE					MODERATE					AGGRESSIVE				
	Strategic Allocation	Tactical Allocation	Prior Tactical Allocation	Active Weight	Changes to Tactical Allocation	Strategic Allocation	Tactical Allocation	Prior Tactical Allocation	Active Weight	Changes to Tactical Allocation	Strategic Allocation	Tactical Allocation	Prior Tactical Allocation	Active Weight	Changes to Tactical Allocation
<b>INCOME</b>															
TAXABLE CASH ALTERNATIVES	2%	2%	2%	0%	0%	2%	2%	2%	0%	0%	2%	2%	2%	0%	0%
<b>TOTAL GLOBAL FIXED INCOME</b>	<b>68%</b>	<b>70%</b>	<b>66%</b>	<b>2%</b>	<b>4%</b>	<b>55%</b>	<b>57%</b>	<b>55%</b>	<b>2%</b>	<b>2%</b>	<b>47%</b>	<b>49%</b>	<b>45%</b>	<b>2%</b>	<b>4%</b>
U.S. Taxable Investment Grade Fixed Income	63%	70%	63%	7%	7%	48%	52%	50%	4%	2%	35%	41%	37%	6%	4%
Short Term Taxable*	14%	22%	16%	8%	6%	11%	15%	13%	4%	2%	8%	13%	9%	5%	4%
Intermediate Taxable*	38%	33%	30%	-5%	3%	28%	25%	23%	-3%	2%	21%	18%	16%	-3%	2%
Long Term Taxable*	11%	15%	17%	4%	-2%	9%	12%	14%	3%	-2%	6%	10%	12%	4%	-2%
High Yield Taxable Fixed Income	2%	0%	0%	-2%	0%	2%	0%	0%	-2%	0%	4%	0%	0%	-4%	0%
Developed Market Ex-U.S. Fixed Income	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Emerging Market Fixed Income	3%	0%	3%	-3%	-3%	5%	5%	5%	0%	0%	8%	8%	8%	0%	0%
<b>TOTAL GLOBAL EQUITIES</b>	<b>8%</b>	<b>4%</b>	<b>8%</b>	<b>-4%</b>	<b>-4%</b>	<b>20%</b>	<b>16%</b>	<b>18%</b>	<b>-4%</b>	<b>-2%</b>	<b>25%</b>	<b>21%</b>	<b>25%</b>	<b>-4%</b>	<b>-4%</b>
U.S. Large Cap Equities	8%	4%	8%	-4%	-4%	12%	10%	12%	-2%	-2%	15%	13%	17%	-2%	-4%
U.S. Mid Cap Equities	0%	0%	0%	0%	0%	4%	2%	2%	-2%	0%	6%	4%	4%	-2%	0%
U.S. Small Cap Equities	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Developed Market Ex-U.S. Equities	0%	0%	0%	0%	0%	4%	4%	4%	0%	0%	4%	4%	4%	0%	0%
Emerging Market Equities	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>TOTAL GLOBAL REAL ASSETS</b>	<b>7%</b>	<b>9%</b>	<b>9%</b>	<b>2%</b>	<b>0%</b>	<b>8%</b>	<b>10%</b>	<b>10%</b>	<b>2%</b>	<b>0%</b>	<b>9%</b>	<b>11%</b>	<b>11%</b>	<b>2%</b>	<b>0%</b>
Private Real Estate**	5%	5%	5%	0%	0%	6%	6%	6%	0%	0%	7%	7%	7%	0%	0%
Commodities	2%	4%	4%	2%	0%	2%	4%	4%	2%	0%	2%	4%	4%	2%	0%
<b>TOTAL ALTERNATIVE INVESTMENTS**</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>0%</b>	<b>0%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>0%</b>	<b>0%</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>	<b>0%</b>	<b>0%</b>
Global Hedge Funds	11%	11%	11%	0%	0%	11%	11%	11%	0%	0%	11%	11%	11%	0%	0%
Private Equity	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Private Debt	4%	4%	4%	0%	0%	4%	4%	4%	0%	0%	6%	6%	6%	0%	0%
<b>GROWTH AND INCOME</b>															
TAXABLE CASH ALTERNATIVES	2%	2%	2%	0%	0%	2%	2%	2%	0%	0%	2%	2%	2%	0%	0%
<b>TOTAL GLOBAL FIXED INCOME</b>	<b>38%</b>	<b>41%</b>	<b>39%</b>	<b>3%</b>	<b>2%</b>	<b>29%</b>	<b>32%</b>	<b>32%</b>	<b>3%</b>	<b>0%</b>	<b>23%</b>	<b>26%</b>	<b>26%</b>	<b>3%</b>	<b>0%</b>
U.S. Taxable Investment Grade Fixed Income	31%	38%	36%	7%	2%	21%	28%	28%	7%	0%	14%	20%	20%	6%	0%
Short Term Taxable*	7%	11%	9%	4%	2%	5%	9%	9%	4%	0%	3%	8%	6%	5%	2%
Intermediate Taxable*	18%	16%	16%	-2%	0%	12%	10%	10%	-2%	0%	9%	5%	5%	-4%	0%
Long Term Taxable*	6%	11%	11%	5%	0%	4%	9%	9%	5%	0%	2%	7%	9%	5%	-2%
High Yield Taxable Fixed Income	4%	0%	0%	-4%	0%	4%	0%	0%	-4%	0%	3%	0%	0%	-3%	0%
Developed Market Ex-U.S. Fixed Income	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Emerging Market Fixed Income	3%	3%	3%	0%	0%	4%	4%	4%	0%	0%	6%	6%	6%	0%	0%
<b>TOTAL GLOBAL EQUITIES</b>	<b>32%</b>	<b>27%</b>	<b>29%</b>	<b>-5%</b>	<b>-2%</b>	<b>39%</b>	<b>34%</b>	<b>34%</b>	<b>-5%</b>	<b>0%</b>	<b>46%</b>	<b>41%</b>	<b>41%</b>	<b>-5%</b>	<b>0%</b>
U.S. Large Cap Equities	16%	17%	19%	1%	-2%	18%	20%	18%	2%	2%	22%	25%	25%	3%	0%
U.S. Mid Cap Equities	6%	5%	5%	-1%	0%	8%	8%	8%	0%	0%	8%	6%	6%	-2%	0%
U.S. Small Cap Equities	2%	0%	0%	-2%	0%	3%	0%	0%	-3%	0%	4%	0%	0%	-4%	0%
Developed Market Ex-U.S. Equities	5%	5%	5%	0%	0%	6%	6%	6%	0%	0%	7%	7%	7%	0%	0%
Emerging Market Equities	3%	0%	0%	-3%	0%	4%	0%	2%	-4%	-2%	5%	3%	3%	-2%	0%
<b>TOTAL GLOBAL REAL ASSETS</b>	<b>9%</b>	<b>11%</b>	<b>11%</b>	<b>2%</b>	<b>0%</b>	<b>10%</b>	<b>12%</b>	<b>12%</b>	<b>2%</b>	<b>0%</b>	<b>10%</b>	<b>12%</b>	<b>12%</b>	<b>2%</b>	<b>0%</b>
Private Real Estate**	5%	5%	5%	0%	0%	6%	6%	6%	0%	0%	6%	6%	6%	0%	0%
Commodities	4%	6%	6%	2%	0%	4%	6%	6%	2%	0%	4%	6%	6%	2%	0%
<b>TOTAL ALTERNATIVE INVESTMENTS**</b>	<b>19%</b>	<b>19%</b>	<b>19%</b>	<b>0%</b>	<b>0%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>0%</b>	<b>0%</b>	<b>19%</b>	<b>19%</b>	<b>19%</b>	<b>0%</b>	<b>0%</b>
Global Hedge Funds	10%	10%	10%	0%	0%	10%	10%	10%	0%	0%	7%	7%	7%	0%	0%
Private Equity	6%	6%	6%	0%	0%	7%	7%	7%	0%	0%	9%	9%	9%	0%	0%
Private Debt	3%	3%	3%	0%	0%	3%	3%	3%	0%	0%	3%	3%	3%	0%	0%
<b>GROWTH</b>															
TAXABLE CASH ALTERNATIVES	1%	1%	1%	0%	0%	1%	1%	1%	0%	0%	1%	1%	1%	0%	0%
<b>TOTAL GLOBAL FIXED INCOME</b>	<b>12%</b>	<b>17%</b>	<b>20%</b>	<b>5%</b>	<b>-3%</b>	<b>6%</b>	<b>12%</b>	<b>14%</b>	<b>6%</b>	<b>-2%</b>	<b>0%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>0%</b>
U.S. Taxable Investment Grade Fixed Income	9%	17%	17%	8%	0%	4%	12%	12%	8%	0%	0%	6%	6%	6%	0%
Short Term Taxable*	2%	8%	8%	6%	0%	0%	6%	6%	6%	0%	0%	6%	6%	6%	0%
Intermediate Taxable*	5%	2%	2%	-3%	0%	4%	6%	6%	2%	0%	0%	0%	0%	0%	0%
Long Term Taxable*	2%	7%	7%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
High Yield Taxable Fixed Income	3%	0%	0%	-3%	0%	2%	0%	0%	-2%	0%	0%	0%	0%	0%	0%
Developed Market Ex-U.S. Fixed Income	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Emerging Market Fixed Income	0%	0%	3%	0%	-3%	0%	0%	2%	0%	-2%	0%	0%	0%	0%	0%
<b>TOTAL GLOBAL EQUITIES</b>	<b>56%</b>	<b>49%</b>	<b>46%</b>	<b>-7%</b>	<b>3%</b>	<b>66%</b>	<b>58%</b>	<b>56%</b>	<b>-8%</b>	<b>2%</b>	<b>75%</b>	<b>67%</b>	<b>62%</b>	<b>-8%</b>	<b>5%</b>
U.S. Large Cap Equities	24%	25%	25%	1%	0%	24%	27%	27%	3%	0%	24%	27%	25%	3%	2%
U.S. Mid Cap Equities	9%	10%	10%	1%	0%	13%	13%	13%	0%	0%	15%	13%	13%	-2%	0%
U.S. Small Cap Equities	5%	0%	0%	-5%	0%	6%	0%	0%	-6%	0%	7%	3%	3%	-4%	0%
Developed Market Ex-U.S. Equities	12%	12%	9%	0%	3%	14%	13%	11%	-1%	2%	17%	17%	12%	0%	5%
Emerging Market Equities	6%	2%	2%	-4%	0%	9%	5%	5%	-4%	0%	12%	7%	9%	-5%	-2%
<b>TOTAL GLOBAL REAL ASSETS</b>	<b>10%</b>	<b>12%</b>	<b>12%</b>	<b>2%</b>	<b>0%</b>	<b>10%</b>	<b>12%</b>	<b>12%</b>	<b>2%</b>	<b>0%</b>	<b>9%</b>	<b>11%</b>	<b>13%</b>	<b>2%</b>	<b>-2%</b>
Private Real Estate**	5%	5%	5%	0%	0%	5%	5%	5%	0%	0%	4%	4%	6%	0%	-2%
Commodities	5%	7%	7%	2%	0%	5%	7%	7%	2%	0%	5%	7%	7%	2%	0%
<b>TOTAL ALTERNATIVE INVESTMENTS**</b>	<b>21%</b>	<b>21%</b>	<b>21%</b>	<b>0%</b>	<b>0%</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>	<b>0%</b>	<b>0%</b>	<b>15%</b>	<b>15%</b>	<b>18%</b>	<b>0%</b>	<b>-3%</b>
Global Hedge Funds	7%	7%	7%	0%	0%	2%	2%	2%	0%	0%	0%	0%	0%	0%	0%
Private Equity	11%	11%	11%	0%	0%	12%	12%	12%	0%	0%	15%	15%	15%	0%	0%
Private Debt	3%	3%	3%	0%	0%	3%	3%	3%	0%	0%	0%	0%	3%	0%	-3%

Source: Wells Fargo Investment Institute, July 18, 2023. Evenweight includes a +/- 100 basis points band around strategic allocation. One hundred basis points = 1.00%. Strategic allocations as of July 2023. Strategic allocations are updated annually. Tactical allocations are updated periodically. \*Wells Fargo Advisors only. \*\*Alternative investments are not appropriate for all investors. They are speculative and involve a high degree of risk that is appropriate only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a fund and for which the fund does not represent a complete investment program. Please see end of this report for important disclosures.

**Liquid**

**May include fixed-income, equities, and real assets**

Updated for strategic allocation as of July 18, 2023, and for tactical allocation as of July 18, 2023.

	CONSERVATIVE					MODERATE					AGGRESSIVE					
	Strategic	Tactical	Prior	Active	Changes	Strategic	Tactical	Prior	Active	Changes	Strategic	Tactical	Prior	Active	Changes	
	Allocation	Allocation	Tactical	Weight	to Tactical	Allocation	Allocation	Tactical	Weight	to Tactical	Allocation	Allocation	Tactical	Weight	to Tactical	
<b>INCOME</b>	<b>TAXABLE CASH ALTERNATIVES</b>	2%	2%	2%	0%	0%	2%	2%	2%	0%	0%	2%	2%	2%	0%	0%
	<b>TOTAL GLOBAL FIXED INCOME</b>	82%	86%	80%	4%	6%	69%	72%	68%	3%	4%	61%	64%	62%	3%	2%
	<b>U.S. Taxable Investment Grade Fixed Income</b>	76%	83%	77%	7%	6%	60%	67%	63%	7%	4%	47%	54%	52%	7%	2%
	Short Term Taxable*	17%	23%	19%	6%	4%	13%	19%	15%	6%	4%	10%	17%	15%	7%	2%
	Intermediate Taxable*	45%	43%	39%	-2%	4%	36%	34%	32%	-2%	2%	29%	25%	23%	-4%	2%
	Long Term Taxable*	14%	17%	19%	3%	-2%	11%	14%	16%	3%	-2%	8%	12%	14%	4%	-2%
	High Yield Taxable Fixed Income	3%	0%	0%	-3%	0%	4%	0%	0%	-4%	0%	6%	2%	2%	-4%	0%
	Developed Market Ex-U.S. Fixed Income	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Emerging Market Fixed Income	3%	3%	3%	0%	0%	5%	5%	5%	0%	0%	8%	8%	8%	0%	0%
	<b>TOTAL GLOBAL EQUITIES</b>	14%	8%	14%	-6%	-6%	27%	23%	27%	-4%	-4%	35%	30%	32%	-5%	-2%
	U.S. Large Cap Equities	12%	8%	12%	-4%	-4%	16%	16%	18%	0%	-2%	19%	19%	19%	0%	0%
	U.S. Mid Cap Equities	2%	0%	2%	-2%	-2%	5%	3%	5%	-2%	-2%	7%	4%	6%	-3%	-2%
	U.S. Small Cap Equities	0%	0%	0%	0%	0%	2%	0%	0%	-2%	0%	2%	0%	0%	-2%	0%
	Developed Market Ex-U.S. Equities	0%	0%	0%	0%	0%	4%	4%	4%	0%	0%	7%	7%	7%	0%	0%
	Emerging Market Equities	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	<b>TOTAL GLOBAL REAL ASSETS</b>	2%	4%	4%	2%	0%	2%	3%	3%	1%	0%	2%	4%	4%	2%	0%
Commodities	2%	4%	4%	2%	0%	2%	3%	3%	1%	0%	2%	4%	4%	2%	0%	
<b>GROWTH AND INCOME</b>	<b>TAXABLE CASH ALTERNATIVES</b>	2%	2%	2%	0%	0%	2%	2%	2%	0%	0%	2%	2%	2%	0%	0%
	<b>TOTAL GLOBAL FIXED INCOME</b>	50%	54%	54%	4%	0%	41%	45%	45%	4%	0%	33%	37%	37%	4%	0%
	<b>U.S. Taxable Investment Grade Fixed Income</b>	39%	47%	47%	8%	0%	30%	38%	38%	8%	0%	20%	28%	28%	8%	0%
	Short Term Taxable*	9%	16%	14%	7%	2%	7%	14%	12%	7%	2%	4%	11%	11%	7%	0%
	Intermediate Taxable*	23%	19%	19%	-4%	0%	18%	14%	14%	-4%	0%	12%	8%	8%	-4%	0%
	Long Term Taxable*	7%	12%	14%	5%	-2%	5%	10%	12%	5%	-2%	4%	9%	9%	5%	0%
	High Yield Taxable Fixed Income	6%	2%	2%	-4%	0%	6%	2%	2%	-4%	0%	7%	3%	3%	-4%	0%
	Developed Market Ex-U.S. Fixed Income	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Emerging Market Fixed Income	5%	5%	5%	0%	0%	5%	5%	5%	0%	0%	6%	6%	6%	0%	0%
	<b>TOTAL GLOBAL EQUITIES</b>	44%	38%	38%	-6%	0%	53%	46%	46%	-7%	0%	61%	55%	55%	-6%	0%
	U.S. Large Cap Equities	20%	22%	22%	2%	0%	24%	27%	27%	3%	0%	28%	32%	32%	4%	0%
	U.S. Mid Cap Equities	8%	9%	9%	1%	0%	10%	11%	11%	1%	0%	12%	12%	12%	0%	0%
	U.S. Small Cap Equities	5%	0%	0%	-5%	0%	6%	0%	0%	-6%	0%	6%	0%	0%	-6%	0%
	Developed Market Ex-U.S. Equities	7%	7%	7%	0%	0%	8%	8%	8%	0%	0%	9%	9%	9%	0%	0%
	Emerging Market Equities	4%	0%	0%	-4%	0%	5%	0%	0%	-5%	0%	6%	2%	2%	-4%	0%
	<b>TOTAL GLOBAL REAL ASSETS</b>	4%	6%	6%	2%	0%	4%	7%	7%	3%	0%	4%	6%	6%	2%	0%
Commodities	4%	6%	6%	2%	0%	4%	7%	7%	3%	0%	4%	6%	6%	2%	0%	
<b>GROWTH</b>	<b>TAXABLE CASH ALTERNATIVES</b>	2%	2%	2%	0%	0%	2%	2%	2%	0%	0%	2%	2%	2%	0%	0%
	<b>TOTAL GLOBAL FIXED INCOME</b>	19%	25%	28%	6%	-3%	11%	16%	19%	5%	-3%	0%	8%	12%	8%	-4%
	<b>U.S. Taxable Investment Grade Fixed Income</b>	16%	25%	25%	9%	0%	8%	16%	19%	8%	-3%	0%	8%	12%	8%	-4%
	Short Term Taxable*	4%	11%	11%	7%	0%	2%	10%	10%	8%	0%	0%	8%	8%	8%	0%
	Intermediate Taxable*	9%	6%	6%	-3%	0%	6%	2%	2%	-4%	0%	0%	0%	4%	0%	-4%
	Long Term Taxable*	3%	8%	8%	5%	0%	0%	4%	7%	4%	-3%	0%	0%	0%	0%	0%
	High Yield Taxable Fixed Income	3%	0%	0%	-3%	0%	3%	0%	0%	-3%	0%	0%	0%	0%	0%	0%
	Developed Market Ex-U.S. Fixed Income	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Emerging Market Fixed Income	0%	0%	3%	0%	-3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	<b>TOTAL GLOBAL EQUITIES</b>	74%	66%	63%	-8%	3%	82%	75%	72%	-7%	3%	93%	83%	79%	-10%	4%
	U.S. Large Cap Equities	30%	34%	34%	4%	0%	31%	34%	34%	3%	0%	31%	33%	29%	2%	4%
	U.S. Mid Cap Equities	13%	13%	13%	0%	0%	14%	14%	14%	0%	0%	16%	16%	16%	0%	0%
	U.S. Small Cap Equities	8%	0%	0%	-8%	0%	10%	4%	4%	-6%	0%	13%	7%	7%	-6%	0%
	Developed Market Ex-U.S. Equities	14%	14%	11%	0%	3%	15%	15%	12%	0%	3%	18%	18%	16%	0%	2%
	Emerging Market Equities	9%	5%	5%	-4%	0%	12%	8%	8%	-4%	0%	15%	9%	11%	-6%	-2%
	<b>TOTAL GLOBAL REAL ASSETS</b>	5%	7%	7%	2%	0%	5%	7%	7%	2%	0%	5%	7%	7%	2%	0%
Commodities	5%	7%	7%	2%	0%	5%	7%	7%	2%	0%	5%	7%	7%	2%	0%	

Source: Wells Fargo Investment Institute, July 18, 2023. Evenweight includes a +/- 100 basis points band around strategic allocation. One hundred basis points = 1.00%. Strategic allocations as of July 2023. Strategic allocations are updated annually. Tactical allocations are updated periodically. \*Wells Fargo Advisors only. Asset allocation and diversification are investment methods used to manage risk. They do not assure or guarantee better performance and cannot eliminate the risk of investment losses. Your individual allocation may be different than the strategic long-term allocation above due to your unique individual circumstances, but is targeted to be in the allocation ranges detailed. The asset allocation reflected above may fluctuate based on asset values, portfolio decisions, and account needs.

## Risk Considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Foreign investing** has additional risks including those associated with currency fluctuation, political and economic instability, and different accounting standards. These risks are heightened in emerging markets. **Small- and mid-cap stocks** are generally more volatile, subject to greater risks and are less liquid than large company stocks. **Bonds** are subject to market, interest rate, price, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **High yield (junk) bonds** have lower credit ratings and are subject to greater risk of default and greater principal risk. The **commodities** markets are considered speculative, carry substantial risks, and have experienced periods of extreme volatility. Investing in a volatile and uncertain commodities market may cause a portfolio to rapidly increase or decrease in value which may result in greater share price volatility. **Real estate** has special risks including the possible illiquidity of underlying properties, credit risk, interest rate fluctuations and the impact of varied economic conditions.

Alternative investments, such as hedge funds, private equity/private debt and private real estate funds, are speculative and involve a high degree of risk that is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a fund and for which the fund does not represent a complete investment program. They entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds. Hedge fund, private equity, private debt and private real estate fund investing involves other material risks including capital loss and the loss of the entire amount invested. A fund's offering documents should be carefully reviewed prior to investing.

Hedge fund strategies, such as Equity Hedge, Event Driven, Macro and Relative Value, may expose investors to the risks associated with the use of short selling, leverage, derivatives and arbitrage methodologies. Short sales involve leverage and theoretically unlimited loss potential since the market price of securities sold short may continuously increase. The use of leverage in a portfolio varies by strategy. Leverage can significantly increase return potential but create greater risk of loss. Derivatives generally have implied leverage which can magnify volatility and may entail other risks such as market, interest rate, credit, counterparty and management risks. Arbitrage strategies expose a fund to the risk that the anticipated arbitrage opportunities will not develop as anticipated, resulting in potentially reduced returns or losses to the fund.

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