WELLS FARGO Asset Management

Special Global Small Cap Equity strategy

Investment objective
Seeks to deliver long-term capital appreciation by investing primarily in global small-capitalization companies with above average capital appreciation potential and below average risk.

Benchmark
S&P Developed Small Cap (Net) Index

Inception date
1 June 2012

"We expect our companies to be strategic and play offense through accretive capital allocation as visibility improves, while their competitors are forced to play defense in response to continued economic headwinds."

Market review

As investors began to discount a post-coronavirus economic recovery, global small-cap stocks rebounded significantly in the second quarter of 2020. The robust fiscal and monetary response across the developed markets as well as signs of an economic reopening fueled a sharp market rally in which the S&P Developed Small Cap Index was up over 24% for the quarter. The first half of the quarter saw a preference for secular growth stocks that were less dependent on a broad economic recovery. However, as economic confidence grew later in the quarter, the more cyclically exposed stocks rallied. From a style factor perspective, the beta and residual volatility style factors significantly outperformed during the quarter. These are style factors our investment process typically causes us to be underweight. More defensive business models that have sustainable free cash flow lagged companies that have more cyclical exposure. Canada and Australia were the strongest regions within the index (up 45% and 47%, respectively) as investors preferred the more resource-levered companies that were hit hard in the first quarter. Japan and the U.K. underperformed the broader index coming off of their strong relative outperformance in the first quarter.

We believe the pace of the second-quarter rally will be difficult to sustain as investors reconcile heightened expectations with still-subdued fundamentals. Further stimulus will likely be needed and capital expenditures have slowed. Many of the management teams we have spoken to are seeking improved transparency surrounding the economy, potential tax policy changes, and future regulatory requirements post the 2020 U.S. elections before allocating capital. We expect our holdings to be strategic and play offense through accretive capital allocation as visibility improves, while their competitors are forced to play defense in response to continued economic headwinds. Despite this uncertainty, we take solace in our bottom-up process that is designed to find companies that can control their own destinies via their clear competitive advantages, sustainable free cash flows, and flexible balance sheets that can be used to grow shareholder value across numerous market environments.

Portfolio performance and attribution

Contributors	Detractors
Ansell Ltd.	MGE Energy, Inc.
S4 Capital PLC	Natus Medical Inc.
Domino's Pizza Enterprises Ltd.	WD-40 Co.
Gerresheimer AG	AEON Delight Co., Ltd.
Central Garden & Pet Co.	CSW Industrials, Inc.

The holdings identified do not represent all of the securities purchased or sold during the time period shown and should not be construed as a recommendation to purchase or sell a particular security. Information on calculation methodology and a list showing the overall contribution of each holding in the representative account for the time period shown are available upon request. Representative account information shown.

Special Global Small Cap Equity strategy

The strategy's underweight to the financials sector contributed to relative performance as the sector was challenged with low interest rates, credit concerns, bank regulatory capital restrictions, and subdued economic conditions. Our underweight is driven by the lack of attractive reward/risk opportunities within the sector at this time. We have found more attractive opportunities that also possess similar economic sensitivity within the industrials and materials sectors.

An underweight to the real estate sector contributed to relative returns as the real estate sector was one of the worst performing within the index. Our underweight is driven by our reward/risk process and also serves to balance the portfolio's underweight to financials if interest rates were to rise rapidly.

Ansell Ltd. is a manufacturer and distributor of personal safety equipment, such as protective gloves, for health care and industrial uses. During the quarter, Ansell contributed to performance as the company has seen outsized demand for its safety products as a result of the coronavirus, particularly within its health care segment. Ansell has one of the strongest environmental, social, and governance (ESG) profiles within its industry as it has focused on employee safety and development as well as board diversity and other governance initiatives. We remain excited about the stock as we believe Ansell's strong competitive advantage, financial flexibility, and healthy free cash flows will allow the company to remain offensive in a time when many companies are forced to act defensively.

Security selection in the IT sector detracted from relative performance. **Spectris plc** is a U.K.-based provider of test and measurement equipment and solutions. With a broad geographic footprint and numerous end markets, including pharmaceutical, automotive, aerospace and defense, machine manufacturing, and academic research, Spectris' level of diversification contributes to the stability of its cash flow generation. The company is in the process of optimizing its portfolio of businesses through a combination of asset sales and increased investment in areas with strong margin profiles. During the period, the shares detracted from performance following a revenue update in which management highlighted the challenging environment in North America and Europe as a result of the coronavirus. Despite top-line challenges, Spectris generated strong cash flow during the period and further strengthened its robust balance sheet. We believe the shares are attractively valued using our reward/risk framework.

In the industrials sector, **AEON Delight Co. Ltd.,** a facilities management provider in Japan, underperformed in the quarter as coronavirus-related uncertainty affected sentiment toward the stock. We believe the business should be relatively stable post the end of the lockdown, although a loss of a few smaller contracts cannot be ruled out. The first quarter showed a small decline in operating profit as a result of the coronavirus-related slowdown in activity, including lower vending sales and security services contribution. The company has significant balance sheet flexibility with a sizable net cash position and has the ability to explore merger and acquisition opportunities in the current market.

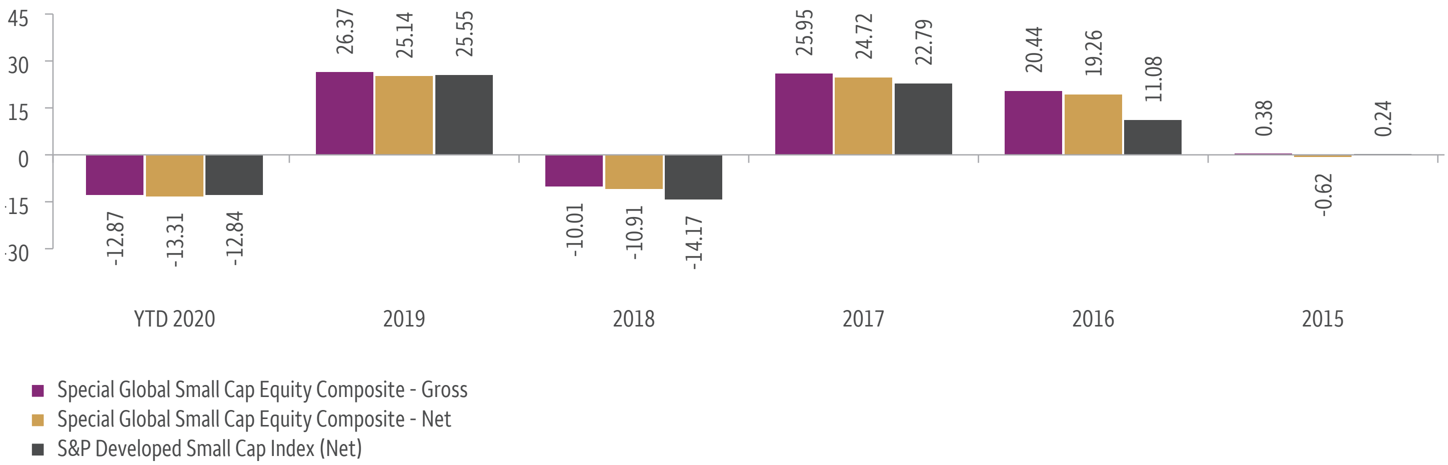
Outlook

- The portfolio made minor changes to positioning during the three-month period. The strategy reduced its weight in consumer staples and increased its weight in IT as reward/risk ratios dictated. From a regional perspective, the portfolio reduced its underweight to the U.S. and its overweight to Japan slightly. After being very opportunistic in the first-quarter market drawdown, turnover returned to more normalized levels in the second quarter. We believe many of the stocks we added during the downturn should benefit the portfolio over the next three to five years.
- The impact of the virus is likely to be felt for some time. Central banks and governments around the globe have taken action, but more stimulus may still be needed. Many CEOs we have spoken with continue to take a cautious approach to capital deployment as they wait for improved transparency around the virus spread, the economy, and the upcoming election. We expect our companies to be strategic and play offense through accretive capital allocation as visibility improves, while their competitors are forced to play defense in response to continued economic headwinds.
- Developed market small-cap companies should be one of the largest beneficiaries of an economic recovery. Given their sensitivity to improving economic conditions, small-cap companies should benefit from tightening credit spreads, rising inflation, and improved access to credit.
- We continue to invest in companies that we believe control their own destinies via durable asset bases that provide distinct long-term competitive advantages, flexible balance sheets, and strong and sustainable free-cash-flow generation. While volatility may persist, the strong balance sheets and stable cash flows of the companies in our portfolio should support consistent long-term performance.>>

Special Global Small Cap Equity strategy

Performance

As of 30 Jun 2020



Source: Wells Fargo Asset Management. Benchmark source: FactSet. Inception: June 1, 2012. Returns for periods greater than one year are annualized. Note: The GIPS® compliant presentation can be found at the end of this presentation, including information on net returns.

Past performance is not a reliable indicator of future results.

Strategy risks

Growth/Value Investing Risk: Securities with these characteristics can shift into and out of favor with investors based upon prevailing sentiment and market dynamics.

Management Risk: Investment decisions, techniques, and analyses implemented by the manager may not lead to expected returns of the team.

Market Risk: Securities held by the strategy could decline due to general market conditions or other factors, including those with the issuer of the stock.

Smaller Company Securities Risk: Securities of smaller market capitalization companies tend to have more volatility and less liquidity compared to larger companies.

Other Key Risks:

- Derivatives: Futures, Options, Swaps, Notes
- Emerging Markets
- Foreign Currency
- Geographic

Special Global Small Cap Equity strategy

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)
2019	26.37	25.14	25.55	11.66	13.07	N.A.	1	289.98	419,579
2018	-10.01	-10.91	-14.17	12.05	12.72	N.A.	1	271.04	371,582
2017	25.95	24.72	22.79	10.42	10.78	N.A.	1	270.19	385,111
2016	20.44	19.26	11.08	11.53	12.00	N.A.	1	225.80	330,718
2015	0.38	-0.62	0.24	10.64	11.09	N.A.	1	223.38	349,342
2014	1.68	0.67	1.81	N.A.	N.A.	N.A.	1	257.79	351,065
2013	29.05	27.79	32.04	N.A.	N.A.	N.A.	1	306.78	357,113
2012 (IP)	18.55	17.87	15.32	N.A.	N.A.	N.A.	1	263.77	332,154

IP = Returns are for the period from June 1, 2012 (Inception) through December 31, 2012.

Source: Wells Fargo Asset Management. Primary Index = S&P Developed Small Cap Index (Net)

1. Wells Fargo Asset Management (WFAM) 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, 2019. The verification reports are available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation.

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, EverKey Global Partners, Wells Fargo Asset Management (International) Limited, Analytic Investors, LLC, Golden Capital Management, LLC, Wells Fargo Asset Management Luxembourg S.A. and Wells Fargo Funds Management, LLC (WFFM).

3. The Special Global Small Cap Equity Composite (Composite) includes all discretionary accounts managed in this style. The strategy seeks long term capital appreciation by principally investing in equity securities of small sized global companies in developed markets. The U.S. portion of the portfolio is managed with a valuation tilt, while the international portfolio is managed with a growth tilt. Stock selection seeks to identify high quality companies that are well managed, are positioned to achieve above average increases in revenue, possess free cash flow, or otherwise have strong prospects for continued growth or that are undervalued relative to an assessment of their intrinsic value. Investment results are measured versus the S&P Developed Small Cap (Net) Index. Prior to July 1, 2018, the Composite was measured versus the S&P Developed Small Cap (Gross) Index. The benchmark was changed on June 30, 2018, for all periods, to reflect a benchmark with more relevant tax withholding status of securities. The Composite creation and inception date is June 1, 2012.

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 0.95% for the first $50mm, and 0.85% 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 fewer than 5 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. The notation "N.A." (not available) will appear for periods, if any, where 36 monthly returns are not available for the Composite and/or the index.

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 S&P Developed Small Cap (Net) Index comprises the stocks representing the lowest 15% of float-adjusted market cap in each developed country. It is a subset of the S&P Global BMI Index. The S&P Global BMI Index is a comprehensive, rules-based index designed to measure global stock market performance. The index covers all publicly listed equities with float adjusted market values of US$ 100 million or more and annual dollar value traded of at least US$ 50 million in all included countries. The S&P Global BMI is made up of the S&P Developed BMI and the S&P Emerging BMI indices. 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. The firm's registration as an Investment Adviser does not imply any level of skill or training. For a complete list of WFAM composite descriptions, please see https://www.wellsfargoassetmanagement.com/assets/public/pdf/legal/wfam-composite-descriptions.pdf.

Special Global Small Cap Equity strategy

This information is based on a representative account within the Special Global Small Cap Equity Composite. The representative account has been selected by meeting the following criteria: 1) the account is in the Special Global 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 Special Global Small Cap Equity Composite. Any changes to the representative account must be approved by one of the Co-Heads of Investment Analytics.

This commentary is for informational purposes only and is not intended as an offer to sell or a solicitation of an offer to buy any security. The views expressed on the financial markets and security valuations are based on the judgment and experience of the named investment team. Past performance is not a guarantee of future returns. It should not be assumed that the portfolio holdings discussed or investments made in the future will be profitable or will equal the performance of those discussed in this commentary. The holdings identified do not represent all of the holdings in the strategy. Any opinions, assumptions or estimates are subject to change without notice, provided for informational purposes only and should not be relied upon.

This information is a Marketing Communication, unless stated otherwise, for professional clients, professional investors, institutional investors, investment professionals, eligible counterparties or qualified investors only (as defined by the local regulation in the respective jurisdiction). Not for retail use.

THIS MATERIAL DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION OR TO ANY PERSON WHERE IT WOULD BE UNAUTHORISED OR UNLAWFUL TO DO SO.

Past performance is not a guarantee or reliable indicator of future results. Any past performance, forecast, projection, simulation or target is indicative and not guaranteed. **All investments contain risk.** The value, price or income of investments or financial instruments can fall as well as rise and is not guaranteed. You may not get back the amount originally invested.

Wells Fargo Asset Management (WFAM) is the trade name for certain investment advisory/management companies owned by Wells Fargo & Company. Unless otherwise stated, WFAM is the source of all data (which is current, or as of the date stated); content is provided for informational purposes only with no representation regarding its adequacy, accuracy or completeness and should not be relied upon; views, opinions, assumptions or estimates are not necessarily that of Wells Fargo & Company, WFAM or affiliates and are subject to change without notice; and information does not contain investment advice, an investment recommendation or investment research, as defined under local regulation of the respective jurisdiction.

Distribution in the European Economic Area and Switzerland: Wells Fargo Asset Management (WFAM) is the trade name for certain investment management companies owned by Wells Fargo & Company, including, but not limited to, Wells Fargo Asset Management (International) Limited (WFAMI Ltd.), an affiliated investment management company within WFAM, authorised and regulated by the UK Financial Conduct Authority (FCA), and Wells Fargo Asset Management Luxembourg S.A. (WFAML), authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF). WFAML has branches in Frankfurt and Paris and is allowed to provide services on a cross-border basis in the European Economic Area. For the purpose of Section 21 of the Financial Services and Markets Act 2000 (FSMA), this material has been issued by WFAMI Ltd. or WFAML. WFAMI Ltd. does not provide services to retail clients, the FSMA rules for retail clients will not apply and the UK Financial Services Compensation Scheme is not available. Unless otherwise stated, information does not contain investment advice, an investment recommendation or investment research as defined under Markets in Financial Instruments Directive (Directive 2014/65/EU (MiFID II) and therefore does not comply with the requirements for the provision of such services.

Distribution in the United Arab Emirates (excluding Dubai International Financial Centre and Abu Dhabi Global Market): materials are distributed by Wells Fargo Bank National Association (WFBNA) DIFC Branch, regulated by the Dubai Financial Services Authority (DFSA). WFBNA DIFC Branch only deals with professional clients (defined by DFSA). This material, and the information contained herein, does not (intend to) constitute a public offer in the United Arab Emirates (UAE) and should not be construed as such. It is offered to a limited number of exempt investors in the UAE who fall under one of the following categories of non-natural qualified investors: 1. an investor that is able to manage its investments on its own, namely the federal government, local governments, government entities and authorities or companies wholly owned by any such entities; international entities and organisations; or a person licensed to carry out a commercial activity in the UAE, provided that investment is one of the objects of such person, or 2. an investor who is represented by an investment manager licensed by the Securities and Commodities Authority (SCA), each a non-natural qualified investor. The materials have not been approved by or licensed or registered with the UAE Central Bank, the SCA, the DFSA, the Financial Services Regulatory Authority or any other relevant licensing authorities or governmental agencies in the UAE (the authorities). The authorities assume no liability for any investment that the named addressee makes as a non-natural qualified investor. The material is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

Distribution in Australia: Wells Capital Management Inc. is exempt from the requirements to hold an Australian financial services license in respect of the financial services it provides to wholesale clients in Australia. Wells Capital Management Inc. is regulated under US laws, which differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Capital Management Inc. in the course of providing the financial services will be prepared in accordance with the laws of the United States and not Australian laws.

Distribution in Hong Kong: this document is distributed in Hong Kong by Wells Fargo Securities Asia Limited (WFSAL), a Hong Kong–incorporated company licensed and regulated by the Securities and Futures Commission to carry on types 1, 4, 6 and 9 regulated activities, as defined in the Securities and Futures Ordinance (Cap. 571 The Laws of Hong Kong, the SFO). This document is not intended for, and should not be relied on by, any person other than professional investors (as defined in the SFO). Any securities and related financial instruments described herein are not intended for sale, nor will be sold, to any person other than professional investors. The author or authors of this document may or may not be licensed by the Securities and Futures Commission. professional investors who receive this presentation should direct any queries regarding its contents to Ignatius Choong at WFSAL (email: WFAMHK@wellsfargo.com).

Distribution in South Korea: this document is distributed in the Republic of Korea by Wells Capital Management Inc., which is registered with the Financial Services Commission pursuant to the Financial Investment Services and Capital Markets Act (the Act) to conduct investment advisory and discretionary investment business with qualified professional investors (as defined in the Act). This document is not intended for, and should not be relied on by, any person other than qualified professional investors.

Distribution in Singapore: The document is distributed in Singapore by Wells Fargo Bank N.A., Singapore Branch (WFBNA SG), a bank licensed under the Banki
requirement to hold a capital markets services license to carry on business in the regulated activities of "dealing in capital markets products that are securities and units in a collective investment scheme" and "fund management" as defined in the Securities and Futures Act (SFA).

APAC PAR-0720-01437
EMEA PAR-0720-00835