WELLS FARGO Advisors

A Guide to Investing in Non-Traded Real Estate Investment Trusts (NREITs)/Non-Traded Business Development Companies (NBDCs)

What you should know before you buy

Before you make an investment decision, it is important for you to review and discuss with your financial advisor the following factors with respect to a recommendation to invest in NREITs and NBDCs:

- The potential risks, rewards, and costs in purchasing and in the future selling of a security.
- Your age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, and risk tolerance.
- The security's investment objectives, characteristics (including any special or unusual features), liquidity, volatility, and likely performance in a variety of market and economic conditions.
- For complex products, you should consider whether less complex or costly products achieve the same objectives.

We have a responsibility to consider reasonably available alternatives recommendation, but we are not required to evaluate every possible alternative either within our products or outside the firm, nor are we required to offer the "best" or lowest cost product in making a recommendation. While cost is a factor that we take into consideration in making a recommendation, it is not the only factor.

This guide will help you better understand the features and costs associated with various NREITs and NBDCs, as well as how your financial advisor and Wells Fargo Advisors are compensated when you invest in NREITs and NBDCs. As always, if you have any questions about your NREITs, please contact your financial advisor.

For detailed information about a particular NREIT or NBDC, you should read the private placement memorandum (PPM) or prospectus and other offering documents for that fund. This guide is not an invitation to subscribe for interests in any fund and is intended for educational and information purposes only.

What is a real estate investment trust (REIT)?

A Real Estate Investment Trust (REIT) may be a public or private company, trust, or association that combines money from multiple investors and invests in income-producing real estate or real estate-related assets. A REIT can own, operate and finance the income producing real estate. Established by Congress in 1960, REITs give individual investors a practical means to invest in large-scale, commercial real estate while shielding them from the significant initial capital requirements and daily demands of direct property ownership.

REITs are distinguishable from other real estate investments because they are required to acquire, develop, and operate their underlying real estate holdings as part of the REIT's own investment portfolio, as opposed to simply improving and reselling such properties. In return for an investment in a REIT, a shareholder may earn a pro-rata share of the economic benefit derived from rent payments and other income generated from the REIT's holdings.

REIT holdings may include a broad range of property interests, including office buildings, shopping malls, hotels, healthcare related assets, self-storage facilities, warehouses, apartments, and mortgages or loans. While REITs generally specialize in a particular type of real estate (e.g., retail properties), they may further concentrate real estate holdings in a particular region (e.g., East Coast), state or metropolitan area.

Types of REITs

REITs can be divided into two main types: equity REITs and mortgage REITs.

Equity REITs – When investing in an equity REIT, your ownership interest in the REIT is similar to the ownership interest you would have in traditional stock. Equity REITs may own and operate income-producing real estate assets in one or more of the various property subsectors. For example, some equity REITs may specialize in apartment or healthcare facilities, while others concentrate on a cross-section of retail and industrial facilities. Moreover, equity REITs may engage in a wide range of real estate activities including leasing, maintenance and development of real property, and tenant services. It is important to consider that equity REITs typically use a moderate amount of leverage, or debt, to fund their operations. In addition to the more traditional real estate asset class REITs, you may encounter what are typically described as "specialty" or "niche" REITs. Unlike their counterparts, these REITs generally invest in "non-traditional" assets such as wireless and cellular towers, single family residential, timber, infrastructure, and data centers. You must understand the unique risks, features, and benefits of such REITs before investing. Traditional and niche equity REITs together comprise approximately 95% of the public REIT market.

Residential mortgage REITs – Residential mortgage REITs invest directly in mortgages and other types of real estate loans, or indirectly through the acquisition of mortgage-backed securities, Agency mortgage REITs borrow money in the short-term repurchase market (repos) and then buy longer-duration residential mortgage-backed securities (RMBS) issued by the Government National Mortgage Association (Ginnie Mae), a government agency backed by the full faith and credit of the U.S, government as to payment of principal and interest, or by government sponsored enterprises (GSEs), such as the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). While GSE securities carry the implicit guarantee of the U.S. government, they are not direct obligations.

Agency mortgage REITs earn spread income between short-term funding and long-term assets and employ significant leverage. The leveraged duration gap causes high sensitivity to changes in the yield curve; therefore, interest rate risk is the primary risk factor when investing in agency mortgage REITs. Non-agency mortgage REITs also borrow in short-duration repo markets to invest in non-agency mortgage-backed securities (MBS) (e,g., jumbo prime, Alternative -A, and subprime). The primary risk factor regarding non-agency mortgage REITs is defaults or foreclosures. Leverage for non-agency is lower than agency mortgage REITs but is still elevated, and investors take on some degree of interest rate as well as credit risk. The underlying residential mortgage securities may include fixed-rate, adjustable-rate, and hybrid adjustable-rate mortgages. Revenues are generated by interest the REIT earns on mortgage loans. An important factor to consider when investing in mortgage REITs is that when interest rates fall, many homeowners refinance. As a result, mortgage REITs may be negatively affected by homeowner prepayments.

Compared to equity REITs, mortgage REITs are considerably more leveraged and pose a significant amount of market risk and interest-rate risk to investors. Furthermore, many mortgage REITs attempt to manage their interest rate and credit risks through the use of complex derivatives and other hedging strategies. Exchange-Traded Products, or ETPs, encompass a number of structures which typically track an underlying benchmark, index, or portfolio of securities. ETPs may be structured as Exchange-traded funds (ETFs), exchange-traded notes (ETNs), grant or trusts, or commodity pools.

Commercial mortgage REIT – A commercial mortgage REIT invests primarily in commercial mortgages and commercial mortgage-backed securities (CMBS), generating income from interest on loans secured by commercial real estate. The commercial mortgage real estate sector encompasses a host of assets including multi-family, office, industrial, retail, and hospitality properties. Generally, commercial real estate is a capital- intensive business that relies heavily on debt capital to develop, acquire, maintain, and refinance commercial properties. Real estate companies have gained access to the public equity markets, and commercial mortgage debt is increasingly held in the form of rated securities.

How REITs are structured

To qualify as a REIT, an entity must direct the majority of its assets and income to real estate investments and distribute at least 90% of its taxable income to shareholders via annual dividends. Further, REITs are permitted to deduct shareholders' dividends from the REIT's corporate taxable income. Because of this special tax treatment, REITs generally pay out at least 90% of its taxable income to shareholders. Accordingly, REITs generally do not have corporate tax liability. In addition to these qualifications, REITs must comply with the following provisions of the Internal Revenue Code (IRC):

- REITs must be managed by a board of directors or trustees.
- A REIT's shares must be fully transferable.
- There must be a minimum of 100 shareholders after the REIT's first year in existence.
- No more than 50% of a REIT's shares may be held by five or fewer investors during the last half of the taxable year.
- A REIT must invest at least 75% of its gross income received from rents from real property and/or mortgage interest payments.
- A REIT must derive at least 95% of its gross income from financial investments including dividends and interest and rents from real property.
- A REIT may not allow more than 25% of its assets to consist of non-qualifying securities or stock in taxable REIT subsidiaries.

Investor characteristics of NREITs

NREITs are not appropriate for all investors. Prospective investors are required to meet minimum financial eligibility guidelines to invest in NREITs. Please refer to the PPM or prospectus and other offering documents of a NREIT for the investor eligibility requirements for that NREIT. You should evaluate your individual financial condition and your ability to tolerate risk before you invest in these funds.

If the NREIT is not registered with SEC , it can offer or sell securities only to certain individuals and entities that qualify as “accredited investors” within the meaning of U.S. securities laws.

“Accredited investors” generally include individuals with a net worth of at least $1 million (exclusive of the value of the primary residence) individually or jointly with his or her spouse or spousal equivalent, or an individual who earns an individual annual income of at least $200,000, or a joint annual income with a spouse or spousal equivalent of at least $300,000 for the past two calendar years, with the reasonable expectation that the income will continue in the current calendar year. An entity will generally qualify as an “accredited investor,” if it has at least $5 million in investable assets.

In calculating net worth for purposes of determining accredited investor qualification, generally an investor’s equity in his or her primary residence is excluded. Investors must also reduce their net worth by: (i) any mortgage debt assumed on their primary residence in excess of the primary residence’s fair market value (i.e., an under-water mortgage); and (ii) the total amount of any loan or additional indebtedness secured against their primary residence (i.e., a home equity loan or line of credit) incurred 60 days prior to purchasing a NREIT.

Total Return Investments - NREITs are typically considered total-return investments. This means that when measuring the performance of a NREIT, an investor should consider interest, capital gains, dividends, and distributions realized over a set time period. Because of the underlying rents and other payments NREITs receive and then distribute, NREITs may provide competitive dividends plus the potential for moderate, long-term capital appreciation. Investors in NREITs are often interested in the following:

Income - Purchasers of NREITs are typically looking for a dependable income stream. NREITs may offer investors attractive dividends compared to other investments since NREITs are required to distribute at least 90% of their taxable income to shareholders annually in the form of dividends. Nevertheless, you should not purchase a NREIT solely for income potential, but you should always consider the various risks (e.g., market, interest-rate) that are associated with your NREIT investment.

Liquidity- While shares of exchange-traded REITs are more readily converted to cash because they trade on the major stock exchanges, an investor should keep in mind that redemption options for NREITs are more limited. As a result, an investor in a NREIT will not have immediate, or potentially near-term, access to their funds.

Portfolio diversification- Historically, investors have chosen NREITs to help achieve portfolio diversification goals. Many investors view NREITs as a consideration to complement a core portfolio of stocks and bonds, and a practical means for gaining exposure to the real estate sector. In addition to considering these advantages, you should consider how NREITs fit within your particular portfolio before investing in them.

What is a non-traded business development company (BDC)?

A Business Development Company (BDC) is a type of domestic closed-end investment company that is operated for the purpose of making investments in small and developing businesses and financially troubled businesses. Investing in a BDC involves economic, credit, and liquidity risks in addition to the special risks associated with investing in a portfolio of small and developing or financially troubled businesses. BDCs are exposed to leverage risk. The use of leverage in an investment portfolio can magnify any price movements resulting in high volatility and potentially significant loss of principal. Each BDC has its own unique risks that are outlined in the offering documents. These securities are not appropriate for all investors and should not be purchased on the basis of yield alone. The market price of these securities may decline, and distributions are not guaranteed and may be subject to change or elimination.

A non-traded BDC is a publicly registered closed end fund regulated under the 1940 Act whose structure allows for tax efficient (i.e. tax-free pass through) access to middle market lending. The fund structure has the ability to utilize modest leverage and must meet various diversification and income distribution thresholders including: (1) investing 70%+ of assets in qualifying investments in US small and medium sized companies and (2) distributing at least 90% of taxable income to shareholders Additionally, as a 1940 Act regulated fund, the BDC is subject to corporate governance and regulatory oversight requirements.

How BDCs are structured

In 1980, Congress created BDCs in an effort to fuel job growth and assist emerging businesses in raising capital. BDCs invest in debt and equity of small- and medium-sized private, or some small public, companies. The companies BDCs invest in are typically in their early stages of development or are distressed companies that may not be able to obtain bank loans or raise money from other investors. BDCs may help manage the companies they invest in.

- BDCs pool money from all types of investors, including retail investors, who will own shares representing a proportional part of the BDC.
- BDCs are required to distribute at least 90% of their taxable income to investors.

- To qualify, a BDC must invest at least 70% of its assets in private or public U.S. firms.

Risks of NREITs/NBDCs

The risks listed below are some of the key risks associated with investing in NREITs and NBDCs; however, this is not an exhaustive list of risks for these products. Please refer to the specific fund's offering documents for a more comprehensive and detailed listing of risks associated with that NREIT or NBDC.

Not a liquid Investment – NREITs/NBDCs do not trade on an exchange and are illiquid investments. The offering memorandum or prospectus specifies liquidation terms. Many NREITs/NBDCs require investors to wait until the NREIT/NBDC lists its shares on an exchange or liquidates its assets to achieve liquidity. Some NREITs/NBDCs may include limited repurchase plans, which are outlined in the NREIT/NBDC offering document. There are numerous limitations and restrictions on these plans, which may include: the frequency with which a client may liquidate, minimum initial holding periods, advance notice required by the NREIT/NBDC, minimum account capital requirements, and hold backs for the NREIT/NBDC to confirm audited financial information. You should consider your investment in a NREIT/NBDC as a long-term investment with limited or no immediate liquidity. Should you predecease the sale or liquidation of a NREIT/NBDC, additional requirements, including with regard to financial qualification, may need to be met prior to the further disposition of the asset by last will and testament or other estate planning means.

The underlying holdings are illiquid – NREITs/NBDCs hold investments that are illiquid in nature. If a NREIT/NBDC needs to sell these investments from its portfolio, the market price received in the sale of these underlying investments may be significantly less than the original investment, which would result in a lower return or loss for investors. Moreover, the management of the non-traded NREIT/NBDCs typically has discretion to limit the number of interests (or shares) eligible for participation in a given redemption, and therefore not all interests tendered for repurchase may be accepted. For example, when a large number of investors simultaneously seek a redemption, the NREIT/NBDC may have to offer pro-rata redemptions. NREITs/NBDCs should only be acquired by investors able to commit their funds for an indefinite period.

Valuation – Most NREIT/NBDC holdings are difficult to value and no easily available market prices for NREIT/NBDC holdings are available. The NREIT/NBDC may value properties or other holdings based on periodic or annual appraisals, which may not be accurate or timely. These appraisals may not correspond to realizable value in a sale. As a result, you may not be able to assess the value or performance of your investment for a significant period. There is no guarantee of appreciation of the underlying investment or the ability to resell the NREIT's/NBDC's underlying investment properties or businesses.

Leverage – NREITs/NBDCs may use leverage. The use of leverage in an investment portfolio can magnify any price movements resulting in high volatility and potentially a significant loss of principal.

Distributions may come from principal – Distributions are not guaranteed and may exceed operating cash flow. Some NREITs/NBDCs use leverage to pay distributions which increases the risk of default or devaluation. Initial distributions may not represent earnings from operations since NREITs/NBDCs often declare the distributions prior to acquiring significant assets. Distributions may be suspended or halted altogether.

Diversification – Your portfolio may not be properly diversified if you put all of the your real estate/debt investment in one NREIT/NBDC. This risk is amplified when a particular NREIT/NBDC concentrates in a particular sector of the underlying market.

Investments may not be specified – Many NREITs/NBDCs start out as blind pools, which have not yet specified the investments to be purchased. Others may specify a portion of the investments that the NREIT/NBDC plans to acquire, or they may be in various stages of acquisition. The more investments that have been specified for purchase or that have actually been acquired the easier it is for an investor to assess the nature and quality of the underlying investments.

Manager risk – NREIT/NBDC managers have total investment authority over their NREITs/NBDCs, and the manager's skill is normally responsible for the investment returns. Therefore, if the founder or key person departs, the returns of the NREIT/NBDC may be impacted. It may be hard to quantify the impact a manager has had on underlying investments until those investments are sold.

Market and investment risk – You can lose money investing in NREITs/NBDCs. Investing in NREITs/NBDCs involves risks, including the potential loss of principal. The market value of the underlying securities will fluctuate. Past performance is not indicative of future results.

Lack of transparency – Due to the private nature of these investments, NREITs/NBDCs are not required to reveal their portfolio holdings like mutual funds or other regulated investment vehicles. As suchyou are directly dependent on the manager's investment ability and the NREIT/NBDC's representations about its holdings and risk.

Real estate funds – For NREITs, core investments in real estate and debt are generally considered less risky and are characterized as having lower return potential. There is no guarantee any investment strategy will be successful under all market conditions. The value of any investment may decline as a result of a downturn in the market, and economic and market conditions.

There is no guarantee value appreciation will be achieved and the operating company may be forced to sell investments at a lower price than anticipated. An opportunistic investment style bears the highest level of risk among real estate and debt strategies as it typically involves a significant amount of "value creation".

Although these investments have the potential to generate income, there is no guarantee they will do so over their investment time periods.

State regulation – Certain states have enacted legislation that set concentration limits on the amounts that can be invested in NREITs/NBDCs. Please be sure to review for such limits in your state of domicile.

Tax treatment

Generally, dividend distributions to NREIT/NBDC shareholders are taxed as ordinary income, while capital gains may be taxed at different rates. Keep in mind that common dividends for REITs/BDCs are generally non-qualified and do not qualify for the 20% maximum dividend rate. NREIT/NBDC shareholders are responsible for paying taxes on the dividends they receive and on any capital gains associated with their NREIT/NBDC holdings. Considering their tax treatment, some investors prefer to hold REITs/BDCs inside of a tax-deferred account in order to defer taxes on dividends received and capital gains earned. Generally, distributions that you receive, including cash distributions that are reinvested pursuant to a distribution reinvestment plan, will be taxed as ordinary income to the extent they are paid from a current or accumulated earnings and profits.

Amounts considered a return of capital generally will not be subject to taxes, but will instead reduce the tax basis of your investment. This, in effect, defers a portion of your tax until your shares are repurchased, you sell your shares or the investment is liquidated at which time you generally will be taxed at capital gains rates. Because each investor's tax position is different, you should consult with your tax advisor. In particular, non-U.S. investors should consult their tax advisors regarding potential withholding taxes on distributions that you receive.

Wells Fargo Advisors and its affiliates are not tax and/or legal advisors. Investors should consult with their tax advisor or legal advisor before investing.

Costs of investing in NREITs and NBDCs

The expenses associated with NREITs/NBDCs are significantly higher than many other traditional investment vehicles, and there are several types of fees and charges associated with these products. You need to understand these fees and expenses before investing. These fees and expenses will reduce the value of your total investment and your return. Investors should analyze the added cost against the benefit of diversification obtained by investing in NREITs/NBDCs.

All fees and expenses are disclosed in the product offering documents. Prior to investing, you should carefully review these documents for details regarding the fees and expenses associated with the product and to understand their impact on your potential investment. Typical fees and expenses may include, but are not limited to, the following:

Performance or incentive fee. Most NREITs/NBDCs charge a performance-based fee referred to as “carried interest.” This fee is usually a fixed percentage of the performance and typically accrues only after the product's net returns clear a predefined hurdle rate of return.

As an example, assume that a NREIT/NBDC has a carried interest charge of 20% and a pre-established 8% hurdle rate. A total return of 10% (net of management fee) by the product in any given year would entitle the manager to collect 20% (performance incentive fee) on 2% of the profits or, in other words, those returns that were in excess of its 8% hurdle rate. This would result in a total net return to investors of 9.6%. A performance fee could motivate a product manager to take greater risks in the hope of generating a larger return to receive a higher fee.

Placement fee (generally applied only to brokerage share classes). The placement fee is a front-end sales charge (a sales charge that must be paid immediately upon purchase) paid to the placement agent. In turn, the agent may pay a portion of those fees to affiliated or unaffiliated registered broker-dealers or other entities involved in the offer and sale of the NREIT/NBDC product interests.

For brokerage accounts, you may pay Wells Fargo Advisors directly prior to investing into a NREIT/NBDC, or Wells Fargo Advisors may receive all or a portion of the placement fee that you otherwise pay to the product or product manager. Wells Fargo Advisors uses this fee to compensate its financial advisors.

Management fee. Investors are charged an annual management fee on the value of their investment. This fee is the cost of a product manager making the investment decisions for you and for managing the product. The product manager typically receives a fee of 1% to 2% of net assets, although this amount depends on various factors, including the type of product.

For brokerage accounts, all or a portion of the management fee may be paid to Wells Fargo Advisors to compensate it and your financial advisor for distribution and marketing, as well as for other continued services provided to the product and your account. This fee is often called a "trail fee," which alternatively (or a portion of which) may be treated as a separate product fee or expense. See the "trail fee" section below.

Transaction and administrative expenses. Investors can be charged a pro-rated percentage (based on their investment) of all transactional, administrative, and other expenses incurred by the product. These expenses are generally not paid directly as a fee, but rather are typically deducted from the product's assets, resulting in the reduction of investment returns.

Trail fees (generally applied only to brokerage share classes). As noted above, in lieu of paying trail fees from (or exclusively from) the management fee, some products may charge trail fees. All or a portion of the trail fees are generally paid to product placement agents for the on-going services provided to the product and investor accounts.

For brokerage accounts, Wells Fargo Advisors generally receives all or a portion of the trail fee, which is used, in part, to compensate your financial advisor.

How your financial advisor and Wells Fargo Advisors compensated on non-traded REITs/non-traded BDCs

Wells Fargo Advisors and your financial advisor receive payments depending on the NREIT/NBDC, amount invested, and class you select. For helping you invest in these funds, Wells Fargo Advisors and your financial advisor are compensated in ways that vary depending on the selected investment. Funds pay Wells Fargo Advisors from the fees paid by you. Part of that payment then goes to your financial advisor, and the remainder is retained by Wells Fargo Advisors. This creates an incentive for us to recommend products that pay us additional compensation over those that do not pay additional compensation or that pay smaller amounts of additional compensation.

In brokerage accounts, financial advisors receive a portion of the placement fee and ongoing payments (known as "residuals" or "trails") on NREIT fund units, as set by the subscription agreement (excluding advisory programs). In investment advisory fee-based accounts, your financial advisors' compensation is based on a percentage of the assets in the account rather than on concessions or trails, as mentioned above.

The compensation formula that determines the amount of payment to your financial advisor is generally the same for all funds. Some funds, however, may carry higher sales charges than others, which may create an incentive for the financial advisor to recommend those funds. Typically, registered funds have higher upfront sales charges and lower investment minimums than unregistered funds due to the costs associated with filing registration statements.

Intra-company compensation arrangements

Wells Fargo Advisors may also receive compensation from other Wells Fargo & Company subsidiaries, including direct compensation or indirect accounting credits in connection with the referral of certain business among such subsidiaries.

Additionally, within the division that operates in Wells Fargo Bank financial centers and some Wells Fargo branches, both financial advisors and licensed bankers can assist you with your NREIT/NBDC investment needs. A licensed banker is a Wells Fargo Bank associate who is registered with Wells Fargo Advisors. Licensed bankers may also refer you to a financial advisor. In these instances, both the financial advisor and the licensed banker may be compensated for the sale of a NREIT/NBDC, but the licensed banker may receive less through this referral arrangement than from a direct sale.

Referrals and recommendations are made independent of compensation arrangements and based solely on the client's needs and objectives.

At Wells Fargo Advisors, we receive payments from some of the companies whose NREITs/NBDCs we offer. These payments may be used to pay for training, educational conferences, meetings for our financial advisors, and meetings for our clients or prospective clients, The payments also provide marketing support, which is usually calculated as a percentage of product sales or assets. These amounts are not part of the compensation formula for your financial advisor. We believe that these financial arrangements do not compromise the advice your financial advisor offers you. Additionally, these arrangements do not affect your sales charge,

Additional compensation received by Wells Fargo Advisors from Fund Parties

In addition to transaction-based commissions received by Wells Fargo Advisors and your financial advisor, Wells Fargo Advisors may receive compensation paid by investment managers, their affiliates, and/or in some instances a distributor (each a "Fund Party" and collectively, "Fund Parties"), that is not related to individual transactions, a specific share class, or account type.

This "non-commission" compensation received by Wells Fargo Advisors from a Fund Party may include payments for administrative support, operational support, training, educational conferences and meetings, and other general services provided to investment offerings, investment managers, or their affiliates. This compensation may be paid directly by a Fund Party or charged as a fund expense and can be broken down into general categories:

- Service compensation
- Revenue sharing
- Training and education support
- Data agreements

This additional compensation creates an incentive for us to recommend products where we receive this compensation over products for which we do not receive this compensation or receive smaller amounts of compensation. This additional compensation may also influence the selection of NREIT/NBDC funds that Wells Fargo Advisors and its associates make available for recommendation. Wells Fargo Advisors reserves the right to restrict the NREIT/NBDC funds that we offer to clients based on payment of additional compensation.

Please note these compensation arrangements may be described in the prospectus or PPM for each investment offered by Wells Fargo Advisors. We included this section to provide you with disclosure about the compensation agreements between Wells Fargo Advisors, Fund Parties, and associated potential conflicts of interest.

Service fees

These fees are paid by Fund Parties to compensate Wells Fargo Advisors for providing certain client account and administrative services for those Wells Fargo Advisors' clients holding NREIT/NBDC funds. All or part of this compensation paid by Fund Parties may be rebated to client accounts holding interests of such fund in order to offset a portion of fees and expenses associated with the account. Examples of services provided include assisting in the administrative review of subscription documentation, operational support processes and other general services provided to investment managers. Service fees are paid either at an annual rate of up to 75 basis points of the aggregate net asset value of applicable shares held by clients of Wells Fargo Advisors; or at a one-time rate of up to 200 basis points of the client commitment at the time of commitment. These fees are often disclosed in investment offering documents, which you should refer to for additional information.

Revenue sharing

Revenue sharing may be paid by a Fund Party to Wells Fargo Advisors for providing certain services including subscription process support, ongoing training, operations and systems support, and marketing to financial advisors and clients with respect to the investment offering. These fees are typically paid to Wells Fargo Advisors from the Fund Parties' revenues and profits, not from the investment offering's assets. However, Fund Parties' revenues or profits may in part be derived from fees earned from services provided to an investment offering.

- Fund Parties pay Wells Fargo Advisors revenue sharing compensation either at an annual rate of up to 25 basis points of the aggregate net asset value of applicable shares held by clients of Wells Fargo Advisors; or at a one-time rate of up to 100 basis points. These fees are often disclosed in the investment's offering documents, which you should refer to for additional information.
- Please see the document titled "Wells Fargo Advisors Revenue Sharing Summary" for list of alternative fund managers and/or funds with whom Wells Fargo Advisors has a revenue sharing arrangement.

Revenue sharing rates can differ depending on the Fund Parties, and in some cases, we receive different revenue sharing rates for certain investment offerings offered by the same Fund Party. In addition, not all Fund Parties pay revenue sharing, as a result we have an incentive to include investment offerings on our platform and recommend investments or managers that pay revenue sharing and/or pay a higher rate.

Training and education compensation

These fees compensate Wells Fargo Advisors for providing client account and administrative services for those Wells Fargo Advisors' customer accounts holding certain NREIT/NBDC funds. In recent years, Fund Parties have outsourced many of these operations functions to broker-dealers, such as Wells Fargo Advisors. Wells Fargo Advisors offers multiple ways for managers to provide training and education to our financial advisors in local branch offices or in larger group settings, including at the national level.

- Certain managers have agreed to dedicate resources and funding to provide this training and education at our nationally-organized events. This commitment could lead our financial advisors to focus on investments offered by these managers versus those offered by managers which are not represented during support sessions.
- Wells Fargo Advisors selects the managers that participate in the training and education events based on a variety of qualitative and quantitative criteria and may provide supplemental sales and financial data to these firms. The subset of managers that offers this support and participates in nationally-organized training and education events may change periodically.
- Managers may also provide compensation to offset or reimburse Wells Fargo Advisors for costs incurred in conducting comprehensive training and educational meetings for its financial advisors. These meetings or events are held to teach financial advisors about the product characteristics, sales materials, customer support services, and successful sales techniques as they relate to various offerings.
- Separately, managers may host financial advisors for education and conferences at the manager's headquarters, regional office, or other locations. Likewise, occasionally, managers will reimburse Wells Fargo Advisors for expenses incurred by individual branch offices in connection with conducting training and education meetings, conferences, or seminars for financial advisors and customers. Also, financial advisors may receive promotional

- items, meals, entertainment, or other noncash compensation from managers.

Although training and education compensation is not related to individual transactions or assets held in client accounts, it is important to understand that, due to the total number of investment managers whose investment offerings are offered by Wells Fargo Advisors, it is not possible for all managers to participate in a single meeting or event. Consequently, those investment managers who do participate in training or educational meetings, seminars, or other events gain an opportunity to build relationships with financial advisors; these relationships could lead to additional sales of that particular investment manager's products.

Data agreements

Wells Fargo Advisors works with various alternative investment managers to provide aggregated alternative investments sales data for a fee. These payments are not attributable to a particular account or holding, nor does the service include any information identifiable to a particular account or holding. The payments may be up to $50,000 per year for data agreements from alternative investment managers. These payments are paid to us and retained by us and are not directly shared with financial advisors.

Talk to your financial advisor

Determining whether NREITs/NBDCs are an appropriate investment strategy for you requires an in-depth evaluation of your individual financial situation and the objectives you seek to achieve. Talk to your legal or tax advisor and your financial advisor today about how NREITs and/or NBDCs may help you work toward your investment goals..

Additional Information

To learn more about NREITs/NBDCs, ask your financial advisor or visit the websites the websites of the following organizations for further information:

- Wells Fargo Advisors
- Financial Industry Regulatory Authority (FINRA)
- U.S. Securities and Exchange Commission (SEC)
- Securities Industry and Financial Markets Association (SIFMA)
- National Association of Real Estate Investment Trusts (NAREIT)

Disclosures

Alternative investments, such as NREITs and NBDC funds, are not appropriate for all investors. They are speculative, highly illiquid, and are designed for long-term investment, and not as trading vehicles. These funds carry specific investor qualifications which can include high income and net-worth requirements as well as relatively high investment minimums. The high expenses associated with alternative investments must be offset by trading profits and other income which may not be realized. Unlike mutual funds, alternative investments are not subject to some of the regulations designed to protect investors and are not required to provide the same level of disclosure as would be received from a mutual fund. They trade in diverse complex strategies that are affected in different ways and at different times by changing market conditions. Strategies may, at times, be out of market favor for considerable periods with adverse consequences for the fund and the investor. An investment in these funds involve the risks inherent in an investment in securities and can include losses associated with speculative investment practices, including hedging and leveraging through derivatives, such as futures, options, swaps, short selling, investments in non-U.S. securities, "junk" bonds and illiquid investments. The use of leverage in a portfolio varies by strategy. Leverage can significantly increase return potential but create greater risk of loss. At times, a fund may be unable to sell certain of its illiquid investments without a substantial drop in price, if at all.

Other risks can include those associated with potential lack of diversification, restrictions on transferring interests, no available secondary market, complex tax structures, delays in tax reporting, valuation of securities and pricing. An investment in NREITs and NBDC funds carries additional risks including asset-based fees and expenses at the fund level and indirect fees, expenses and asset-based compensation of investment funds in which these funds invest, if applicable. An investor should review the private placement memorandum, subscription agreement and other offering materials for complete information regarding terms, including all applicable fees, as well as the specific risks associated with a fund before investing.

We work with various alternative investment advisors and/or managers to provide aggregated sales data for a fee. These payments are not attributable to a particular account or holding, nor does the service include any information identifiable to a particular account or holding. The payments range up to $50,000 per year for data agreements from alternative investment advisors and/or managers. These payments are paid to us and retained by us and are not directly shared with financial advisors.

PM-01092028-5733833