

# High Yield Equity Income List

## Holdings by Sector

### High Yield Equity Income List Overview

The High Yield Equity Income List (High Yield List) focuses on companies with higher dividend yields than the broader market. Our objective is to provide a diverse list of high yielding stocks with secure dividend streams that an investor can utilize as part of an income-producing portfolio and are willing to accept a higher level of risk.

### High Yield Equity Income List Holdings Statistics

Company	Symbol	Price	Market Cap (billion)	Dividend per Share	Dividend Yield	Dividend Pay Cycle <sup>2</sup>	Consensus NTM EPS Estimate	NTM PE	Consensus L-TEPS Growth Estimate	Date Added to List
<b>Communication Services (average)</b>			<b>\$196.6</b>		<b>6.7%</b>			<b>8.7x</b>	<b>3%</b>	
AT&T, Inc.	T	\$24.47	\$174.7	\$2.08	8.5%	2,5,8,11	\$3.13	7.8x	2%	7/2/12
Verizon Communications, Inc.	VZ	\$52.78	\$218.5	\$2.56	4.9%	2,5,8,11	\$5.35	9.9x	3%	12/14/15
<b>Consumer Discretionary</b>			<b>\$139.7</b>		<b>1.9%</b>			<b>20.4x</b>	<b>12%</b>	
Garmin Ltd.	GRMN	\$132.84	\$25.5	\$2.68	2.0%	3,6,9,12	\$5.82	22.8x	7%	6/9/17
Genuine Parts Co.	GPC	\$134.35	\$19.1	\$3.26	2.4%	1,4,7,10	\$7.14	18.8x	12%	6/24/19
The Home Depot, Inc.	HD	\$390.47	\$408.4	\$6.60	1.7%	3,6,9,12	\$15.95	24.5x	12%	4/16/20
Target Corp.	TGT	\$220.07	\$105.8	\$3.60	1.6%	3,6,9,12	\$12.88	17.1x	26%	6/24/19
<b>Consumer Staples</b>			<b>\$288.3</b>		<b>2.6%</b>			<b>25.4x</b>	<b>9%</b>	
The Coca-Cola Co.	KO	\$57.77	\$249.5	\$1.68	2.9%	4,7,10,12	\$2.38	24.3x	9%	2/5/16
PepsiCo, Inc.	PEP	\$168.92	\$233.6	\$4.30	2.5%	2,5,8,10	\$6.51	26.0x	9%	4/3/20
Procter & Gamble Co.	PG	\$157.76	\$381.8	\$3.48	2.2%	2,5,8,11	\$6.04	26.1x	7%	2/19/13
<b>Energy</b>			<b>\$170.1</b>		<b>5.2%</b>			<b>10.2x</b>	<b>11%</b>	
Chevron Corp.	CVX	\$115.47	\$222.6	\$5.36	4.6%	3,6,9,12	\$10.33	11.2x	26%	2/5/16
Exxon Mobil Corp.	XOM	\$60.50	\$256.1	\$3.52	5.8%	3,6,9,13	\$6.30	9.6x	11%	3/3/21
Phillips 66	PSX	\$72.14	\$31.6	\$3.68	5.1%	3,6,9,12	\$7.22	10.0x	-6%	12/11/20
<b>High Yield Equity Income List Average<sup>1</sup></b>			<b>\$201.9</b>		<b>3.2%</b>			<b>18.6x</b>	<b>13%</b>	<b>6/14/2015</b>

Please see pages 5-7 of this report for Important Disclosures, Disclaimers and Analyst Certification

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

## High Yield Equity Income List Holdings Statistics

Company	Symbol	Price	Market Cap (billion)	Dividend per Share	Dividend Yield	Dividend Pay Cycle <sup>2</sup>	Consensus NTM EPS Estimate	NTM PE	Consensus L-T EPS Growth Estimate	Date Added to List
<b>Financials</b>			<b>\$140.7</b>		<b>3.2%</b>			<b>11.6x</b>	<b>14%</b>	
Bank of America Corp.	BAC	\$44.19	\$364.2	\$0.84	1.9%	1,4,7,9	\$3.15	14.0x	7%	3/3/21
Citigroup, Inc.	C	\$59.38	\$117.8	\$2.04	3.4%	1,4,7,10	\$7.78	7.6x	21%	1/6/21
Huntington Bancshares, Inc.	HBAN	\$15.07	\$21.8	\$0.62	4.1%	1,4,7,10	\$1.28	11.7x	25%	10/30/17
JPMorgan Chase & Co.	JPM	\$156.09	\$461.3	\$4.00	2.6%	1,4,7,10	\$11.90	13.1x	9%	2/28/20
M&T Bank Corp.	MTB	\$149.05	\$19.2	\$4.80	3.2%	1,4,7,11	\$11.64	12.8x	15%	11/25/20
The PNC Financial Services Group, Inc.	PNC	\$196.87	\$83.3	\$5.00	2.5%	1,4,7,12	\$13.61	14.5x	29%	2/5/21
Prudential Financial, Inc.	PRU	\$105.97	\$40.2	\$4.60	4.3%	1,4,7,13	\$11.64	9.1x	9%	2/5/21
Truist Financial Corp.	TFC	\$57.12	\$76.2	\$1.92	3.4%	1,4,7,14	\$4.43	12.9x	13%	2/5/21
U.S. Bancorp	USB	\$55.84	\$82.8	\$1.84	3.3%	1,4,7,11	\$4.41	12.7x	14%	11/17/20
<b>Health Care</b>			<b>\$297.9</b>		<b>3.3%</b>			<b>11.4x</b>	<b>11%</b>	
AbbVie, Inc.	ABBV	\$129.95	\$229.7	\$5.64	4.3%	2,5,8,11	\$13.50	9.6x	7%	6/26/20
Johnson & Johnson	JNJ	\$167.21	\$440.2	\$4.24	2.5%	3,6,9,12	\$10.09	16.6x	5%	12/3/18
Merck & Co., Inc.	MRK	\$75.54	\$190.8	\$2.76	3.7%	1,4,7,10	\$6.71	11.3x	40%	7/2/12
Pfizer Inc.	PFE	\$58.95	\$330.8	\$1.60	2.7%	3,6,9,12	\$5.71	10.3x	14%	12/5/14
<b>Industrials</b>			<b>\$74.0</b>		<b>2.4%</b>			<b>19.9x</b>	<b>12%</b>	
Eaton Corp. Plc	ETN	\$167.24	\$66.7	\$3.04	1.8%	3,5,8,11	\$7.23	23.1x	12%	2/12/18
Emerson Electric Co.	EMR	\$91.03	\$54.2	\$2.06	2.3%	3,6,9,12	\$4.88	18.6x	12%	12/1/15
Lockheed Martin Corp.	LMT	\$340.77	\$93.4	\$11.20	3.3%	3,6,9,11	\$26.68	12.8x	2%	2/11/18
3M Co.	MMM	\$172.92	\$99.6	\$5.92	3.4%	3,6,9,12	\$9.90	17.5x	8%	4/3/20
Thomson Reuters Corp.	TRI	\$115.38	\$56.2	\$1.62	1.4%	3,6,9,12	\$2.21	52.2x	26%	12/17/13
<b>Information Technology</b>			<b>\$630.9</b>		<b>1.9%</b>			<b>22.0x</b>	<b>11%</b>	
Apple, Inc.	AAPL	\$172.99	\$2,841.7	\$0.88	0.5%	2,5,8,11	\$5.69	30.4x	11%	12/3/18
Broadcom, Inc.	AVGO	\$646.24	\$266.9	\$16.40	2.5%	3,6,9,12	\$33.15	19.5x	12%	6/24/19
Cisco Systems, Inc.	CSCO	\$61.03	\$257.4	\$1.48	2.4%	1,4,7,11	\$3.49	17.5x	6%	5/5/16
Paychex, Inc.	PAYX	\$126.43	\$45.6	\$2.64	2.1%	2,5,8,11	\$3.54	35.7x	8%	7/2/12
Texas Instruments Incorporated	TXN	\$186.37	\$172.1	\$4.60	2.5%	2,5,8,10	\$7.94	23.5x	10%	12/11/20
QUALCOMM, Inc.	QCOM	\$179.58	\$202.0	\$2.72	1.5%	2,5,8,11	\$10.78	16.7x	25%	12/11/20
<b>Materials</b>			<b>\$28.0</b>		<b>4.1%</b>			<b>9.9x</b>	<b>26%</b>	
Dow, Inc.	DOW	\$54.20	\$43.5	\$2.80	5.2%	3,6,9,12	\$7.10	7.6x	45%	6/7/13
Packaging Corporation of America	PKG	\$130.73	\$12.4	\$4.00	3.1%	1,4,7,10	\$9.19	14.2x	7%	7/2/12
<b>Real Estate</b>			<b>\$43.1</b>		<b>3.0%</b>			<b>23.8x</b>	<b>8%</b>	
Crown Castle International Corp.	CCI	\$198.58	\$85.8	\$5.88	3.0%	3,6,9,12	\$7.20	27.6x	10%	3/14/17
STAG Industrial, Inc.	STAG	\$44.94	\$7.6	\$1.45	3.2%	Monthly	\$2.13	21.1x	5%	12/5/14
Welltower, Inc.	WELL	\$82.64	\$36.0	\$2.44	3.0%	2,5,8,11	\$3.48	23.8x	8%	12/6/16
<b>Utilities</b>			<b>\$48.1</b>		<b>3.6%</b>			<b>21.0x</b>	<b>7%</b>	
Dominion Energy, Inc.	D	\$77.14	\$62.5	\$2.52	3.3%	3,6,9,12	\$4.03	19.1x	7%	5/31/16
Duke Energy Corp.	DUK	\$103.02	\$79.2	\$3.94	3.8%	3,6,9,12	\$5.26	19.6x	-	7/22/15
Entergy Corp.	ETR	\$109.27	\$22.0	\$4.04	3.7%	3,6,9,12	\$6.30	17.3x	4%	8/22/17
NextEra Energy Partners LP	NEP	\$83.51	\$6.4	\$2.60	3.1%	2,5,8,10	\$2.09	39.9x	18%	2/28/20
The Southern Co.	SO	\$66.39	\$70.4	\$2.64	4.0%	2,5,8,11	\$3.44	19.3x	7%	1/6/21
<b>High Yield Equity Income List Average<sup>1</sup></b>			<b>\$201.9</b>		<b>3.2%</b>			<b>18.6x</b>	<b>13%</b>	<b>6/14/2015</b>

Source: FactSet, Wells Fargo Advisors, company reports

<sup>1</sup>Simple average for market cap, dividend yield, date added. Harmonic average for PE. Median for EPS growth estimate.

<sup>2</sup>Months in which dividends are paid. January is 1, February 2, etc.

NTM = next twelve months

EPS = earnings per share, funds from operations used for real estate investment trusts

PE = price to earnings ratio

L-T = long-term

## High Yield Equity Income List Holdings Statistics

Symbol	Sub-Industry	Price	52-Week Low	52-Week High	Fiscal Year End	Dividend per Share	5-Yr Dividend CAGR	TTM Dividend Payout Ratio	TTM Free Cash Flow per Share	TTM Free Cash Flow Yield	NTM Relative PE	5-Yr Avg NTM Relative PE	Int'l Sales	Net Debt / Capital	S&P Credit Rating
<b>Communication Services (average)</b>							<b>2%</b>	<b>880%</b>		<b>12%</b>	<b>0.4x</b>	<b>0.6x</b>	<b>5%</b>	<b>58%</b>	
T	Integrated Telecommunication Services	\$24.47	\$22.02	\$33.88	Dec	\$2.08	2%	1712%	\$3.57	15%	0.4x	0.5x	9%	50%	BBB
VZ	Integrated Telecommunication Services	\$52.78	\$49.69	\$59.85	Dec	\$2.56	2%	47%	\$5.45	10%	0.5x	0.6x	0%	65%	BBB+
<b>Consumer Discretionary</b>							<b>8%</b>	<b>42%</b>		<b>5%</b>	<b>0.9x</b>	<b>1.0x</b>	<b>24%</b>	<b>31%</b>	
GRMN	Consumer Electronics	\$132.84	\$113.59	\$178.81	Dec	\$2.68	4%	44%	\$5.40	4%	1.0x	1.2x	53%	-32%	-
GPC	Distributors	\$134.35	\$93.62	\$139.11	Dec	\$3.26	5%	57%	\$9.76	7%	0.9x	0.9x	34%	36%	BBB
HD	Home Improvement Retail	\$390.47	\$246.59	\$420.61	Jan	\$6.60	21%	43%	\$11.50	3%	1.2x	1.1x	8%	87%	A
TGT	General Merchandise Stores	\$220.07	\$166.83	\$268.98	Jan	\$3.60	4%	23%	\$12.17	6%	0.8x	0.9x	0%	33%	A
<b>Consumer Staples</b>							<b>5%</b>	<b>71%</b>		<b>4%</b>	<b>1.2x</b>	<b>1.2x</b>	<b>54%</b>	<b>43%</b>	
KO	Soft Drinks	\$57.77	\$48.11	\$58.92	Dec	\$1.68	4%	82%	\$2.70	5%	1.1x	1.2x	65%	42%	A+
PEP	Soft Drinks	\$168.92	\$128.32	\$173.56	Dec	\$4.30	8%	72%	\$4.81	3%	1.2x	1.2x	42%	60%	A+
PG	Household Products	\$157.76	\$121.54	\$161.72	Jun	\$3.48	4%	61%	\$5.96	4%	1.2x	1.2x	56%	28%	AA-
<b>Energy</b>							<b>11%</b>	<b>102%</b>		<b>8%</b>	<b>0.5x</b>	<b>1.1x</b>	<b>50%</b>	<b>26%</b>	
CVX	Integrated Oil & Gas	\$115.47	\$83.53	\$119.26	Dec	\$5.36	4%	102%	\$7.65	7%	0.6x	1.7x	61%	18%	AA
XOM	Integrated Oil & Gas	\$60.50	\$40.53	\$66.38	Dec	\$3.52	4%	-	\$5.47	9%	0.5x	1.4x	65%	24%	AA
PSX	Oil & Gas Refining & Marketing	\$72.14	\$63.19	\$94.34	Dec	\$3.68	11%	-	\$7.01	10%	0.5x	0.7x	24%	36%	BBB+
<b>Financials</b>							<b>21%</b>	<b>33%</b>		<b>13%</b>	<b>0.5x</b>	<b>0.6x</b>	<b>14%</b>	<b>20%</b>	
BAC	Diversified Banks	\$44.19	\$28.57	\$48.69	Dec	\$0.84	29%	22%	\$2.70	6%	0.7x	0.6x	12%	61%	A-
C	Diversified Banks	\$59.38	\$57.40	\$80.29	Dec	\$2.04	66%	19%	\$27.05	46%	0.4x	0.5x	51%	67%	BBB+
HBAN	Regional Banks	\$15.07	\$12.11	\$16.91	Dec	\$0.62	19%	65%	\$1.15	8%	0.5x	0.6x	0%	-6%	BBB+
JPM	Diversified Banks	\$156.09	\$118.27	\$172.96	Dec	\$4.00	16%	23%	\$13.45	9%	0.6x	0.7x	24%	63%	A-
MTB	Regional Banks	\$149.05	\$119.89	\$168.27	Dec	\$4.80	9%	32%	\$17.26	12%	0.6x	0.7x	0%	10%	A-
PNC	Regional Banks	\$196.87	\$141.60	\$217.60	Dec	\$5.00	18%	36%	\$13.31	7%	0.7x	0.7x	0%	-56%	A-
PRU	Life & Health Insurance	\$105.97	\$74.58	\$115.52	Dec	\$4.60	13%	25%	\$5.08	5%	0.4x	0.4x	39%	15%	A
TFC	Regional Banks	\$57.12	\$45.44	\$65.42	Dec	\$1.92	11%	43%	\$7.68	13%	0.6x	0.7x	0%	35%	A-
USB	Diversified Banks	\$55.84	\$42.47	\$63.01	Dec	\$1.84	11%	35%	\$4.60	8%	0.6x	0.7x	0%	-12%	A+
<b>Health Care</b>							<b>9%</b>	<b>81%</b>		<b>7%</b>	<b>0.5x</b>	<b>0.7x</b>	<b>44%</b>	<b>28%</b>	
ABBV	Biotechnology	\$129.95	\$101.55	\$133.28	Dec	\$5.64	18%	124%	\$12.20	9%	0.4x	0.5x	24%	73%	BBB+
JNJ	Pharmaceuticals	\$167.21	\$150.05	\$179.92	Jan	\$4.24	6%	62%	\$8.40	5%	0.8x	0.9x	48%	3%	AAA
MRK	Pharmaceuticals	\$75.54	\$70.89	\$91.40	Dec	\$2.76	7%	92%	\$3.28	4%	0.5x	0.8x	56%	26%	AA-
PFE	Pharmaceuticals	\$58.95	\$33.36	\$61.71	Dec	\$1.60	6%	46%	\$5.20	9%	0.5x	0.7x	48%	9%	A+
<b>High Yield Equity Income List Average<sup>1</sup></b>							<b>11%</b>	<b>393%</b>		<b>6%</b>	<b>0.7x</b>	<b>0.8x</b>	<b>33%</b>	<b>32%</b>	<b>A-</b>

## High Yield Equity Income List Holdings Statistics

Symbol	Sub-Industry	Price	52-Week Low	52-Week High	Fiscal Year End	Dividend per Share	5-Yr Dividend CAGR	TTM Dividend Payout Ratio	TTM Free Cash Flow per Share	TTM Free Cash Flow Yield	NTM Relative PE	5-Yr Avg NTM Relative PE	Int'l Sales	Net Debt / Capital	S&P Credit Rating	
<b>Industrials</b>							<b>5%</b>	<b>46%</b>		<b>5%</b>	<b>0.9x</b>	<b>1.1x</b>	<b>61%</b>	<b>32%</b>		
ETN	Electrical Components & Equipment	\$167.24	\$113.95	\$175.72	Dec	\$3.04	6%	58%	\$4.48	3%	1.1x	0.9x	79%	34%	A-	
EMR	Electrical Components & Equipment	\$91.03	\$77.76	\$105.99	Sep	\$2.06	1%	53%	\$4.99	5%	0.9x	1.1x	56%	29%	A	
MMM	Industrial Conglomerates	\$172.92	\$163.38	\$208.95	Dec	\$5.92	7%	58%	\$11.08	6%	0.8x	1.0x	49%	40%	A+	
LMT	Aerospace & Defense	\$340.77	\$319.81	\$396.99	Dec	\$11.20	10%	48%	\$18.47	5%	0.6x	0.9x	25%	42%	A-	
TRI	Research & Consulting Services	\$115.38	\$78.04	\$123.60	Dec	\$1.62	1%	12%	\$5.03	4%	2.3x	2.2x	97%	14%	BBB	
<b>Information Technology</b>							<b>17%</b>	<b>55%</b>		<b>4%</b>	<b>1.0x</b>	<b>1.0x</b>	<b>61%</b>	<b>9%</b>		
AAPL	Technology Hardware Storage & Peripherals	\$172.99	\$116.21	\$182.13	Sep	\$0.88	9%	15%	\$5.59	3%	1.4x	1.1x	58%	37%	AA+	
AVGO	Semiconductors	\$646.24	\$419.14	\$649.47	Nov	\$16.40	49%	96%	\$30.98	5%	0.9x	0.7x	81%	43%	BBB-	
CSCO	Communications Equipment	\$61.03	\$43.35	\$61.24	Jul	\$1.48	9%	55%	\$3.33	5%	0.8x	0.8x	41%	-24%	AA-	
PAYX	Data Processing & Outsourced Services	\$126.43	\$85.30	\$126.82	May	\$2.64	8%	76%	\$3.60	3%	1.7x	1.5x	1%	-7%	-	
TXN	Semiconductors	\$186.37	\$159.56	\$202.26	Dec	\$4.60	22%	52%	\$7.62	4%	1.1x	1.2x	89%	-10%	A+	
QCOM	Semiconductors	\$179.58	\$122.17	\$192.68	Sep	\$2.72	6%	34%	\$7.56	4%	0.8x	0.9x	96%	15%	A-	
<b>Materials</b>							<b>9%</b>	<b>44%</b>		<b>8%</b>	<b>0.7x</b>	<b>0.8x</b>	<b>36%</b>	<b>32%</b>		
DOW	Commodity Chemicals	\$54.20	\$51.33	\$71.38	Dec	\$2.80	-	36%	\$6.31	12%	0.4x	0.7x	67%	41%	-	
PKG	Paper Packaging	\$130.73	\$127.06	\$156.54	Dec	\$4.00	9%	51%	\$4.65	4%	0.7x	0.8x	5%	23%	BBB	
<b>Real Estate</b>							<b>2%</b>	<b>71%</b>		<b>3%</b>	<b>1.1x</b>	<b>1.0x</b>	<b>6%</b>	<b>53%</b>		
CCI	Specialized REITs	\$198.58	\$146.15	\$204.62	Dec	\$5.88	8%	69%	\$4.06	2%	1.3x	1.2x	0%	74%	BBB-	
STAG	Industrial REITs	\$44.94	\$29.40	\$45.98	Dec	\$1.45	1%	75%	\$1.98	4%	1.0x	0.9x	0%	40%	-	
WELL	Health Care REITs	\$82.64	\$59.38	\$89.80	Dec	\$2.44	-4%	69%	\$2.90	4%	1.1x	1.0x	19%	45%	BBB+	
<b>Utilities</b>							<b>7%</b>	<b>85%</b>		<b>-3%</b>	<b>1.0x</b>	<b>1.1x</b>	<b>3%</b>	<b>61%</b>		
DUK	Electric Utilities	\$103.02	\$85.56	\$108.38	Dec	\$3.94	3%	100%	-\$0.18	0%	0.9x	0.9x	0%	57%	A-	
ETR	Electric Utilities	\$109.27	\$85.78	\$115.02	Dec	\$4.04	2%	61%	-\$17.52	-16%	0.8x	0.9x	0%	66%	BBB+	
NEP	Renewable Electricity	\$83.51	\$63.17	\$88.80	Dec	\$2.60	20%	91%	\$6.48	8%	1.7x	2.3x	13%	61%	BB	
SO	Electric Utilities	\$66.39	\$56.69	\$68.21	Dec	\$2.64	3%	93%	-\$1.08	-2%	0.9x	0.9x	0%	63%	A-	
High Yield Equity Income List Average <sup>1</sup>								<b>11%</b>	<b>393%</b>		<b>6%</b>	<b>0.7x</b>	<b>0.8x</b>	<b>33%</b>	<b>32%</b>	<b>A-</b>
<b>S&amp;P 500</b>		<b>\$4,649</b>	<b>\$3,663</b>	<b>\$4,744</b>		<b>\$57.28</b>	<b>10%</b>	<b>31%</b>	<b>\$137</b>	<b>3%</b>	<b>1.0x</b>	<b>1.0x</b>	<b>32%</b>	<b>31%</b>	<b>BBB+</b>	

Source: FactSet, Wells Fargo Advisors, company reports

<sup>1</sup>Simple average for dividend CAGR, payout, free cash flow yield, international sales, net debt/capital, credit rating. Harmonic average for PE.

CAGR = compound annual growth rate

TTM = trailing twelve months

NTM = next twelve months

EPS = earnings per share, funds from operations used for real estate investment trusts

PE = price to earnings ratio

**IMPORTANT DISCLOSURES**

Disclosure information . . . For important disclosure information, please contact:

Wells Fargo Advisors Attn: Advice & Research (Disclosure Information)

One North Jefferson, St. Louis, MO 63103

Or call (877) 785-4332

Web Address: [www.wellsfargoadvisors.com/disclosures/research](http://www.wellsfargoadvisors.com/disclosures/research)

Please remember to specify the issuer(s) with respect to which you would like to receive disclosure information.

**ANALYST CERTIFICATION:** *The analyst who prepared this report hereby certifies that the views expressed in this report accurately reflect his/her personal views about the subject companies and their securities. The analyst also certifies that he/she has not been, is not, and will not be receiving direct or indirect compensation for expressing the specific recommendation(s) or view(s) in this report.*

**Disclaimers**

Prices and estimates are as of December 21, 2021 unless indicated otherwise.

You should be aware that investments can fluctuate in price, value and/or income, and you may get back less than you invested. We recommend that existing shareholders consider their objectives, their risk tolerance, and the size of their positions relative to their portfolios when evaluating their holdings.

Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions and the perception of individual issuers. Investments in equity securities are generally more volatile than other types of securities. There is no guarantee dividend-paying stocks will return more than the overall market. Dividends are not guaranteed and are subject to change or elimination.

The prices of small and mid-cap company stocks are generally more volatile than large company stocks. They often involve higher risks because smaller companies may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions.

Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater price volatility.

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility. The **Communication Services** sector is subject to the risks associated with rising interest rates which could increase debt service costs, competition, increased costs to providers due to potential for large equipment upgrades. Risks associated with the **Consumer Discretionary** sector include, among others, apparel price deflation due to low-cost entries, high inventory levels and pressure from e-commerce players; reduction in traditional advertising dollars, increasing household debt levels that could limit consumer appetite for discretionary purchases, declining consumer acceptance of new product introductions, and geopolitical uncertainty that could affect consumer sentiment. **Consumer Staples** industries can be significantly affected by competitive pricing particularly with respect to the growth of low-cost emerging market production, government regulation, the performance of the overall economy, interest rates, and consumer confidence. The **Energy** sector may be adversely affected by changes in worldwide energy prices, exploration, production spending, government regulation, and changes in exchange rates, depletion of natural resources, and risks that arise from extreme weather conditions. Investing in the **Financial** services companies will subject an investment to adverse economic or regulatory occurrences affecting the sector. Some of the risks associated with investment in the **Health Care** sector include competition on branded products, sales erosion due to cheaper alternatives, research and development risk, government regulations and government approval of products anticipated to enter the market. There is increased risk investing in the **Industrials** sector. The industries within the sector can be significantly

affected by general market and economic conditions, competition, technological innovation, legislation and government regulations, among other things, all of which can significantly affect a portfolio's performance. **Materials** industries can be significantly affected by the volatility of commodity prices, the exchange rate between foreign currency and the dollar, export/import concerns, worldwide competition, procurement and manufacturing and cost containment issues. **Real estate** investments have special risks, including possible illiquidity of the underlying properties, credit risk, interest rate fluctuations, and the impact of varied economic conditions. Risks associated with the **Technology** sector include increased competition from domestic and international companies, unexpected changes in demand, regulatory actions, technical problems with key products, and the departure of key members of management. Technology and Internet-related stocks, especially smaller, less-seasoned companies, tend to be more volatile than the overall market. **Utilities** are sensitive to changes in interest rates, and the securities within the sector can be volatile and may underperform in a slow economy.

Diversification does not guarantee a profit or protect against loss.

Standard & Poor's uses upper-case letters to identify a bond's credit quality rating. 'AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings for bonds below these designations ('BB', 'B', 'CCC', etc.) are considered low credit quality, and are commonly referred to as "junk bonds". Ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability.

Price to earnings ratio (PE ratio) is a valuation ratio of company's current share price compared to its per-share earnings.  $PE = \text{market value per share} / \text{EPS}$ .

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market. An index is unmanaged and not available for direct investment.

Wells Fargo Advisors publishes several theme-based lists of recommended equity securities. Each list is based on a specific investment objective and time horizon which may be different from the other lists. This may cause Wells Fargo Advisors to recommend an equity security to be added to one list and removed from another list. Thus, one list may contain different recommendations or conclusions that could result in short-term price movements contrary to the recommendations in another list.

Wells Fargo Advisors research analysts receive no compensation in connection with the firm's investment banking, sales and trading, or principal trading revenues. Analysts may be eligible for annual bonus compensation based on the overall profitability of the firm, which takes into account revenues derived from all the firm's business activities, including its investment banking business, sales and trading, and principal trading.

Advice & Research works with information received from various resources including, but not limited to, research from affiliated and unaffiliated research correspondents as well as other sources. Advice & Research does not assign ratings to or project target prices for any of the securities mentioned in this report.

Advice & Research receives research from affiliated and unaffiliated correspondent research providers with which Wells Fargo Advisors has an agreement to obtain research reports. Each correspondent research report reflects the different assumptions, opinions, and the methods of the analysts who prepare them. Any opinions, prices or estimates contained in this report is as of the date of this publication and is subject to change without notice.

Additional information available upon request. Past performance is not a guide to future performance. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee as to its accuracy or completeness. This material is published solely for informational purposes and is not an offer to buy or sell or a

solicitation of an offer to buy or sell any security or investment product. Opinions and estimates are as of a certain date and subject to change without notice.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

©2021 Wells Fargo Clearing Services, LLC. All rights reserved. RSNIP 1121-01339 v11.09.2021