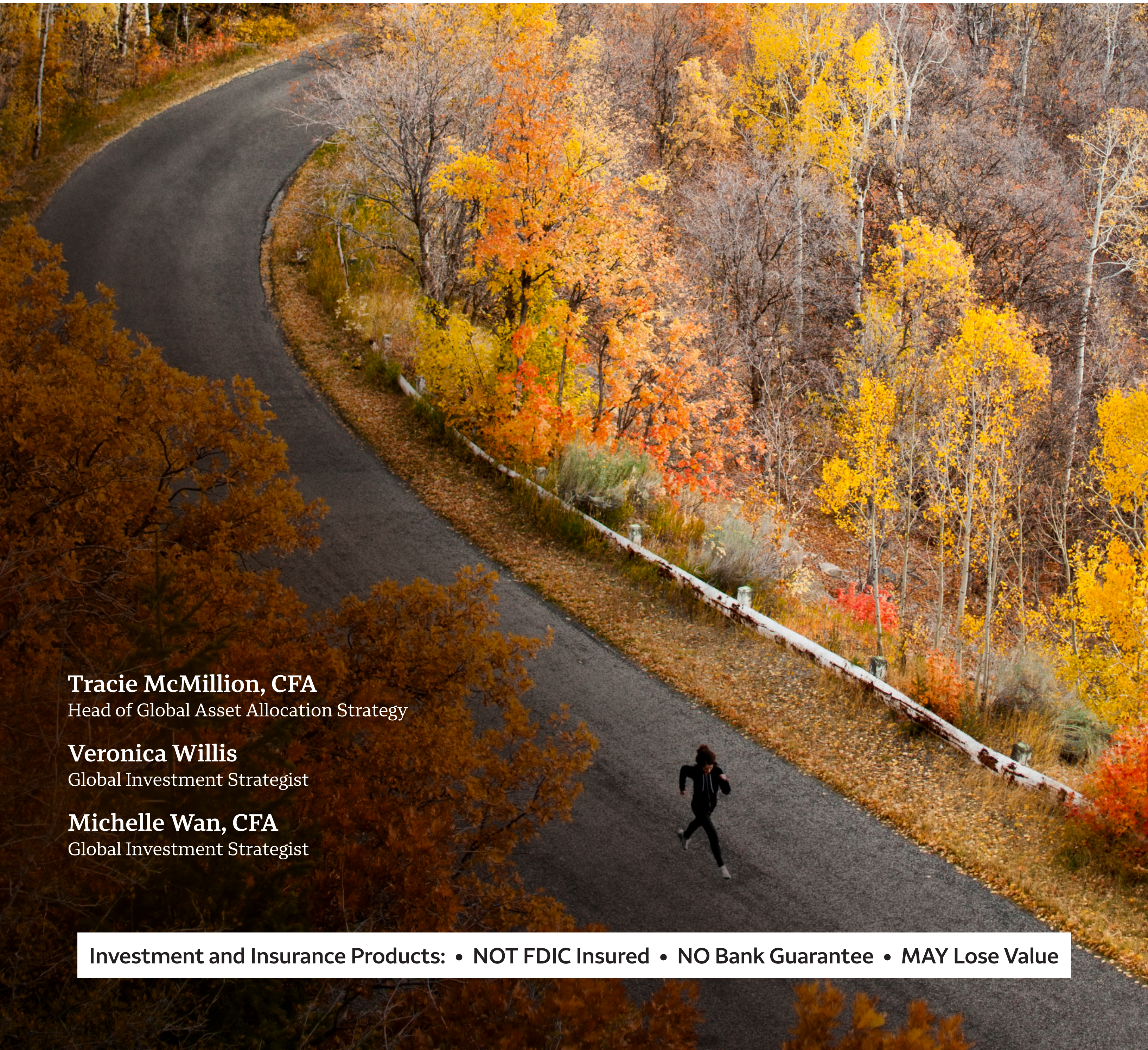
WELLS FARGO
Investment Institute

February 2025

Women and Investing

The strengths of women investors



Tracie McMillion, CFA
Head of Global Asset Allocation Strategy

Veronica Willis
Global Investment Strategist

Michelle Wan, CFA
Global Investment Strategist

Overcoming obstacles and building on strengths

Understanding the strengths of women investors | page 3

Women investors are increasingly taking on important roles in managing their family's finances. Recognizing women's unique challenges and strengths when it comes to investing can help in preparing for retirement and achieving long-term financial goals.

The gap in retirement savings | page 6

Studies have shown that women have saved less for retirement than men, which likely stems from the wage gap, women's increased likelihood of taking an extended career break, and a tendency to favor more conservative investment options.

How women invest | page 8

Women tend to follow proven investment practices, such as creating an investment plan and working closely with an investment professional. Women's disciplined approach and willingness to learn benefited returns in the long run.[5]

Perception meets reality | page 9

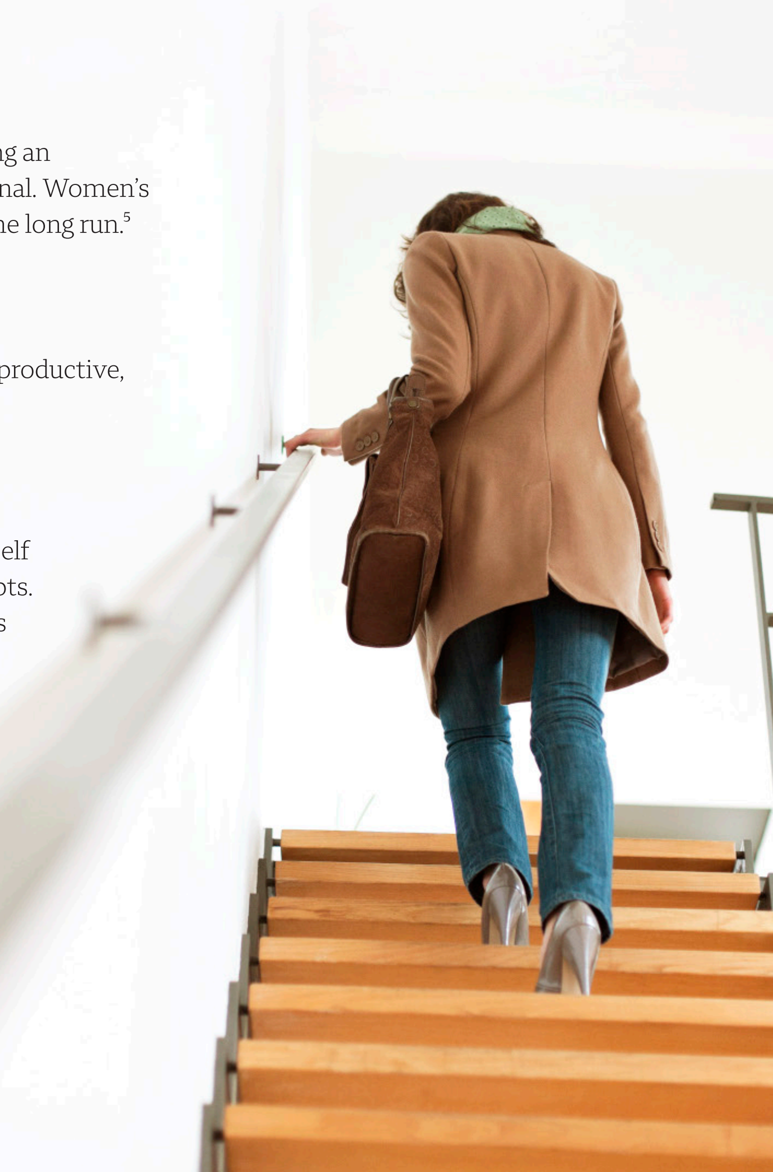
Women tend to be risk-averse. However, the risks women take are productive, as women's returns lead men's when adjusted for risk.[2]

Keys to becoming a better investor | page 10

We think two keys to becoming a better investor are to know yourself and to familiarize yourself with a few important investment concepts. Sticking with an appropriate asset allocation plan benefits investors in the long run.

What you can do now | page 12

- Learn more about budgeting, saving, and investing.
- Set investment goals and research options.
- Act by developing, implementing, and monitoring your investment plan.



Understanding the strengths of women investors

Women comprise more than half of the U.S. population,[1] but no two women are the same when it comes to managing their money. When we surveyed investors, women were optimistic about their ability to achieve short- and long-term investment goals and have become increasingly assured that the stock market is a good place to invest. We also found that women investors are more likely to work with an investment professional and more inclined to stick to their investment plan.[2]

At some point in their lives, most women likely will be in charge of their family's finances.[3] Women have increasingly become the sole or primary breadwinners for their families and often take a leading role in educating the next generation in financial matters. This report explores new trends in how women approach investing and offers guidance on how women can take advantage of their strengths as they pursue long-term financial goals.

94% of women believe they will be responsible for their finances at some point.

44% of U.S. ultra-high-net-worth individuals are women.

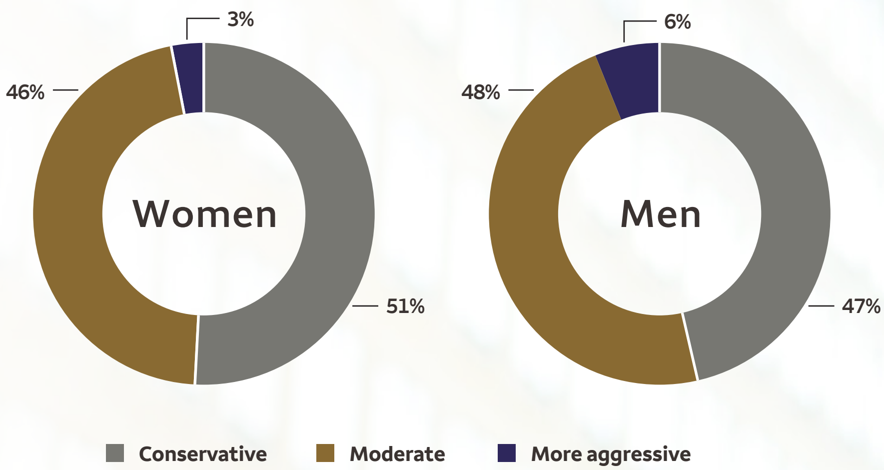
41% of women are their family's breadwinner or co-breadwinner.

Women control more than **$10 trillion** of U.S. personal wealth.

By 2030, women are expected to control **$34 trillion** in financial assets.

Sources:
"Women's Quick Facts: Compelling Data on Why Women Matter," STEMconnector®, November 2016; Statista Research Department, 2021. "Women as the next wave of growth in US wealth management," McKinsey & Company, July 2020. Ultra-high-net-worth individuals are defined as individuals with a net worth of 30 million U.S. dollars or more; Center for American Progress analysis of data from the U.S. Census Bureau, 2019; New York Life Investment Management, 2020. "Bank of America Study Finds 94% of Women Believe They'll be Personally Responsible for Their Finances at Some Point in Their Lives," Bank of America, June 22, 2022. "The great wealth transfer is underway. Here's how to prepare," CNBC, October 24, 2024.

Women are more likely to describe their investing approach as conservative



Source: 2024 Women and Investing Study, Fidelity Investments, October 2024.
Due to rounding, totals may not equal 100%.

Women and men may face different challenges

Studies reveal that women have smaller nest eggs when compared with men of similar age and income. There are several reasons why this may be the case. In our survey, women tended to invest more conservatively than men.[3] Having a portfolio that is too conservatively invested may lead to underfunded goals. In fact, a 2023 study by Bank of America indicated that women have a median 401(k) account balance of about 50% less than that of men.[4]

Additionally, because women, on average, earn less per dollar than men and often report taking time off from work to care for others, they can fall behind financially. With careful planning and appropriate investment allocations, we believe women can be prepared to reach their financial goals.

A 2021 Federal Reserve Bank of St. Louis study reported that the wealth gap is larger than the wage gap. Families headed by women have 55% of median wealth compared to families headed by men.[5]

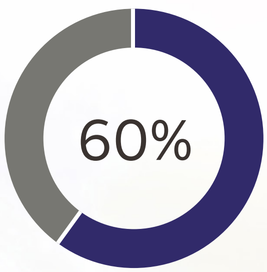
Five years — the amount of time that women outlive men, on average. That's five more years of living expenses that women may need beyond the needs of men.

Women earn **$0.83** on the dollar compared with men.

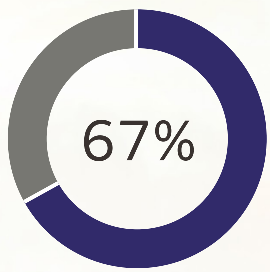
Sources:
World Health Organization, 2020; Bureau of Labor Statistics, 2024.

What women say about their finances

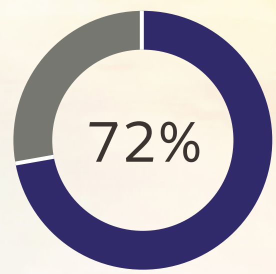
In a 2024 survey, over 70% of women indicated that they wished they started investing their extra savings earlier. On average, the women surveyed who invest outside of retirement invest 9.5% of their income, after setting aside retirement savings. Based on the Primerica survey, 78% of women expressed confidence in setting and following a budget, and 72% felt secure in their ability to save for the short or long term. However, only 34% felt confident in their ability to invest in stocks and bonds, highlighting an opportunity for women to learn more about investing.



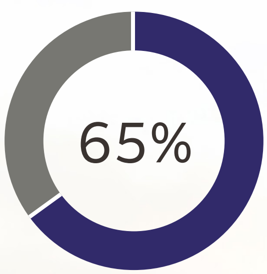
60% of women believe now is a good time to invest, compared to 69% of men.



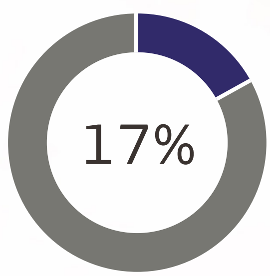
67% of women plan to create a financial plan to reach their short- and long-term goals.



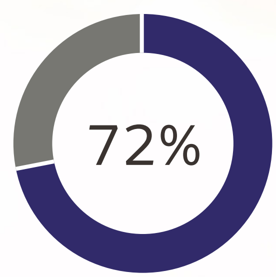
72% of women say they are worrying more about money compared to 64% of men.



Nearly seven out of ten women intend to increase their general understanding of financial planning and investing.



17% of women report taking new financial risks compared to 27% of men.



72% of women self-reported as beginners or having no investing knowledge compared to 53% of men.

Sources:
2024 Women and Investing Study, Fidelity Investments, October 2024. “Empowering Middle-Income Women’s Financial Decisions: Navigating Confidence, Opportunity and Representation in the Financial Services Industry,” Primerica, September 2024. The Wells Fargo Money Study 2025, Wells Fargo, November 2024.

The gap in retirement savings

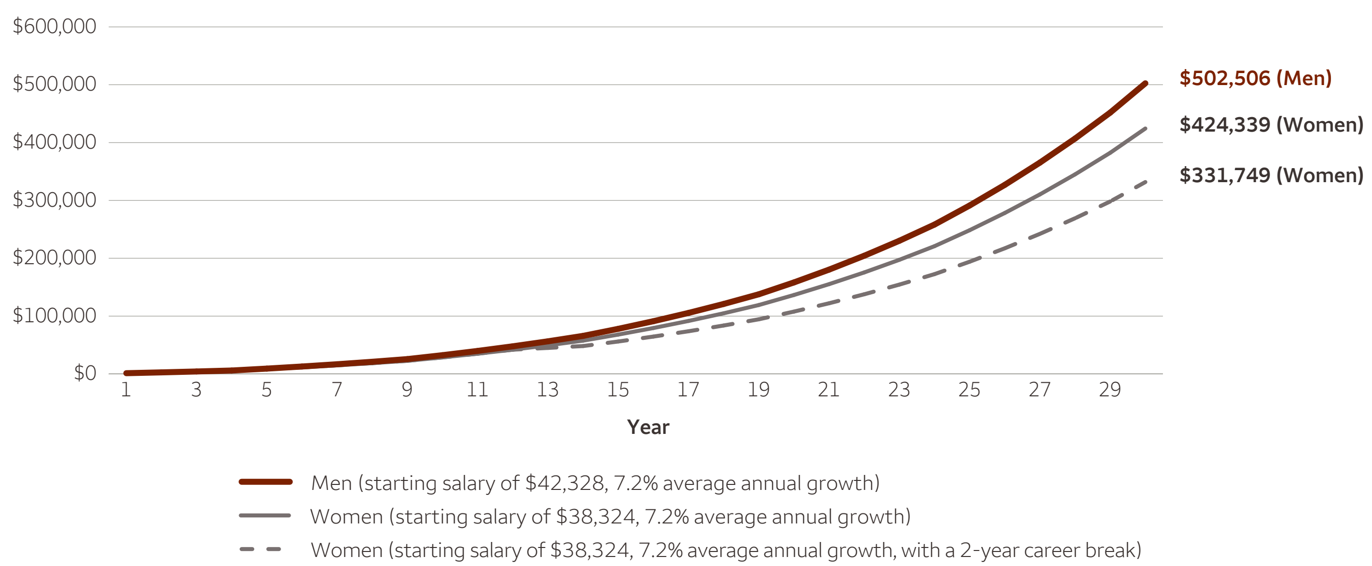
Men and women cite differences in their anticipated source of retirement income, with more men than women expecting rental income or expecting to own a business to support their finances in retirement. Meanwhile, more women than men expect an inheritance to help fund their retirement. While men and women differ in their expectations for retirement income, about half of both genders agree that Social Security will be a minor source of retirement income or not a source at all.[2]

Starting to save for retirement as early as possible is crucial for investors who desire to fully fund their retirement without other sources. However, women investors can be at a disadvantage if they are not able to contribute as much due to a lower starting salary. With a 17% salary gap, on average, a woman would need to save about 20% more to break even. Doing so, however, would leave her with even less disposable income for day-to-day purposes. According to the Bureau of Labor Statistics, single men annually outspend single women by about $2,000, which is much less than the gap in earnings, where single men made on average $12,000 a year more than single women.

The wage gap is one factor that can set back women when it comes to attaining their retirement goals, but an extended career break can have an even greater impact. New mothers are more likely to take an extended career break than new fathers. A study by LinkedIn and Censuswide found that about half of the women in the study took an extended break from the workforce, with the average break being roughly two years.[6] An extended career gap and pause in contributions to a retirement account can have a drastic impact on the amount of assets available later in life (projected to be 34% lower compared to men, as shown in the chart below).

The impact of a lower salary compounds over time, but a career break can have an even more devastating impact

The growth of a retirement account is largely impacted by the initial salary and contribution rate as well as the average growth rate. Women earn less than men, on average, throughout their careers, which could cause a retirement shortfall. But an extended career break can have an even greater effect on the value of retirement assets.



Sources:
Bureau of Labor Statistics (BLS) and Wells Fargo Investment Institute, as of February 2025. Assumptions: The starting salary for men is the median for men aged 20 – 24, provided by BLS as of December 2024. The starting salary for women is the median for women aged 20 – 24. Salary increases 2% each year with promotions every 5 years accompanied by a 5% salary increase for men. Salary increases are scaled down 83% for women. 3% of salary is contributed to the retirement account each year, increasing by 3% on promotion years until reaching 20% maximum. A two-year career break is factored into women's salary growth and savings in years 13 and 14. Salary in year 15 is reestablished at the same level as year 12. Salary growth resumes in year 16. Savings contributions are halted during the career break and resume in year 15 at the same level as year 12. Average growth rates are determined by the WIM Analytics study, January 2025.

Closing the gap

A recent survey revealed that women's willingness to invest in the stock market is on the rise. Additionally, over 70% of women agree that investing is a way to build generational wealth, and one in four women are interested in learning about how to start investing.[7] Another study indicated that women who are not currently investing are holding back because they do not have enough money, as opposed to not trusting the market.[8]

According to data from the World Health Organization, women tend to live longer than men, meaning that their investment assets will have to last longer. Because women generally have a longer investment time horizon than men of the same age, some women may want to consider a more growth-oriented asset allocation in order to meet their financial goals.

Investing too aggressively, though, may result in an undesirable level of portfolio volatility, so finding the right asset mix is critically important. Working with an investment professional is one way to determine an appropriate strategic asset allocation.

Key takeaways

Women reported being more uncertain about making investment decisions.

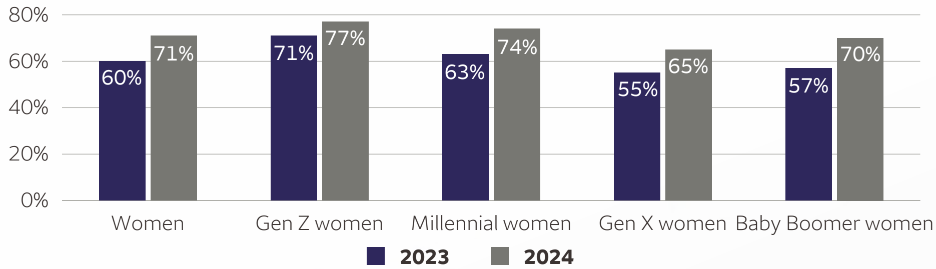
Investors with a longer time horizon and higher risk tolerance should consider a growth-oriented asset allocation.

Following a sound investment strategy and taking appropriate levels of risk are important contributors to long-term results.

Women are becoming more comfortable investing in the stock market

Younger women continue to invest at a higher rate, but Gen X and Baby Boomer women have started to invest more.

Respondents who invest in the stock market



Sources:
2023 Women's Study, Fidelity Investments, October 2023.
2024 Women and Investing Study, Fidelity Investments, October 2024.

How women invest

In our study of Wells Fargo Advisors clients, we found that women exhibited several important strengths related to their investment success.

Discipline: Our findings[9] show that women tended to have a more disciplined approach to investing that may have contributed to their stronger risk-adjusted returns.[10] Likewise, Warwick Business School found that female investors tended to invest in fewer speculative stocks and were less likely to hold on to stocks showing a loss.[11]

Willingness to learn: Women are more likely to seek education and advice from investment professionals. In our 2021 investor survey, half of women reported working with a personal financial advisor, compared with just under 37% of men.[2]

Risk-taking: Our study confirmed that, on average, women are more risk-averse than men when it involves managing their individual accounts.[9] But that has not held back their ability to achieve attractive risk-adjusted returns.

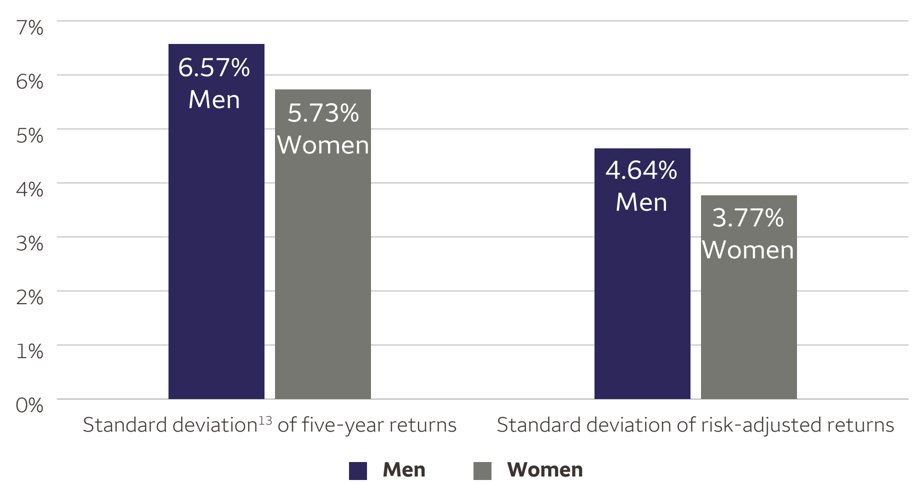
Women achieved similar returns to men but took significantly less risk. Interestingly, a Harvard study showed that in the areas of social entrepreneurship and impact investing, women take more risk than men. So women's risk-taking behavior appears to be more context based.[12]

A recent study of Wells Fargo Advisors clients indicates that women have exhibited the ability to generate strong risk-adjusted returns. The study, conducted in January 2025, showed that female-led investment accounts earned the highest absolute returns and the highest risk-adjusted returns. Male-led investment accounts and single men had lower average risk-adjusted returns.[9]

The takeaway? Many women in our study are effectively managing their own assets and contributing to a stronger investment partnership when the responsibilities are shared.

Volatility of returns for women and men

Women's investment returns showed less volatility than those of men, while achieving similar returns.



Key takeaways

In our study, women, on average, took less overall risk but were rewarded for the risks they did take.[10]

Women tend to be more willing to seek advice and guidance from investment professionals.

Source:
Gender Differences in Performance at Wells Fargo Advisors, WIM Analytics, January 2025. Average annual trades over a seven-year period from January 1, 2018 to December 31, 2024.

Perception meets reality

Women's greater willingness to develop a financial plan, adhere to that plan, and work with an advisor are among the factors we believe led to attractive investment results. In January 2025, the Wealth & Investment Management (WIM) Analytics group updated a 2023 study of Wells Fargo Advisors accounts for which gender information was available. Consistent with the prior study, single-female and female-led households represented about 53% of the study. The study covered the period from January 2018 to December 2024 and supported the results of our earlier study — single-female accounts tend to outperform single-male accounts on a risk-adjusted basis.[9]

On an absolute-return basis without adjusting for the risk taken, female-led joint accounts achieved the highest return. Additionally, when adjusted for the amount of risk taken, women investors led men for the seven-year period, with female-led joint accounts achieving the highest risk-adjusted return. The analysis also showed an interesting fact — that "two heads are better than one," — as accounts with two owners achieved better returns on an absolute and risk-adjusted basis.[9]

This means that when making decisions for their accounts, women achieved higher returns on their investments while taking on less risk than men, when risk is measured by standard deviation.[13] The WIM Analytics data showed that women investors, on average, took 13% less risk than men to achieve the same return.[9]

Following a sound investment strategy and taking appropriate levels of risk are important to long-term results.

Key takeaways

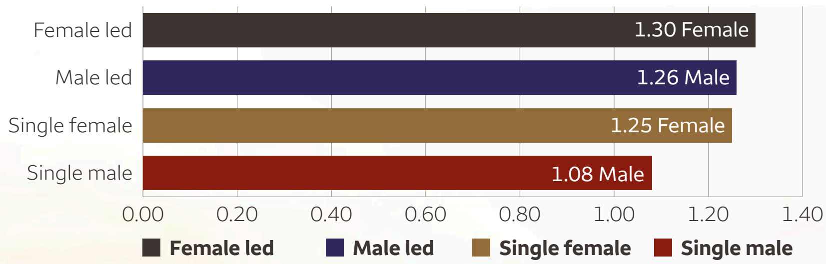
Women appear to have benefited from their disciplined approach to taking risk, willingness to stick with a long-term investment plan, and openness to seeking investment advice.

Women's returns on their investments have led men's returns on a risk-adjusted basis.

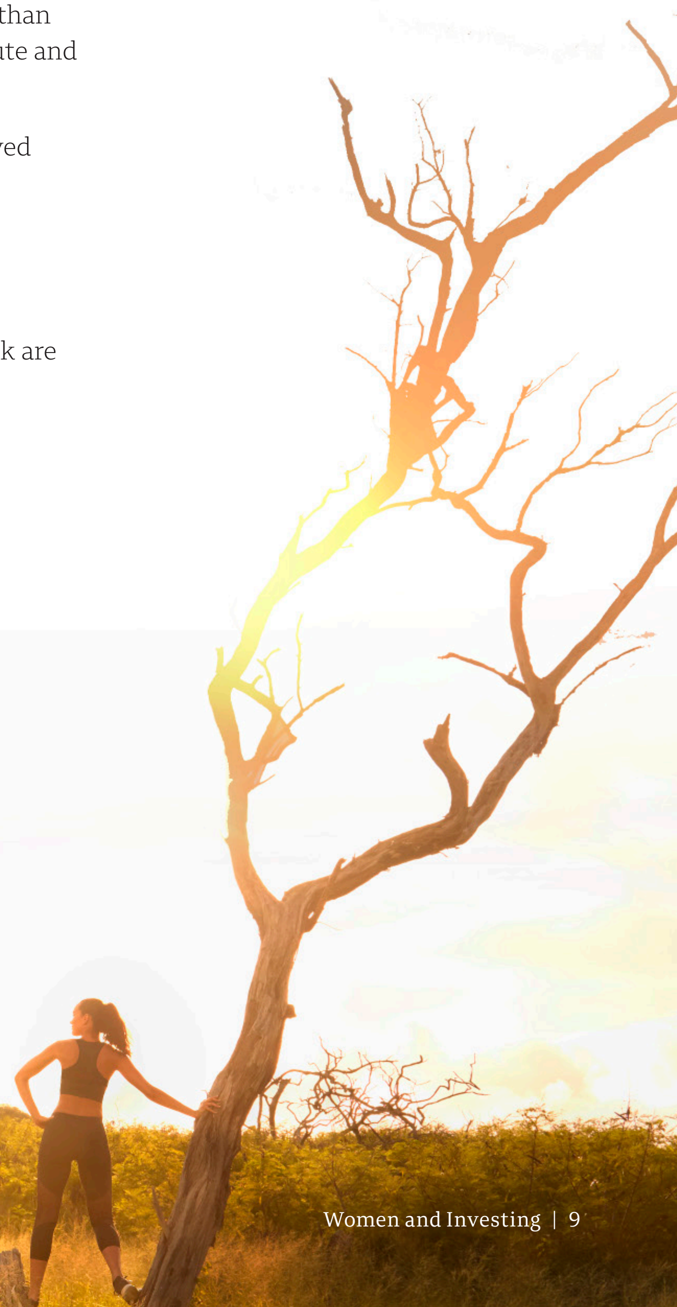
It seems that "two heads are better than one," as accounts with two owners achieved better returns on an absolute and risk-adjusted basis.[9]

Risk-adjusted returns for women and men

Single-female and female-led accounts achieved higher risk-adjusted investment returns than men.



Source:
Gender Differences in Performance at Wells Fargo Advisors, Wealth & Investment Management (WIM) Analytics, January 2025. The total study included more than 50,000 accounts from January 2018 to 2024 with investable assets of $50,000 or more. Excludes advisory accounts. Seven-year time-weighted (or geometric mean) returns net of commissions and fees between January 2018 and December 2024. **Past performance is no guarantee of future results.** Performance results represent only the results of the survey.



Keys to becoming a better investor

We think two keys to becoming a better investor are to know yourself and to familiarize yourself with a few important investment concepts. You can determine your financial temperament,[14] or personality, by identifying your approach to investing.

Know yourself: Understanding yourself as an investor can help you work better with a financial professional to find the investing style that's right for you. There is no right or wrong type of investor — just people who relate differently to their money and who can potentially benefit from different strategies to help meet their investment goals and work toward financial independence. You may identify more as an artisan, a guardian, an idealist, or a rational. If you share finances, it also can help to understand your partner's investment personality — to consider what you can learn from them and what they can learn from you.

Depending on your investment personality,[14] you may identify with one or more of these investor styles:

Artisan

- Is entrepreneurial and looking for new ways to make money
- Acts quickly on investments
- Is comfortable investing large sums of money in hopes of large returns

Financial strength:
Searches out innovative ways to make money

What to watch:
Possible overconfidence and tendency to focus too much on short-term investments

Idealist

- Prefers to focus energy on things other than money and finances
- Thinks of money as a necessary evil

Financial strength:
Leaves investments alone to grow

What to watch:
Not matching savings and investments to goals for which they have enthusiasm

Guardian

- Is cautious with money
- Values financial security over growing wealth

Financial strength:
Understands the importance of money

What to watch:
Potential for low-risk investment

Rational

- Is numbers oriented
- Considers themselves good with money
- Likes to stay involved with investments

Financial strength:
Takes the time to understand investments

What to watch:
Dwelling too much on previous poor investment decisions and losses

Key investment concepts

Know your asset allocation: Many women self-identify as conservative investors, and one mistake that conservative investors can make is putting too much of their portfolio in cash. Given the low yields on cash and cash alternatives compared to expected returns in other asset classes, a better way to attempt to manage risk is through strategic asset allocation — spreading assets among stocks, bonds, real assets, and alternative investments. Academic studies[15] and our own research[16] have shown that strategic asset allocation tends to be the main driver controlling a portfolio's fluctuations. Specifically, our findings show that about 97% of return variability comes from strategic asset allocation (the U.S. stock-bond mix, global diversification, and asset class diversification). A relatively small percent comes from tactical asset allocation, security selection, and other unexplained variables.

Don't time the market: Taking prudent levels of risk does not mean timing the market. Investors who attempt to time the market can suffer from lower returns over time. According to a study by DALBAR, Inc., a financial services research firm, more than half of the gap in the return of the average stock investor and the return of the S&P 500 Index can be attributed to performance chasing and other bad investing habits. The message from DALBAR's yearly analysis has been consistent since its first study in 1994: investment results are more reliant on investor behavior than fund performance. Time in the market matters more than trying to time the market.[17]

Note: Strategic asset allocation is a way of allocating different types of assets within an investment portfolio based on longer-term expectations for risk and return. Tactical asset allocation is a way of allocating different types of assets within an investment portfolio based on shorter-term expectations for risk and return.

"… the worst investment you can have is cash … We always keep enough cash around so I feel very comfortable and don't worry about sleeping at night. But it's not because I like cash as an investment. Cash is a bad investment over time. But you always want to have enough so that nobody else can determine your future essentially."
— Warren Buffett

Attempting to time the market can hurt returns

Individual stock investors versus the S&P 500 Index over a 20-year period

8.66%	9.69%	2.59%
Average stock investor return	S&P 500 Index	Inflation

Sources:
Dalbar, Inc., 2004 – 2023; "Quantitative Analysis of Investor Behavior," 2024, DALBAR, Inc., dalbar.com. **Past performance is not a guarantee of future results**. An index is unmanaged and not available for direct investment. Dalbar computed the average stock fund investor return by using industry cash flow reports from the Investment Company Institute. The Average Equity Fund Investor is comprised of a universe of both domestic and world equity mutual funds. It includes growth, sector, alternative strategy, value, blend, emerging markets, global equity, international equity, and regional equity funds. Returns assume reinvestment of dividends and capital gain distributions. The fact that buy and hold has been a successful strategy in the past does not guarantee that it will continue to be successful in the future. The performance shown is not indicative of any particular investment; CNBC, Warren Buffett, and Bill Gates: Keeping America Great, November 9, 2009.

What you can do now

Learn more about investing: Talking with an investment professional or a financial planner can help you understand the basics of investing — things like setting aside enough cash for an emergency, defining your time horizon and risk tolerance, and developing an appropriate asset allocation.

You can also learn about investing by reading financial journals, watching financial news channels to learn the industry terminology, or listening to investment-related podcasts or market updates on the radio.

Setting investment goals: Investment goals can be as varied as the people who define them, but they generally fall into the categories of income, growth, or a mix of the two. Moreover, each of your investment goals will generally have an associated time period that helps determine what type of assets you should potentially use to assist you in reaching your investment goals with the appropriate level of risk.

Sample investment goals	Time horizon	Appropriate risk level	Assets to consider
Down payment on a house	6 – 12 months	Low	Cash alternatives (such as money market funds)
Education expenses	5 years	Modest	Bonds, stocks, public real estate (REITs)
Growth for retirement	15 years	High	Bonds, stocks, REITs, commodities, alternative investments*
Bequest to charity	30 years	Very high	Stocks, REITs, certain types of higher-risk bonds, alternative investments*

*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 report for important definitions and disclosures.

Preparing for retirement: If retirement is one of your investment goals, you need to consider your expected income from all sources versus your expected expenses. Even if you already are retired, it is still a good practice to periodically evaluate your income and expenses.

A general rule of thumb is that you will need to generate at least 80% of your pre-retirement income when you are retired. Also, women generally live longer than men, so they likely will end up spending more on everything from groceries to health care.

Sources of income	Expenses
• Employment	• Housing/rent
• Social Security	• Utilities
• Pension	• Groceries
• Health Savings Account	• Clothing
• 401(k), 403(b), IRA, Roth IRA	• Travel
• Inheritance	• Health care
• Other investments	• Non-routine major purchases
	• Other expenses

Sharing investment knowledge: Fewer women than men surveyed report being educated by parents on finances and investing.[2] But women are taking a different route, with 87% of women reporting educating their children on finances compared with 76% of men. Additionally, three in four women surveyed reported that their children are learning about money and finances at home as opposed to at school or on their own.[18]

Key takeaways

If retirement is one of your goals, determine your expected income and expenses, and make plans to generate at least 80% of your pre-retirement income.

While fewer women than men were educated by parents on investing, women have reported taking a different approach with their own children. 87% of women report educating their children on finances.

Education and research	Take action	Pay it forward
- Use online budget and retirement calculators. - Build investment knowledge using public resources or classes. - Consult an investment professional and ask questions. - Know what retirement benefits your employer offers. - Explore individual retirement accounts (IRAs). - Determine which provider types are right for you: - Full service - Telephone assistance - Digital advisor	- Track savings and expenses to prepare for planning. - Establish an investment plan: - Develop a budget that includes saving and investing. - Determine your appropriate asset allocation. - Monitor and rebalance your portfolio. - Select investment vehicles. - Revisit your strategy when your circumstances change.	- Teach children about money and finances. PISA reported that among Organisation for Economic Co-operation and Development (OECD) countries, 22% of students score below the baseline level of financial literacy. Only 12% are high performers.[19] - Teach the next generation about investing. - Help children open their own accounts and supervise their investing and spending.

Footnotes

1. U.S. Census, 2020: Women were 51% of the U.S. population.
2. Wells Fargo/Gallup Investor and Retirement Optimism Index, February 2021. Results for this Wells Fargo/Gallup Investor and Retirement Optimism Index are based on a Gallup Panel™ web study completed by 1,536 U.S. investors, aged 18 and older, from February 8 to 16, 2021. This quarter's poll includes an oversample of Black and African American investors, resulting in a total of 573 Black and African American investors included in this survey. For this study, the American investor is defined as an adult in a household with stocks, bonds, or mutual funds of $10,000 or more, either in an investment account or in a self-directed IRA or 401(k) retirement account.
3. "Women's Quick Facts: Compelling Data on Why Women Matter," STEMconnector®, November 2016.
4. Bank of America, "BofA Data Finds Men's Average 401(k) Account Balance Exceeds Women's by 50%," June 28, 2023.
5. "Gender wealth gaps in the U.S. and benefits of closing them," Federal Reserve Bank of St. Louis, September 29, 2021.
6. LinkedIn and Censuswide, "Nearly half of mothers work, take a break, and work again. Why is there still such a stigma?" March 4, 2020.
7. 2024 Women and Investing Study, Fidelity Investments, October 2024.
8. Her Money Mindset Survey, Investopedia and REAL SIMPLE, May 2024.
9. Gender Differences in Performance at Wells Fargo Advisors, Wells Fargo Wealth & Investment Management (WIM) Analytics, January 2025. Average annual trades over a seven-year period from January 1, 2018 – December 31, 2024.
10. Risk-adjusted returns represented by return divided by risk.
11. Findings from Warwick Business School, "Are women better investors than men?" June 2018.
12. Harvard Business Review. "How the gender balance of investment teams shapes the risks they take," December 24, 2020.
13. When a stock or portfolio has a higher standard deviation, the predicted range of performance is wide, implying greater volatility.
14. Meir Statman, Ph.D., and Vincent Wood, CFA, "Behavioral Aspects of the Design and Marketing of Financial Products," The Journal of Investment Consulting, Summer 2004, Volume 7, Number 1.
15. Gary P. Brinson, Randolph Hood, and Gilbert L. Beebower, "Determinants of Portfolio Performance," Financial Analysts Journal (July/August 1986). Gary P. Brinson, Brian D. Singer, and Gilbert L. Beebower, "Determinants of Portfolio Performance II: An Update," Financial Analysts Journal (May/June 1991).
16. Wells Fargo Investment Institute, Bloomberg, and Morningstar Direct, 2024. Analysis is based on averages of the Moderate Income, Moderate Growth and Income, and Moderate Growth allocations. Strategic asset allocation comprises US stock-bond mix, global diversification, and asset class diversification.
17. Dalbar, Inc., 1985 – 2022; "Quantitative Analysis of Investor Behavior," 2025, DALBAR, Inc., dalbar.com. **Past performance is not a guarantee of future results.** Dalbar computed the average stock fund investor return by using industry cash flow reports from the Investment Company Institute. The Average Equity Fund Investor is comprised of a universe of both domestic and world equity mutual funds. It includes growth, sector, alternative strategy, value, blend, emerging markets, global equity, international equity, and regional equity funds. Returns assume reinvestment of dividends and capital gain distributions. The fact that buy and hold has been a successful strategy in the past does not guarantee that it will continue to be successful in the future. The performance shown is not indicative of any particular investment.
18. Wells Fargo Survey of Affluent Women, March 2021.
19. OECD Programme for International Student Assessment (PISA) 2015 Results (Volume IV): Students' Financial Literacy, May 2017.

Risk considerations

Asset allocation is an investment method used to help manage risk. It does not ensure a profit or protect against a loss. All investing involves risks, including the possible loss of principal. There can be no assurance that any investment strategy will be successful. Investments fluctuate with changes in market and economic conditions and in different environments due to numerous factors, some of which may be unpredictable.

Each asset class has its own risk and return characteristics. Bonds are subject to market, interest-rate, credit/default, liquidity, inflation, and other risks. Prices tend to be inversely affected by changes in interest rates. Credit risk is the risk that an issuer will default on payments of interest and/or principal. This risk is heightened in lower-rated bonds. **Cash alternatives** typically offer lower rates of return than longer-term equity or fixed-income securities and may not keep pace with inflation over extended periods of time. **Real assets** are subject to the risks associated with real estate, commodities, and other investments and may not be suitable for all investors. **Stocks** are subject to market risk, which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Real assets** are subject to the risks associated with real estate, commodities, and other investments and may not be suitable for all investors. **Real estate** has special risks, including the possible illiquidity of underlying properties, credit risk, interest-rate fluctuations, and the impact of varied economic conditions. Other risks associated with investing in listed **REITs** include the use of leverage, unexpected reductions in common dividends, increases in property taxes, and the impact to listed REITs from new property development. The **commodities** markets are considered speculative, carry substantial risks, and have experienced periods of extreme volatility.

Alternative investments are not appropriate for all investors and are only open to "accredited" or "qualified" investors within the meaning of the U.S. securities laws. They are speculative, highly illiquid, and are designed for long-term investment, and not as trading vehicles.

Definitions

An index is unmanaged and not available for direct investment.

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

Wells Fargo/Gallup Investor and Retirement Optimism Index is a broad measure of U.S. investor confidence in the investing climate.

The Wells Fargo/Gallup Investor and Retirement Optimism Index was conducted August 5 – 14, 2016, by telephone. The index includes 1,021 investors randomly selected from across the country with a margin of sampling error of +/- four percentage points. For this study, the American investor is defined as an adult in a household with total savings and investments of $10,000 or more. About two in five American households have at least $10,000 in savings and investments. The sample size is composed of 71% nonretirees and 29% retirees. Of total respondents, 43% reported annual income of less than $90,000; 57% reported $90,000 or more.

Authors

Tracie McMillion, CFA
Head of Global Asset Allocation Strategy

Tracie McMillion is the head of global asset allocation strategy for Wells Fargo Investment Institute (WFII). In her current role, Ms. McMillion leads the development of global asset allocation strategy. She oversees the creation of strategic asset allocation recommendations and writes economic and market commentary and analysis. Ms. McMillion has more than 29 years of experience in financial services. Prior to her current role, she served as an asset allocation strategist and a senior investment research analyst for Wells Fargo and predecessor firms. Earlier in her career, she served as lead portfolio manager for Evergreen Private Asset Management, where she managed assets for high-net-worth clients and philanthropic organizations. Ms. McMillion earned a Bachelor of Arts in Economics and a Master of Business Administration from the College of William and Mary in Virginia. She is a CFA® charterholder and a member of CFA Society North Carolina.

Veronica Willis
Global Investment Strategist

Veronica Willis is a global investment strategist for WFII. In her role, Ms. Willis takes part in the development of long-term capital market assumptions and asset allocation recommendations. She also researches and provides analysis of the economy and financial markets. Prior to her current role, she served as a research analyst for strategy around developed and emerging countries, commodities, and currencies. She began her career at Wells Fargo in 2012 and is an active member of several employee resource networks including the Generation Connection, Women's Connection, and Black and African American Connection. Ms. Willis earned a Bachelor of Arts in Mathematics with a concentration in Statistics and a Bachelor of Arts in Spanish with a minor in Economics from Washington University in St. Louis.

Michelle Wan, CFA
Global Investment Strategist

Michelle Wan is a global investment strategist for WFII. In her current role, Ms. Wan researches and writes on investment topics and focuses on global macro and asset allocation. She previously served as a client-facing investment strategist managing investment portfolios and recommending investment strategies based on clients' specific situations. Ms. Wan has 20 years of experience working with wealth management clients and commercial companies in the U.S. and overseas. Ms. Wan earned a Bachelor of Science in Business from the Carlson School of Management at the University of Minnesota. She has a double major in Finance and Accounting, and a minor in Economics. Ms. Wan is also a CFA® charterholder.

Market research and advice for individual investors

Wells Fargo Investment Institute (WFII) is dedicated to delivering consistent research, guidance, and investment advice to financial advisors. Featuring some of the best talent and thinking in the investment industry, WFII unites manager research, alternative investments, and investment strategy teams in an effort to help investors manage risk and pursue their financial goals.

To help with your investment planning or to discuss the points in this report, please talk to your investment professional.

Follow us on Twitter/X at @WFInvesting

Wells Fargo Investment Institute, Inc. is a registered investment adviser and wholly-owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

Wells Fargo Investment Institute thanks Justin Kreiger, CFA, and John Morton, M.S., Ph.D., of Wells Fargo Wealth & Investment Management Analytics Group for the use of their research on "Gender Differences in Performance at Wells Fargo Advisors".

The information in this report was prepared by the Global Investment Strategy (GIS) division of WFII. Opinions represent GIS' opinion as of the date of this report, are for general informational purposes only, and are not intended to predict or guarantee the future performance of any individual security, market sector, or the markets generally. GIS does not undertake to advise you of any change in its opinions or the information contained in this report. Wells Fargo & Company affiliates may issue reports or have opinions that are inconsistent with, and reach different conclusions from, this report.

The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to any particular investor or potential investor.

This report is not intended to be a client-specific suitability analysis or recommendation; an offer to participate in any investment; or a recommendation to buy, hold, or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs, and investment time horizon.

Wells Fargo Wealth & Investment Management, a division within the Wells Fargo & Company enterprise, provides financial products and services through bank and brokerage affiliates of Wells Fargo & Company. Brokerage products and services are offered through Wells Fargo Clearing Services, LLC, a registered broker/dealer and nonbank affiliate of Wells Fargo & Company.

This information and any information provided by employees and representatives of Wells Fargo Bank, N.A. and its affiliates is intended to constitute investment education under U.S. Department of Labor guidance and does not constitute "investment advice" under the Employee Retirement Income Security Act of 1974. Neither Wells Fargo nor any of its affiliates, including employees, and representatives, may provide "investment advice" to any participant or beneficiary regarding the investment of assets in your employer-sponsored retirement plan. Please contact an investment, financial, tax, or legal advisor regarding your specific situation. The information shown is not intended to provide any suggestion that you engage in or refrain from taking a particular course of action.

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, a registered broker-dealer and nonbank affiliate of Wells Fargo & Company.