# WELLS FARGO Investment Institute

## Diversified Stock Income Plan (DSIP) List — Introduction video

Global Securities Research

## Title graphic: DSIP — Diversified Stock Income Plan

At Wells Fargo Investment Institute, we believe the value of a company is a reflection of the income it can deliver to its owners. With publicly traded companies, that income comes in the form of dividends. The Diversified Stock Income Plan, or DSIP List as we call it, is a long-term, buy-and-hold strategy that focuses on high-quality, industry-leading companies we believe will provide consistent annual dividend growth over a long-term investment horizon.

## Title graphic: Help stay ahead of inflation | Support prices in declining markets | Reduce volatility

The objective of our Diversified Stock Income Plan is to help investors stay ahead of the wealth eroding effects of inflation. We believe a rising dividend may also support a stock's price in declining markets and reduce volatility during periods of rising interest rates and market turbulence.

## Title graphic: Disciplined

Our DSIP List has three key features: First, it's disciplined. We carefully select companies based on their potential for consistent annual dividend growth and plan to hold those companies over a long-term investment horizon. We remove a company when we're no longer comfortable with the dividend growth potential.

### Title graphic: Defensive

Next, it's defensive. We believe rising dividends can help reduce portfolio volatility and act as a buffer against a declining stock market. DSIP companies tend to be mature, established entities selling products or services that have historically held up well in difficult economic environments.

### Title graphic: Diversified

And lastly, it's diversified. Diversification is important, and DSIP List recommendations are typically U.S.-based multinational companies spanning sectors, industries, and market capitalizations.

You can actually see the potential benefit of investing in high-quality companies that are consistent dividend payers by looking at the DSIP List's track record. Over the past 30 years, DSIP has experienced less volatility than the S&P 500 Index, and DSIP companies have increased dividends on average by nearly 10% per year.

So if you're interested in a relatively lower-risk approach to investing that may help you stay ahead of inflation and preserve wealth, DSIP may be right for you. To learn more about the Diversified Stock Income Plan and how it could fit into your portfolio, contact your Wells Fargo investment professional.

Wells Fargo Investment Institute offers eight additional thematic equity lists tailored to different investment objectives, risk tolerances, and time horizons — for more information on any of these lists, please reach out to your investment professional.

#### Performance Results Calculation Methodology

The DSIP List is not a discretionary managed strategy offered through an advisory program and is not available for direct investment. DSIP List performance information is presented for illustrative and educational purposes only.

The growth of \$10,000 chart illustrates performance of the entire DSIP List if a \$10,000 investment was made in the list since inception in November 1993. It assumes the reinvestments of dividends and capital gains. A separate line indicates the growth of the benchmark for the same time period.

List performance is calculated by geometrically linking daily security returns. Dividends are reinvested on the ex-dividend date (the date that determines which shareholders will be entitled to receive the dividend). The list is equal weighted when rebalanced, which assumes each security is given the same (or equal) market value. The list is rebalanced when changes are made or at the end of the year if no changes were made during the preceding calendar year. We measure all performance from the time each stock is added to the list to the time that it is removed, or the last date of the measurement period. There are times when a deleted stock has been reinstated, in which case its performance is treated as two separate positions.

Performance of the DSIP List in an actual account and/or model would differ from the performance reflected herein due to various factors, including but not limited to, actual commissions and/or advisory fees, transaction costs, as well as the timing of transactions.

DSIP List (Gross) performance does not reflect the impact of any fees.

DSIP List (Net of model fee) returns are presented to illustrate the impact that fees can have on investment returns and reflect the deduction of a hypothetical annual 3% model fee applied quarterly.

#### **Risk Considerations**

All investments 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 due to numerous factors some of which may be unpredictable. Be sure you understand and are able to bear the associated market, liquidity, credit, yield fluctuation and other risks involved in an investment in a particular strategy.

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.

Diversification does not guarantee a profit or protect against loss.

#### 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.

#### **General Disclosures**

Global Securities Research (GSR) is a division of Wells Fargo Investment Institute, Inc. (WFII). WFII is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

Global Securities Research 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 Global Securities Research 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.

The Diversified Stock Income Plan List focuses on companies that we believe will provide consistent annual dividend growth over a long-term investment horizon. Our objective is to provide a broad list of high-quality, industry-leading companies from which an investor can assemble a well-diversified portfolio. Through consistent dividend growth, our goal is to help investors stay ahead of the wealth eroding effects of inflation.

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.

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