

WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND

Form 40-17G/A

October 26, 2012

SECUREXCESS DECLARATIONS

SUBJECT TO THE PROVISIONS OF THE UNDERLYING INSURANCE, THIS POLICY MAY ONLY APPLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. THE LIMITS OF LIABILITY AVAILABLE TO PAY DAMAGES OR SETTLEMENT AMOUNTS SHALL BE REDUCED AND MAY BE TOTALLY EXHAUSTED BY PAYMENT OF DEFENSE COSTS. PLEASE READ THIS POLICY CAREFULLY.

COMPANY: Axis Insurance Company

POLICY NUMBER: MCN753993/01/2012

Item 1. Policyholder:

Wells Fargo Funds Trust

525 Market Street, 12th Floor

San Francisco, CA 94105

Item 2. Policy Period:

a. Inception Date September 1, 2012

b. Expiration Date September 1, 2013

Both dates at 12:01 a.m. at the address listed in Item 1.

Item 3. Limits of Liability (inclusive of defense costs):

a. Each **Claim** \$ 10,000,000

b. Maximum aggregate Limit of Liability for all **Claim(s)** during the **Policy Period** of all **Insurance Products** \$ 10,000,000

Item 4. Underlying Insurance and Insurance Products: See Endorsement No. 1

Item 5. Endorsements Attached at Inception:

1. Schedule of Underlying Insurance Products (SE1000 Ed. 02 03);
2. Manuscript Application Endorsement (MU1032 Ed. 2/2003);
3. CA State Amendatory Endorsement (SE0501 (Ed. 1203);
4. Non-Follow to all Sub-limited Insuring Agreements (Insuring Agreement G,H,I,K, and other sub-limited Insuring Agreements (SE1012 Ed. 1005);
5. Non-Stacking Limits Endorsement (MU1027 Ed. 1005)
6. Addendum to Declarations (MU7046 Ed.0106)

Item 6. Notices to **Insurer**:

Notice of **Claim(s)** To Be Sent To: All Other Notices To Be Sent To:

Axis Financial Insurance Solutions Claims

Address: Connell Corporate Park

300 Connell Drive 300 Connell Drive

P.O. Box 357 P.O. Box 357

Berkeley Heights, NJ 07922-0357

Item 7. Pending or Prior Claim Date: N/A

Item 8. Terrorism Coverage Premium: \$ N/A

The **Insurer** has caused this Policy to be signed and attested by its authorized officers, but it shall not be valid unless also signed by another duly authorized representative of the **Insurer**.

October 16, 2012

Authorized Representative Date

Gregory W. Springer Andrew Weissert

President Secretary

SECUREXCESS POLICY

In consideration of the payment of the premium, and in reliance on all statements made in the application(s) for this Policy and the **Underlying Insurance** and all information provided to the **Insurer** and any or all of the **Underlying Insurers**, and subject to the provisions of this Policy, the **Insurer** and the **Policyholder**, on its own behalf and on behalf of all **Insureds**, agree as follows.

I. INSURING AGREEMENT

With respect to each **Insurance Product**, the **Insurer** shall provide the **Insureds** with insurance during the **Policy Period** excess of all applicable **Underlying Insurance**. Except as specifically set forth in the provisions of this Policy, the insurance afforded hereunder shall apply in conformance with the provisions of the applicable **Primary Policy** and, to the extent coverage is further limited or restricted thereby, to any other applicable **Underlying Insurance**. In no event shall this Policy grant broader coverage than would be provided by the most restrictive policy constituting part of the applicable **Underlying Insurance**.

The insurance afforded under this Policy shall apply only after all applicable **Underlying Insurance** with respect to an **Insurance Product** has been exhausted by actual payment under such **Underlying Insurance**, and shall only pay excess of any retention or deductible amounts provided in the **Primary Policy** and other exhausted **Underlying Insurance**.

II. DEFINITIONS

A. Claim(s) means the event(s) which take place during the **Policy Period** and which trigger(s) coverage under the insuring agreement(s) of the **Underlying Insurance**.

B. Insurance Product means each separate type of insurance identified as an "**Insurance Product**" in Endorsement No. 1 to this Policy.

C. Insured(s) means any person(s) or entity(ies) that may be entitled to coverage under the **Primary Policy** at its inception.

D. Insurer means the company identified as "**Insurer**" in the Declarations.

E. Policy Period means the period from the inception date to the expiration date of this Policy stated in Item 2. in the Declarations, or its earlier cancellation or termination date, if any.

F. Policyholder means the person(s) or entity(ies) identified in Item 1. in the Declarations.

G. Primary Policy means the specific policy identified as the "**Primary Policy**" under the applicable **Insurance Product** listed in Endorsement No. 1 to this Policy.

H. Sublimit means any **Underlying Limits** which:

1. applies only to a particular grant of coverage under such **Underlying Insurance**; and
2. reduces and is part of the otherwise applicable limits of liability of such **Underlying Insurance** set forth in Item 4 of the Declarations.

I. Underlying Insurance means each insurance policy which constitutes all or part of an **Insurance Product**, as scheduled in Endorsement No. 1 to this Policy.

J. Underlying Insurers means any or all of the companies who issued the policies of **Underlying Insurance**.

K. Underlying Limits means, with respect to each **Insurance Product**, an amount equal to the aggregate of all limits of liability for each **Insurance Product** stated in Endorsement No. 1 to this Policy, plus the uninsured retention or deductible, if any, applicable to the **Primary Policy** under such **Insurance Product**.

III. CONDITIONS OF COVERAGE

A. For purposes of determining when insurance under this Policy shall attach and the limitations under which such insurance shall apply:

1. All of the **Underlying Insurance** in effect as of the inception date of the **Policy Period** shall be maintained in full effect with solvent insurers throughout the **Policy Period** except for any reduction or exhaustion of the **Underlying Limits** as provided in Section IV. below; and

2. All Insureds shall comply fully with all of the provisions of this Policy.

B. As a condition precedent to coverage under this Policy, the Insured shall give to the Insurer as soon as practicable, but in no event later than thirty (30) days thereafter, written notice and the full particulars of i) the exhaustion of the aggregate limit of liability of any Underlying Insurance, ii) any Underlying Insurance not being maintained in full effect during the Policy Period, or iii) an Underlying Insurer becoming subject to a receivership, liquidation, dissolution, rehabilitation or similar proceeding or being taken over by any regulatory authority.

C. If during the Policy Period the provisions of the Primary Policy are changed in any manner, as a condition precedent to coverage under this Policy, the Insured shall give written notice to the Insurer of the full particulars of such change as soon as practicable but in no event later than thirty (30) days following the effective date of such change. No amendment to any Primary Policy or Underlying Insurance during the Policy Period shall be effective in broadening or extending the coverage afforded by this Policy or extending or increasing the limits of liability afforded by this Policy unless the Insurer so agrees in writing. The Insurer may, in its sole discretion, condition its agreement to

follow any changes to the Primary Policy or the Underlying Insurance on the Insured paying any additional premium required by the Insurer for such change.

As soon as practicable, but in no event later than thirty (30) days thereafter, the **Policyholder** must give the **Insurer** written notice of any additional or return premiums charged or allowed in connection with any **Underlying Insurance**.

IV. REDUCTION OR EXHAUSTION OF UNDERLYING LIMITS

- A.** If the **Underlying Limits** are partially reduced solely due to actual payment under the **Underlying Insurance**, this Policy shall continue to apply as excess insurance over the remaining **Underlying Limits**.
- B.** If the **Underlying Limits** are wholly exhausted solely due to actual payment under the **Underlying Insurance**, this Policy shall continue to apply as primary insurance with respect to the applicable **Insurance Product(s)** and the retention or deductible, if any, applicable under the **Primary Policy(ies)** shall apply under this Policy.
- C.** If any **Underlying Limits** are subject to a **Sublimit** then coverage hereunder shall not apply to any **Claim** which is subject to such **Sublimit**, provided however, that the **Underlying Limit** shall be recognized hereunder as depleted to the extent of any payment of such **Claim** subject to such **Sublimit**.

V. LIMITS OF LIABILITY

- A.** The amount stated in Item 3.a. in the Declarations shall be the maximum limit of the **Insurer's** liability for each **Claim** under the applicable **Primary Policy**, and shall be the maximum amount payable by the **Insurer** under this Policy for a single **Claim**, which amount shall be part of, and not in addition to, the amount stated in Item 3.b. in the Declarations.
- B.** The amount stated in Item 3.b. in the Declarations shall be the maximum aggregate amount payable by the **Insurer** under this Policy with respect to all **Claims** during the **Policy Period** for all **Insurance Products**.
- C.** This Policy does not provide coverage for any **Claim** not covered by the **Underlying Insurance**, and shall drop down only to the extent that payment is not made under the **Underlying Insurance** solely by reason of exhaustion of the **Underlying Insurance** through payments thereunder, and shall not drop down for any other reason. If any **Underlying Insurer** fails to make payments under such **Underlying Insurance** for any reason whatsoever, including without limitation the insolvency of such **Underlying Insurer**, then the **Insureds** shall be deemed to have retained any such amounts which are not so paid. If the **Underlying Insurance** is not so maintained, the **Insurer** shall not be liable under this Policy to a greater extent than it would have been had such **Underlying Insurance** been so maintained.
- D.** Payment by the **Insurer** of any amount, including but not limited to defense costs, shall reduce the limits of liability available under this Policy.

VI. SETTLEMENTS AND DEFENSE

- A. No **Insured** under this Policy may, without the **Insurer's** prior written consent, which consent shall not be unreasonably withheld, admit liability for or settle any matter for which insurance may be sought under this Policy.
- B. The **Insurer** may, at its sole discretion, elect to participate in the investigation, defense and/or settlement of any claim under this Policy, regardless of whether the applicable **Underlying Insurance** has been exhausted.
- C. The **Insured**, and not the **Insurer**, has the duty to defend all **Claims** under this Policy.

VII. SUBROGATION

- A. In the event of payment under this Policy, the **Insurer** shall be subrogated to all rights of recovery of each and all **Insureds** against any person or organization, and the **Insureds** shall do whatever is necessary to secure those rights to the satisfaction of the **Insurer**, including the execution of such documents necessary to enable the **Insurer** effectively to bring suit in the name of such **Insureds**.
- B. Any amount recovered after payment under this Policy and any **Underlying Insurance** policies shall be apportioned among the Insurer and the **Underlying Insurers** net of the expense of such recovery in the reverse order of actual payment. The expenses attendant to such recovery shall be apportioned among those benefiting from the recovery in proportion to the amount of benefit to each party.

VIII. AUTHORIZATION

Except as stated in paragraph IX.A. below, the **Policyholder** shall be the sole agent of all **Insureds** with respect to all matters, including but not limited to giving and receiving notices and other communications, effecting or accepting any endorsements to or notices of cancellation of this Policy, the payment of premium and the receipt of any return premiums.

IX. NOTICE

- A. With respect to any **Claim**, situation that could give rise to a **Claim**, or other matter as to which insurance may be sought under this Policy, the **Policyholder** or any **Insured** must give the **Insurer** written notice contemporaneously with and in the identical manner required by the applicable **Primary Policy**.
- B. All notices under this Policy shall be sent to the **Insurer** at the address set forth in Item 6. in the Declarations.

X. MODIFICATION, CANCELLATION AND NONRENEWAL

- A. No modification of this Policy shall be effective unless made by endorsement signed by an authorized representative of the **Insurer**.
- B. The **Policyholder** may cancel this Policy at any time by written notice stating when thereafter such cancellation is to be effective.

C. The **Insurer** may cancel this Policy only for nonpayment of premium, and only by delivering or mailing to the **Policyholder** written notice stating when, not less than ten (10) days thereafter, such cancellation shall become effective. The delivery or mailing of such notice shall be sufficient proof thereof and this Policy and the **Policy Period** shall terminate at the date and hour specified in the notice.

D. The **Insurer** shall refund the unearned premium, computed at the customary short rate, if the Policy is cancelled by the **Policyholder**.

E. The **Insurer** shall have no obligation to renew this Policy upon its expiration. If the **Insurer** decides not to renew this Policy, the **Insurer** shall provide written notice to the **Policyholder** by messenger, express delivery or first class mail at least sixty (60) days prior to the expiration of the Policy.

XI. EXCLUSIONS

The **Insurer** shall not be liable for any amount in any **Claim** taking place during the **Policy Period** and arising under any **Insurance Product**, which is based upon, arising out of, directly or indirectly resulting from, in consequence of or in any way involving:

A. Any demand, suit or other proceeding pending, or order, decree or judgment entered, against any **Insured** on or prior to the Pending or Prior Claim Date set forth in Item 7 of the Declarations or any wrongful act, fact, circumstance or situation underlying or alleged therein; or

B. Any other wrongful act, fact, circumstance or situation whenever occurring, which together with a wrongful act, fact, circumstance or situation described in (a) above are causally or logically interrelated by a common nexus.

Endorsement No. 1

Effective date of this endorsement: 12:01 a.m. on: September 1, 2012

To be attached to and form part of Policy Number: MCN753993/01/2012

Issued to: Wells Fargo Funds Trust

By: Axis Insurance Company

SCHEDULE OF UNDERLYING INSURANCE AND INSURANCE PRODUCTS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

SECUREXCESS POLICY

The Schedule of **Underlying Insurance** and **Insurance Products** is as follows:

A. Insurance Product: Financial Institutions Bond

1. Primary Policy

Insurer	Policy Number	Limits	Policy Period
Great American Insurance Company	FS 517-76-01-09	\$20,000,000	9/1/2012 -9/1/2013

2. Other Underlying Policies

Insurer	Policy Number	Limits	Policy Period
The Fidelity & Deposit Company of Maryland	FIB 0004712-12	\$20,000,000 XS \$20,000,000	9/1/2012 -9/1/2013
Berkley Regional Insurance Company	BFI-71000386-12	\$20,000,000 XS \$40,000,000	9/1/2012 -9/1/2013
Federal Insurance Company	82183333	\$20,000,000 XS \$60,000,000	9/1/2012 -9/1/2013

All other provisions remain unchanged.

Authorized Representative

October 16, 2012

Endorsement No. 2

Effective date of this endorsement: 12:01 a.m. on: September 1, 2012

To be attached to and form part of Policy Number: MCN753993/01/2012

Issued to: Wells Fargo Funds Trust

By: Axis Insurance Company

MANUSCRIPT APPLICATION ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

SECUREXCESS POLICY

In consideration of the premium charged, it is agreed by the Insurer and **Insureds** that the application or proposal dated *August 14, 2012* and submitted to *Great American Insurance Company* on *Great American Insurance Company F-9865 (8/11)* form shall be accepted by the Insurer as the Application for this Policy.

Any and all references to an Application or application in this Policy shall mean the application or proposal described above. The Insurer has relied upon all statements, warranties and other information and documents contained in or submitted with such other application or proposal as if they were submitted directly to Insurer using its own Application form.

All other provisions remain unchanged.

Authorized Representative

October 16, 2012

Endorsement No. 3

Effective date of this endorsement: 12:01 a.m. on: September 1, 2012

To be attached to and form part of Policy Number: MCN753993/01/2012

Issued to: Wells Fargo Funds Trust

By: Axis Insurance Company

CALIFORNIA AMENDATORY ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

SECUREXCESS INSURANCE POLICY

1. Section **X., MODIFICATION, CANCELLATION AND NONRENEWAL**, paragraph **C.** is amended by the addition of the following:

The notice shall state the reason for the cancellation. Notice of cancellation shall be mailed or delivered to the **Policyholder** at the mailing address shown on the Policy and to the producer of record, if applicable, provided that the producer of record is not an employee of the **Insurer**.

2. Section **X., MODIFICATION, CANCELLATION AND NONRENEWAL**, paragraph **E.** is deleted and replaced by the following:

The **Insurer** shall have no obligation to renew this Policy upon its expiration. Once the **Insurer** chooses to nonrenew this Policy, or to condition renewal upon a reduction of the Policy's Limit of Liability, an elimination of coverage, an increase in retention or an increase of more than 25 percent of the current Policy's premium, the **Insurer** shall deliver or mail to the **Policyholder** at the mailing address shown on the Policy, and to the producer of record, if applicable, written notice stating such at least sixty (60) days but not more than one hundred twenty (120) days prior to the end of the **Policy Period** set forth in Item 2. in the Declarations. The notice shall include the specific reason for nonrenewal or conditional renewal.

All other provisions remain unchanged.

Authorized Representative

October 16, 2012

Endorsement No. 4

Effective date of this endorsement: 12:01 a.m. on: September 1, 2012

To be attached to and form part of Policy Number: MCN753993/01/2012

Issued to: Wells Fargo Funds Trust

By: Axis Insurance Company

NOT FOLLOW PRIMARY ENDORSEMENT (RECOGNIZE DILUTION OF LIMITS)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

SECUREXCESS POLICY

In consideration of the premium charged, it is agreed that:

1. Coverage under this Policy shall not follow the terms and conditions of or provide coverage excess *Insuring Agreement G,H,I,K* of the **Primary Policy**. Furthermore, if *Insuring Agreement G,H,I,K* contain a sublimit(s) of liability, the **Insurer** shall not drop down as excess of the sublimit of liability set forth in *Insuring Agreement G,H, I,K* of the **Primary Policy**.

2. However, solely for the purposes of determining when this Policy attaches, the **Insurer** shall recognize the dilution of limit of liability of the **Primary Policy** as a result of coverage provided under *Insuring Agreement G,H,I,K* of the **Primary Policy**.

All other provisions remain unchanged.

Authorized Representative

October 16, 2012

Endorsement No. 5

Effective date of this endorsement: 12:01 a.m. on: September 1, 2012

To be attached to and form part of Policy Number: MCN753993/01/2012

Issued to: Wells Fargo Funds Trust

By: Axis Insurance Company

NON-STACKING OF LIMITS ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

SECUREXCESS POLICY

In consideration of the premium charged, it is agreed that as respects any **Claim** under this Policy for which coverage is also provided by one (1) or more other policies issued by the **Insurer**, an affiliate thereof, or by any other member of what is commonly referred to as the "Axis Group of Insurance Companies", or if coverage would be provided but for the exhaustion of the limit of liability or the applicability of the retention amount or retention of such policies (any such policy an "Axis Insurance Policy"), the limit of liability provided by virtue of this Policy shall be reduced by the limit of liability provided under other said Axis Insurance Policy.

Notwithstanding the above, in the event such other Axis Insurance Policy has a provision like this one, then the above paragraph will not apply but instead:

- 1)
- 2)

Nothing contained in this endorsement shall be construed to increase the limit of liability of this Policy, which shall in all events be the maximum liability of the **Insurer** under this Policy.

All other terms remained unchanged.

Authorized Representative

October 16, 2012

Endorsement No. 6

Effective date of this endorsement: 12:01 a.m. on: September 1, 2012

To be attached to and form part of Policy Number: MCN753993/01/2012

Issued to: Wells Fargo Funds Trust

By: Axis Insurance Company

ADDENDUM TO DECLARATIONS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

SECUREXCESS POLICY

The Declarations is amended by the addition of the following:

Policy Premium: \$23,133

All other provisions remain unchanged.

Authorized Representative

October 17, 2012

FINANCIAL INSTITUTION EXCESS FOLLOW FORM CERTIFICATE

The Great American Insurance Company, herein called the UNDERWRITER

Bond Number: FS 204-59-90 - 02

Name and Address of Insured: Wells Fargo Funds Trust
525 Market Street, 12th Floor
San Francisco, CA 94105

The UNDERWRITER, in consideration of an agreed premium, and in reliance upon the statements and information furnished to the UNDERWRITER by the Insured, and subject to the terms and conditions of the underlying coverage scheduled in ITEM 3 below, as excess and not contributing insurance, agrees to pay the Insured for loss which:

(a) Would have been paid under the Underlying but for the fact that such loss exceeds the limit of liability of the Underlying Carrier (s) listed in Item 3, and

(b) for which the Underlying Carrier (s) has (have) made payment, and the Insured has collected the full amount of the expressed limit of the Underlying Carrier's (s) liability.

ITEM 1. BOND PERIOD: from 12:01 a.m. on 09/01/2012 to 12:01 a.m. on 09/01/2013

(inception)

(expiration)

ITEM 2. LIMIT OF LIABILITY AT INCEPTION: \$12,500,000 Single Loss Limit over Insuring Agreements

A, B, C, D, E, F, J and L (Financial Institution Investment Company Bond)

ITEM 3. UNDERLYING COVERAGE:

CARRIER: Great American Insurance Company

LIMIT: \$20,000,000 Single Loss Limit subject to primary deductibles over
Insuring Agreements A, B, C, D, E, F, J and L
(Financial Institution Investment Company Bond)

BOND NUMBER: FS 517-76-01 - 09

BOND PERIOD: 12:01 AM on 09/01/2012 to 12:01 AM on 09/01/2013

CARRIER: Fidelity & Deposit Company of Maryland

LIMIT: \$20,000,000 Limit over Item A Above

BOND NUMBER: FIB 0004712 12

BOND PERIOD: 12:01 AM on 09/01/2012 to 12:01 AM on 09/01/2013

CARRIER: Berkley Regional Insurance Company

LIMIT: \$20,000,000 Limit over Items A & B Above

BOND NUMBER: BFI-71000386-12

BOND PERIOD: 12:01 AM on 09/01/2012 to 12:01 AM on 09/01/2013

CARRIER: Federal Insurance Company

LIMIT: \$20,000,000 Limit over Items A, B & C Above

BOND NUMBER: 82183333

BOND PERIOD: 12:01 AM on 09/01/2012 to 12:01 AM on 09/01/2013

CARRIER: Axis Insurance Company

LIMIT: \$10,000,000 Limit over Items A, B, C & D Above

BOND NUMBER: MCN753993/01/2012

BOND PERIOD: 12:01 AM on 09/01/2012 to 12:01 AM on 09/01/2013

CARRIER: National Union Fire Insurance Company of Pittsburgh, PA

LIMIT: \$20,000,000 over Items A, B, C, D & E Above

BOND NUMBER: 01-166-77-92

BOND PERIOD: 12:01 AM on 09/01/2012 to 12:01 AM on 09/01/2013

ITEM 4. Coverage provided by this Bond is subject to the following attached Rider(s): Rider No. 1

ITEM 5. By acceptance of this Bond, you give us notice canceling prior Bond No. FS 204-59-90 – 01. The cancellation to be effective at the same time this Bond becomes effective.

In witness whereof, the UNDERWRITER has caused this certificate to be signed by an Authorized Representative of the UNDERWRITER this _____ day of _____, 2012.

GREAT AMERICAN INSURANCE COMPANY

By: /S/ Frank J. Scheckton Jr.

(Authorized Representative)

Excess Follow Form Certificate

10/2007 ed.

RIDER NO. 1

To be attached to and form part of Bond No. FS 204-59-90 - 02

Issued to Wells Fargo Funds Trust

It is agreed that:

1. Coverage provided by this Bond shall not respond as excess over any sub-limited coverage(s) that are part of the Primary Bond.

2. This rider shall become effective as of 12:01 a.m. on 09/01/2012 standard time.