

# Focus Portfolio

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The Focus Portfolio represents our recommendations under the umbrella of our Equity Strategy guidance. Our goal is to overexpose investors to our most favored sectors and to underexpose them to those we favor least. The Focus Portfolio contains 25 positions, some of which may be "cash".

Prices and estimates as of January 24, 2012.

Symbol	Company	Recent Price	Date Added	Dividend†	Dividend Yield	EPS Estimates*		P/E		Est. L-T Growth Rate	Disclosures
						FY1	FY2	FY1	FY2		
<b>Consumer Discretionary</b>											
ORLY	O'Reilly Automotive Inc.	\$ 81.81	8/13/2010	\$ -	n/a	\$ 3.73	\$ 4.38	21.9	18.7	17%	3, M
TJX	TJX Cos.	\$ 67.26	1/11/2012	\$ 0.76	1.1%	\$ 3.97	\$ 4.49	16.9	15.0	13%	
VFC	VF Corp.	\$ 132.56	6/17/2011	\$ 2.88	2.2%	\$ 8.14	\$ 9.53	16.3	13.9	12%	M
<b>Consumer Staples</b>											
CHD	Church & Dwight Co.	\$ 45.79	3/1/2011	\$ 0.68	1.5%	\$ 2.19	\$ 2.41	20.9	19.0	11%	
PM	Philip Morris International I	\$ 74.15	7/14/2011	\$ 3.08	4.2%	\$ 4.86	\$ 5.19	15.3	14.3	11%	3, M
WAG	Walgreen Co.	\$ 34.27	5/17/2006	\$ 0.90	2.6%	\$ 2.70	\$ 2.99	12.7	11.4	10%	P
<b>Energy</b>											
COP	ConocoPhillips	\$ 70.61	8/18/2011	\$ 2.64	3.7%	\$ 8.27	\$ 8.95	8.5	7.9	12%	
XOM	Exxon Mobil Corp.	\$ 87.18	8/13/2010	\$ 1.88	2.2%	\$ 8.43	\$ 8.28	10.3	10.5	12%	3
<b>Financials</b>											
BRE	BRE Properties Inc.	\$ 50.38	7/14/2011	\$ 1.50	3.0%	\$ 0.69	\$ 1.00	72.5	50.3	8%	M
MMC	Marsh & McLennan Cos.	\$ 31.15	9/6/2011	\$ 0.88	2.8%	\$ 1.76	\$ 2.14	17.6	14.5	11%	M
MA	MasterCard Inc. C I A	\$ 342.68	8/11/2011	\$ 0.60	0.2%	\$ 18.62	\$ 21.67	18.4	15.8	17%	
<b>Health Care</b>											
MRK	Merck & Co Inc	\$ 38.78	8/13/2010	\$ 1.68	4.3%	\$ 3.76	\$ 3.83	10.3	10.1	5%	3
UNH	UnitedHealth Group Inc.	\$ 51.33	7/16/2007	\$ 0.65	1.3%	\$ 4.79	\$ 5.37	10.7	9.6	12%	M
<b>Industrials</b>											
ITW	Illinois Tool Works Inc.	\$ 51.93	11/2/2010	\$ 1.44	2.8%	\$ 3.75	\$ 4.12	13.9	12.6	11%	3, M
EMR	Emerson Electric Co.	\$ 50.64	8/13/2010	\$ 1.60	3.2%	\$ 3.50	\$ 3.98	14.5	12.7	11%	3
GWW	W.W. Grainger Inc.	\$ 203.51	8/13/2010	\$ 2.64	1.3%	\$ 10.39	\$ 11.84	19.6	17.2	14%	
<b>Information Technology</b>											
ACN	Accenture PLC	\$ 56.63	1/12/2011	\$ 1.35	2.4%	\$ 3.77	\$ 4.19	15.0	13.5	12%	
CSCO	Cisco Systems Inc.	\$ 19.82	8/12/2005	\$ 0.24	1.2%	\$ 1.78	\$ 1.94	11.2	10.2	9%	3, M, P
GOOG	Google Inc. C I A	\$ 580.93	8/13/2010	n/a		\$ 42.06	\$ 49.76	13.8	11.7	19%	M
QCOM	QUALCOMM Inc.	\$ 58.68	6/17/2011	\$ 0.86	1.5%	\$ 3.59	\$ 4.00	16.3	14.7	15%	
<b>Materials</b>											
AA	Alcoa Inc.	\$ 10.27	10/26/2009	\$ 0.12	1.2%	\$ 0.57	\$ 0.96	18.1	10.7	19%	
<b>Telecommunications Services</b>											
T	AT&T Inc.	\$ 30.09	1/14/2009	\$ 1.76	5.8%	\$ 2.23	\$ 2.44	13.5	12.3	4%	3, M
VOD	Vodafone Group PLC ADS	\$ 27.66	1/12/2011	\$ 0.97	3.5%	\$ 2.48	\$ 2.63	11.2	10.5	3%	3
<b>Utilities</b>											
SCG	SCANA Corp.	\$ 44.44	8/24/2010	\$ 1.94	4.4%	\$ 3.04	\$ 3.17	14.6	14.0	4%	M
SE	Spectra Energy Corp.	\$ 31.49	8/18/2011	\$ 1.12	3.6%	\$ 1.83	\$ 1.90	17.2	16.6	9%	3, M

**Cash:** As of June 17, 2011 the Focus Portfolio converted to a fully-invested structure. Please see our Asset Allocation guidelines for ASG's recommendations on cash and other asset classes.

Focus Portfolio Average				2.7%			17.4	14.7	11.2%
S&P 500	1,314.65	\$ 27.98	2.1%	\$ 96.79	\$ 105.68	13.6	12.4	7%	
DJ Industrial Average	12,675.75	\$ 317.90	2.5%						

\*Estimates are consensus estimates from Factset.

FY1 represents the current uncompleted fiscal year and FY2 represents the next fiscal year.

†Dividends are not guaranteed and are subject to change or elimination.

Please see pages 2 and 4 of this report for Important Disclosures, Disclaimers and Analyst Certification.

**Important Disclosures**

# -- Wells Fargo Advisors makes a market in the securities, or will sell to or buy from customers on a principal basis.

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## About the Focus Portfolio

The Focus Portfolio is a recommended list made up of 25 positions built with an intermediate (9 to 12 month) timeframe under the umbrella of our Equity Strategy Team's guidance. Our goal is to overexpose investors to our most favored sectors and to underexpose them to those we favor least. The list is most appropriate for aggressive, active investors willing to commit to a long-term diversified portfolio strategy.

ASG's Equity Strategists determine which sectors and industry groups are most attractive and the Sector Equity Analysts determine which specific stocks should be included in the Focus Portfolio. We advise that clients following the Focus Portfolio buy all the positions included in the list in equal dollar amounts. The Focus Portfolio is not a discretionary program so clients are advised to work with their Financial Advisor to add or delete stocks in accordance with our guidance. While there is no stated minimum for participating, because of its size and turnover, we recommend clients participate with no less than \$100,000.

- The Focus Portfolio consists of 25 positions, some of which may be "cash". It is important that clients following the list take these "cash" positions into account when following the Focus Portfolio strategy so that funds are available for additional stock purchases.
- Additions and deletions do not always occur simultaneously. If a stock is removed from the Focus Portfolio and no new addition is announced at that time, we may carry the position as "cash". As additions to or deletions occur we recommend executing transactions after being contacted by your financial advisor.
- New positions should be purchased relative to the current account size rather than basing the purchase on the total dollars available in the account at the time. For example, take the account value divided by 25 to arrive at a suggested dollar amount to go into any new position added to the portfolio. As the portfolio value changes over time, it is anticipated that the new positions being added will stay somewhat in sync with the overall portfolio value.
- In terms of methodology, ASG's Equity Strategy team analyzes how up to 170 economic variables change relative to each other and the industry groups over the course of a number of economic cycles. The Equity Strategy team uses this information to project forward the performance of S&P sectors, industry groups over a 9 to 12 month timeframe. The Sector Equity Analysts combine the Equity Strategy guidance with their own analysis of sector trends and companies to choose names for the Focus Portfolio.
- Risk factors that can influence our analysis include, but are not limited to, interest rate fluctuations, economic slowdowns, and geopolitical circumstances

**Analyst Certification:** *The analysts primarily responsible for commentary on any subject company/companies and securities in this report has represented that the commentary accurately reflects that analyst's personal views. The analysts further certify that they receive no compensation that is directly or indirectly related to the specific recommendation or views contained within this report.*

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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. (EPS = net income – dividends on preferred stock/average outstanding shares).

Price-earnings ratio (P/E ratio) is a valuation ratio of company's current share price compared to its per-share earnings. (P/E = market value per share/EPS).

Compound annual growth rate (CAGR) is the year-over-year rate of an investment over a specified period of time. CAGR is calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered.

S&P 500 Index consists of 500 stocks chosen for market size, liquidity and industry group, among other factors. It is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large-cap universe.

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