

Analysis of the Wells Fargo 401K for the ProActive Investor

For the week of April 4, 2012

Issue # 014-12 (data compiled 04/02/2012)

OVERVIEW OF THE MARKET ENVIRONMENT

Newsletter: As we come to the close of the first quarter of 2012, we can look back and see this was the best performing quarter for the overall markets since 1998. The S&P is up a remarkable 12.6% year to date. Not a bad performance considering the markets remain in a long term Secular Bear Market!

The NASDAQ has gained an amazing 21.4% and is in a parabolic uptrend. The NASDAQ is a weighted index which means it is a weighted average of the returns of each security in the index where the weights are proportional to the value of the listed company. It can not be much of a surprise that Apple (AAPL) makes up about 17% of the NASDAQ. Apple is now one of the most valuable companies in the United States. But even Apple has to beware of gravity. Apples can fall just like other valuable companies. Remember Pontiac and Next Computing.

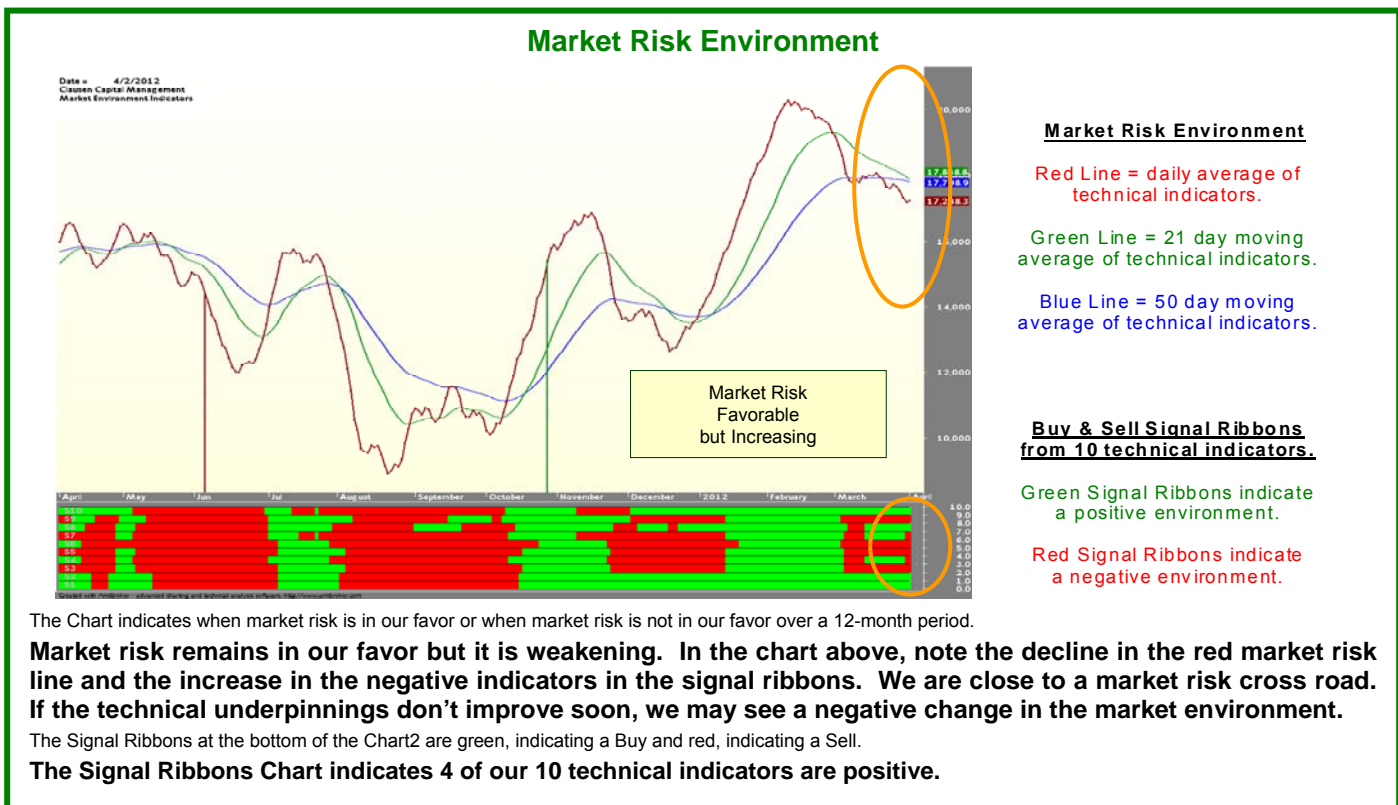
It is not much of a stretch to predict this past quarter will be the best quarter of 2012. Looking ahead, we have the seasonal weakness of the summer months and what is shaping up to be a nasty Presidential election being fought on the public stage well into the fall. This upcoming market environment is about as conducive to creating great rallies as arctic water is to generating hurricanes.

After a difficult market in 2011, it is a delight to experience 1Q12. However, we remain in a Secular Bear Market which is now 12 years old. It would not be unrealistic to expect another six to eight years of choppy Bear Markets. On average, Secular Bull or Bear Markets run between 18 to 20 years. Inside the Secular Markets we may experience cyclical markets. Currently, we are experiencing a strong Cyclical Bull Market inside of a Secular Bear Market.

Looking back, 1Q12 has ended with equity prices climbing in a remarkably smooth trend. That said, we see a continuing divergence between prices which continue to climb (higher highs) and the underlying technical indicators which continue to trend below their recent high water marks (lower highs).

Summing It Up: Market risk remains in our favor. We see the markets climbing higher but we can also see the Market Risk Chart below and see the continued decay in the technical underpinnings of the markets. The markets must continue higher, pulling the technical's with it or the technical's will win and pull the markets into a correction. At this point, it can go either way. Remain conservatively invested.

[Contact Us!](#)



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WELLS FARGO 401K FUND RECOMMENDATIONS

We made portfolio change recommendations to the Wells Fargo 401K on **Tuesday, February 7, 2012**. Our current recommendations are listed at the bottom of this page. Please consider your risk tolerance while making these investment choices. In addition, please understand your 401K rules regarding frequency of trades within your 401K.

Both the Conservative and the More Aggressive portfolios have transitioned into a trading range. Each portfolio has bumped into a long term resistance line and each time, it has been turned back. This is not unexpected with a rally this long in the tooth. The markets have been moving higher but each one struggled last week, finally breaking out on Friday.

Early April is seasonally strong for the markets. This past Monday was no exception. In fact, this is the 9th time the first trading day of April has closed with a gain.

For the markets and our portfolios, the rally continues but we expect to see a slowdown in gains. We perceive the easy money has been made and it would not be a surprise to see volatility increase. Market gains may become more difficult to achieve.

Year to Date, the Wells Fargo Conservative Portfolio is 5.22%. The More Aggressive Portfolio is 7.87%. 2012 Year to Date, the benchmark S&P 500 is 12.84%.

Market Risk is in our favor.

Wells Fargo 401K Fund Review

Bond Index Fund: Recent comments from the Fed have cause a slight rise in interest rate over the past week. Rising rates result in declining bond prices. This appears to be a temporary set back and bonds should remain as part of a diversified portfolio.

There have been no significant changes in any of the equity funds.

We will review individual funds next week.

Let us know what you are thinking at 401K@clausencap.com

RECOMMENDED FUND POSITIONS

CONSERVATIVE INVESTORS Recommended Fund Positions		CONSERVATIVE Buy and Sell Performance		
		Buy Date	Sell Date	Buy Date Gain / Loss %
Stable Fund (Money Market)	0%	06/10/2008	Holding	1.96%
US Bond Index Fund (added 10/29/09, 10/5/10, 10/27/2011)	30%	10/06/2009	Holding	16.09%
American Euro-Pacific Fund	15%	10/27/2011	Holding	3.99%
S&P Index Fund	5%	10/27/2011	Holding	11.81%
Mid Cap Index Fund (added 2/7/12)	25%	10/27/2011	Holding	12.10%
Dow Jones 2020 Fund (added 2/7/12)	25%	10/27/2011	Holding	3.86%
MORE AGGRESSIVE INVESTORS Recommended Fund Positions		MORE AGGRESSIVE Buy and Sell Performance		
		Buy Date	Sell Date	Buy Date Gain / Loss %
Stable Fund (Money Market)	0%	01/29/2010	Holding	0.09%
US Bond Index Fund (added 10/5/10, 10/27/2011)	25%	01/29/2010	Holding	13.34%
American Euro-Pacific Fund	20%	10/27/2011	Holding	3.99%
S&P Index Fund	15%	10/27/2011	Holding	11.81%
Mid Cap Index Fund (added 2/7/12)	30%	10/27/2011	Holding	12.10%
Dow Jones 2020 Fund	10%	10/27/2011	Holding	3.86%

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TECHNICAL ANALYSIS OF WELLS FARGO 401K FUNDS

The table below represents the gain or loss of funds available to participants in the Wells Fargo 401K for the past month, past year, and year-to-date. The most important column in the chart is the Trend Rating. When the majority of funds begin to pass through 55 and 60, we will most likely have a sustainable rally and risk can be considered in our favor. The Trend Rating is scored on a scale from 0 to 100. A good rule of thumb is to hold funds with a Trend Rating of 65 or better.

One Month and One Year Gain/Loss

Gain or Loss over the past 21 Market Days and 252 Market Days

Year-To-Date Gain/Loss

Gain or Loss since January 1, of this year

Trend Rating

0 – 50



Indicates a generally negative trend.

50 – 65



Indicates fund is in a transitional period between a positive and negative trend. Direction is important and needs to be monitored.

65 – 100



Indicates a generally positive trend.

Wells Fargo Fund Performance	YTD Gain / Loss %	One Year Gain / Loss %	Trend Quality	One Month Trend	
Fixed Income Fund Ratings					
Wells Fargo Stable Value Fund	0.01	0.04	90.3	↑	Money Market Fund
U. S. Bond Index Fund	0.51	6.38	49.3	↓	Trading Range
Equity Fund Ratings					
Emerging Markets Equity Fund	18.02	-4.20	51.5	→	Trading Range
EuroPacific Growth Fund	13.83	-5.71	68.5	↑	Trading Range
International Index Fund	12.24	-9.47	63.3	→	Trading Range
Large Cap Growth Fund	18.66	7.96	82.0	↑	Trending Up
Large Cap Value Fund	13.83	4.08	76.6	↑	Trending Up
NASDAQ 100 Index Fund	22.24	18.84	84.7	↑	Trending Up
Russell Index Small Cap Index	17.01	9.40	72.7	↑	Trending Up
S&P 500 Index Fund	13.63	8.83	79.2	↑	Trending Up
S&P Mid Cap Index Fund	14.56	5.11	76.7	↑	Trending Up
Small Cap Fund	9.8	-6.27	71.9	↑	Trending Up
Dow Jones Target Today	2.12	5.54	56.4	→	Trending Up
Dow Jones Target 2010	3.00	5.45	60.0	→	Trending Up
Dow Jones Target 2015	4.20	5.06	66.1	↑	Trending Up
Dow Jones Target 2020	5.88	4.74	72.0	↑	Trending Up
Dow Jones Target 2025	7.58	4.04	73.3	↑	Trending Up
Dow Jones Target 2030	9.18	3.26	73.0	↑	Trending Up
Dow Jones Target 2035	10.68	2.55	73.6	↑	Trending Up
Dow Jones Target 2040	11.65	2.06	73.2	↑	Trending Up
Dow Jones Target 2045	12.01	1.86	73.3	↑	Trending Up
Dow Jones Target 2050	12.11	1.98	72.9	↑	Trending Up
Dow Jones Target 2055	12.02	1.18	73.3	↑	Trending Up
Market Index					
NYSE	10.75	-2.23	69.4	↑	Trending Up
S&P 500	12.84	6.50	78.3	↑	Trending Up
OTC – NASDAQ Composite	19.75	11.83	81.5	↑	Trending Up
RUSSELL 2000	13.46	-0.73	69.8	↑	Trending Up

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LIST OF WELLS FARGO 401K FUNDS

Wells Fargo 401K Fund Selections	Wells Fargo 401K Fund Objectives
Wells Fargo Stable Value Fund – Money Market	50% Citigrp 3month T-Bill & 50% ML 1-3 Treasury
U. S. Bond Index Fund	Barclays Capital U.S. Aggregate Bond TR USD
Emerging Markets Equity Fund	MSCI Emerging Markets Free
EuroPacific Growth Fund	American Funds Euro-Pacific Growth
International Index Fund	MSCI EAFE NDTR_D
Large Cap Growth Fund	Russell 1000 Growth
Large Cap Value Fund	Russell 1000 Value
NASDAQ 100 Index Fund	NASDAQ 100 Stock Index
Russell Index Small Cap Index	Russell 2000
S&P 500 Index Fund	Standard & Poor's 500 TR
S&P Mid Cap Index Fund	S&P 400 Mid Cap
Small Cap Fund	Russell 2000
Dow Jones Target Today	Target Retirement Income
Dow Jones Target 2010	Target Retirement near 2010
Dow Jones Target 2015	Target Retirement near 2015
Dow Jones Target 2020	Target Retirement near 2020
Dow Jones Target 2025	Target Retirement near 2025
Dow Jones Target 2030	Target Retirement near 2030
Dow Jones Target 2035	Target Retirement near 2035
Dow Jones Target 2040	Target Retirement near 2040
Dow Jones Target 2045	Target Retirement near 2045
Dow Jones Target 2050	Target Retirement near 2050
Dow Jones Target 2055	Target Retirement near 2055

To view a chart of our Wells Fargo 401K portfolio gains, go to www.clausencap.com and click on 'Wells Fargo' and 'Performance Charts'.

WELLS FARGO 401K CONTACT INFORMATION [HTTPS://WWW.WELLSRETIREMENT.COM](https://www.wellsretirement.com)

Wells Fargo Benefits Center
(877) HRWELLS
(877-479-3557, press 1, option 1
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Monday - Friday

Mailing Address:

Contact Wells Fargo Benefits Center to get a mailing address based on your specific need.

Transfer deadline is 4:00 pm Eastern time or market close.
Distribution deadline is 2:00 pm Eastern time or market close.