

# INVESTOR'S BUSINESS DAILY

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## MUTUAL FUNDS

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# Wells Growth Fund Still Going Strong

## Ognar: Next Generation

Thomas Ognar uses his dad's old chops at helm of renamed mutual fund

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It has been just over six years since Ron Ognar handed the keys to Wells Fargo Advantage Growth to his son Thomas. Ron Ognar ran the portfolio — named Strong Growth until April 2005 — for nearly a decade, from its 1994 start. Thomas Ognar, one of three co-managers now of the \$1.2 billion portfolio<sup>SGROX</sup>, says the fund's approach remains intact.

"We still have the philosophy and strategy that my dad helped nurture," Ognar said. "What changes are the opportunities you apply the strategy to."

In that, the managers have leeway. They have an all-cap mandate. About 55% of their assets were in large-cap stocks as of April 30.

And 26% were in mid caps, with 18% in small caps.

Fund exposure to small stocks has edged up in the past year, Ognar says. A warming economy makes it more attractive to act on the larger risk discounts in some small caps' prices.

**ArcSight**<sup>ARST</sup> is an example. The fund recently bought shares in the \$604 million-market-cap security management software company. The company is in both the IBD 100 and IBD's New America Index.

The stock came public at 9 in February last year. It peaked at 20 last month and is 12% off its high and riding along its 10-week moving average.

The fund is growth oriented. Its three managers invest in companies with robust and sustainable growth in sales and earnings. They focus on companies that dominate their markets or are undergoing dynamic change. Secular and technical trends play a role in stock selection. They sell when they see weakness in fundamentals or relative strength.

The managers constantly reassess whether each holding deserves to stay. When a better opportunity comes along, the managers make room. That's what fuels the fund's 122% annual turnover rate.

This approach has led to a 23.49% gain this year going into Wednesday. Its big-cap growth peers tracked by Morningstar Inc. averaged 18.10%. The S&P 500 was up 11.40%.

Over the past three years the fund's average annual return was 0.43% vs. a 4.80% average annual loss for its peers and a 6.70% average yearly setback for the S&P 500.

## Targeted Buys

To gain from an expected return to GDP growth, the fund has been buying economically sensitive stocks.

The fund boosted its stake over the past year in **Cogni-**

## Wells Fargo Advantage Growth



Thomas Ognar

■ Load: None  
■ Expenses: 1.44%  
Total returns as of 8/18/09  
2008: -40.50% 5-yr. avg.: 5.51%  
YTD: 23.49% 10-yr. avg.: 1.16%  
3-yr. avg.: 0.43%

Source: Morningstar Inc.

## Sector weightings as of 4/30/09

	% of stock assets	Rel. to S&P 500
<b>Information</b>	<b>35.03%</b>	
Software	8.63	2.08
Hardware	13.07	1.22
Media	0	0
Telecom	13.33	1.93
<b>Service</b>	<b>48.20</b>	
Health care	15.97	1.26
Consumer services	7.10	0.83
Business services	19.70	5.82
Financial services	5.43	0.39
<b>Manufacturing</b>	<b>16.76</b>	
Consumer goods	3.87	0.35
Industrial materials	6.77	0.64
Energy	6.12	0.51
Utilities	0	0

## zant Technology Solutions<sup>CTSH</sup>

The company's applications management business got hurt by the recession. That hit share price. But that business is rising. So is its database maintenance.

"They're doing well because they provide outsourcing that lets clients lower IT costs," Ognar said.

Cognizant two weeks ago reported a 28% rise in Q2 earnings, beating Wall Street estimates. The stock gapped 10% higher to a 52-week high in big volume on the news.

**WMS Industries**<sup>WMS</sup> was a top buy in the fund's latest disclosure.

Earnings per share have remained steady despite the recession. That's because the bulk of the gaming machine maker's revenue comes from sales to regional casinos.

"They don't have big ties to Las Vegas, which has

been hurt hard by a travel fall-off due to the recession," Ognar said.

Early this month WMS posted an estimate-beating 23% rise in fiscal Q4 earnings. The stock gapped up 12% to a new high in big volume.

Among financials, tapping recovery has meant buying shares in life insurers and service-oriented names such as trust bank **State Street**<sup>STT</sup>.

EPS has tumbled for two quarters as investment management and servicing fees have shrunk. Also, the SEC is probing the bank's subprime portfolio holdings.

Ognar thinks investor fears over State Street's balance sheet were overdone. "For some trust banks like State Street, the market has not fully recognized their improved balance sheets and sustainability of future growth prospects," he said.

The stock is up 30% in '09 and trading above its 50-day moving average.

The views expressed are as of August 20, 2009 and are those of the fund managers. The views are subject to change at any time in response to changing circumstances in the market and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally, or the Wells Fargo Advantage Growth Fund.

## TOTAL RETURNS (as of 9-30-09)

Wells Fargo Advantage Growth Fund <sup>SM</sup>	LAST THREE MONTHS	YEAR TO DATE*	ANNUALIZED			
			ONE YEAR	FIVE YEAR	TEN YEAR	INCEPTION**
Class A NAV	16.42%	33.39%	2.77%	6.09%	1.82%	9.16%
Class A POP	9.75%	25.73%	-3.12%	4.85%	1.22%	8.75%
Investor Class	16.36%	33.24%	2.64%	5.96%	1.83%	9.28%
S&P 500 Index <sup>1</sup>	15.61%	19.26%	-6.91%	1.02%	-0.15%	—
Russell 3000 Growth Index <sup>2</sup>	14.12%	27.27%	-2.19%	1.96%	-2.28%	—

\*Returns for periods of less than one year are not annualized.

\*\*Class A shares incepted 2-24-00 and Investor Class shares incepted 12-31-93.

1. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value-weighted index, with each stock's weight in the index proportionate to its market value. You cannot invest directly in an index.

2. The Russell 3000<sup>®</sup> Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000<sup>®</sup> Growth Index or the Russell 2000<sup>®</sup> Growth Index. You cannot invest directly in an index.

**Figures quoted represent past performance, which is no guarantee of future results.** Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Current month-end performance is available at the Fund's Web site, [www.wellsfargo.com/advantagefunds](http://www.wellsfargo.com/advantagefunds). For Class A shares, the maximum front-end sales charge is 5.75%. Investor Class shares are sold without a front-end sales charge or contingent deferred sales charge.

The advisor has committed, through November 30, 2009, to waive fees and/or reimburse expenses to maintain the Fund's net expense ratio at 1.30% for Class A shares and 1.40% for Investor Class shares. Without these reductions, the Fund's returns would have been lower. The Fund's gross expense ratio is 1.35% for Class A shares and 1.46% for Investor Class shares.

Stock fund values fluctuate in response to the activities of individual companies and general market and economic conditions. The use of derivatives may reduce returns and/or increase volatility. Active trading results in increased turnover and trading expenses and may generate higher short-term capital gains. Certain investment strategies tend to increase the total risk of an investment (relative to the broader market). This Fund is exposed to foreign investment risk and smaller company securities risk. Consult the Fund's prospectus for additional information on these and other risks.

Class A shares incepted on February 24, 2000. Effective June 20, 2008, the Advisor Class was renamed Class A and modified to assume the features and attributes of Class A. Class C shares incepted on December 26, 2002. Performance shown for the Class A shares from February 24, 2000 through June 19, 2008, includes Advisor Class expenses and is adjusted to reflect Class A sales charges. Performance shown prior to February 24, 2000, for the Class A shares, reflects the performance of the Investor Class shares, adjusted to reflect Advisor Class expenses and Class A sales charges. Performance shown prior to the inception of the Class C shares reflects the performance of the Investor Class shares, adjusted to reflect Class C sales charges and expenses.

## TEN LARGEST HOLDINGS (as of 9-30-09)

Google Incorporated	4.62%
Cognizant Technology Solutions Corporation	3.70%
Priceline.com Incorporated	2.96%
Apple Incorporated	2.92%
Mettler-Toledo International Incorporated	2.70%
VistaPrint NV	2.61%
Alexion Pharmaceuticals Incorporated	2.60%
Charles Schwab Corporation	2.54%
Abbott Laboratories Incorporated	2.30%
Cisco Systems Incorporated	2.26%

## TOP SECTORS (as of 9-30-09)

Information Technology	40.29%
Healthcare	17.90%
Consumer Discretionary	13.48%
Financials	8.33%
Energy	5.51%
Industrials	5.07%
Materials	5.03%
Consumer Staples	2.95%
Telecommunications Services	1.45%
Utilities	0.00%

Portfolio holdings and sectors are subject to change and may have changed since the date specified. The holdings listed should not be considered recommendations to purchase or sell a particular security.

Carefully consider a fund's investment objectives, risks, charges, and expenses before investing. For a current prospectus, containing this and other information, visit [www.wellsfargo.com/advantagefunds](http://www.wellsfargo.com/advantagefunds). Read it carefully before investing.

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