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May 21, 2012

Submitted Electronically

Ms. Elizabeth Murphy
Secretary
U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549-1090

Re: Target Date Retirement Fund Names and Marketing
File Number S7-12-10

Dear Ms. Murphy:

Wells Fargo appreciates the opportunity to provide additional comments on the Securities and Exchange Commission's (the "Commission") proposal (the "Proposal") set forth in Release Nos. 33-9126, 34-62300, and IC-2930 (collectively, the "Release").[1] The Proposal would, among other things, enhance disclosure requirements applicable to target date funds in advertising and sales literature that place a more than insubstantial focus on such funds ("Marketing Materials"). On April 3, 2012, the Commission reopened the Proposal for public comment following the release of a study (the "Study") designed to explore individual investors' understanding of target date funds and advertisements related to such funds.

Wells Fargo Funds Management, LLC currently serves as the investment adviser and Global Index Advisors, Inc. currently serves as the investment sub-adviser to eleven Wells Fargo Advantage Dow Jones Target Date Funds℠. Each Wells Fargo Advantage Dow Jones Target Date Fund uses an asset allocation strategy designed to replicate, before fees and expenses, the total return of a Dow Jones Target Date Index that has the same target year as the Fund. Wells Fargo has been a pioneer in the target date fund area and was one of the first sponsors to offer target date funds more than 15 years ago in 1994. As such, we are pleased to share with the Commission our additional thoughts on certain aspects of the Study and the Proposal.

Capitalized terms not defined in this letter have the meanings given to them in the Study. Cross references to slide numbers in this letter refer to corresponding page numbers of the Study.

I. Glide Path Document Compared to Baseline Document, Tagline Document and Combined Document (each, a "Document")

In light of the Study, we reaffirm our view in the First Comment Letter that the Commission's Proposal to require Marketing Materials to disclose, immediately adjacent to the first use of the fund's name, a target date fund's intended asset allocation at the target date, or for funds that have already

[1] On August 23, 2010, Wells Fargo Funds Management, LLC filed a comment letter with the Commission regarding the Proposal (the "First Comment Letter"). See http://www.sec.gov/comments/s7-12-10/s71210-36.pdf.

reached or passed their target dates, the fund's actual asset allocation percentages as of the most recent calendar quarter end before publication (the "Tag Line Allocation Disclosure"), is unnecessary and may dedicate an excessive degree of prominence to a single factor in the total mix of information an investor should consider in evaluating a target date fund. In this regard, we recognize that among the Documents, the Tagline Document containing the Tag Line Allocation Disclosure but omitting the glide path is, as we would expect, the most effective Document for enabling investors to identify the asset allocation of a target date fund at the target date.[2] In contrast, the Glide Path Document containing the glide path but omitting the Tag Line Allocation Disclosure achieved greater investor understanding than either the Tagline Document and/or the Combined Document with respect to post-target date allocation to equities,[3] the factors that investors need to consider in selecting a target date fund,[4] the length of time between the target date and the year the asset allocation becomes fixed,[5] and the potential that the intended asset allocation could be modified at any time.[6] Although the Glide Path Document did not contribute to attaining the highest percentage of correct responses among the Documents for every question surveyed, we believe that on the whole the Glide Path Document was the most successful approach in promoting an enhanced understanding of a broad array of relevant target date fund features and characteristics.[7]

In the event that the Commission ultimately determines to impose the Tag Line Allocation Disclosure requirement, we would reaffirm our previous recommendations to prescribe the calculation of intended asset allocations and to require target funds to provide the asset allocation of a comparable target date index and the actual asset allocation of pre-target date funds. These recommendations are described in more detail in the First Comment Letter.

II. Proposal for Visual Illustration of Target Date Fund Risk Category on a Color- and Number-Coded Risk Spectrum Based on a Target Date Fund's Targeted Equity Allocations and Associated Exposures to Volatility in Equity Markets

We recognize that each of the Tagline Document, Glide Path Document and Combined Document contributed to an improved understanding of target date funds relative to the Baseline Document for most questions posed. Irrespective of the relative percentages of accurate responses for different Document types, on an absolute basis, the levels of comprehension with respect to certain key risks of target date funds were, in our view, inadequate. For example, investor comprehension of a key risk that a target date fund does not guarantee receipt of the amount invested in the fund was highest for the Baseline Document, but the level of correct responses for that category was only 69%.[8] Similarly, comprehension that an investor could lose money after the target date year was highest for the Baseline Document, and the level of correct responses was only 61%.[9] This suggests that neither the Tag Line Allocation Disclosure nor the glide path were effective in communicating the risk of loss and absence of guarantee. It also evidences that significant portions of those surveyed held key misconceptions

[2] *See* Study at Slide 61.
[3] *See* Study at Slide 62.
[4] *See* Study at Slide 59.
[5] *See* Study at Slide 57.
[6] *See* Study at Slide 54.
[7] We also reaffirm our recommendation in the First Comment Letter that the glide path depiction be accompanied by a depiction, in the same form (e.g., table, chart or graph), of the glide path employed by a comparable target date index.
[8] *See* Study at Slide 58.
[9] *See* Study at Slide 55.

regarding potential risks of loss. For the question of whether receipt of amounts invested in a target date fund was guaranteed, the percentages of incorrect responses range from 31% to 42% across Document types. Similarly, with respect to the question of whether an investor could lose money after the target date year, the percentages of incorrect responses range from 39% to 44% across Document types.

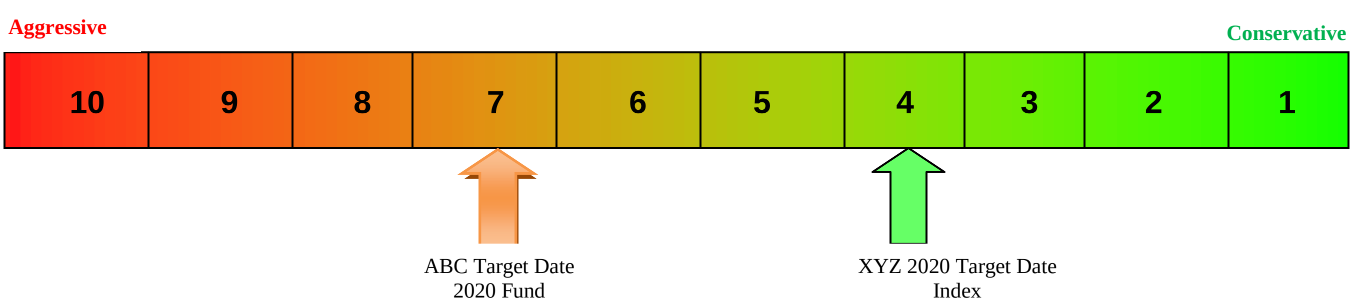
We note that the original Proposal would require statements of risk of loss and the absence of guarantee. In this regard, each of the four types of Documents (including the Baseline Document) contained the following statement under the heading "Invest today":

> "The funds maintain a substantial allocation to stocks both prior to and after the target date, which can result in greater volatility and possible loss of money at and after the target date. An investment in an OliveBranch Target Retirement Fund is not guaranteed at any time."[10]

We believe the inadequate level of understanding of such risks is not attributable to a lack of clarity in these statements. Rather, in our estimation, some investors simply skip over these risk disclosures perhaps because they appear "buried in fine print." In this sense, the disclosures, standing alone, appear to be relatively ineffective due to their manner and form of presentation.

In light of the special role that target date funds play in retirement savings and the unique risks associated with target date fund investors' ages and down-market recovery windows relative to their expected retirement dates, we believe that the results of the Study warrant an additional type of disclosure in the final rule that would visually illustrate, in a simple and prominent manner, a risk category ("Risk Category") associated with a target date fund and its appropriate index benchmark. We believe the Risk Category should be illustrated on a color- and number- coded risk spectrum (spanning aggressive to conservative) based on a target date fund's glide path and targeted equity allocations, the single largest contributor to the risk characteristics of any target date fund family. The Commission may elect to impose any number of alternative measures for target date funds to determine and illustrate their respective Risk Categories. Our suggestion is risk category classifications that reflect how much risk a fund takes relative to the risk of a globally diversified all equity portfolio, with the all equity portfolio having a score of 10. In such a presentation, the target date fund's Risk Category would also be shown compared to the Risk Category of an appropriate target date index with the same target date as the fund (also based on the index's exposure to downside volatility). The following example shows how this Risk Category illustration could be presented:

The Risk Category: ABC Target Date 2020 Fund Compared to XYZ 2020 Target Date Index:



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[10] *See* Study at Slides 93-96.

In the above example, based on its glide path and targeted equity allocations, hypothetical ABC Target Date 2020 Fund would fall into Risk Category 7 based on the assumption that it had, based on its glide path, a maximum potential 65% allocation to equities (accounting for discretionary deviation from the glide path by the investment manager) at its target date that, in turn, would have exposed an investor to approximately 70% of the downside volatility of a globally diversified equity benchmark.[11] Because the ABC Target Date 2020 Fund's total exposure to loss from volatility in the benchmark was in the range of 70%-79%, its Risk Category of 7 represents the integer that corresponds to the appropriate decile percentage of total downside volatility exposure. Just as any fund's historical returns are shown in comparison to that of an appropriate benchmark, the Risk Category of an appropriate target date index with the same target date as the fund should also be present to provide an appropriate baseline of comparison.[12] We believe this information should be shown in a presentation not less prominent than the Risk Category of the target date fund.

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We appreciate the opportunity to provide comments on the Proposal and the Commission's consideration of our comments. Should you have any questions, please contact the undersigned at (415) 396-6042.

Very truly yours,

/s/ Andrew N. Owen

Andrew N. Owen
Executive Vice President
Wells Fargo Funds Management, LLC

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[11] The 65% allocation to equities would correspond to a 70% downside volatility based on the worst performing rolling twelve-month period (or, alternatively, worst performing period of any length) of the ABC Target Date 2020 Fund compared to the worst rolling twelve-month period (or the alternative worst performing period) for a globally diversified equity benchmark standing alone. In this hypothetical example, during its worst performing period, the Fund declined 38% as compared to a decline of 54% in the global equity benchmark during the same period. The quotient of the Fund's decline over the benchmark's decline (38%/54%) corresponds to a percentage of 70%, the proposed measure of downside volatility.

[12] As noted in the First Comment Letter, although the investment risk levels underlying the allocation methodology of a target date index are not necessarily conservative and vary with each sponsoring firm, the risk profile of target date indexes have the advantage of avoiding the risks associated with active discretion to depart from the glide path.