June 1, 2012

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

RE: Comments on Proposed Rule for Target Date Retirement Fund Names and Marketing

Dear Ms. Murphy,

Financial Research Corporation commends the SEC's goal to improve investor understanding of target date mutual funds. We appreciate the opportunity to comment on the SEC's proposals for target date mutual fund marketing materials.

For more than ten years, Financial Research Corporation (FRC) has provided the mutual fund industry with insight, data, and analysis on target date and target risk products. FRC's Lifecycle Funds Quarterly Updates provide in-depth analysis, commentary, and data on lifecycle (target date and target risk) mutual fund product, marketing, and distribution trends. Each issue features a review of top managers in this space, including data on net flows, performance, expenses, and portfolio characteristics. FRC's recent research studies on target date funds include "Trends in Target-Date Portfolios on Recordkeeper Platforms," and "Rethinking Lifecycle Funds—Aligning Market Perceptions and Realities."

Below please find our brief responses to a select number of questions posed by the SEC in the proposed rule.

Should the first reference asset allocation disclosure requirement only apply to funds with a target date in the name? We believe all funds within a target date series, including retirement income, should be subject to the asset allocation disclosure.

Should we prescribe the specific format for the target date asset allocation? Yes, a standard format for the target date asset allocation will ease comparison and selection for plan sponsors, advisers, and investors.

Is additional disclosure required to focus on inflation (and longevity) risk? While we believe that major types of risks should be disclosed, we do not feel that one or two types of risks should receive a disproportionate amount of focus. The level of risk posed by various risk types ebbs and flows with global market conditions.

Will the proposals alter manager behavior in that investment strategy, portfolio construction, selections of asset categories disclosed, and marketing change as a result of the proposals? We do not believe that investment strategy or portfolio construction would be impacted as a result of the proposals. Conceivably, the selections of asset categories disclosed or marketing may change as a result of the proposals.

Should we specify the particular categories of investment for which allocations must be shown? Yes, we recommend that four core asset classes be disclosed in marketing materials: US Equity; International Equity; Fixed Income; and Money Market/Cash Instruments.

How should the use of alternative strategies be reflected? With alternatives possibly increasing their presence in asset allocation funds (at times in the attempt to mitigate downside risk), a consideration should be given to their disclosure once they account for a meaningful share of the fund's total assets. However, as the definitions of 'alternative' or 'non-traditional' strategies continues to evolve we believe target date managers should have discretion in determining the appropriate level of detail to be disclosed in marketing materials once the strategies in question account for a meaningful share of the fund's total assets.

Would permitting target date funds to include a range to be allocated to each class limit the effectiveness of the proposed amendments? No, many firms tactically manage the portfolios currently and already allow for a target range for an asset class that fits within the strategic allocation.

Should there be a limitation on the size of the range (e.g. 2%, 5%, or 10%) or should a range not be included? A SEC-prescribed limitation on the range may not be consistent with prospectus language, and may mislead the investor to believe that the manager's flexibility to make meaningful adjustments during periods of extreme market volatility, when permitted by prospectus, is nevertheless constrained by those ranges stated in marketing document.

Is it appropriate and feasible to require a target date fund to disclose its asset allocation in terms of types of investments versus the types of funds in which it invests? We believe that providing full transparency on the securities in the fund will consolidate securities overlap and aid plan sponsors, consultants, and advisors in making recommendations and QDIA selections. While this distinction between types of investments and types of funds may be of less immediate value to many investors, they will be the ultimate beneficiary of such transparency.

Should we prescribe the specific format of the table, chart, or graph in order to enhance comparability to investors? Yes, we believe that the Commission should set the standard layout for the visual presentation to ease comparison and interpretation.

Should we specify the particular types of investment for which allocations must be shown in the table, chart, or graph*?* Yes, a broad specification would help investors, advisors, consultants and plan sponsors be confident that they are making an apples-to-apples comparison across fund families.

Are past asset allocations helpful to allow an investor to assess the performance of the target date fund relative to the risk taken? Yes, when disclosing past performance information it would be helpful to also see the corresponding past asset allocation to make informed judgments on the investment.

Thank you for the opportunity to submit our comments regarding the proposals for target date marketing materials.

Sincerely,

Financial Research Corporation, a division of Strategic Insight