



FIRST
Commonwealth.
Advisors™

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August 30, 2010

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

RE: Comments Regarding Investment Company Advertising: Target Date Retirement Fund Names and Marketing File Number S7-12-10

Dear Ms. Murphy,

Thank you for your consideration to my comments in regard to the issue of Target Date funds, their marketing and disclosures. As an investment advisor who has worked with retirement plans as well as plan participants for over twenty years on the understanding of their plan's investment offerings, both at their initial selection and through their continued monitoring, I have long believed that providing investments that offer plan participants options for professionally managed asset allocation is an absolute necessity. Whether the funds are consistently managed to a risk orientation (modeled for conservative growth, balanced growth, etc.) or scheduled to adjust in their allocation over a prescribed period of time the glidepath of a target date fund), the issue is one of clear communication to the plan participants as to what the offerings are intended to do. The intent of the SEC's required disclosures to deliver that understanding are very important and valid in that respect.

The problem in my opinion arises in two areas: the definition of what constitutes a target date fund and the acceptance of a widely acknowledged index by which the fund's investment performance can be measured. As you well know, the growing universe of target date fund options is divided by their allocation "to" or "through" the stated target date. Having a fund whose label tells the investor its intent is to arrive at a future date matched to their investment purposes will always be taken at its face value no matter what small print follows to explain otherwise.

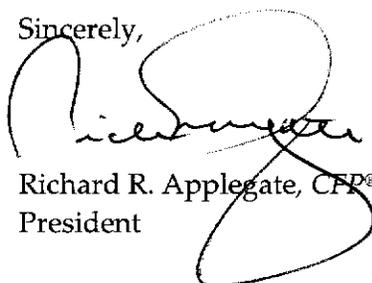
Therefore, it is my opinion that glidepaths allocated for a point well beyond the fund's labeled date are not and should not be considered target date funds. A mortality based investment whose equity position may be 70% at the stated target date because its intent is to invest for the investor's life expectancy should be labeled under a different category and the remaining target date funds should have a landing point for their ultimate equity position that arrives no longer than ten years after the stated target date.

Currently all target date funds, regardless of their equity allocation of "to" or "through", are categorized by Morningstar and other mutual fund monitoring systems under the same peer fund category. That results in a wide dispersion of peer performance and index measurements because of the inability to separate the "tos" from the "throughs". It also has created imperfect indices for target date funds for reporting and monitoring purposes. Many companies such as Morningstar have attempted to create their own index measurement for target date funds but no fund has the ability to be adequately measured by such standards given the wide dispersion of asset allocation decisions. The result is that investors looking to compare how a prospective fund has performed as reported by Morningstar or other fund reporting systems are disappointed by how much the fund they are considering has lagged the index.

My opinion is that target date funds are best measured against their peer categories assuming the peers include only target dates intended to arrive at a common point and not beyond. Labeling will be limited to help investors in understanding the target date fund universe unless the rules of engagement for what constitutes a target date are first clearly established and from there, future reporting for comparative purposes can evolve.

Thank you for your time and consideration to these comments which are intended to help the investing public.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard R. Applegate", written over a large, stylized circular flourish.

Richard R. Applegate, CFP®, AIFA®, ChFC®, CLU®
President