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August 18, 2006

Nancy M. Morris, Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Re: File No. S7-03-04  
Investment Company Governance Proposals  
Request for Additional Comments

Dear Ms. Morris:

As independent chair of the AARP Funds and on behalf of all of the Trustees of the Funds, I am submitting this letter in response to the request by the Commission for comments regarding the investment company governance proposals set forth in Investment Company Act Release No. 26323.

We strongly support the Commission's objective of enhancing the independence and effectiveness of mutual fund boards with the intention to better serve fund shareholders. We believe the costs of these proposed enhanced corporate governance rules, both the supermajority requirement and the independent chair requirement, are minimal and are far outweighed by the benefits to fund shareholders.

We support the Commission's proposal to require a 75 percent majority of independent directors on the fund board. We believe that this supermajority requirement enhances the board's ability to better protect the funds and their shareholders, in relation to issues with the investment adviser, a major purpose of the Investment Company Act. This balance of inside and independent directors makes a real positive difference in affecting the dialogue within the boardroom, to the benefit of fund shareholders. We also believe the costs for funds with boards out of current compliance would be small compared with the benefits afforded to shareholders.

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We also support the Commission's proposal mandating an independent director serve as chair. In that role, the chair sets the Board's agenda, empowers the other independent directors and can only improve the flow of information needed to make decisions in the best interest of fund shareholders. Any incremental costs to support an independent chair are minimal and well worth the significant value to shareholders in having a chair that has no conflicts because of an adviser role status.

Thank you for the opportunity to express our views. Please call upon us at any time if we can provide you with additional information.

Respectfully submitted,

The Trustees of the AARP Funds

Peter C. Clapman  
Lynn E. Turner  
Richard M. Reilly  
Ellen B. Safir  
Dawn M. Sweeney

By: Peter C. Clapman  
Chair, Board of Trustees

cc: Chairman Christopher Cox  
Commissioner Paul S. Atkins  
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Commissioner Annette L. Nazareth  
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