

Wells Corrects 'Significant' Fund-Pricing Errors

By [Beagan Wilcox Volz](#), *Ignites*, October 7, 2013 [subscription required]

[Wells Fargo](#) has corrected the net asset values for two international funds for Sept. 18: the \$79 million Wells Fargo Advantage Diversified International Fund and the \$385 million Wells Fargo Advantage International Value Fund.

While fund pricing errors are common, they do not usually rise to the level of disclosure to investors. Wells Fargo may have made the disclosure because the NAV errors are substantially more than a few pennies, according to sources.

Valuation practices have been of increased interest to the [Securities and Exchange Commission](#) of late, and firms have taken notice following action taken against eight former [Morgan Keegan](#) directors.

Wells Fargo said in a [product alert](#) that the error was identified on Sept. 20, and the prices for each share class of the funds was updated.

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Wells Fargo did not provide an explanation of the NAV errors in the product alert, and a spokeswoman for the firm declined to comment beyond what had already been disclosed.

The Sept. 18 NAV of the Class A shares of the Diversified International Fund was \$12.27, and the corrected NAV was \$0.25 less at \$12.02.

The error was bigger for the International Value Fund. On Sept. 18, the Class A shares NAV was \$15.51. The corrected NAV is \$0.82 less, at \$14.69.

“The pricing errors were quite significant,” says Niels Holch, executive director and founder of the [Coalition of Mutual Fund Investors](#).

“Since these pricing errors are so significant, both funds should have provided their investors with a more detailed explanation of what occurred, instead of only referring to it as a pricing error,” adds Holch.

In the case of NAV errors, the fund is typically made whole and then there is some “sorting out” as to who is paying for it, says Marguerite Bateman, partner at [Schiff Hardin](#).

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