

a member of the Hughes' Maternal Heirs or A&K and will not permit the assignment or transfer of any interest therein except by bequest, gift, or operation of law, and in the case of gifts, only to persons who are members of the donor's family.

3. Applicant will have a ten-year duration from the date of the granting of the order unless earlier terminated pursuant to the terms of the restated partnership agreement or unless it: (a) ceases to be an investment company as such term is defined in the Act; (b) qualifies for a statutory exception from such definition under the Act; (c) obtains an amended exemptive order permitting it to continue as an exempt entity; or (d) registers as an investment company under the Act.

4. Applicant shall not have elected any new Managing Partner without the approval of a majority in interest of the partners, and such new Managing Partner must be a partner of applicant.

5. Applicant shall not knowingly make available to any broker or dealer registered under the Securities Exchange Act of 1934, any financial information concerning applicant for the purpose of knowingly enabling such broker or dealer to initiate any regular trading market in any units of partnership interest.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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BILLING CODE 8010-01-M

[Investment Company Act Rel. No. 21977; 812-10042]

Van Kampen American Capital Comstock Fund, et al.; Notice of Application

May 23, 1996.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of application for exemption under the Investment Company Act of 1940 ("Act").

APPLICANTS: Van Kampen American Capital Comstock Fund ("Comstock Fund"); Van Kampen American Capital Enterprise Fund ("Enterprise Fund"); Van Kampen Capital Equity Income Fund ("Equity Income Fund"); Van Kampen American Capital Growth and Income Fund ("Growth and Income Fund"); Van Kampen American Capital Life Investment Trust ("Life Investment Trust"); Van Kampen American Capital Pace Fund ("Pace Fund"); Van Kampen

American Capital Equity Trust ("Equity Trust"); Common Sense Trust (collectively, the "Van Kampen Funds"); Smith Barney/Travelers Series Fund Inc. ("Smith Barney Fund") (collectively, with the Van Kampen Funds, the "Public Funds"); Van Kampen American Capital Foreign Securities Fund ("Foreign Securities Fund"); Van Kampen American Capital Investment Advisory Corp. ("Advisory Corp."); and Van Kampen American Capital Asset Management, Inc. ("VKACAM") (collectively with Advisory Corp., the "Advisers"), on behalf of themselves and any future registered open-end management investment companies for which either of the Advisers serves as investment adviser or subadviser.¹

RELEVANT ACT SECTIONS: Order requested under section 6(c) for an exemption from section 12(d)(1), and under sections (c) and 17(b) for an exemption from section 17(a).

SUMMARY OF APPLICATION: Applicants seek an order to permit the Foreign Securities Fund to serve as an investment vehicle through which the Public Funds would invest portions of their assets in a portfolio of foreign equity securities.

FILING DATES: The application was filed on March 12, 1996, and amended on May 10, 1996. Applicants have agreed to file an additional amendment during the notice period, the substance of which is reflected in this notice.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on June 17, 1996, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request such notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: Van Kampen Funds,

¹ Other existing open-end management investment companies for which Advisory Corp. or VKACAM serves as investment adviser or subadviser do not currently intend to rely on the requested relief and therefore are not named as applicants. These investment companies may rely on the requested relief in the future under the terms and conditions set forth in the application.

Foreign Securities Fund, and the Advisers, One Parkview Plaza, Oakbrook Terrace, Illinois 60181; Smith Barney Fund, 388 Greenwich Street, New York, New York 10013.

FOR FURTHER INFORMATION CONTACT: Courtney S. Thornton, Senior Counsel, at (202) 942-0583, or Alison E. Baur, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicants' Representations

1. The Public Funds are registered open-end management investment companies. Each of the Public Funds invests part or all of its assets in equity securities as provided in its investment policies and restrictions. A common characteristic of the Public Funds is that limited investment in foreign securities is an appropriate part of their investment strategies. While the Public Funds differ with respect to the portions of their respective total assets they might invest in foreign securities, their investment objectives with respect to such investments, and their strategies for making them, are identical.

2. The Foreign Securities Fund is a newly formed open-end investment company that will invest primarily in equity securities of foreign issuers. The Foreign Securities Fund will invest in securities of issuers traded on markets of at least three of the world's largest countries by market capitalization, but securities of issuers traded on quoted markets of other countries also will be considered for investment. Although the Foreign Securities Fund is registered under the Act, it does not intend to make a public offering of its shares, and has not registered under the Securities Act of 1933. The only investors in the Foreign Securities Fund will be some or all of the Public Funds. There will be no sales load or other charges associated with distribution of the Foreign Securities Fund's shares. Other expenses incurred by the Foreign Securities Fund will be borne by it, and thus indirectly by the Public Funds that invest in it.

3. The Advisers are wholly owned subsidiaries of Van Kampen American Capital, Inc., and are registered as investment advisers under the Investment Advisers Act of 1940. The Advisers serve as investment adviser or subadviser to each of the Public Funds, and have investment discretion over the

entire portfolio of each of the Public Funds they advise. Advisory Corp. also acts as investment adviser to the Foreign Securities Fund, but does not charge any advisory fee for these services.

4. Applicants intend to use the Foreign Securities Fund to pool the Public Funds' investments in foreign securities. Applicants believe that the use of a single investment vehicle to invest in a broadly diversified portfolio of foreign securities will provide the Public Funds with the most effective exposure to the performance of foreign markets while at the same time minimizing costs. Applicants state that the Foreign Securities Fund will be more diversified in foreign markets than a Public Fund investing on its own. As a result, events that affect the price of a single foreign issuer or country can be expected to have less impact on the Foreign Securities Fund than they would have on the foreign securities holdings of a Public Fund. Applicants represent that this diversification can be expected to benefit both the Foreign Securities Fund and the Public Funds by providing greater price stability and lower volatility, while at the same time capturing the performance benefits of exposure to foreign markets.

5. Applicants also expect the Public Funds' investments in the Foreign Securities Fund to increase the efficiency of portfolio management of the Public Funds. Tracking the performance of various country markets and issuers in foreign markets in a time-consuming process and substantially different from tracking the domestic market and domestic issuers, which would normally be attendant with a Public Fund's portfolio management. By obtaining most of its exposure to foreign markets through the Foreign Securities Fund, a Public Fund and its shareholders would gain the benefit of exposure to this sector without incurring the penalty attendant upon a Public Fund's portfolio manager spending a disproportionate amount of his or her time following these relatively small positions.

6. Applicants anticipate that the efficiencies resulting from use of the Foreign Securities Fund will result in cost savings to the Public Funds in three areas: administrative costs, out-of-pocket costs, and trading costs. Savings of administrative costs will be attributable to a great reduction in administrative procedures. Savings of out-of-pocket costs such as audit fees and custodial fees will be substantially offset by increases in other out-of-pocket costs such as legal and transfer agency fees. Applicants expect that the major cost savings will occur because the

Foreign Securities Fund will experience trading costs that will be substantially less than the trading costs that would be incurred if foreign stocks were purchased separately for each of the Public Funds. Applicants believe that this cost savings will increase in direct proportion to the number of foreign stocks over which the investment in foreign securities is diversified.

7. When the Foreign Securities Fund begins operations, some of the Public Funds may contribute foreign securities from their own portfolios (in addition to cash) in return for shares of the Foreign Securities Fund. All of the portfolio securities contributed will be appropriate investments for the Foreign Securities Fund, and will be valued at the time of contribution in accordance with rule 17a-7 under the Act.

8. Although the majority of the Public Funds' investments in foreign securities will be through the Foreign Securities Fund, each Public Fund may have some additional direct investments in foreign stocks. Applicants state that the Advisers have adopted a procedure to avoid unnecessary expense that could occur if the Foreign Securities Fund were to sell a particular stock at the same time a Public Fund were to purchase it, or vice versa. The Foreign Securities Fund will generate a list of stocks that it intends to purchase or sell, and will circulate the list among the portfolio managers of the Public Funds. If any portfolio manager wishes to sell or buy a stock on the list, the Foreign Securities Fund will effect the transaction directly with that Public Fund. The value of the stock will be the current market price, determined in accordance with rule 17a-7. Payment will be made by simultaneous transfer of cash or by simultaneous redemption or issuance of shares of the Foreign Securities Fund with an equal value, depending on whether the Public Fund wishes to alter its investment in the Foreign Securities Fund. In cases where the payment for the subject stock is Foreign Securities Fund shares rather than cash, the transactions will comply with the provisions of rule 17a-7 (a) through (f) in all respects other than the requirement that purchases and sales be made only for cash consideration.

9. To minimize the need for the Foreign Securities Fund to maintain large cash balances, the Advisers will coordinate the Public Funds' purchases and sales of shares of Foreign Securities Fund shares to minimize the cash flow into or out of the Foreign Securities Fund, and attempt to anticipate the Public Funds' cash needs and coordinate net cash investments or redemptions (on a *pro rata* basis) to

permit the orderly acquisition or disposition of foreign securities within the Foreign Securities Fund. The purchase or sale of shares of the Foreign Securities Fund by the Public Funds also will be coordinated with rebalancing transactions within the Foreign Securities Fund. The Advisers will monitor the process over time to ensure that the best interests of the Public Funds and the Foreign Securities Fund are met.

10. Applicants anticipate that they will be able to follow the foregoing procedures in virtually all instances. There may be occasions, however, when a single Public Fund makes an unusually large purchase or redemption of Foreign Securities Fund shares. Such a large transaction could cause the Public Funds not involved in the transaction to bear significant incremental trading costs associated with the acquisition or disposition of foreign stocks. Accordingly, if a Public Fund intends to make such an acquisition or disposition, the Advisers, as fiduciaries to the Public Funds and the Foreign Securities Fund, may cause the transaction to be executed in kind. In the case of a purchase, the Public Fund would acquire foreign stocks directly, then contribute them to the Foreign Securities Fund in exchange for its shares. In the case of a redemption, the Foreign Securities Fund would deliver redemption proceeds to the Public Fund in the form of a *pro rata* distribution of portfolio securities held by the Foreign Securities Fund, which the Public Fund could then sell. Such in-kind transactions will comply with rule 17a-7 (a) through (f) except that the consideration for the foreign stocks will be Foreign Securities Fund shares rather than cash.

Applicants' Legal Analysis

1. Section 12(d)(1)(A) of the Act provides that no registered investment company may acquire securities of another investment company representing more than 3% of the acquired company's outstanding voting stock, more than 5% of the acquiring company's total assets, or, together with the securities of other investment companies, more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Applicants request an exemption from section 12(d)(1) because the Public Funds in the aggregate will own 100% of the stock of the Foreign Securities Fund, thus any one Public Fund's investment in the Foreign Securities Fund may represent more than 5% of the Public Fund's total assets. Applicants believe that the requested exemption will not implicate any of the abuses that section 12(d)(1) was intended to prevent. For example, the concern that the Public Funds might exercise undue influence over the management of the Foreign Securities Fund is not present because all of the Funds are advised by the Advisers. Moreover, because the Advisers will be paid no advisory fee by the Foreign Securities Fund and because the Advisers are under common control, there will be no incentive for any Public Fund to assert undue control over the Foreign Securities Fund. Furthermore, the concern that large redemptions could disrupt the orderly management of the Foreign Securities Fund will not be a problem because the Advisers will be in a position to anticipate redemption needs, and the costs associated with large redemptions of Foreign Securities Fund shares would be mitigated by the ability of the Fund to redeem its shares in kind. In addition, the Foreign Securities Fund will not cause investors in the Public Funds to incur two layers of costs. The Foreign Securities Fund will pay no advisory fee, and its shares will not be subject to any sales load or rule 12b-1 fee.

3. Applicants also request an exemption from section 17(a) of the Act, which prohibits certain purchases and sales of securities between investment companies and their affiliated persons, as defined in section 2(a)(3) of the Act. VKACAM is an affiliated person of each of the Public Funds it advises, and Advisory Corp. is an affiliated person of the Foreign Securities Fund and of each Public Fund it advises. In addition, each of Advisory Corp. and VKACAM is an affiliated person of the other by reason of being under common control. To the extent that the Funds may be deemed to be under common control, each Fund would be an affiliated person of each other Fund. Accordingly, purchases or sales of securities between the Foreign Securities Fund and a Public Fund may violate section 17(a).

4. Sections 6(c) and 17(b) of the Act set forth the standards for exempting a series of transactions from section 17(a). Under section 17(b), the terms of any such transaction must be reasonable and fair and must not involve overreaching on the part of any person, the transaction must be consistent with the

policy of each investment company concerned, and the transaction must be consistent with the general purposes of the Act. In addition, under section 6(c), the exemption must be necessary or appropriate in the public interest, consistent with the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

5. Applicants believe that the proposed transactions meet the standards for relief under sections 6(c) and 17(b). Applicants contend that the terms of the transactions between the Foreign Securities Fund and the Public Funds are reasonable and fair and do not involve overreaching. The consideration paid and received for the purchase and redemption of Foreign Securities Fund shares will be based on the net asset value of the Foreign Securities Fund. The Foreign Securities Fund will not pay an advisory fee, and there will be no sales load or other charge associated with distribution of its shares. Applicants believe that the transactions are consistent with the policies of the Public Funds and the Foreign Securities Fund. The Public Funds' investments in the Foreign Securities Fund, and the Foreign Securities Fund's issuance of shares, will be in accordance with each Fund's investment restrictions and policies. Applicants also believe that the transactions are consistent with the general purposes of the Act. Section 17(a) was intended to prohibit affiliated persons from furthering their own interests by, for example, selling property to an investment company at less than fair value. Applicants believe that their proposal does not present those concerns.

Applicants' Conditions

Applicants agree that the following conditions will govern transactions under the requested order:

1. The Public Funds and the Foreign Securities Fund will be part of the same "group of investment companies," as defined in rule 11a-3 under the Act.

2. The Foreign Securities Fund shall not acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

3. A majority of the trustees of the Public Funds will not be "interested persons" (as defined in section 2(a)(19) of the Act).

4. Advisory Corp. will not charge any advisory fee for managing the Foreign Securities Fund.

5. Any sales charges or service fees charged with respect to securities of the Public Funds, when aggregated with any

sales charges or service fees paid by the Public Funds with respect to securities of the Foreign Securities Fund, shall not exceed the limits set forth in Article III, section 26, of the Rules of Fair Practice of the National Association of Securities Dealers, Inc.

6. Applicants agree to provide the following information, in electronic format, to the Chief Financial Analyst of the SEC's Division of Investment Management: monthly average total assets for each Public Fund's portfolio and the Foreign Securities Fund's portfolio; monthly purchases and redemptions (other than by exchange) for each Public Fund's portfolio and the Foreign Securities Fund's portfolio; annual expense ratios for each Public Fund's portfolio and the Foreign Securities Fund's portfolio; and a description of any vote taken by the shareholders of the Foreign Securities Fund, including a statement of the percentage of votes cast for and against the proposal by the Public Funds and by the other shareholders of the Foreign Securities Fund, if any. Such information will be provided as soon as reasonably practicable following each fiscal year-end of each of the Public Funds (unless the Chief Financial Analyst shall notify applicants in writing that such information need no longer be submitted).

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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[Rel. No. IC-21975; File No. 812-9696]

Washington National Insurance Company, et al.

May 22, 1996.

AGENCY: Securities and Exchange Commission ("Commission" or "SEC").

ACTION: Notice of Application for an Order under the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: Washington National Insurance Company ("Washington National") and Separate Account I of Washington National Insurance Company (the "Separate Account").

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) granting exemptions from the provisions of Sections 26(a)(2)(C) and 27(c)(2).

SUMMARY OF APPLICATION: Applicants seek an order exempting Washington National and the Separate Account, which will be reorganized from a managed separate account to a separate