

with the Equity Trust, the "Trusts"); Investors Management Group, Ltd. (the "Adviser"); and certain persons who may be deemed to be affiliated persons, or affiliated persons of affiliated persons, of the Company (the "Affiliated Persons").

RELEVANT ACT SECTIONS: Order requested under section 17(b) for an exemption from the provisions of section 17(a).

SUMMARY OF APPLICATION: Applicants seek relief to permit the exchange of shares of the Company for portfolio securities of two private investment trusts that are not registered under the Act. After the exchanges, the Trusts will dissolve and distribute the shares of the Company they receive *pro rata* to their participants.

FILING DATES: The application was filed on March 27, 1995 and amended on May 8, 1995.

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 27, 1995, 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 notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street NW., Washington, DC 20549. Applicants, 720 Liberty Building, 418 Sixth Avenue, Des Moines, IA 50309-2410.

FOR FURTHER INFORMATION CONTACT: Marc Duffy, Senior Attorney, (202) 942-0565, or C. David Messman, Branch Chief, (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 available for a fee at the SEC's Public Reference Branch.

Applicants' Representations

1. The Company is registered under the Act as an open-end diversified management investment company consisting of two series, the Stock Fund and the Bond Fund (together, the "Funds"). The Company's registration statement under the Securities Act of 1933 (the "Securities Act") has been

declared effective but no offering of the shares of the Funds has commenced. Each Fund will offer shares in three classes in reliance on rule 18f-3 under the Act. The classes will differ solely on the basis of minimum and routine investment requirements, and distribution and shareholder servicing fees. Classes of shares of the Funds will not be sold with any sales charge but will pay varying rule 12b-1 distribution fees under certain circumstances. The Company also may impose contingent deferred sales charges in the future. The Funds may, from time to time, enlist the assistance of an outside broker-dealer to market shares in the Funds. The Adviser will act as investment adviser to the Funds. The Adviser is registered under the Investment Advisers Act of 1940.

2. The Trusts were formed in 1991 as common law revocable grantor trusts under the laws of the State of Iowa. The Trusts have not registered under the Act in reliance on section 3(c)(1) of the Act, and the interests therein have not been registered under the Securities Act in reliance on section 4(2) of the Securities Act. Each participant in the Trust (a "Participant") established a separate revocable grantor trust under an individual Trust Agreement appointing Richard A. Westcott ("Westcott"), David W. Miles ("Miles") and James W. Paulsen ("Paulsen") to serve as Co-Trustees and authorizing the commingling of Participant funds in a single account. Westcott, Miles, and Paulsen are each directors and controlling persons of the Adviser, and directors of the Company. The Adviser selects the investments for the Trusts.

3. The Affiliated Persons consist of: (a) directors, principal shareholders, and employees of the Adviser, (b) spouses of the foregoing, (c) entities that are owned or controlled by one or more of the foregoing, and (d) trustees and/or participants in the Trusts who could be deemed to be affiliated persons, or affiliated persons of affiliated persons, of the Company under section 2(a)(3) of the Act.

4. Applicants propose that, prior to offering shares of the Stock Fund to the public, the Stock Fund will acquire portfolio securities of the Equity Trust in exchange for shares of the Stock Fund equal in value to the net asset value of the Equity Trust. The Equity Trust then will dissolve and distribute the Stock Fund shares it receives to its Participants *pro rata*, along with cash received from the sale of portfolio securities, if any, of the Equity Trust not acquired by the Company. A like exchange of shares of the Bond Fund for portfolio securities of the Income Trust will take place, followed by the

distribution to Participants and dissolution of the Income Trust (together, the "Exchanges"). Participants will receive that class of shares of the Stock Fund or the Bond Fund with the lowest expenses that they would otherwise be qualified to purchase based on the value of their Trust accounts. Following the Exchanges, Participants of the Trusts will hold all of the shares of each Fund, except for shares representing seed capital contributed to the Funds by the Adviser or one of its affiliates pursuant to section 14(a) of the Act.

5. Currently, on an annual basis, the Equity Trust incurs investment advisory fees of 1.25% and total expenses of 1.50%, and the Income Trust incurs investment advisory fees of 0.75% and total expenses of 1.00%. Following the Exchanges, the Stock Fund is expected to incur investment advisory fees of 0.50% and total expenses, which will vary among the different classes, of between 0.85% and 1.35%. The Bond Fund is expected to incur investment advisory fees of 0.30% and total expenses, which will vary among the different classes, of between 0.60% and 1.00%. Based on current valuations of the Trusts, the Adviser does not anticipate that any Participant will pay more expenses directly or indirectly for the Company shares received than what they are currently bearing as Participants in the Trusts.

6. Applicants would like to convert the Trusts to registered investment company form because the Trusts have proven to be more popular than originally anticipated and because of continuing investor interest in the Trusts. In contrast to the Trusts, which are not registered under the Act in reliance on section 3(c)(1), the Funds will not be subject to any limitation on the number of shareholders.

7. After the Exchanges, the Adviser intends for the foreseeable future to manage the assets of the Funds in substantially the same manner as it did for the Trusts, except as may be necessary or desirable: (a) To qualify the Funds as regulated investment companies under the Internal Revenue Code; (b) to comply with investment restrictions adopted by the Funds in accordance with the requirements of the Act or securities laws of states where shares in the Company will be offered; or (c) in light of changed market conditions.

8. The Exchanges will be effected under agreements and plans of exchange (the "Plans") to be approved by the Participants of the Trusts, in accordance with the respective Trust Agreements and the laws of the State of Iowa. A