

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 21141; File No. 812-7271]

G.T. Global Growth Series, et al.; Notice of Application

June 16, 1995.

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

ACTION: Notice of application for exemption under the investment company act of 1940 (the "Act").

APPLICANTS: G.T. Global Growth Series, G.T. Investment Funds, Inc., G.T. Investment Portfolios, Inc. (collectively, the "Investment Companies"), and G.T. Capital Management, Inc. (the "Adviser").

RELEVANT ACT SECTIONS: Applicants request an exemption under section 6(c) of the Act from section 15(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order that would permit the Adviser to have served as investment adviser to the Investment Companies for approximately one month under interim advisory agreements, without a shareholder vote, following a change in its ownership and to receive from the Investment Companies fees earned under interim advisory agreements.

FILING DATE: The application was filed on March 15, 1989, and amended on February 17, 1995 and May 2, 1995. Applicants have agreed to file an additional amendment, the substance of which is incorporated herein, during the notice period.

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 July 11, 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: 50 California Street, San Francisco, CA 94111.

FOR FURTHER INFORMATION CONTACT: Deepak T. Pai, Staff Attorney, at (202) 942-0574 or Robert A. Robertson, Branch Chief, at (202) 942-0564

(Division of Investment Management, Office of Investment Company Regulations).

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

Applicants' Representations

1. The Investment Companies are registered open-end management investment companies. The Adviser is registered as an investment adviser under the Investment Advisers Act of 1940 and provides investment advisory services to the Investment Companies. The Adviser is an indirect subsidiary of G.T. Management PLC of London, England ("GTM").

2. On January 31, 1989, GTM and the Bank of Liechtenstein Aktiengesellschaft (the "Bank") announces terms for the acquisition of GTM by the Bank through an offer (the "Offer") for all the shares of GTM to be made on behalf of the Bank and its subsidiaries. (The Bank and its subsidiaries collectively are referred to as "BIL.") On March 23, 1989, BIL acquired a majority ownership interest in GTM, and thus acquired "control" over GTM and its various subsidiaries. The acquisition of such control resulted in the assignment of the investment advisory agreements of the Investment Companies, thus terminating such agreements in accord with their terms.

3. GTM and BIL had concluded, in light of the disruptions that could occur if an advisory firm announced the existence of acquisition negotiations, that the existence of negotiations and the terms be kept strictly confidential. Accordingly, access to the knowledge that negotiations were underway was restricted by GTM and BIL. Moreover, negotiations between GTM and BIL were subject to the secrecy rules under the United Kingdom law and the City Code on Takeovers and Mergers (the "U.K. Code"). Those rules required GTM and its subsidiaries, including the Adviser, to limit knowledge of the existence and substance of these negotiations to the maximum extent possible. Thus, during the period of negotiation, the Adviser's personnel were limited in their knowledge of the status and contents of the negotiations. Further, it was not certain that an agreement would be reached and approved by the GTM board until such agreement was reached and approval was obtained.

4. Once the Offer was made public, the board of directors took all reasonable steps to evaluate the probable impact of the purchase on the

provision of investment advisory services to the Investment Companies and to secure the continued provision of such services in the event the purchase was consummated and an assignment of former advisory agreements (the "Former Advisory Agreements") occurred. The timing for the Offer and the purchase was dictated by the provisions of the U.K. Code. Those considerations did not allow applicants the ability to utilize a time schedule that assured the solicitation of shareholder approval of the new advisory agreements prior to the consummation of the purchase. These factors necessitated the use of interim investment advisory agreements (the "Interim Advisory Agreements") between the Investment Companies and the Adviser as a fair and reasonable solution to this unforeseen situation. Applicants request an exemption from section 15(a) of the Act that would permit the Adviser to have served as investment adviser to each of the Investment Companies during the period in which the Interim Advisory Agreements were in effect (from March 23, 1989 to April 19, 1989, the "Interim Period")¹ and to receive from each Investment Company fees for providing advisory services under the Interim Advisory Agreements.

5. On February 3, 1989, the board of directors of each Investment Company, including a majority of the members who were not "interested persons" of the Investment Company as that term is defined in section 2(a)(19) of the Act, approved the relevant Interim Advisory Agreements in compliance with the requirements of section 15(c) of the Act. The board of directors requested and evaluated the anticipated effects of the purchase on the Adviser's ability to provide investment advisory services to the Investment Companies. The Adviser and BIL assured the board of directors that there would be no diminution in the scope and quality of advisory and other services provided by the Adviser under the Interim Advisory Agreements, and that the services would be provided in the same manner by essentially the same personnel as they were before March 23, 1989. Applicants believe that there was no diminution in the scope and quality of services provided by the Adviser to the Investment Companies during the Interim Period.

6. The board of directors also concluded that the payment of advisory fees earned during the Interim Period

¹ The filing of the amended application has been delayed by a number of factors, including a change in General Counsel and a change in outside counsel to G.T. Capital during the period from March 15, 1989 to February 17, 1995.