Ohio Tax-Free Fund, Vanguard/ Wellesley Income Fund, Inc., Vanguard Convertible Securities Fund, Inc., Vanguard/Wellington Fund, Inc., Vanguard Equity Income Fund, Inc., Vanguard Quantitative Portfolios, Inc., Gemini II, Inc., Vanguard World Fund, Inc., Vanguard Explorer Fund, Inc., Vanguard Specialized Portfolios, Inc., Vanguard Admiral Funds, Inc., and any future registered management investment company, or portfolio thereof, in which STAR invests that (a) is part of a group of investment companies which holds itself out to investors as related companies for purposes of investment and investor services, and (b) obtains corporate management, administrative, and distribution services from TVGI (together, the "Funds").

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act from section 12(d)(1) of the Act, under sections 6(c) and 17(b) of the act from section 17(a) of the Act, and pursuant to section 17(d) of the Act and rule 17d–1 thereunder.

SUMMARY OF APPLICATION: Applicants request an order that would supersede a prior order. The prior order permits STAR to operate as a "fund of funds," subject to the limitation that STAR may not acquire more than 10% of the outstanding voting shares of any acquired fund. The requested order would permit STAR to acquire up to 100% of the voting shares of any acquired fund. The requested order would also permit the boards of trustees/directors of the funds constituting the Vanguard Group of Investment Companies, as defined below, to modify the Funds' service agreement to provide that STAR may become a member of The Vanguard Group of Investment Companies without bearing duplicative capital contribution or expense allocation costs. FILING DATES: The application was filed on March 17, 1995, and was amended on August 17, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SBC 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 October 17, 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, c/o The Vanguard Group, Inc., P.O. Box 2600, Valley Forge, Pennsylvania 19482.

FOR FURTHER INFORMATION CONTACT: Sarah A. Wagman, Staff Attorney, at (202) 942–0654, or C. David Messman, 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 Funds are thirty-two registered management investment companies that currently offer shares in 86 portfolios (the "Portfolios"). The Funds organized and operate TVGI, pursuant to the terms of a Second Amended and Restated Funds' Service Agreement dated May 15, 1993 (the "Funds' Service Agreement") in order to provide the Funds with services on an "internalized," at-cost, no-load basis.1 Each Fund is organized as a business trust under Pennsylvania law, or as a Maryland corporation. Each Fund has a board of directors/trustees (the "Board of Directors") that consists of the same ten persons, eight of whom are not "interested persons" under section 2(a)(19) of the Act. Nine of the directors compose the board of directors of TVGI. The Funds that are party to the Funds' Service Agreement constitute The Vanguard Group of Investment Companies ("The Vanguard Group").

2. TVGI, a registered investment adviser under the Investment Advisers Act of 1940, is a wholly and jointly owned and capitalized subsidiary of the Funds. TVGI provides to the Funds on an at-cost basis almost all of their necessary corporate management,

administrative, and shareholder accounting services, distribution services, and, for certain Portfolios, advisory services. TVGI also provides specified services to STAR and the Vanguard Institutional Index Fund, funds that do not contribute to the capitol of TVGI.

3. STAR is a no-load, open-end, registered management investment company which operates as a "fund of funds," investing in shares of certain specified Vanguard Portfolios rather than investing directly in portfolio securities. STAR operates under the terms of a prior order (the "STAR Order'').2 STAR commenced operations on March 29, 1985 and began offering shares of one portfolio, now the "STAR Portfolio." Since July 17, 1994, STAR has offered shares of four additional portfolios (the Income Portfolio, the Conservative Growth Portfolio, the Moderate Growth Portfolio, and the Growth Portfolio) designated the "LIFEStrategy Portfolios" (each portfolio of STAR is hereinafter referred to as a "STAR Fund Portfolio"). Applicants request that the relief sought herein apply to any future "fund of funds," whether organized as an investment company or as a portfolio thereof, which operates in all material respects in accordance with the representations contained in the application, complies with the conditions to the requested order, and is a Vanguard Fund or is operated by TVGI 'Vanguard Fund of Funds'').

4. In the STAR Order, the Commission granted STAR an exemption under section 6(c) from section 12(d)(1), and pursuant to section 17(d) and rule 17d–1, to permit STAR to operate as a "fund of funds," subject to the condition, among others, that STAR may not acquire more than 10% of the outstanding voting shares of any acquired Fund.³ Applicants request that this limitation be eliminated, so that STAR may acquire up to 100% of the voting shares of any Fund.

voting shares of any Fund.

5. Initially, the STAR Portfolio invested its assets in shares of four specified Vanguard Portfolios (two equity funds, one fixed income fund, and one money market fund). Currently, the STAR Portfolio invests 60–70% of its net assets in six Portfolios that invest primarily in equity securities, and 30–

¹The Funds operate TVGI pursuant to a number of prior exemptive orders. The Vanguard Group, Inc., Investment Company Act Release Nos. 19011 (Oct. 9, 1992) (notice) and 19184 (Dec. 29, 1992) (order); Wellington Fund, Inc., Investment Company Act Release Nos. 15788 (June 9, 1987) (notice) and 15846 (July 2, 1987) (order); Wellington Fund, Inc., Investment Company Act Release Nos. 13566 (Oct. 5, 1983) (notice) and 13613 (Nov. 3, 1983) (order); The Vanguard Group, Inc. Investment Company Act Release Nos. 11718 (Apr. 6, 1981) (notice) and 11761 (May 4, 1981) (order); The Vanguard Group, Inc., Investment Company Act Release Nos. 9850 (July 15, 1977) (notice), and 9927 (Sept. 13, 1977) (temporary order) and 11645 (Feb. 25, 1981) (order); Wellington Fund, Inc., Investment Company Act Release Nos. 8644 (Jan. 17, 1975) and 8676 (Feb. 18, 1975) (order).

² Vanguard Special Tax-Advantaged Retirement Fund, Inc., Investment Company Act Release Nos. 14153 (Sept. 12, 1984) (notice) and 14361 (Feb. 7, 1985) (order).

³ STAR was also subject to conditions requiring that it vote its shares in any acquired Fund in proportion to the vote of all the other shareholders in that Fund, and that it allocate its assets to any acquired fund within a 25% range.