establishes that: (a) the terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policies of the registered investment company involved; and (c) the proposed transaction is consistent with the general provisions of the Act. Applicants request an exemption under sections 6(c) and 17(b) to allow the above transactions.

9. Applicants believe that the proposed transactions meet the standards of sections 6(c) and 17(b). The consideration paid for the sale and redemption of shares of Underlying Portfolios and Underlying Non-SEI Funds will be based on the net asset value of the Underlying Portfolios and Underlying Non-SEI Funds, respectively, subject to applicable sales charges. The Trust and Non-SEI Funds of Funds' purchase and sale of shares of the Underlying Portfolios and Underlying Non-SEI Funds is consistent with the Trust and Non-SEI Funds of Funds' policy, as set forth in their registration statements. Applicants also believe that the proposed transactions are consistent with the general purposes of the Act.

10. Section 17(d) prohibits an affiliated person of a registered investment company, or an affiliated person of such person, acting as principal, from effecting any transaction in which such investment company is a joint, or joint and several, participant with such person in contravention of SEC rules and regulations. Rule 17d-1 provides that an affiliated person of a registered investment company or an affiliated person of such person, acting as principal, shall not participate in, or effect any transaction in connection with, any joint enterprise or other joint arrangement in which the registered investment company is a participant unless the SEC has issued an order approving the arrangement. Applicants assert that the proposed arrangement is intended to provide substantial benefits for both the Portfolios and the Non-SEI Funds of Funds and their respective Underlying Portfolios and Underlying Non-SEI Funds, including increased diversification, more efficient portfolios management, a larger asset base, and reduced expenses. Therefore, for the reasons discussed above, applicants believe that the proposed arrangement is consistent with the provisions, policies, and purposes of the Act. Furthermore, the Portfolios and Non-SEI Funds of Funds and their respective Underlying Portfolios and Underlying Non-SEI Funds will not participate in the proposed arrangement on a basis that is different from or less advantageous than

the participants that are not investment companies.

Applicants' Conditions

Applicants agree that the order granting the requested relief shall be subject to the following conditions:

1. Each Portfolio and each Underlying Portfolio will be part of the "same group of investment companies," as defined in rule 11a–3 under the Act. In addition, each Non-SEI Fund of Funds and each Underlying Non-SEI Fund will be part of the same "group of investment companies."

2. No Underlying Portfolio or Underlying Non-SEI Fund will 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 Trust and a majority of the trustees or directors of each Non-SEI Fund of Funds, will not be "interested persons," as defined in section 2(a)(19) of the Act.

4. Any sales charges or service fees charged to the shares of a Portfolio or Non-SEI Fund of Funds, when aggregated with any sales charges or service fees paid by the Portfolio or Non-SEI Fund of Funds relating to the securities of the respective Underlying Portfolio or Underlying Non-SEI Fund, shall not exceed the limits set forth in Article III, section 26, of the NASD's Rules of Fair Practice.

5. Before approving any advisory contract under section 15 of the Act, the board of trustees of the Trust and the board of trustees or directors of the Non-SEI Fund of Funds, including a majority of the trustees or directors who are not "interested persons," as defined in section 2(a)(19), will find that advisory fees charged under the contract are based on services provided that are in addition to, rather than duplicative of, services provided under any Underlying Fund or Underlying Non-SEI Fund advisory contract. The finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the Trust or Non-SEI Fund of Funds.

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 of each Portfolio and Non-SEI Fund of Funds and each respective Underlying Portfolio and Underlying Non-SEI Fund of Funds; monthly purchases and redemptions (other than by exchange) for each Portfolio and Non-SEI Fund of Funds and each respective Underlying Portfolio and Underlying Non-SEI Fund; monthly

exchanges into and out of each Portfolio and Non-SEI Fund of Funds and each respective Underlying Portfolio and Underlying Non-SEI Fund; month-end allocations of each Portfolio's assets among the Underlying Portfolios and of the assets of each Non-SEI Fund of Funds among its Underlying Non-SEI Funds; annual expense ratios for each Portfolio and each Non-SEI Fund of Funds and each respective Underlying Portfolio and Underlying Non-SEI Fund; and a description of any vote taken by the shareholders of any Underlying Portfolio and any Underlying Non-SEI Fund, including a statement of the percentage of votes cast for and against the proposal by the Portfolio and the Non-SEI Fund of Funds and by the other shareholders of the Underlying Portfolio and Underlying Non-SEI Fund. Such information will be provided as soon as reasonably practicable following each fiscal year-end of the Trust and each Non-SEI Fund of Funds (unless the Chief Financial Analyst shall notify applicants in writing that such information need no longer be submitted).

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

Margaret H. McFarland,

Deputy Secretary.

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[Investment Company Act Release No. 21537; 812–9738]

Smith Barney Inc., et al.; Notice of Application

November 21, 1995.

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

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

APPLICANTS: Smith Barney Inc. ("Smith Barney"); Smith Barney Mutual Funds Management Inc. ("SBMFM"); Smith Barney Strategy Advisers Inc. ("Strategy Advisers"); and Smith Barney Cardinal Investment Fund Inc. ("Cardinal"), Smith Barney Aggressive Growth Fund Inc., Smith Barney Appreciation Fund Inc., Smith Barney Equity Funds, Smith Barney Fundamental Value Fund Inc., Smith Barney Funds, Inc., Smith Barney Income Funds, Smith Barney Investment Funds, Inc., Smith Barney Managed Governments Fund Inc., Smith Barney Money Funds, Inc., Smith Barney World Funds, Inc., and each open-end management investment company, or series thereof, that is or