

writing within 60 days of this publication.

Direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: July 3, 1996.

Margaret H. McFarland,  
Deputy Secretary.

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[Rel. No. IC-22074/812-10168]

### **Aetna Series Fund, Inc., et al.; Notice of Application**

July 16, 1996.

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

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

**APPLICANTS:** Aetna Series Fund, Inc. (the "Fund"), on behalf of the Aetna Asian Growth Fund (the "Asian Growth Fund") and the Aetna International Growth Fund (the "International Growth Fund"), Aetna Life Insurance and Annuity Company ("ALIAC"), and Aetna Life Insurance Company ("ALIC").

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

**SUMMARY OF APPLICATION:** Applicants request an order to permit the International Growth Fund to acquire substantially all of the assets of the Asian Growth Fund. Because of certain affiliations, the International Growth Fund and the Asian Growth Fund may not rely on rule 17a-8 under the Act.

**FILING DATE:** The application was filed on May 23, 1996, and amended on July 11, 1996.

**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 August 12, 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 notification by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicants, 151 Farmington Avenue, Hartford, Connecticut 06156-3124.

**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 Regulation).

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

#### **Applicants' Representations**

1. The Fund is a Maryland corporation registered under the Act as an open-end management investment company. The International Growth Fund and the Asian Growth Fund are each a series of the Fund. The International Growth Fund and the Asian Growth Fund are referred to herein as the "Portfolios."

2. ALIAC is the adviser and administrator for the Portfolios, and principal underwriter for the Fund. ALIAC and ALIC are indirect wholly-owned subsidiaries of Aetna Life and Casualty Company (together with ALIAC and ALIC, "Aetna"). As of May 31, 1996, Aetna in the aggregate owned 49.99% of the outstanding shares of the International Growth Fund and 91.59% of the outstanding shares of the Asian Growth Fund.

3. Each Portfolio offers two classes of shares: Adviser Class shares, which are offered primarily to the general public, and Select Class shares, which are offered principally to institutions. Adviser Class shares are normally subject to a contingent deferred sales charge ("CDSC") of 1%, declining to 0% after 4 years from the date of initial purchase. The adviser Class shares are subject to a rule 12b-1 distribution fee and a service fee at an annual rate of 0.50% and 0.25%, respectively. Select Class shares are not subject to any sales charge, CDSC, distribution fee or service fee.

4. The investment objectives, policies and restrictions of the International Growth Fund and the Asian Growth Fund are similar. Both seek long-term capital growth by investing in a diversified portfolio of common stocks principally traded in countries outside of North America. While the Asian Growth Fund's principal investments are limited to countries in Asia excluding Japan, the International Growth Fund may invest principally in a broader range of countries, which

includes countries in which the Asian Growth Fund may currently invest.

5. The International Growth Fund proposes to acquire all or substantially all of the assets and certain liabilities of the Asian Growth Fund in exchange for shares of the International Growth Fund pursuant to an agreement and plan of reorganization and liquidation (the "Plan"). The shares of the International Growth Fund to be issued (the "New Shares") will have an aggregate net asset value equal to the value of the assets of the Asian Growth Fund transferred less the liabilities assumed, determined as of the close of regular trading on the New York Stock Exchange on the business day next preceding the closing (the "Valuation Date"). As soon as practicable after the closing, the New Shares will be distributed to the Asian Growth Fund shareholders in exchange for the shares of the Asian Growth Fund, each such shareholder to receive the number of New Shares that is equal in dollar amount to the value of shares of stock of the Asian Growth Fund held by such shareholder on the Valuation Date. After such distribution, the Asian Growth Fund will be terminated. For a 30-day period following the reorganization, the CDSC applicable to the Adviser Class shares will be waived for all Asian Growth Fund shareholders who redeem their newly issued shares of the International Growth Fund.

6. On April 30, 1996, at a meeting of the board, the Plan was approved by the directors of the Fund, including a majority of the directors who are not "interested persons" of ALIAC or the Portfolios (the "disinterested directors"). In approving the Plan, the board, including the disinterested directors, found that participation in the reorganization is in the best interests of each Portfolio and that the interest of existing shareholders of each Portfolio will not be diluted as a result of the reorganization. The factors considered by the board included, among other things: (a) Recent and anticipated asset and expense levels of the Portfolios and future prospects of each Portfolio; (b) the similarity of the investment advisory, distribution and administration arrangements, the fact that the Portfolios have the same custodian, transfer agent, dividend disbursing agent and independent accounts, and the fact that the Portfolios expect the reorganization to realize savings in fixed expenses; (c) alternative options to the reorganization; (d) the potential benefits to Aetna; (e) the terms and conditions of the reorganization; (f) the similarity of the investment objectives; policies and restrictions of the two Portfolio; (g) the representation

that Aetna would bear the costs of the reorganization; and (h) the tax consequences expected to result from the reorganization. The board also considered ALIAC's proposal for managing the assets of the Portfolios, whereby after the reorganization, ALIAC and its affiliate, Aeltus Investment Management, Inc., would be the investment adviser and subadviser, respectively, to the International Growth Fund, subject to shareholder approval.

7. Applicants contemplate that the Plan will be submitted for approval by the shareholders of the Asian Growth Fund at a meeting scheduled to be held on or about August 28, 1996. A registration statement containing a combined prospectus/proxy statement has been filed with the SEC. The prospectus/proxy statement will be sent to shareholders of the Asian Growth Fund on or about July 25, 1996. Shareholders of the Select Class and Adviser Class shares of the Asian Growth Fund will vote together as a single class. Assuming that the required shareholder vote is obtained at the shareholders' meeting, the closing is expected to be held August 30, 1996.

8. Applicants agree not to make any material changes to the Plan that affect representations in the application without the prior approval of the SEC.

#### Applicants' Legal Analysis

1. Section 17(a), in pertinent part, prohibits an affiliated person of a registered investment company, acting as principal, from selling to or purchasing from such registered company, any security or other property.

2. Section 2(a)(3) of the Act defines the term "affiliated person" of another person to include, among other persons, any person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of such other person; any person directly or indirectly controlling, controlled by, or under common control with, such other person; and, if such other person is an investment company, any investment adviser thereof.

3. Section 17(b) provides that the SEC may exempt a transaction from section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

4. Rule 17a-8 under the Act exempts from section 17(a) mergers, consolidations, or purchases or sales of substantially all the assets involving registered investment companies that may be affiliated persons solely by reason of having a common investment adviser, common directors, and/or common officers provided that certain conditions are satisfied. The reorganization may not be exempt from the prohibitions of section 17(a) by reason of rule 17a-8 because Aetna owns 5% or more of the outstanding voting securities of each Portfolio. Consequently, applicants are requesting an order under section 17(b) exempting the transactions from section 17(a) to the extent necessary to consummate the reorganization.

5. Applicants believe that the reorganization is consistent with the policies of the Portfolios and that the participation of Aetna in the reorganization would not be on a basis that is more advantageous than that of the Portfolios. Applicants believe that the terms of the proposed reorganization satisfy the standards set forth in section 17(b).

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

Margaret H. McFarland,  
Deputy Secretary.

[FR Doc. 96-18455 Filed 7-19-96; 8:45 am]  
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[Rel. No. IC-22072; 812-10034]

#### Pacific Horizons Funds, Inc., et al.; Notice of Application

July 15, 1996.

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

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

**APPLICANTS:** Pacific Horizon Funds, Inc. ("Pacific Horizon"), Master Investment Trust, Series I ("MIT I"), Master Investment Trust, Series II ("MIT II"), Seafirst Retirement Funds ("Seafirst"), Time Horizon Funds ("Time Horizon"), each existing and future series of the above-named funds, and existing and future registered investment companies or series thereof that, now or in the future, are advised by Bank of America National Trust and Savings Association ("Bank of America") or an entity controlling, controlled by, or under common control with Bank of America and any feeder fund that invests substantially all of its assets in any such investment company or series thereof

(the "Funds"); Bank of America; and Concord Financial Group, Inc. ("Concord").<sup>1</sup>

**RELEVANT ACT SECTIONS:** Order requested under section 6(c) for an exemption from section 12(d)(1)(A)(ii), under sections 6(c) and 17(b) for an exemption from section 17(a)(1) and 17(a)(2), and under rule 17d-1 to permit certain transactions in accordance with section 17(d) and rule 17d-1.

**SUMMARY OF APPLICATION:** Applicants seek an order that would permit certain Funds to use their cash reserves to purchase shares of affiliated money market funds.

**FILING DATES:** The application was filed on March 6, 1996 and was amended on May 29, 1996. Applicants have agreed to file an amendment during the notice period, the substance of which is included 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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on August 9, 1996 and should be accompanied by proof of service on the applicant, 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: Pacific Horizon, MIT II, Time Horizon, and Concord, 3435 Stelzer Road, Columbus, Ohio 43219; MIT I c/o Concord (Cayman Islands) Limited, Bank of America Building, Fort Street, George Town, Grand Cayman, Cayman Islands, British West Indies; Seafirst, 701 Fifth Avenue, Seattle, Washington 98104; and Bank of America, 555 California Street, San Francisco, California 94104.

**FOR FURTHER INFORMATION CONTACT:** Marianne H. Khawly, Staff Attorney, at (202) 942-0562, 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

<sup>1</sup> All existing funds that presently intend to rely on the requested order are named as applicants.