consistent with the policy of the investment company, as recited in its registration statement and reports filed under the Act; and (c) the proposed transaction is consistent with the general purposes of the Act.

3. Section 6(c) of the Act provides that the SEC may exempt classes of persons or transactions from the Act, where an exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

4. Applicants request an order under sections 6(c) and 17(b) of the Act exempting applicants from section 17(a) of the Act to permit Affiliated Shareholders to redeem their shares in-kind. The requested order would not apply to redemptions by shareholders who are affiliated persons of a Fund or Portfolio within the meaning of sections 2(a)(3) (B) through (F) of the Act.

5. Applicants submit that the proposed transactions meet the standards set forth in sections 6(c) and 17(b) of the Act. Applicants believe that the use of proposed objective standards for the selection and valuation of securities to be distributed in an in-kind redemption to an Affiliated Shareholder will ensure that the proposed transactions will be on terms that are reasonable and fair to the Portfolios, the Affiliated Shareholders, and non-Affiliated Shareholders, and will not involve overreaching on the part of any person.

6. Applicants submit that the proposed transactions are consistent with the investment policy of each Fund and Portfolio. Applicants further submit that the proposed transactions are consistent with the general purposes of the Act because no Affiliated Shareholder would receive any advantage over any other shareholder if the proposed transactions are effected. Affiliated Shareholders who wish to redeem shares would receive the same in-kind distribution of securities, and in the case of the PreservationPlus Fund, Cloned Wrapper Agreements, and cash on the same basis as other shareholders wishing to redeem their shares.

Applicants' Conditions

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

1. The portfolio securities distributed to Affiliated Shareholders and non-Affiliated Shareholders pursuant to a redemption in-kind (the ''In-Kind Portfolio Securities'') will be limited to securities that are traded on a public securities market or for which quoted bid and asked prices are available.

2. The In-Kind Portfolio Securities will be distributed to Affiliated Shareholders on a pro rata basis after excluding: (a) securities which, if distributed, would be required to be registered under the Securities Act of 1933; and (b) securities issued by entities in countries which restrict or prohibit the holding of securities by non-nationals other than through qualified investment vehicles, such as the Portfolios. Cash will be paid for that portion of the Portfolio's assets represented by cash equivalents (such as certificates of deposit, commercial paper, and repurchase agreements) and other assets that are not readily distributable (including receivables and prepaid expenses), net of all liabilities (including accounts payable). In addition, cash will be distributed in lieu of portfolio securities not amounting to round lots or fractional shares.

3. The terms and conditions of the Cloned Wrapper Agreements will be substantially similar to those Wrapper Agreements held by the PreservationPlus Portfolio.

4. The board of trustees of a Fund or Portfolio (''Board''), including a majority of the disinterested trustees, will determine no less frequently than annually: (a) whether the In-Kind Portfolio Securities and Cloned Wrapper Agreements have been distributed in accordance with conditions 1, 2 and 3; and (b) whether the distribution of any such In-Kind Portfolio Securities and Cloned Wrapper Agreements is consistent with the policies of the relevant Fund or Portfolio as reflected in the prospectus of the Fund or the Portfolio. In addition, each Board shall make and approve such changes as the Board deems necessary in its procedures for monitoring compliance by applicants with the terms and conditions of the application.

5. The relevant Fund or Portfolio will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any redemption in-kind to an Affiliated Shareholder occurred, the first two years in an easily accessible place, a written record of each such redemption setting forth a description of each security distributed, the identity of the Affiliated Shareholder, the terms of the distribution, and the information or materials upon which the valuation was made.

6. In-Kind Portfolio Securities and Cloned Wrapper Agreements distributed to Affiliated Shareholders and non-Affiliated Shareholders will be valued in the same manner as they would be valued for computing a Fund's or a Portfolio's net asset value per share.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–17712 Filed 7–2–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Releases No. IC–23289, 812–11120]

The Evergreen Equity Trust, et al.; Notice of Application

June 26, 1998.

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

ACTION: Notice of application for an order under section 17(b) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit certain series of registered open-end management investment companies to acquire all of the assets and certain stated liabilities of certain series of another registered open-end management investment company.

APPLICANTS: Evergreen Equity Trust, Evergreen Select Equity Trust, Evergreen International Trust, Evergreen Fixed Income Trust, Evergreen Select Fixed Income Trust, Evergreen Municipal Trust, Evergreen Money Market Trust, Evergreen Select Money Market Trust (together with their series, the ''Evergreen Funds''), CoreFunds, Inc. (with its series, the ''CoreFunds'' and together with the Evergreen Funds, the ''Funds''), and First Union National Bank (''FUND'').

FILING DATES: The application was filed on April 23, 1998 and amended on June 24, 1998. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

HEARING ON NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request 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 21, 1998, and should be accompanied by proof of service on the applicants, in the form of an affidavit or, for lawyers, a certificate or 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: FUNB, 201 S. College Street, Charlotte, North Carolina 20288; CoreFunds, Inc., 530 East Swedesford Road, Wayne, Pennsylvania 19087; The Evergreen Funds, 200 Berkeley Street, Boston, Massachusetts 02116.

FOR FURTHER INFORMATION CONTACT: John K. Forst, Attorney Advisor, at (202) 942–0569, or Edward P. Macdonald, 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, 450 Fifth Street, NW, Washington, DC 20549 (tel. 202–942–8090).

Applicant's Representations

1. The CoreFunds is a Maryland corporation registered under the Act as an open-end management investment company. CoreFunds consist of twenty-one separate series, nineteen of which are the selling funds (''Selling Funds'')[1] CoreStates Investment Advisers, Inc. (''CSIA'') is registered under the Investment Advisers Act 1940 (''Advisers Act'') and is the investment adviser for the CoreFunds.

2. The Evergreen Funds are Delaware business trusts and each is registered under the Act as an open-end management investment company. Nineteen of the Evergreen Funds' series are the acquiring funds (''Acquiring Funds''). FUNB, a subsidiary of First Union Corporation (''First Union'') , is a national banking association. FUNB is not required to register under the Advisers Act. The Capital Management Group, a division of FUNB and two of FUNB's subsidiaries, Evergreen Asset Management Corp. and Keystone Investment Management Company as well as Meridian Investment Company, an indirect wholly-owned subsidiary of First Union are the investment advisers to the Evergreen Funds. Evergreen Asset Management Corp. and Keystone Investment Management Company are each registered under the Advisers Act. FUNB, as a fiduciary for its customers, owns of record 5% (in some cases 25%) or more of the outstanding voting securities of each of the Selling Funds or their respective Acquiring Funds.

3. On April 30, 1998, CoreStates Financial merged with and into a wholly-owned subsidiary of First Union (the ''Merger''). CSIA was a wholly-owned, indirect subsidiary of CoreStates Financial. As a result of the Merger, CSIA became a wholly-owned subsidiary of FUNB. .

4. On February 6 and 11, 1998 respectively, the board of CoreFunds and each Evergreen Fund (the ''Boards''), including a majority of the directors/trustees who are not ''interested persons'' under section 2(a)(19) of the Act (the ''Independent Directors''), approved plans of reorganization under which the Acquiring Funds will acquire corresponding Selling Funds with similar investment objectives (the ''Plans''). Pursuant to the Plans, each Selling Fund has agreed to sell all of its assets and certain stated liabilities to the corresponding Acquiring Fund in exchange for shares of the Acquiring Fund (the ''Reorganizations.'')[2] As a result of the Reorganizations, each Selling Fund shareholder will receive Acquiring Fund shares having an aggregate net asset value equal to the aggregate net asset value of the corresponding Selling Fund's shares held by that shareholder calculated as of the close of business immediately prior to the date on which the Reorganizations will occur. Applicants expect that the Reorganizations will occur on or about July 27, 1998 (the ''Closing Date'').

5. The Selling Funds, except for the money market funds, offer four classes of shares: Classes A Individual, B Individual, C Individual, and Y (Institutional) Shares. Certain of the Acquiring Funds offer one or more of six classes of shares, which are Classes A, B, C, Y, Institutional, and Institutional Service Shares.

6. Under the Plans, holders of Class A and Class B Shares of CoreFunds Balanced Fund, CoreFunds Intermediate Municipal Bond Fund, CoreFunds New Jersey Municipal Bond Fund, CoreFunds Pennsylvania Municipal Bond Fund, CoreFunds Cash Reserve Fund, CoreFunds Tax-Free Reserve Fund, CoreFunds Treasury Reserve Fund, CoreFunds International Growth Fund, CoreFunds Government Income Fund, and CoreFunds Core Equity Fund will receive Class A or B Shares of the corresponding Acquiring Fund. Holders of Class A and B Shares of the remaining Selling Funds will receive Institutional Service Shares of the corresponding Acquiring Fund. Holders of Class C Shares of the CoreFunds Cash Reserve Fund, CoreFunds Tax-Free Reserve Fund and CoreFunds Treasury Reserve Fund will receive Class A Shares of the corresponding Acquiring Fund. Holders of Class C Shares of the remaining Selling Funds will receive Institutional Service Shares of the corresponding Acquiring Fund. Holders of Class Y Shares of the CoreFunds Balanced Fund, CoreFunds Intermediate Municipal Bond Fund, CoreFunds New Jersey Municipal Bond Fund, CoreFunds Pennsylvania Municipal Bond Fund, CoreFunds Cash Reserve Fund, CoreFunds Tax-Free Reserve Fund, CoreFunds Treasury Reserve Fund, CoreFunds International Growth Fund, CoreFunds Government Income Fund, and CoreFunds Core Equity Fund will receive Class Y Shares of the corresponding Acquiring Fund. Holders of Class Y Shares of the remaining Selling Funds will receive Institutional Shares of the corresponding Acquiring Fund.

7. Class Y (Institutional) Shares of the Selling Fund and Class Y and Institutional Shares of the Acquiring Funds are not subject to any asset-based distribution or administrative service fees. Class C Shares of the Selling Funds and Institutional Service Shares of the Acquiring Funds are subject to an asset-based distribution fee. Class A Individual and Class A Shares are subject to varying front-end sales charges and asset-based distribution fees. Class B Individual and Class B Shares are subject to varying contingent deferred sales charges and asset-based distribution fees. No initial sales charge will be imposed in connection with Class A Shares and no contingent

[1] The CoreFunds Elite Government Reserve Fund has not commenced operations as the date of the filing of the application and is not being acquired by the Evergreen Funds. The CoreFunds Treasury Reserve Fund will reorganize into the Evergreen Treasury Money Market Fund and will rely on rule 17a–8. Accordingly, these three series are not parties to this application.

[2] The Selling Funds and the corresponding Acquiring Funds are: CoreFunds Balanced Fund and Evergreen Foundation Fund; CoreFunds Growth Equity Fund and Evergreen Select Strategic Growth Fund; CoreFunds International Growth Fund and Evergreen International Growth Fund; CoreFunds Government Income Fund and Evergreen U.S. Government Fund; CoreFunds Bond Fund and Evergreen Select Income Plus Fund; CoreFunds Short-Intermediate Bond Fund and Evergreen Select Fixed Income Fund; CoreFunds Short-Term Income Fund and Evergreen Select Limited Duration Fund; CoreFunds Intermediate Municipal Bond Fund and Evergreen High Grade Tax Free Fund; CoreFunds New Jersey Municipal Bond Fund and Evergreen New Jersey Tax-Free Income Fund; CoreFunds Pennsylvania Municipal Bond Fund and Evergreen Pennsylvania Tax-Free Fund; CoreFunds Cash Reserve Fund and Evergreen Money Market Fund; CoreFunds Tax-Free Reserve Fund and Evergreen Municipal Money Market Fund; CoreFunds Elite Cash Reserve Fund and Evergreen Select Money Market Fund; CoreFunds Elite Tax-Free Reserve Fund and Evergreen Select Municipal Money Market Fund; CoreFunds Elite Treasury Reserve Fund and Evergreen Select Treasury Money Market Fund; CoreFunds Global Bond Fund and Evergreen Select International Bond Fund; CoreFunds Core Equity Fund and Evergreen Stock Selector Fund; CoreFunds Equity Index Fund and Evergreen Select Equity Index Fund; CoreFunds Special Equity Fund and Evergreen Select Special Equity Fund.

deferred sales charge will be imposed with respect to Class B Institutional Service Shares.

8. The investment objectives of each Selling Fund and its corresponding Acquiring Fund are substantially similar. The investment restrictions and limitations of each Selling Fund and its corresponding Acquiring Fund also are substantially similar, but in some cases involve differences that reflect the differences in the general investment strategies utilized by the Funds.

9. The Boards, including a majority of Independent Directors, approved the Reorganizations in the best interests of existing shareholders of the Funds and determined that the interests of existing shareholders will not be diluted. The Boards considered a number of factors in authorizing the Reorganizations, including: (a) The terms and conditions of the Reorganizations; (b) whether the Reorganizations would result in the dilution of shareholders' interests; (c) expense ratios of the Funds, fees and expenses of the Reorganizations; (d) the comparative performance records of the Funds; (e) compatibility of the Funds' investment objectives and policies; (f) the investment experience, expertise and resources of the Funds' advisers; (g) service features available to shareholders of the respective Acquiring Fund and Selling Fund; (h) the fact that FUNB will bear the expenses incurred by the Funds in connection with the Reorganizations; (i) the fact that the Acquiring Funds will assume the identified liabilities of the Selling Funds; and (j) the expected federal income tax consequences of the Reorganizations. FUNB will pay the expenses of the Reorganizations other than the Acquiring Funds' federal and state registration fees.

10. The Plans may be terminated by either the Selling or Acquiring Fund at or prior to the Closing Date if the other party breaches any provision of a Plan that was to be performed and the breach is not cured within 30 days or a condition precedent to the terminating party's obligations has not been met and it appears that the condition precedent will not or cannot be met.

11. Registration statements on Form N–14 containing preliminary combined prospectus/proxy statements for each Fund Reorganization, were filed with the SEC between April 10, 1998 and June 10, 1998. A final prospectus/proxy was mailed to shareholders of the Selling Funds on June 10, 1998, except for the CoreFunds Global Bond Fund the prospectus/proxy for which will be mailed on or about July 10, 1998. A special meeting of the Selling Funds' shareholders will be held on or about July 17, 1998 for all Selling Funds except for the CoreFunds Global Bond Fund the meeting of whose shareholders will be held on or about August 17, 1998.

12. The consummation of each Reorganization under the Plans is subject to a number of conditions precedent, including: (a) The Plans have been approved by the Boards and each of the Funds' shareholders in the manner required by applicable law; (b) management of each Selling Fund solicits proxies from its shareholders seeking approval of the Reorganizations; (c) the Funds have received opinions of counsel stating, among other things, that each Reorganization will not result in federal income taxes for the Fund or its shareholders; and (d) the Funds have received from the SEC an order exempting the Reorganizations from the provisions of section 17(a) of the Act. Applicants agree not to make any material changes to the Plans that affect the application without prior SEC approval.

Applicants' Legal Analysis

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or any affiliated person of the person, acting as principal, knowingly from selling any security to, or purchasing any security from the company. Section 2(a)(3) of the Act defines the term *affiliated person* of another person to include: (a) Any person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of the other person; (b) any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the other person; (c) any person directly or indirectly controlling, controlled by, or under common control with, the other person; and (d) if the other person is an investment company, any investment adviser of the person.

2. Rule 17a–8 under the Act exempts from the prohibitions of section 17(a) of the Act mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions are satisfied.

3. Applicants believe that they cannot rely on rule 17a–8 under the Act because the Funds may be affiliated for reasons other than those set forth in the rule. The Selling Funds may be affiliated persons of FUNB because FUNB, as fiduciary for its customers, owns of record 5% or more of the outstanding securities of the Selling Funds. FUNB, in turn, is an affiliated person of the Acquiring Funds because FUNB, or one of its affiliates, serves as adviser to the Acquiring Funds. In addition, the Acquiring Funds may be affiliated persons of FUNB because FUNB, as fiduciary for its customers, owns of record 5% or more of the outstanding securities of the Acquiring Funds.

4. Section 17(b) of the Act provides that the SEC may exempt a transaction from section 17(a) of the Act if evidence establishes that (a) 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; (b) the proposed transaction is consistent with the policy of each registered investment company concerned; and (c) the proposed transaction is consistent with the general purposes of the Act.

5. Applicants request an order under section 17(b) of the Act exempting them from section 17(a) of the Act to the extent necessary to consummate the Reorganizations. Applicants submit that the Reorganizations satisfy the provisions of section 17(b) of the Act. Applicants state that the Board of each of the Funds has determined that the transactions are in the best interests of the shareholders and that the interests of the existing shareholders will not be diluted as a result of the Reorganizations. In addition, applicants state that the exchange of the Selling Funds' shares for shares of the Acquiring Funds will be based on the relative net asset values.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–17783 Filed 7–2–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–23288; File No. 812–11004]

Phoenix Home Life Mutual Insurance Company, et al.; Notice of Application

June 26, 1998.

AGENCY: Securities and Exchange Commission (''Commission''

ACTION: Notice of application (''Application'') for order pursuant to Section 26(b) and Section 17(b) of the Investment Company Act of 1940 (the ''Act'' or the ''1940 Act'').