

scale, compared to the costs of continuing the operation of Fund B separately from Fund A. Applicants assert that enhanced flexibility in the management of Fund B's relatively small investment portfolio, and enhanced opportunities for portfolio diversification, may be obtained through combining the assets of Fund B with those of Fund A.

Conclusion

Applicants submit that, for the reasons and upon the facts set forth above, the requested exemption from Section 17(a) of the 1940 Act to permit the proposed reorganization meets the standards in Section 17(b) of the 1940 Act. In this regard, Applicants assert that the proposed reorganization is fair and reasonable, does not involve overreaching on the part of any person concerned, is consistent with the policy of each registered investment company concerned, as recited in its registration statement and reports filed under the 1940 Act, and is consistent with the provisions, policies and purposes of the 1940 Act.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 95-19717 Filed 8-9-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. IC-21268; 812-8892]

TIFF Investment Program, Inc. and Foundation Advisers Inc.; Notice of Application

Dated: August 3, 1995.

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

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

APPLICANTS: TIFF Investment Program, Inc. ("TIP") and Foundation Advisers Inc. ("FAI").

RELEVANT ACT SECTIONS: Order requested under section 6(c) for an exemption from section 15(a) and rule 18f-2.

SUMMARY OF APPLICATION: TIP is a registered investment company advised by FAI. FAI oversees the selection of other investment advisers for the TIP portfolios, monitors such investment advisers, and allocates assets among them. The order would permit an investment adviser other than FAI to serve as an investment adviser to one or more portfolios of TIP without receiving prior shareholders approval.

FILING DATES: The application was filed on March 18, 1994, and amended on July 6, 1994, October 21, 1994, and July 19, 1995.

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 29, 1995, and should be accompanied by proof of service on the 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, c/o AMT Capital Services, Inc., 430 Park Avenue, 17th Floor, New York, New York 10022.

FOR FURTHER INFORMATION CONTACT: Marc Duffy, Senior Attorney, at (202) 942-0565, 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. TIP is a registered open-end management investment company consisting of seven series: TIFF U.S. Equity Fund, TIFF International Equity Fund, TIFF Emerging Markets Fund, TIFF Bond Fund, TIFF Short-Term Fund, TIFF Global Equity Fund, and TIFF Multi-Asset Fund (each a "Fund," and together, the "Funds"). Investment in TIP is available only to grantmaking foundations and other organizations that qualify for exemption from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986 ("501(c)(3) organizations"), other than educational endowments.

2. FAI is registered as an investment adviser under the Investment Advisers Act of 1940. FAI serves as investment adviser for the TIP Funds. FAI is a not-for-profit corporation the purpose of which is to facilitate investment by foundations and other 501(c)(3) organizations, other than educational endowments, in securities and other assets. The fee schedule between TIP and FAI reflects the essentially cost-

recovery, not-for-profit orientation of the undertaking.

3. Applicants believe that returns can be enhanced by careful selection and blending of styles of several investment managers within a single asset class. Accordingly, the Funds are structured as multi-manager investment vehicles for implementation of long-term asset allocation strategies. Investment advisory services for each Fund will be provided by two or more outside money managers, each of whom will have different but complementary styles and specific, targeted performance objectives. Applicants believe that TIP's use of multiple managers for each Fund will be a principal reason that foundations will invest in the TIP Funds.

4. Applicants seek an exemption from section 15(a) and rule 18f-2 to permit an investment adviser other than FAI (a "Money Manager") to serve as an investment adviser to one or more series funds established and maintained by TIP under a written contract that has not been approved by a vote of the majority of the outstanding voting securities of the TIP series, including a contract that has terminated as a result of its "assignment." Although shareholders will not vote on Money Manager changes, applicants will provide shareholders with an information statement that includes all the information that would be included in proxy statement within 60 days of the hiring of any new Money Manager or the implementation of any proposed material change in a Money Manager contract.

5. FAI bears responsibility for identifying, evaluating, selecting, and monitoring Money Managers, formulating and refining objectives and guidelines appropriate to each Money Manager, and evaluating and negotiating advisory fees. To discharge its duties, FAI must recommend the replacement of Money Managers, and propose changes in the agreement between each Money Manager and the TIP Fund that employs it.

6. TIP will rely on FAI to monitor the performance of each Money Manager employed by TIP, as well as other attributed that could affect a Money Manager's future performance (e.g., growth in assets under management, personnel turnover, etc.). Applicants believe that it is in the best interest of TIP's shareholders for TIP's directors to be able to respond promptly to FAI's recommendations by negotiating changes in Money Managers' contracts or, if necessary, by adding one or more new Money Managers.

Applicants' Legal Analysis

1. Section 15(a) makes it unlawful for any person to act as investment adviser to a registered investment company except pursuant to a written contract that has been approved by a majority of the investment company's outstanding voting securities. Rule 18f-2 provides that each series or class of stock in a series company affected by a matter must approve such matter if the Act requires shareholder approval.

2. Applicants believe the Funds would incur substantial unnecessary expenses if they were required to obtain shareholder approval of Money Manager changes deemed necessary for the effective functioning of TIP's multi-manager program. Further, the delay associated with holding a meeting solely for this purpose would hamper FAI in performing its manager selection and allocation duties.

3. TIP's multi-manager structure is prominently featured in its Prospectus and Statement of Additional Information. Descriptions of the criteria used by FAI to select Money Managers and to establish appropriate compensation structures for the Money Managers, as well as descriptions of each Money Manager, are included in TIP's Prospectus and Statement of Additional Information.¹

4. Given TIP's multi-manager structure, a decision to hire a new Money Manager for the TIP Funds is closely analogous to the decision by a money management firm to hire another portfolio manager or analyst. Under TIP's investment advisory agreements, the duties and responsibilities of a Money Manager employed by TIP is limited to the management of a defined portion of a Fund's assets allocated to the Money Manager by FAI. No Money Manager has responsibility for the ongoing administration and corporate maintenance of TIP or for the servicing of its shareholders, those functions being exclusively the responsibility of FAI and AMT Capital Services, Inc., which acts pursuant to contract with TIP as administrator and distributor of the TIP Funds.

5. The relationship between FAI acting on behalf of TIP on the one hand, and a Money Manager on the other, is entirely at arm's length. The Money Managers employed by TIP have not sponsored the TIP Funds. The order will be conditioned to ensure that there can

be no officer or director of TIP or FAI who will own (other than through a pooled investment vehicle) any interest in a Money Manager except for ownership of less than 1% of the outstanding securities of a publicly-traded company that is a Money Manager or an entity that controls, is controlled by, or is under common control with a Money Manager.

6. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction from any provision of the Act, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the policies and purposes fairly intended by the policies and provisions of the Act. Applicants believe that the requested relief meets this standard.

Applicants' Conditions

Applicants agree that the requested exemption will be subject to the following conditions:

1. FAI will not enter into a Money Manager contract with any Money Manager that is an affiliated person (as defined in section 2(a)(3) of the Act) of TIP or FAI other than by reason of serving as a Money Manager to one or more of the Funds (an "Affiliated Money Manager") without such agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Fund.

2. At all times, a majority of the directors of TIP will be persons each of whom is not an "interested person" of TIP (as defined in section 2(a)(19) of the Act) (the "Independent Directors"), and the nomination of new or additional Independent Directors will be placed with the discretion of the then existing Independent Directors.

3. When a Money Manager change is proposed for a Fund with an Affiliated Money Manager, the directors of TIP, including a majority of the Independent Directors, will make a separate finding, reflected in TIP's board minutes, that such change is in the best interests of the Fund and its shareholders and does not involve a conflict of interest from which FAI or the Affiliated Money Manager derives an inappropriate advantage.

4. FAI will provide general management and administrative services to TIP, and, subject to review and approval by TIP's directors, will: (a) set the Funds' overall investment strategies; (b) select Money Managers; (c) allocate and, when appropriate, reallocate the Funds' assets among Money Managers; (d) monitor and

evaluate the performance of Money Managers; and (e) ensure that the Money Managers comply with TIP's investment objectives, policies, and restrictions.

5. New Funds of TIP created after the issuance of the order will disclose their reliance on the order in their prospectuses and will have such reliance approved by consent of their sole shareholder.

6. Within 60 days of the hiring of any new Money Manager or the implementation of any proposed material change in a Money Manager contract, FAI will furnish shareholders all information about a new Money Manager or Money Manager contract that would be included in a proxy statement. Such information will include any change in such disclosure caused by the addition of a new Money Manager or any proposed material change in the Fund's Money Manager contract. FAI will meet this condition by providing shareholders, within 60 days of the hiring of the Money Manager or the implementation of any material change to the terms of a Money Manager contract, with an information statement meeting the requirements of Regulation 14C and Schedule 14C under the Securities Exchange Act of 1934 (the "Exchange Act"). The information statement also will meet the requirements of Schedule 14A under the Exchange Act.

7. No director or officer of TIP or FAI will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by any such director or officer) any interest in a Money Manager except for: (a) ownership of interests in FAI or any entity that controls, is controlled by, or is under common control with FAI; or (b) ownership of less than 1% of the outstanding securities of any class of equity or debt of a publicly-traded company that is either a Money Manager or an entity that controls, is controlled by, or is under common control with a Money Manager.

8. TIP will disclose in all prospectuses relating to any Fund the existence, substance, and effect of any order granted pursuant to the application.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 95-19716 Filed 8-9-95; 8:45 am]

BILLING CODE 8010-01-M

¹ Since TIP commenced operations in May 1994, it has disclosed in its prospectus that it was seeking an exemptive order from the SEC exempting it from the requirement that each agreement between TIP and a Money Manager be approved by a vote of a majority of the shareholders of the affected Fund.