

accompanied by proof of service on Applicant in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requestor's interests, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

**ADDRESSES:** Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549. Applicant, 680 East Swedesford Road, Wayne, Pennsylvania 19087-1658.

**FOR FURTHER INFORMATION CONTACT:** Zandra Y. Bailes, Staff Attorney, or Patrice M. Pitts, Branch Chief, both at (202) 942-0670, Office of Insurance Products (Division of Investment Management).

**SUPPLEMENTARY INFORMATION:** Following is a summary of the application; the complete application is available for a fee from the SEC's Public Reference Branch.

#### Applicant's Representations

1. The Applicant is an open-end diversified management company organized as a Massachusetts business trust.

2. On June 10, 1994, the Applicant filed with the Commission a notification of registration as an investment company on Form N-8A, pursuant to Section 8(a) of the Act, and a registration statement on Form N-1A (File Nos. 33-80158 and 811-8562), pursuant to the Securities Act of 1933 (the "1933 Act") and Section 8(b) of the 1940 Act.

3. Pursuant to Rule 24f-2 under the 1940 Act, the Applicant registered an indefinite amount of securities under the 1933 Act. Those securities consisted of six classes of capital stock: International Growth Fund, Growth Fund, Aggressive Growth Fund, Income Equity Fund, Income Equity Fund, Intermediate Fixed Income Fund and Money Market Fund. Shares of the Applicant were not assigned a par value. The Form N-1A registration statement was declared effective on November 15, 1994; distribution activities commenced on December 30, 1994.

4. As of December 31, 1995, less than \$2,100,000 represented variable contract owner investment in the Trust. At the meeting of the Trust's Board of Trustees on December 4-5, 1995, management of the Trust reported to the Board its belief that a significant increase of investment in the Trust was unlikely and recommended that the Board consider closing the Trust. The Trust's December 31, 1995 Annual Report to investors disclosed that the Trust had not met

management's growth expectations and that consideration was being given to closing the Trust. During the ensuing months variable annuity contract owners voluntarily redeemed or transferred their interests in the subaccounts of the separate account investing in the Trust. Redemption of the Trust's shares continued until May 30-31, 1996, when SEI Financial Management Corporation ("SEI Financial")—an investment adviser of the Trust—redeemed its seed money shares. All redemptions of the Trust's shares occurred at net asset value.

5. The securities of the Trust were disposed by the investment advisers and sub-advisers in accordance with their normal practices for effecting portfolio transactions. Approximate brokerage commissions paid for disposing of the securities was \$4,351.

6. During the last 18 months, the Applicant has not, for any reason, transferred any of its assets to a separate trust.

7. At the time of filing this application, the Applicant retained no assets.

8. The Applicant does not have any debts or other liabilities which remain outstanding.

9. The Applicant is not a party to any litigation or administrative proceeding.

10. At the time of filing this application, the Applicant has no security holders.

11. The Applicant is not now engaged, nor does it propose to engage, in any business activities other than those necessary for the winding-up of its affairs.

12. All legal, accounting, and other expenses incurred in connection with the liquidation have been or will be borne by SEI Corporation (the parent company of SEI Financial) or a subsidiary thereof.

13. On December 31, 1996, the Applicant filed Articles of Dissolution with the Secretary of the Commonwealth of Massachusetts, Corporation Division, which were effective upon receipt by the Division. Accordingly, the Applicant no longer has legal existence under Massachusetts law.

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

Margaret H. McFarland,

*Deputy Secretary*

[FR Doc. 97-3622 Filed 2-12-97; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22498; 812-10430]

#### Liberty All-Star Equity Fund, et al.; Notice of Application

February 6, 1997.

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

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

**APPLICANTS:** Liberty All-Star Equity Fund ("All-Star") and Liberty Asset Management Company ("LAMCO").

**RELEVANT ACT SECTIONS:** Order requested under section 6(c) for an exemption from section 15(a) of the Act.

**SUMMARY OF APPLICANT:** Applicants request an order amending an existing order, which amended a prior order, that let the Fund's investment adviser hire and fire sub-advisers and enter new sub-advisory agreements resulting from an "assignment," as defined in the Act, and delay shareholder approval until the next annual shareholder meeting. Among other things, the existing order is subject to a requirement that the new subadvisory agreement will affect no more than 25% of the Fund's assets. The amended order would eliminate this condition.

**FILING DATES:** The application was filed on November 14, 1996, and amended on February 3, 1997.

**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 March 3, 1997, 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, N.W., Washington, DC 20549. Applicants: Federal Reserve Plaza, Boston, MA 02210.

**FOR FURTHER INFORMATION CONTACT:** Christine Y. Greenless, Senior Counsel, at (202) 942-0581 or Mary Kay Frech, Branch Chief, at (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

**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. All-Star is a closed-end diversified management investment company.

LAMCO, a registered investment adviser, is an indirect wholly-owned subsidiary of Liberty Financial Companies, Inc. ("LFC"). LFC is an indirect majority-owned subsidiary of Liberty Mutual Insurance Company.

2. All-Star employs a multi-manager methodology of portfolio management. It allocates its investment portfolio on an approximately equal basis among several independent investment management firms ("Sub-Advisors"), currently five in number, selected and recommended from time to time by LAMCO based on specific criteria, inducing a sufficient diversity and breadth of investment styles. None of the Sub-Advisors has any affiliation with All-Star or LAMCO other than as Sub-Advisor.

3. Applicants received an order that permits All-Star and LAMCO to enter into new subadvisory agreements incident to a change in Sub-Advisors or the addition of a Sub-Advisor recommended by LAMCO and to delay shareholder approval of such agreements until All-Star's next annual meeting of shareholders (the "Prior Order").<sup>1</sup> Subsequently, applicants received an order amending the Prior Order to extend the relief granted therein so that, in the event of a sale of assets, merger, or transfer of voting securities of a Sub-Advisor or other transaction constituting an "assignment" (as defined in section 2(a)(4) of the Act), of All-Star's subadvisory agreement with such Sub-Advisor, All-Star, LAMCO, and such Sub-Advisor or its successor could enter into a new subadvisory agreement and delay shareholder approval of such agreement until All-Star's next annual meeting of shareholders ("the Existing Order").<sup>2</sup> Applicants reaffirm all of the representations made in the original applications, as amended, for the Prior Order and the Existing Order.

4. Among other things, the Existing Order is conditioned upon the requirement that the new subadvisory agreement involved will, when entered into, affect no more than approximately 25% of All-Star's assets. Applicants seek to amend the Existing Order to eliminate such restriction.

<sup>1</sup> Investment Company Act Release Nos. 19436 (April 27, 1993) (notice) and 19491 (May 25, 1993) (order).

<sup>2</sup> Investment Company Act Release Nos. 20347 (June 8, 1994) (notice) and 20355 (July 6, 1994) (order).

#### Applicants' Legal Analysis

1. Section 15(a) of the Act makes it unlawful for any person to act as an investment adviser to a registered investment company except pursuant to a written contract, whether with such registered company or with an investment adviser of such registered company, which has been approved by the majority vote of the outstanding voting securities of such registered company.

2. Applicants state that All-Star's multi-manager methodology of portfolio management is based on the premise that most investment management firms consistently employ a distinctive investment style that causes them to emphasize stocks with particular characteristics, and that, because of changing investor preferences, any given investment style will move into and out of market favor and will result in better investment performance under certain market conditions, but less successful performance under other conditions. All-Star's multi-manager methodology, by allocating its portfolio among several Sub-Advisors employing different investment styles, seeks to achieve more consistent and less volatile performance over the long term than if a single investment style was employed throughout the entire period. The Sub-Advisors recommended by LAMCO represent a blending of different investment styles, which, in its opinion, is appropriate to All-Star's investment objective, and which is sufficiently broad so that, insofar as All-Star's investment objective permits, at least one of such styles can reasonably be expected to be in market favor in all reasonable foreseeable market conditions.

3. LAMCO believes that the investment styles of certain investment management firms may result in more volatile performance than those of other firms. Accordingly, it believes that the objectives of reducing volatility and providing a blending of different investment styles appropriate for All-Star's investment objectives may be better served by allocating more than an equal portion of All-Star's assets to a Sub-Advisor whose investment style is expected to result in less volatile performance than those of the other Sub-Advisors, and allocating the remaining assets among the other Sub-Advisors (not necessarily on an equal basis). The relative allocations among the Sub-Advisors, once established, would be maintained through rebalancings at approximately the same levels until the next change or addition of a Sub-Advisor.

4. Applicants submit that, except for the fact that any order granting the requested relief will not contain the Existing Order's requirement that the new subadvisory agreement involved will, when entered into, affect no more than approximately 25% of All-Star's assets, each of the factors that provided the basis for the granting of the Prior Order and the Existing Order would continue to apply.

5. Section 6(c) of the Act authorizes the SEC to exempt persons or transactions from the provisions of the Act to the extent that such exemptions are 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. Applicants submit that the requested amendment to the exemption from section 15(a) of the Act granted by the Existing Order would be consistent with the standards set forth in section 6(c) of the Act and would be in the best interests of All-Star and its shareholders.

#### Applicants' Conditions

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

1. The new sub-advisory agreement will be submitted for ratification and approval to the vote of All-Star's shareholders no later than at the regularly scheduled annual meeting of shareholders of All-Star next following the effective date of the new sub-advisory agreement, and its continuance after such meeting will be conditioned on approval by a majority vote (as defined in section 2(a) (42) of the Act) of such shareholders.

2. All-Star will continue to hold annual meetings of its shareholders, whether or not required to do so by the rules of the New York Stock Exchange, Inc. or otherwise.

3. The trustees of All-Star, in addition to approving the new sub-advisory agreement in accordance with the requirements of section 15(c) of the Act, will specifically determine that entering into a sub-advisory agreement in advance of the next regular annual meeting of the shareholders of All-Star, and without prior shareholder approval is in furtherance of All-Star's multi-manager methodology, and is in the best interests of All-Star and its shareholders.

4. The new Sub-Advisor will have no affiliation with All-Star or LAMCO other than as Sub-Advisor, and will have no duties or responsibilities with respect to All-Star beyond the investment management of the portion of All-Star's portfolio assets allocated to

it by LAMCO from time to time and related record keeping and reporting.

5. The new sub-advisory agreement will provide for a sub-advisory fee no higher than that provided in All-Star's existing sub-advisory agreements and, except for the provisions relating to shareholder approval referred to in condition 1 above, will be on substantially the same other terms and conditions as such existing agreements. In the event that the new sub-advisory agreement provides for sub-advisory fees at rates less than those provided in the existing agreements, the difference will be passed on to All-Star and its shareholders through a corresponding voluntary reduction in the fund management fees payable by All-Star to LAMCO.

6. The appointment of the new or successor Sub-Advisor will be announced by press release promptly following the trustees' action referred to in condition 3 above, and a notice of the new sub-advisory agreement, together with a description of the new or successor sub-Advisor, will be included in All-Star's next report to shareholders.

7. In the case of a new subadvisory agreement with an existing Sub-Advisor or its successor following an "assignment," as defined in section 2(a)(4) of the Act and the rules thereunder, off All-Star's sub-advisory agreement with that Sub-Advisor, LAMCO or the Sub-Advisor (or its successor) will pay the incremental cost of including the proposal to approve or disapprove the new sub-advisory agreement in the proxy material for the next annual meeting of All-Star Growth's shareholders.

8. LAMCO will provide overall supervisory responsibility for the general management and investment of All-Star's assets, subject to All-Star's investment objectives and policies and any directions of All-Star's trustees. In particular, LAMCO will: (a) Provide overall investment programs and strategies for All-Star; (b) recommend to All-Star's trustees investment management firms for appointment or replacement as All-Star Sub-Advisors; (c) allocate and reallocate All-Star's portfolio assets among the Sub-Advisors; and (d) monitor and evaluate the investment performance of the Sub-Advisors, including their compliance with All Star's investment objectives, policies, and restrictions.

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

Margaret H. McFarland,  
*Deputy Secretary.*

[FR Doc. 97-3543 Filed 2-12-97; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22499; 812-10436]

**Liberty All-Star Growth Fund, Inc., et al.; Notice of Application**

February 6, 1997.

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

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

**APPLICANTS:** Liberty All-Star Growth Fund, Inc. ("All-Star Growth") and Liberty Asset Management Company ("LAMCO").

**RELEVANT ACT SECTIONS:** Order requested under section 6(c) for an exemption from section 15(a) of the Act.

**SUMMARY OF APPLICATION:** Applicants request an order amending an existing order that lets All-Star Growth and LAMCO change or add sub-advisers, or continue the services of a sub-adviser following an assignment of its sub-advisory agreement, and delay shareholder approval until the next annual shareholder meeting. Among other things, the existing order is subject to a requirement that the new subadvisory agreement will affect no more than approximately one-third of All-Star Growth's assets. The amended order would eliminate this condition.

**FILING DATES:** The application was filed on November 14, 1996, and amended on February 3, 1997.

**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 March 3, 1997, 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, N.W., Washington, DC 20549. Applicants: Federal Reserve Plaza, Boston, MA 02210.

**FOR FURTHER INFORMATION CONTACT:** Christine Y. Greenlees, Senior Counsel, at (202) 942-0581 or Mary Kay Frech, Branch Chief, at (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

**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. All-Star Growth is a closed-end diversified management investment company. LAMCO, a registered investment adviser, is an indirect wholly-owned subsidiary of Liberty Financial Companies, Inc. ("LFC"). LFC is an indirect majority-owned subsidiary of Liberty Mutual Insurance Company.

2. All-Star Growth employs a multi-manager methodology of portfolio management. It allocates its investment portfolio on an approximately equal basis among several independent investment management firms ("Sub-Advisors"), currently three in number, selected and recommended from time to time by LAMCO based on specific criteria, including a sufficient diversity and breadth of investment styles. None of the Sub-Advisors has any affiliation with All-Star Growth or LAMCO other than as Sub-Advisor.

3. Applicants received an order that permits All-Star Growth and LAMCO to change or add Sub-Advisors, or continue the services of a Sub-Advisor following an assignment of its subadvisory agreement, and delay shareholder approval of the new sub-advisory agreements with such Sub-Advisors until All-Star Growth's next annual meeting of shareholders (the "Existing Order").<sup>1</sup> Applications reaffirm all of the representations made in the original application, as amended for the Existing Order, except as described below.

4. Among other things, the Existing Order is conditioned upon the requirement that the new subadvisory agreement involved will, when entered into, affect no more than approximately one-third of All-Star Growth's assets.<sup>2</sup> Applicants seek to amend the Existing Order to eliminate such restriction.

<sup>1</sup> Investment Company Act Release Nos. 20772 (Dec. 15, 1994) (notice) and 20824 (Jan. 10, 1995) (order).

<sup>2</sup> Under the Existing Order, LAMCO managed 20% of All-Star Growth's assets, subject to an increase to include all of All-Star Growth's assets as provided in an Asset Acquisition and Fund Management Transition Agreement, dated February 9, 1994, among LAMCO, Growth Stock Outlook, Inc. ("GSO"), and GSO's principal stockholder. Pursuant to that Agreement and as approved by All-Star Growth's shareholders at its 1995 annual meeting: (a) LAMCO assumed management of the remaining approximately 80% of All-Star Growth's assets; (b) the fund's name was changed to "Liberty All-Star Growth Fund, Inc.;" and (c) its investment objective was changed to long-term capital appreciation. Accordingly, since November 6, 1995, the exemptive relief granted by the Existing Order has been applicable to 100% of All Star Growth's assets.