

**RAILROAD RETIREMENT BOARD****Appointment to the Senior Executive Service Performance Review Board**

AGENCY: Railroad Retirement Board.

ACTION: Notice.

**SUMMARY:** The Railroad Retirement Board (Board) is announcing the membership on its Senior Executive Service Performance Review Board.

**ADDRESSES:** Secretary to the Board, Railroad Retirement Board, 844 Rush Street, Chicago, Illinois 60611.

**FOR FURTHER INFORMATION CONTACT:** Leonard S. Harris, Bureau of Personnel, Railroad Retirement Board, 844 Rush Street, Chicago, Illinois 60611, telephone (312) 751-4323.

**SUPPLEMENTARY INFORMATION:** Agencies are required to publish notices of appointments to their Senior Executive Service Performance Review Boards (5 U.S.C. 4314 (c)(4) and 5 CFR 430.307(b)).

The members of the Railroad Retirement Board's Performance Review Board are:

*Chairman*

Robert J. Duda—Director of Operations

*Members*

John L. Thoresdale—Director of Policy and Systems

Frank J. Buzzi—Chief Actuary

Steven A. Bartholow—Deputy General Counsel

Rachel L. Simmons—Attorney-Advisor/Assistant to Chair

James C. Boehner—Assistant to the Labor Member

Joseph M. Waechter—Assistant to the Management Member.

Dated: November 2, 1998.

By authority of the Board.

**Beatrice Ezerski,**

*Secretary to the Board.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Investment Company Act Release No. 23527; 812-11346]

**Fundamental Funds, Inc., et al.; Notice of Application**

November 6, 1998.

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

**ACTION:** Notice of application under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from section 15(a) of the Act.

**SUMMARY OF THE APPLICATION:** The requested order would permit the implementation, without prior shareholder approval, of new investment advisory agreements ("Interim Agreements") for a period beginning on the date the requested order is issued ("Order Date") and continuing through the date the Interim Agreements are approved or disapproved by the shareholders of certain registered investment companies, but in no event longer than 120 days from the Order Date ("Interim Period"). The order also would permit the payment of all fees earned under the Interim Agreements following shareholder approval.

**APPLICANTS:** Fundamental Funds, Inc. ("Fundamental Funds"), Fundamental Fixed-Income Fund ("Fixed-Income Fund"), The California Muni Fund ("Muni Fund," together with Fundamental Funds and Fixed-Income Fund, the "Funds"), and Cornerstone Equity Advisors, Inc. ("Cornerstone").

**FILING DATES:** The application was filed on October 8, 1998. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on November 27, 1998, 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 Commission's Secretary.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Funds, 67 Wall Street, New York, NY 10005. Cornerstone, 67 Wall Street, New York, NY 10005.

**FOR FURTHER INFORMATION CONTACT:** Kathleen L. Knisely, Staff Attorney, at (202) 942-0517, or Nadya B. Roytblat, Assistant Director, 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 fee at the Commission's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. 202-942-8090).

**Applicants' Representations**

1. The Funds are registered under the Act as open-end management investment companies. Fundamental Funds, a Maryland corporation, is organized as a series investment company and currently offers a single portfolio. Fixed-Income Fund, a Massachusetts business trust, is organized as a series company and currently offers three portfolios. Muni Fund, a Massachusetts business trust, offers a single portfolio. Cornerstone is registered as an investment adviser under the Investment Advisers Act of 1940.

2. On May 31, 1998, the boards of directors of the Funds ("Boards"), including a majority of directors who are not "interested persons" under section 2(a)(19) of the Act, decided not to renew the Funds' investment advisory agreement with Fundamental Portfolio Advisors, Inc. ("FPA Agreements"). Instead, the Boards entered into an interim investment advisory agreement with Tocqueville Asset Management L.P. ("Tocqueville") in reliance upon rule 15a-4 under the Act. Tocqueville's selection was made pending approval by the Funds' shareholders of an agreement and plan of reorganization ("Tocqueville Reorganization") whereby assets of each of the Funds would be transferred to a separate newly-created series of The Tocqueville Trust. In August 1998, the Boards decided to abandon the plans for the Tocqueville Reorganization and pursue other investment management arrangements.

3. On September 25, 1998, in accordance with section 15(c) of the Act, the Boards approved the Interim Agreements with Cornerstone pending its approval as successor adviser to the Funds and voted to recommend that the Interim Agreements be submitted to Funds' shareholders for approval.<sup>1</sup> Applicants anticipate that the Funds will distribute the proxy materials to the Funds' shareholders in November, 1998 and hold the shareholder meeting no later than January 26, 1999.

4. Applicants request an exemption to permit: (1) the implementation prior to obtaining shareholder approval, of the Interim Agreements for a period beginning on the Order Date and continuing through the date the Interim

<sup>1</sup> Each Board consisted solely of two disinterested director. Each Board currently consists of a single disinterested director.