

**SECURITIES AND EXCHANGE  
COMMISSION****[Investment Company Act Release No.  
24487; 812-12024]****Stratigist Growth Fund, Inc., et al.;  
Notice of Application**

June 1, 2000.

**AGENCY:** Securities and Exchange  
Commission ("Commission").**ACTION:** Notice of an application 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 a registered open-end management  
investment company to acquire all of  
the assets and stated liabilities of certain  
series of another registered open-end  
management investment company.  
Because of certain affiliations,  
applicants may not rely on rule 17a-8  
under the Act.

*Applicants:* Stratigist Growth Fund, Inc. on behalf of its underlying series: Stratigist Growth Fund, Stratigist Growth Trends Fund and Stratigist Special Growth Fund; Stratigist Growth and Income Fund, Inc. on behalf of its underlying series: Stratigist Balanced Fund, Stratigist Equity Fund, Stratigist Equity Income Fund and Stratigist Total Return Fund; Stratigist Income Fund, Inc. on behalf of its underlying series: Stratigist Government Income Fund, Stratigist High Yield Fund and Stratigist Quality Income Fund; Stratigist Tax-Fee Income Fund, Inc. on behalf of its underlying series, Stratigist Tax-Free High Yield Fund; Stratigist World Fund, Inc. on behalf of its underlying series; Stratigist Emerging Markets Fund, Stratigist World Growth Fund, Stratigist World Income Fund, and Stratigist World Technologies Fund (Each series individually an "Acquired Fund" and collectively, the "Acquired Funds"); AXP Extra Income Fund, Inc.; AXP Federal Income Fund, Inc.; AXP Global Series, Inc. on behalf of its underlying series: AXP Emerging Markets Fund, AXP Global Bond Fund, AXP Global Growth Fund, and AXP Innovations Fund; AXP Growth Series, Inc. on behalf of its underlying series; AXP Growth Fund and AXP Research Opportunities Fund; AXP High Yield Tax-Exempt Fund, Inc.; AXP Investment Series, Inc. on behalf of its underlying series; AXP Diversified Equity Income Fund and AXP Mutual; AXP Managed Series, Inc. on behalf of its underlying series, AXP Managed Allocation Fund; AXP New Dimensions Fund, Inc.; AXP Stock Fund, Inc.; AXP Selective Fund, Inc. (each series individually an

"Acquiring Fund" and collectively, the "Acquiring Funds") (the Acquired Funds and the Acquiring Funds collectively, the "Funds"); and American Express Financial Corporation ("AEFC").

*Filing Dates:* The application was filed on March 14, 2000 and amended on May 5, 2000. 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 requested relief 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 request should be received by the Commission by 5:30 p.m. on June 26, 2000 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 may request notification of a hearing by writing to the Commission's Secretary.

**ADDRESSES:**

Secretary, Commission, 450 5th Street  
NW, Washington, DC 20549-0609  
Acquired Funds and AEFC, c/o Eileen J.  
Newhouse, American Express  
Financial Corporation, IDS Tower 10,  
T27/52, Minneapolis, MN 55440-  
0010  
Acquiring Funds, c/o Leslie L. Ogg,  
American Express Funds, 901  
Marquette Avenue South, Suite 2810,  
Minneapolis, MN 55402-3268.

**FOR FURTHER INFORMATION CONTACT:**

Deepak T. Pai, Senior Counsel, at (202)  
942-0574; 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 a fee at the  
Commission's Public Reference Branch,  
450 5th Street NW, Washington, DC  
20549-0102 (tel. 202-942-8090).

**Applicants' Representations**

1. The Funds are registered under the  
Act as open-end management  
investment companies. Each of the  
Funds is a feeder fund in a master/  
feeder structure. Each Acquired Fund  
and its corresponding Acquiring Fund  
invest in the same master fund (the  
"Master Funds"). Each Master Fund is

registered under the Act as an open-end  
management investment company.

2. AEFC, a Delaware corporation, is  
registered under the Investment  
Advisers Act of 1940 and serves as the  
investment for each Master Fund and as  
the administrator for each Fund. AEFC  
is a wholly-owned subsidiary of the  
American Express Company. Currently,  
AEFC or American Express Company  
owns, for its own account, more than  
25% of the outstanding shares of each  
Acquired Fund and one of the  
Acquiring Funds.

3. On March 8, and 9, 2000 and March  
10, 2000, the boards of directors of the  
Acquiring Funds and the Acquired  
Funds (the "Boards"), respectively,  
including all of the directors who are  
not interested persons of the Funds, as  
defined in section 2(a)(19) of the Act  
("Independent Directors") approved an  
Agreement and Plan or Reorganization  
(the "Agreement"). Under the  
Agreement, each Acquiring Fund will  
acquire all of the assets and assume the  
stated liabilities of its corresponding  
Acquired Fund in exchange for class A  
shares of the Acquiring Fund (the  
"Reorganization"). Pursuant to the  
Agreement, each shareholder of an  
Acquired Fund will receive class A  
Shares of the corresponding Acquiring  
Fund having an aggregate net asset  
value equal to the aggregate net asset  
value of the Acquired Fund shares held  
by that shareholder, determined as of  
the close of regular trading on the New  
York Stock Exchange on the day of the  
closing, which is expected to be on or  
about July 14, 2000 ("Closing Date").  
The valuation will be made in  
accordance with the procedure set forth  
in the then-current prospectus and  
statement of additional information for  
the Funds. Or or as soon as practicable  
after the Closing Date, the class A shares  
of the Acquiring Fund received by the  
Acquired Fund will be distributed *pro  
rata* to the shareholders of the Acquired  
Fund and the Acquired Fund will be  
liquidated.

4. Each of the Acquired Funds has  
investment objectives, policies, and  
restrictions that are identical to those of  
its corresponding Acquiring Fund and  
to those of its Master Fund. The  
Acquired Funds have only one class of  
shares and are sold without a sales  
charge.<sup>1</sup> Class A shares of the Acquiring  
Funds are sold with a 5% front-end  
sales charge and a .25% 12b-1 fee. No  
sales charge will be assessed in  
connection with the Reorganization.

<sup>1</sup> Each of the Acquired Funds ceased offering  
shares to new investors and terminated its .25%  
12b-1 plan on October 4, 1999.

AEFC will pay the expenses of the Reorganization.

5. The Boards, including a majority of the Independent Directors, determined that participation in the Reorganization is in the best interests of each Fund, and that the interests of existing shareholders of each Fund will not be diluted as a result of the Reorganization. In assessing the Reorganization, the Boards considered a number of factors, including: (a) The terms and conditions of the Reorganization; (b) the tax-free nature of the Reorganization; (c) the identical investment objectives, policies, and restrictions of the Acquired Funds and the Acquiring Funds; (d) that the shareholders of the Acquired Funds will be able to make future purchases of shares of the Acquiring Funds on a no-load basis; (e) that the expense ratio for each Acquiring Fund will be lower than the expense ratio of each Acquired Fund; and (f) the costs of the Reorganization will be borne by AEFC.

6. The Reorganization is subject to a number of conditions precedent, including that: (a) The shareholders of the Acquired Funds will have approved the Agreement; (b) the Funds will have received an opinion of tax counsel that the proposed Reorganization will be tax-free for the Funds and their shareholders; (c) applicants will have received from the Commission any exemption necessary to carry out the Reorganization; and (d) a registration statement on Form N-14 will have been filed with the Commission and declared effective for each of the Acquired Funds. The Agreement and the Reorganization may be terminated and abandoned by resolutions of the Boards at any time prior to the Closing Date. The Agreement may be terminated in the event that a material condition is not fulfilled, a material covenant is not fulfilled, or there is a material breach of the Agreement. Applicants agree not to make any material changes to the Agreement without prior Commission approval.

7. A prospectus/proxy statement was filed with the Commission on March 13, 2000 and was mailed to the Acquired Funds shareholders the week of April 17, 2000. The shareholders of the Acquired Funds considered and approved the Agreement on May 9, 2000.

#### Applicants' Legal Analysis

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or an affiliated person of such a person, acting as principal, from selling any security to, or purchasing any security from, the

company. Section 2(a)(3) of the Act defines an "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 other person; (b) any person 5% or more of whose securities are directly or indirectly 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 that company. Applicants state that the Funds may be deemed affiliated persons and thus the Reorganization may be prohibited by section 17(a).

2. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions set forth in the rule are satisfied. Applicants state that they may not rely on rule 17a-8 because the Funds may be deemed to be affiliated for reasons other than those set forth in the rule. Applicants state that AEFC or American Express Company owns more than 25% of the outstanding shares of each of the Acquired Funds and one of the Acquiring Funds and each of these Funds is an affiliated person of AEFC. AEFC is an affiliated person of the Funds because of its role as investment adviser to the Master Funds. Thus, each of the Acquired funds might be deemed to be an affiliated person of an affiliated person of an Acquiring Fund, other than by virtue of a common investment adviser.

3. Section 17(b) of the Act provides, in relevant part, that the Commission may exempt a transaction from the provisions of section 17(a) if the evidence establishes that the terms of the proposed transaction, including the consideration to be paid or received, 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 each registered investment company concerned and with the general purposes of the Act.

4. Applicants request an order under section 17(b) of the Act exemption them from section 17(a) of the Act to the extent necessary to permit applicants to complete the proposed Reorganization. Applicants submit that the

Reorganization satisfies the standards of section 17(b) of the Act. Applicants state that the terms of the proposed Reorganization are fair and reasonable and do not involve overreaching and that the Funds have identical investment objectives and policies. Applicants also state that the Boards, including a majority of the Independent Directors, have found that participation in the Reorganization is in the best interests of each Fund, and that the interests of the existing shareholders will not be diluted as a result of the Reorganization. In addition, applicants state the Reorganization will be based on the Funds' relative net asset values.

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

**Margaret H. McFarland,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24485; File 812-11666]

### Nationwide Life Insurance Company, et al.

May 31, 2000.

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

**ACTION:** Notice of Application for an Order of Approval pursuant to Section 26(b) of the Investment Company Act of 1940 (the "1940 Act").

*Summary of the Applicant:* Applicants seek an Order approving the proposed substitution of the American Century VP Balanced Portfolio ("VP Balanced"), a series fund of American Century Variable Portfolios, Inc. ("ACVP, Inc."), for another fund of ACVP, Inc., the American Century VP Advantage Portfolio ("VP Advantage"), currently held in the separate accounts.

*Applicants:* Nationwide Life Insurance Company ("NWL") and Nationwide Life and Annuity Insurance Company ("NWLAI") (collectively the "Companies"); Nationwide Multi-Flex Variable Account, Nationwide VA Separate Account-A, Nationwide VL Variable Account-5, Nationwide VL Separate Account-A, Nationwide VLI Separate Account-3 (collectively the "Separate Accounts"); and Nationwide Advisory Services, Inc. (NAS) (all collectively the "Applicants").

*Filing Date:* The application was filed on June 18, 1999, and was amended on March 30, 2000.

*Hearing or Notification of Hearing:* An Order granting the Application will be