SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 25512; 812–12198]

Pioneer Balanced Fund, et al.; Notice of Application

April 8, 2002.

AGENCY: Securities and Exchange Commission (“Commission”).

ACTION: Notice of an application under section 6(c) of the Investment Company Act of 1940 (the “Act”) for an exemption from section 15(a) of the Act and rule 18f–2 under the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit them to enter into and materially amend subadvisory agreements without obtaining shareholder approval.

Applicants: Pioneer Balanced Fund, Pioneer Global Value Fund, Pioneer Variable Contracts Trust (each a Trust, collectively, the “Trusts”) and Pioneer Investment Management, Inc. (the “Adviser”).

FILING DATES: The application was filed on July 27, 2000, and amended on March 25, 2002.

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 May 3, 2002, 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, Commission, 450 Fifth Street, NW., Washington, DC 20549–0609; Applicants, 60 State Street, Boston, Massachusetts 02109.

FOR FURTHER INFORMATION CONTACT: Lidian Pereira, Senior Counsel, at (202) 942–0524 or Nadya B. Roybtlat, 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 Fifth Street, NW., Washington, DC 20549–0102 (telephone (202) 942–8090).

Applicants’ Representations

1. The Trusts, each a Delaware business trust, are registered under the Act as open-end management investment companies. Each Trust is organized as a series investment company and offers shares of multiple series (each series, a “Fund,” and together, the “Funds”).

2. The Adviser, an indirect, majority owned subsidiary of UniCredito Italiano, S.p.A., serves as the investment adviser to each Fund and is registered as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”).

3. Each Fund has entered into an investment advisory agreement (each an “Advisory Agreement”) with the Adviser. Each Advisory Agreement has been approved by each Fund’s shareholders and by a majority of the Fund’s board of trustees (“Board”), including a majority of the trustees who are not “interested persons,” as defined in section 2(a)(19) of the Act, of the Fund or the Adviser (“Independent Trustees”).

4. The Advisory Agreement permits the Adviser to enter into separate investment advisory agreements (“Subadvisory Agreements”) with subadvisers (“Subadvisers”) to whom the Adviser may delegate responsibility for providing investment advice and making investment decisions for a Fund. Each Subadviser is an investment adviser registered under the Advisers Act. The Adviser monitors and evaluates the Subadvisers and recommends to the Board their hiring, termination, and replacement. The Adviser compensates the Subadvisers out of the fees paid to the Adviser by the Fund.

5. Applicants request relief to permit the Adviser to enter into and materially amend Subadvisory Agreements without obtaining shareholder approval.

1 Applicants also request relief with respect to future series of the Trusts and any other registered open-end management investment companies and their series that: (a) Are advised by the Adviser (or any successor entity) or any person controlling, controlled by, or under common control with the Adviser for any successor entity; (b) operate in substantially the same manner as the Funds with regard to the Adviser’s responsibility to select, evaluate and supervise Subadvisers; and (c) comply with the terms and conditions in this application (“Future Funds,” included in the term “Funds”). A successor entity is limited to entities that result from a reorganization into another jurisdiction or a change in the type of business organization. All entities that currently intend to rely on the requested relief are named as applicants. If the name of a Fund contains the name of a Subadviser, it will be preceded by the name of the Adviser.
The requested relief will not extend to a Subadviser that is an “affiliated person,” as defined in section 2(a)(3) of the Act, of the Fund or the Adviser, other than by reason of serving as a Subadviser to one of more of the Funds (an “Affiliated Subadviser”).

Applicants’ Legal Analysis

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

2. Section 6(c) of the Act authorizes the Commission to exempt persons or transactions from the provisions of the Act, or from any rule thereunder, to the extent that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Applicants state that the requested relief meets this standard for the reasons discussed below.

3. Applicants assert that the Funds’ shareholders rely on the Adviser to select Subadvisers best suited to achieve a Fund’s investment objectives.

Applicants contend that requiring shareholder approval of each Subadvisory Agreement would impose costs and unnecessary delays on the Funds, and may preclude the Adviser from acting promptly in a manner considered advisable by the Board. Applicants also note that the Advisory Agreement will remain subject to section 15(a) of the Act and rule 18f–2 under the Act.

Applicants’ Conditions

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

1. Before a Fund may rely on the order requested in this application, the operation of the Fund in the manner described in this application will be approved by a majority of the Fund’s outstanding voting securities (or, if the Fund serves as a funding medium for any sub-account of a registered separate account, the unitholders of the sub-account), as defined in the Act, or by its initial shareholder, provided that, in the case of approval by the initial shareholder, the pertinent Fund’s shareholders (or, if the Fund serves as a funding medium for any sub-account of a registered separate account, the unitholders of the sub-account) purchase shares on the basis of a prospectus containing the disclosure contemplated by condition 2 below.

2. Each Fund will disclose in its prospectus the existence, substance, and effect of any order granted pursuant to the application. In addition, each Fund will hold itself out to the public as employing the management structure described in the application. The prospectus will prominently disclose that the Adviser has ultimate responsibility (subject to oversight of the Board) to oversee Subadvisers and recommend their hiring, termination, and replacement.

3. At all times, a majority of the Board will be Independent Trustees, subject to the suspension of this requirement for the death, disqualification or bona fide resignation of trustees as provided in rule 10e–1 under the Act, and the nomination of new or additional Independent Trustees will be at the discretion of the then existing Independent Trustees.

4. The Adviser will not enter a Subadvisory Agreement with any Affiliated Subadviser, without that agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Fund (or if the Fund serves as a funding medium for any sub-account of a registered separate account, pursuant to voting instructions provided by the unitholders of the sub-account).

5. When a Subadviser change is proposed for a Fund with an Affiliated Subadviser, the Board, including a majority of the Independent Trustees will make a separate finding, reflected in the affected Fund’s Board minutes, that the change is in the best interests of the Fund and its shareholders (or if the Fund serves as a funding medium for any sub-account of a registered separate account, the best interests of the Fund and unitholders of any such sub-account), and does not involve a conflict of interest from which the Adviser or the Affiliated Subadviser derives an inappropriate advantage.

6. Within 90 days of the hiring of any new Subadviser for any Fund, the Fund shareholders (or, if the Fund serves as a funding medium for any sub-account of a registered separate account, the unitholders of the sub-account), will be furnished all information about the new Subadviser that would be contained in a proxy statement, including any change in such disclosure caused by the addition of a new Subadviser. Each Fund will meet this condition by providing shareholders (or unitholders), within 90 days of the hiring of a Subadviser, with an information statement meeting the requirements of Regulation 14C, Schedule 14C, and Item 22 of Schedule 14A under the Securities Exchange Act of 1934.

7. The Adviser will provide general management services to each Fund, including overall supervisory responsibility for the general management and investment of each Fund’s portfolio, and subject to review and approval by the Board, will: (i) Set the Fund’s overall investment strategies; (ii) evaluate, select and recommend Subadviser(s) to manage all or part of a Fund’s assets; (iii) monitor and evaluate the performance of Subadviser(s); (iv) ensure that Subadvisers comply with the Fund’s investment objectives, policies and restrictions by, among other things, implementing procedures reasonably designed to ensure compliance; and (v) allocate and, where appropriate, reallocate a Fund’s assets among its Subadvisers when a Fund has more than one Subadviser.

8. No trustee or officer of any Fund or director or officer of the Adviser will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by any such person) any interest in a Subadviser except for: (i) ownership of interests in the Adviser or any entity that controls, is controlled by, or is under common control with the Adviser; or (ii) 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 Subadviser or an entity that controls, is controlled by or is under common control with a Subadviser.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–25511; File No. 812–12670]


April 5, 2002.

AGENCY: Securities and Exchange Commission (“Commission”).