General comments regarding the above information should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or via e-mail to: *David_Rostker@omb.eop.gov*; and (ii) R. Corey Booth, Director/Chief Information Officer, Securities and Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312, or via e-mail to: *PRA_Mailbox@sec.gov.* Comments must be submitted to OMB within 30 days of this notice.

Dated: August 30, 2006.

Nancy M. Morris,

Secretary.

[FR Doc. E6–14697 Filed 9–5–06; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 27472; 812–13154]

AdvisorOne Funds and Dunham & Associates Investment Counsel, Inc.; Notice of Application

August 29, 2006.

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Notice of application for an order 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 that would permit them to enter into and materially amend subadvisory agreements without shareholder approval.

Applicants: AdvisorOne Funds (the ''Trust'') and Dunham & Associates Investment Counsel, Inc. (the ''Manager'').

Filing Dates: The application was filed on November 24, 2004, and amended on May 31, 2005, February 7, 2006, and August 9, 2006. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in the 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 September 25, 2006, 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 Commission's Secretary.

ADDRESSES: Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–1090. Applicants, c/o Thomas R. Westle, Esq., Blank Rome LLP, 405 Lexington Avenue, 23rd Floor, New York, NY 10174.

FOR FURTHER INFORMATION CONTACT: Courtney S. Thornton, Senior Counsel, at (202) 551–6812, or Nadya B. Roytblat, Assistant Director, at (202) 551–6821 (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 Desk, 100 F Street, NE., Washington, DC 20549–0102 (telephone (202) 551–5850).

Applicants' Representations

1. The Trust, a Delaware business trust, is registered under the Act as an open-end management investment company. The Trust currently has sixteen series, eleven of which are advised by the Manager (the ''Dunham Funds'').[1] The Manager, a California corporation, serves as the investment adviser to the Dunham Funds and is registered as an investment adviser under the Investment Advisers Act of 1940 (the ''Advisers Act'').

2. The Manager serves as investment adviser to the Dunham Funds pursuant to an investment advisory agreement that was approved by the board of trustees of the Trust (the ''Board''), including a majority of the trustees who are not ''interested persons,'' as defined in section 2(a)(19) of the Act, of the Trust or the Manager (''Independent Trustees''), and the shareholders of each Dunham Fund. The Advisory Agreement permits the Manager to enter into investment advisory agreements (''Sub-Advisory Agreements'') with sub-advisers (''Sub-Advisers'') to whom the Manager may delegate responsibility for providing investment advice and making investment decisions for the Dunham Funds. The Manager monitors and evaluates the Sub-Advisers and recommends to the Board their hiring, termination, and replacement. The Manager uses a number of factors discussed in the application to evaluate potential Sub-Advisers' skills in managing assets pursuant to particular investment objectives.

3. Each of the Dunham Funds currently has a single Sub-Adviser, although any Series may employ multiple Sub-Advisers in the future. Each Sub-Adviser is, and any future Sub-Adviser will be, registered as an investment adviser under the Advisers Act. Each Sub-Adviser has discretionary authority to invest all (or the portion assigned to it) of the assets of a particular Series, subject to general supervision by the Manager and the Board. For services rendered under a Sub-Advisory Agreement, each Sub-Adviser will receive a fee from the respective Series, negotiated by the Manager and the Series. Such fees will be negotiated with respect to each Series either at a flat annual rate or on a fulcrum fee basis, which may vary based upon the performance of the Series.

4. Applicants request an order to permit the Manager, subject to Board approval, to enter into and materially amend Sub-Advisory Agreements without obtaining shareholder approval. Shareholders of a Series will approve any change to a Sub-Advisory Agreement if such change would result in an increase in the overall management and advisory fees payable by the Series that have been approved by the shareholders of the Series. The requested relief will not extend to any Sub-Adviser that is an affiliated person, as defined in section 2(a)(3) of the Act, of a Series or the Manager (an ''Affiliated Sub-Adviser''), other than by reason of serving as a Sub-Adviser of one or more of the Series. None of the current Sub-Advisers is an Affiliated Sub-Adviser.

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

[1] Applicants also request relief with respect to any future series of the Trust and any other existing or future registered open-end management investment company or series thereof that: (a) Are advised by the Manager or an entity controlling, controlled by, or under common control with the Manager; (b) use the management structure described in the application; and (c) comply with the terms and conditions in the application (collectively with the Dunham Funds, the ''Series''). The Dunham Funds are the only existing Series that currently intend to rely on the requested order. If the name of any Series contains the name of a Sub-Adviser (as defined below), the name of the Manager (or the name of the entity controlling, controlled by, or under common control with the Manager that serves as the primary adviser to the Series) will precede the name of the Sub-Adviser.

adviser to a registered investment company except under a written contract that has been approved by the vote of a majority of the 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 such matter if the Act requires shareholder approval.

2. Section 6(c) of the Act provides that the Commission may exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions from any provisions of the Act, or from any rule thereunder, 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 purposes fairly intended by the policy and provisions of the Act. Applicants believe that the requested relief meets this standard for the reasons discussed below.

3. Applicants state that the Series' shareholders rely on the Manager to select the Sub-Advisers best suited to achieve a Series' investment objectives. Applicants assert that, from the perspective of the investor, the role of the Sub-Advisers is comparable to that of individual portfolio managers employed by traditional investment advisory firms. Applicants contend that requiring shareholder approval of each Sub-Advisory Agreement would impose costs and unnecessary delays on the Series, and may preclude the Manager 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 Series may rely on the order requested in the application, the operation of the Series in the manner described in the application will be approved by a majority of the Series' outstanding voting securities, as defined in the Act, or, in the case of a Series whose public shareholders purchase shares on the basis of a prospectus containing the disclosure contemplated by condition 2 below, by the initial shareholder before offering shares of the Series to the public.

2. Each Series relying on the requested order will disclose in its prospectus the existence, substance, and effect of any order granted pursuant to this application. In addition, each Series will hold itself out to the public as employing the management structure described in the application. The prospectus will prominently disclose that the Manager has ultimate responsibility (subject to oversight by the Board) to oversee the Sub-Advisers and recommend their hiring, termination, and replacement.

3. Within 90 days of the hiring of any new Sub-Adviser, the Manager will furnish shareholders of the affected Series all information about the new Sub-Adviser that would be included in a proxy statement. To meet this obligation, the Manager will provide shareholders of the applicable Series 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.

4. The Manager will not enter into a Sub-Advisory Agreement with any Affiliated Sub-Adviser without that agreement, including the compensation to be paid thereunder, being approved by the shareholders of the Series.

5. At all times, at least a majority of the Board will be Independent Trustees, and the nomination of new or additional Independent Trustees will be at the discretion of the then-existing Independent Trustees.

6. When a Sub-Adviser change is proposed for a Series with an Affiliated Sub-Adviser, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected in the Board minutes, that such a change is in the best interests of the Series and its shareholders and does not involve a conflict of interest from which the Manager or the Affiliated Sub-Adviser derives an inappropriate advantage.

7. The Manager will provide general management services to each Series, including overall supervisory responsibility for the general management and investment of the Series' assets and, subject to review and approval of the Board, will (i) set the Series' overall investment strategies; (ii) evaluate, select, and recommend Sub-Advisers to manage all or part of a Series' assets; (iii) when appropriate, allocate and reallocate a Series' assets among multiple Sub-Advisers; (iv) monitor and evaluate the performance of Sub-Advisers; and (v) implement procedures reasonably designed to ensure that the Sub-Advisers comply with each Series' investment objective, policies, and restrictions.

8. Shareholders of a Series will approve any change to a Sub-Advisory Agreement if such change would result in an increase in the overall management and advisory fees payable by the Series that have been approved by the shareholders of the Series.

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

10. The requested order will expire on the effective date of Rule 15a–5 under the Act, if adopted.

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

Nancy M. Morris,

Secretary.

[FR Doc. E6–14696 Filed 9–5–06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release Number IC–27471; File No. 812–13236]

Principal Life Insurance Company; et al., Notice of Application

August 29, 2006.

AGENCY: Securities and Exchange Commission (''SEC'' or ''Commission'').

ACTION: Notice of Application for an Order pursuant to section 11(a) of the Investment Company Act of 1940, as amended (the ''Act''), approving the terms of a proposed offer of exchange.

APPLICANTS: Principal Life Insurance Company (''Principal'' or the ''Company''); Principal Life Insurance Company Variable Life Separate Account (the ''Account''); and Princor Financial Services Corporation (''Princor'') (collectively, ''Applicants'').

SUMMARY OF APPLICATION: Applicants request an order approving the terms of a proposed offer of exchange of new flexible variable universal life insurance policies issued by Principal and participating in the Account (the ''New Policies'') for certain outstanding flexible variable universal life insurance policies issued by Principal and participating in the Account (the ''Old Policies'') (collectively with the New Policies, the ''Policies'').