

RELEVANT ACT SECTIONS: Conditional order requested under section 6(c) of the Act granting an exemption from sections 2(a)(32), 2(a)(35), 18(f), 18(g), 18(i), 22(c), and 22(d) thereof and rule 22c-1 thereunder.

SUMMARY OF APPLICATION: Applicants seek a conditional order permitting the Companies to issue multiple classes of shares representing interests in the same portfolio of securities, and to assess and, under certain circumstances, waive a contingent deferred sales charge ("CDSC") on certain share redemptions. Applicants request that any relief granted pursuant to the application also apply to future investment companies (a) for which PBCM or any person controlling, controlled by, or under common control with PBCM serves as investment adviser, and/or ABTFS or any person controlling, controlled by, or under common control with ABTFS serves as principal underwriter, and (b) that issue and sell classes of shares on a basis identical in all material respects to that described in the application.

FILING DATE: The application was filed on December 8, 1994. Counsel for Applicants has undertaken to file an amendment during the notice period, the substance of which is incorporated herein.

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 February 24, 1995, 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 reasons for the request, and the issues contested. Persons who wish to be notified of a hearing may request such notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street NW., Washington, DC 20549. Applicants, 340 Royal Palm Way, Palm Beach, Florida 33480.

FOR FURTHER INFORMATION CONTACT: H.R. Hallock, Jr. Special Counsel, at (202) 942-0564 or Barry D. Miller, Senior Special Counsel 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 from the SEC's Public Reference Branch.

Applicants' Representations

1. Each of the Companies is an open-end diversified management investment company registered under the Act. ABT Southern Master Trust offers three portfolios. The other three Companies each offer one portfolio. (The six portfolios, together with any future investment companies that rely on the requested order, are referred to below as the "Funds".)

2. PBCM, or a person controlling, controlled by, or under common control with PBCM, will be the investment adviser for each Fund. ABTFS, or a person controlling, controlled by, or under common control with ABTFS, will serve as the distributor of the shares of each Fund (the "Distributor"). Shares of the Funds will be available through the Distributor and through financial intermediaries that have entered into agreement with the Distributor to sell shares.

A. The Multiple Class System

1. Applicants propose that each Fund be permitted to create an unlimited number of classes (the "Multiple Class System"), which would allow each Fund to offer investors the option of purchasing shares (a) in connection with a plan or plans adopted pursuant to rule 12b-1 under the Act (a "Distribution Plan"); (b) in connection with a non-rule 12b-1 shareholder services plan or plans (a "Shareholder Services Plan"), (c) in connection with the allocation of certain expenses that are directly attributable only to a particular class; (d) without any Distribution Plan or Shareholder Services Plan (collectively, the "Plans"); (e) subject to varying front-end sales charges; (f) subject to varying CDSCs; and/or (g) subject to certain conversion features.

2. With respect to each class, each Fund could enter into one or more Distribution Plan agreements and/or Shareholder Services Plan agreements (collectively, "Plan Agreements") with PBCM, the Distributor, and/or other groups, organizations or institutions concerning the provision of certain services to shareholders of that class. With respect to each class, a Fund could pay either directly or indirectly for such services under a Plan Agreement ("Plan Payments"). The expense of Plan Payments would be borne entirely by the owners or beneficial owners of the class of the Fund to which the Plan Agreement relates.

3. The provision of distribution services and shareholder servicing under the Plans will complement (and not be duplicative of) the services to be

provided to each Fund by its manager, investment adviser(s), and/or distributor, and by the parties that provide custody, transfer agency, and administrative services to each Fund. When a class is subject to both a Distribution Plan and a Shareholder Services Plan, the provision of services under one Plan will complement (and not be duplicative of) the services provided under the other Plan. The Funds will comply with Article III, Section 26 of the Rules of Fair Practice of the National Association of Securities Dealers, Inc. ("NASD") with respect to asset-based distribution charges.

4. The expenses of the Companies that cannot be attributed directly to any one Fund ("Company Expenses") generally will be allocated to each Fund based on the relative net assets of the Fund. Certain expenses that may be attributable to a particular Fund, but not a particular class ("Fund Expenses"), will be allocated to each class based upon the relative net assets of the classes. Certain expenses may be attributable to a particular class of a Fund ("Class Expenses"). All such Class Expenses incurred by a class will be charged directly to the net assets of that particular class, and thus will be borne on a *pro rata* basis by the outstanding shares of such class.

5. PBCM may choose to reimburse or waive Class Expenses on certain classes of a Fund on a voluntary, temporary basis. Class Expenses are by their nature specific to a given class and, therefore, expected to vary from one class to another. Applicants thus believe that it is acceptable and consistent with shareholder expectations to reimburse or waive Class Expenses at different levels for different classes of the same Fund.

6. In addition, PBCM may waive or reimburse, Company Expenses and/or Fund Expenses (with or without a waiver or reimbursement of Class Expenses), but only if the same proportionate amount of Company Expenses and/or Fund Expenses are waived or reimbursed for each class of the Fund. Thus, any Company Expenses that are waived or reimbursed would be credited to each class of a Fund based on the relative net assets of the classes. Similarly, any Fund Expenses that are waived or reimbursed would be credited to each class of that Fund according to the relative net assets of the classes.

7. Because Plan Payments and other Class Expenses will be borne exclusively by the class to which they are attributable, the net income and net asset value per share of (and dividends payable to) each class within a Fund may be different. Dividends and other