

“Applicants”) seek to amend the Original VIPERs Order to permit additional entities to rely on the relief and to modify certain terms and conditions of the Original VIPERs Order.

2. Index Trust is a Delaware statutory trust registered under the Act as an open-end management investment company, which currently consists of nine series. Specialized Trust is a Delaware statutory trust registered under the Act as an open-end management investment company, which currently consists of five series. World Trust is a Delaware statutory trust registered under the Act as an open-end management investment company, which currently consists of three series.

3. Applicants seek to permit an additional series of Index Trust,² a series of Specialized Trust,³ certain series of World Trust⁴ (together with the Original Applicant Funds, “Current Funds”), and other registered open-end management investment companies, and their series, that are advised by VGI or an entity controlled by or under common control with VGI (“Future Funds,” and together with the Current Funds, “Funds”) to rely on the Original VIPERs Order, as amended by the requested order. All Funds will comply with the terms and conditions of the Original VIPERs Order, as amended by the requested order. Because the amended order would extend relief to Future Funds, Applicants seek to amend condition 1 of the Original VIPERs Order as stated below.

4. Each Fund tracks, or will track, a domestic equity securities index (“Target Index”). The application for the Original VIPERs Order (“Original VIPERs Application”) specified the nine Target Indices tracked by the Original Applicant Funds. Applicants note that the Target Indices for six of the Original Applicant Funds have since been

replaced.⁵ None of those six Original Applicant Funds currently offers a class of VIPER Shares. Consistent with the relief requested for Future Funds, Applicants seek relief to permit any Fund to change its Target Index in a manner that is consistent with the Fund’s policies and complies with the terms and conditions of the Original VIPERs Order, as amended by the requested order, including condition 1 below. Any new Target Index would track the same market or market segment as the Fund’s existing Target Index. No entity that creates, compiles, sponsors or maintains a Target Index is, or will be, an affiliated person, as defined in section 2(a)(3) of the Act, or an affiliated person of an affiliated person, of the Fund, VGI, VMC, or any promoter or subadviser of the Fund.

5. Conditions 8 and 9 of the Original VIPERs Order require the Original Applicants to include on their website and in the Original Applicant Funds’ prospectuses and annual reports, among other things, a comparison of the previous day’s net asset value (“NAV”) and closing market price of its VIPER Shares. Applicants state that because the Funds’ NAV is calculated at 4 p.m., which is the close of trading on the New York Stock Exchange, and the market for VIPER Shares does not close until 4 p.m., the closing market price of a Fund’s VIPER Shares is not measured at the same time as its NAV is calculated. Applicants state that the difference in timing could lead to discrepancies between a Fund’s NAV and the closing market price of its VIPER Shares, thereby giving investors an inaccurate picture of the correlation between the two figures. Applicants assert that comparing a Fund’s NAV to the midpoint of the bid-asked price of its VIPER Shares at the time NAV is calculated (“Bid-Asked Price”) would be more appropriate. Applicants accordingly seek to amend conditions 8 and 9 as stated below.

6. In the Original VIPERs Application, the Original Applicants represented that VMC would not market a Fund’s VIPER Shares and its retail and institutional shares (“Conventional Shares”) in the same advertisement or marketing material. Applicants contend that publishing materials that describe a Fund’s VIPER Shares and its

Conventional Shares may help investors to determine which class of shares is best for them, so long as the materials clearly outline the differences between the share classes. Accordingly, Applicants propose to modify the representation made in the Original VIPERs Application to permit VMC to market a Fund’s VIPER Shares and Conventional Shares in the same advertisement or marketing material with appropriate disclosures explaining the relevant features of each class of shares and highlighting the differences between the classes.

7. Under the Original VIPERs Order, the Original Applicants were granted relief under sections 6(c) and 17(b) from sections 17(a)(1) and (2) to permit persons that are affiliated persons of a Fund, as defined in section 2(a)(3)(A) of the Act, by virtue of owning 5% or more of a Fund’s outstanding voting securities (“5% Affiliates”), to purchase and redeem VIPER Shares in large blocks of shares (“Creation Units”) through in-kind transactions. Applicants seek an expansion of that relief to permit persons that are affiliated persons, as defined by section 2(a)(3)(C) of the Act, by virtue of owning more than 25% of a Fund’s voting securities (“25% Affiliates”), to purchase and redeem Creation Units in-kind with the Funds. The requested relief would also allow affiliated persons of 5% and 25% Affiliates (that are not otherwise affiliated persons of a Fund) to purchase and redeem Creation Units in-kind with the Funds. Applicants state that securities tendered by investors through in-kind transactions with a Fund will be valued in the same manner as they are valued for purposes of calculating the Fund’s NAV.

8. Applicants also propose to modify certain other terms of the Original VIPERs Order that they believe to be non-material. First, Applicants indicate that each of the Funds may offer up to three classes of Conventional Shares even though the Original VIPERs Application stated that the Original Applicant Funds only offered one or two classes of Conventional Shares. Second, whereas the Original VIPERs Application specified that each Original Applicant Fund would use a replication indexing method to track its Target Index, Applicants propose to give the Funds the flexibility to track their Target Indices by using a replication or representative sampling strategy.⁶

² The new series of Index Trust will track the MSCI U.S. Prime Market 750 Index.

³ Only one of the five existing series of Specialized Trust, which tracks the Morgan Stanley REIT Index, may offer a class of VIPER Shares.

⁴ Only one of the three existing series of World Trust, which tracks the Calvert Social Index, currently intends to offer a class of VIPER Shares. Applicants state that future series of World Trust that will offer a class of VIPER Shares will track the following Target Indices: MSCI U.S. Investable Market Consumer Discretionary Index; MSCI U.S. Investable Market Consumer Staples Index; MSCI U.S. Investable Market Energy Index; MSCI U.S. Investable Market Financials Index; MSCI U.S. Investable Market Health Care Index; MSCI U.S. Investable Market Industrials Index; MSCI U.S. Investable Market Information Technology Index; MSCI U.S. Investable Market Materials Index; MSCI U.S. Investable Market Telecommunication Services Index; MSCI U.S. Investable Market Utilities Index.

⁵ Specifically, Applicants replaced the S&P MidCap 400 Index, Russell 2000 Index, S&P 500/BARRA Value Index, S&P Small Cap 600/BARRA Value Index, S&P 500/BARRA Growth Index and S&P Small Cap 600/BARRA Growth Index with, respectively, the MSCI U.S. Mid Cap 450 Index, MSCI U.S. Small Cap 1750 Index, MSCI U.S. Prime Market Value Index, MSCI U.S. Small Cap Value Index, MSCI U.S. Prime Market Growth Index and MSCI U.S. Small Cap Growth Index.

⁶ Applicants state that each Fund will invest at least 90% of its assets in the component securities of its Target Index and have a tracking error with respect to its Target Index of five percentage points or less.