

(c) The Secretary of the Postal Rate Commission shall publish this order in the **Federal Register**.

By the Commission.

Issued December 3, 2003.

Dated: December 4, 2003.

**Steven W. Williams,**

*Secretary.*

[FR Doc. 03-30612 Filed 12-9-03; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 26284; 812-12898]

### AIP Alternative Strategies Funds, et al.; Notice of Application

December 4, 2003.

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

**ACTION:** Notice of an application under section 6(c) of the Investment Company Act of 1940 ("Act") for an exemption from section 15(a) of the Act and rule 18f-2 under the Act, as well as certain disclosure requirements.

**SUMMARY OF APPLICATION:** Applicants request an order that would permit them to enter into and materially amend sub-advisory agreements without shareholder approval and would grant relief from certain disclosure requirements.

**APPLICANTS:** AIP Alternative Strategies Funds ("AIS") and Alternative Investment Partners LLC ("Manager").

**FILING DATES:** The application was filed on October 22, 2002, and amended on November 14, 2003, and December 4, 2003.

**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 December 29, 2003, 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 may request notification of a hearing by writing to the Commission's Secretary.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants, c/o Thomas R. Westle, Esq.,

Blank Rome LLP, 405 Lexington Avenue, 24th Floor, New York, NY 10174.

#### FOR FURTHER INFORMATION CONTACT:

Marc R. Ponchione, Senior Counsel, at (202) 942-7927, or Annette Capretta, Branch Chief, 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 (tel. 202-942-8090).

#### Applicants' Representations

1. AIS is a Delaware business trust registered under the Act as an open-end management investment company. AIS is organized as a series investment company and has one series, Alpha Strategies I ("Alpha Strategies").<sup>1</sup> The Manager is registered as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act") and serves as investment adviser to Alpha Strategies pursuant to an investment advisory agreement ("Investment Advisory Agreement"). The Investment Advisory Agreement has been approved by AIS' board of trustees (the "Board"), including a majority of the trustees who are not "interested persons," as defined in section 2(a)(19) of the Act, of AIS ("Independent Trustees"), as well as by Alpha Strategies' shareholders.

2. Under the terms of the Investment Advisory Agreement, the Manager provides investment advisory services to Alpha Strategies, supervises the investment program for Alpha Strategies, and has the authority, subject to Board approval, to enter into separate investment sub-advisory agreements ("Sub-Advisory Agreements") with one or more sub-advisers ("Sub-Advisers"). The Manager monitors and evaluates the Sub-Advisers and recommends to the Board their hiring, retention or termination.<sup>2</sup> Sub-Advisers

<sup>1</sup> The Applicants request that any relief granted pursuant to the application also apply to any future series of AIS and any other registered open-end management investment companies and their series that (a) Are advised by the Manager or any entity controlling, controlled by, or under common control with the Manager; (b) use the manager/sub-adviser structure described in the application; and (c) comply with the terms and conditions in the application (each, a "Series," and together with Alpha Strategies, the "Series"). AIS is the only existing registered investment company that currently intends to rely on the order. If the name of any Series contains the name of a Sub-Adviser (as defined below), the name of the Manager will appear before the name of the Sub-Adviser.

<sup>2</sup> The Manager's recommendations are based, in part, on research provided by Trust Advisors, LLC

recommended to the Board by the Manager are selected and approved by the Board, including a majority of the Independent Trustees. Each Sub-Adviser would have discretionary authority to invest the portion of a Series' assets assigned to it. The Manager compensates each Sub-Adviser out of the fees paid to the Manager under the Investment Advisory Agreement.

3. 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. The requested relief will not extend to the Research Consultant or to any Sub-Adviser that is an affiliated person, as defined in section 2(a)(3) of the Act, of AIS or the Manager, other than by reason of serving as a Sub-Adviser to one or more of the Series ("Affiliated Sub-Adviser").

4. Applicants also request an exemption from the various disclosure provisions described below that may require a Series to disclose fees paid by the Manager to each Sub-Adviser. An exemption is requested to permit each Series to disclose (as both a dollar amount and as a percentage of each Series' net assets): (a) the aggregate fees paid to the Manager and Affiliated Sub-Advisers; and (b) aggregate fees paid to Sub-Advisers other than Affiliated Sub-Advisers ("Aggregate Fee Disclosure"). For any Series that employs an Affiliated Sub-Adviser, the Series will provide separate disclosure of any fees paid to the Affiliated Sub-Adviser. Each Series also will provide separate disclosure of any fees paid to the Research Consultant.

#### 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 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.

(the "Research Consultant"), an investment adviser registered under the Advisers Act and an affiliated person of the Manager. Pursuant to an agreement entered into between the Research Consultant, the Manager, and AIS, on behalf of Alpha Strategies ("Research Consultant Agreement"), the Research Consultant provides the Manager with research and information on Sub-Advisers, and receives a fee from the Manager out of the fees paid by the Series to the Manager.