

Kirkpatrick & Lockhart LLP

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Capital Advisors' discretion to allocate the assets among subadvisers. The funds' "Principal Risks" sections also disclose that each fund's performance depends on Hillview Capital Advisors' skill in evaluating, selecting and monitoring subadvisers. See *Prospectus* pp. 3 & 8.

- *Whether disclosing the existence, substance and effect of a multimanager order, and the fact that the manager has the ultimate responsibility for hiring subadvisers, only in the discussion of fund management, complies with the condition proposed by Applicants that any fund relying on the order will "prominently disclose" the effect of the order.*

The funds' prospectus describes the multimanager order and its effect. See *Prospectus* p. 11. As noted above, Hillview Capital Advisors' role in selecting and monitoring subadvisers is disclosed in each fund's "Principal Investment Strategies" and "Principle Risks" sections. Hillview Capital Advisors is, and holds itself out as, a manager of managers. The "Management" section of the Prospectus states that Hillview Capital Advisors "evaluates and selects leading investment management firms to sub-advise specified portions of each fund." It further notes that Hillview Capital Advisors "monitors the performance and operations of the subadvisers as well as any changes in the subadvisers' organizations or business operations that may affect a subadviser's future performance." See *Prospectus* p. 11.

- *Whether investors may be misled by the inclusion of the name of a multimanager fund's subadviser in the name of the fund by suggesting that they should not rely on the manager, but rather on the subadviser whose name is part of the fund's name, and by suggesting that investors have the right to vote on any increase in the subadviser's fees or its replacement, as would be the case for any other fund named after the subadviser.*

The Alpha Fund and the International Alpha Funds are named after Hillview Capital Advisors. No sub-adviser's name is included in the name of either Fund.

- *Whether the manager of a multimanager fund should be permitted, without a shareholder vote, to increase its advisory fee by reducing subadvisory fees.*

Hillview Capital Advisors would not be able to increase its management fee without a shareholder vote. Hillview Capital Advisors cannot increase its management fee by reducing the funds' subadvisory fees. The funds pay the subadvisers' fees directly. Hillview Capital Advisors' management fee is separate and not impacted by the fees paid to the subadvisers. Hillview Capital Advisors has agreed to waive its management fee through June 30, 2001 for the benefit of the funds. In this regard, we note that FD makes only one statement in