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July 19, 1984

Act	ICA-40
Section	18(f)
File	
Public Availability	11/14/84

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Judiciary Plaza  
Washington, D. C. 20549

Re: Monitrend Fund; File Nos. 811-4010  
and 2-90810

Dear Sir or Madam:

We are counsel to Monitrend Fund (the "Fund"), an open-end diversified management investment company registered under the Investment Company Act of 1940 (the "1940 Act"); the Fund has filed its Registration Statement on Form N-1A which is not yet effective. There are enclosed herewith copies of Pre-Effective Amendment No. 1 to such Registration Statement. We respectfully request that the Staff of the Securities and Exchange Commission (the "Commission") advise us that it will not recommend enforcement action if the Fund engages in the hedging activities set forth herein and in such Amendment.

Hedging will be used by the Fund in an attempt to (i) protect against declines or possible declines in the market values of securities held in the portfolio ("short hedging") or (ii) establish a position in the equities markets as a temporary substitute for purchase of individual equities ("long hedging"). The Fund's investment adviser may cause the Fund to engage in short hedging in an attempt to protect the Fund's value against anticipated downward trends in the equities markets. The adviser may cause the Fund to engage in long hedging as a temporary substitute for the purchase of equities, which may then be purchased in an orderly fashion. It is expected that when the Fund is engaging in long hedging it would, in the normal course, purchase equities (i.e., common stocks or securities having equity characteristics such as warrants or convertible

debentures) and terminate the hedging position, but under unusual market conditions such a hedging position may be terminated without the corresponding purchase of equities.

The various hedging instruments which the Fund may use are listed below.

1. Stock Index Futures. The Fund may buy and sell futures contracts on stock indices ("Stock Index Futures").

2. Call Options. The Fund may purchase call options ("calls") and write (i.e., sell) calls but only if (i) the investments to which the call relates (the "related investments") are: (a) equities; (b) stock indices; or (c) Stock Index Futures; (ii) in the case of calls on equities written by the Fund such calls are "covered"; and (iii) the calls are listed on a domestic securities or commodities exchange or quoted on the automatic quotation system of the National Association of Securities Dealers, Inc. ("NASDAQ"). For a call to be "covered", either (i) the Fund must own the underlying equity or have an absolute and immediate right to acquire that equity without payment of additional cash consideration (or for an additional consideration held as set forth in (ii), upon conversion or exchange of other securities held in its portfolio; or (ii) the Fund maintains in a segregated account, cash or high quality short-term readily marketable obligations adequate to purchase the equities, in each case until the Fund enters into a closing purchase transaction as to that call.

The above limitations on the calls the Fund may write or purchase are fundamental policies.

3. Put Options. The Fund may purchase put options ("puts") but only if (i) the related investment is one of those set forth above as to calls; and (ii) the puts are listed on a domestic securities or commodities exchange or quoted on NASDAQ. The Fund may not write (i.e. sell) any puts. The puts which the Fund purchases on equities must be "protective", i.e., the Fund must own the related investments.

The above limitations on puts are fundamental policies.

Due to requirements of the Commodities Futures Trading Commission, the Fund will use hedging instruments only for

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hedging purposes and will not purchase or sell Stock Index Futures or purchase options on them if, immediately thereafter, the sum of the amount of initial and variation margin deposits on the Fund's existing futures positions and premiums paid for such options would exceed 5% of the market value of the Fund's total assets.

The Fund will, in the following situations, maintain in a segregated account or accounts with its custodian bank cash or high quality, short-term marketable obligations in the amounts indicated: (i) when the Fund writes a call on a stock index or a Stock Index Future, until it enters into a closing purchase transaction as to that call, in an amount adequate to make the required cash or Future delivery if the call is exercised; and (ii) when the Fund purchases a Stock Index Future, in an amount equal to the market value of such Future, less the margin deposit applicable to it.

In connection with the custodianship requirements of Section 17(f) of the 1940 Act, the Fund will enter into arrangements under which, when it buys or sells a Stock Index Future, purchases or sells a call on such a Future or purchases a put as to such a Future, there will be created at the Fund's custodian bank an account (the "FCM Account") in the name of the futures commission merchant ("FCM") through which the transaction was effected (unless there is already in existence at the custodian an FCM Account for the FCM in question). Such arrangements may be set forth in the custodian agreement between the Fund and the custodian and/or in separate agreements to which the Fund, the custodian and the FCM are parties, but in any event will contain provisions which require that the custodian shall permit access to the assets in an FCM Account only by the FCM (except for payments to the Fund's general account at the custodian on instructions from the Fund) and only if the FCM states to the Custodian that all conditions precedent to the right of the FCM to direct disposition have been satisfied. The Fund will (i) at any time when the balance in an FCM Account exceeds the required margin, promptly withdraw the excess by instructions to the custodian; and (ii) when the Fund has the right to receive variation margin payments from an FCM, promptly demand such payments upon notification from the FCM that such amounts are payable and deposit the same with its custodian.

It is respectfully submitted that, in view of the above arrangements, the Fund will be in compliance with the custodianship requirements of Section 17(f) of the 1940 Act.

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In connection with the senior security provisions of Section 18(f) of the 1940 Act, it is respectfully submitted that, in view of the Fund's use of hedging instruments for hedging purposes only and the segregated account or accounts which the Fund will maintain as to such hedging instruments, each as described above, the Fund will be in compliance with such provisions.

If you require any further information in connection with the request, please contact either Robert Wadsworth at (212) 344-1168 or Donald F. French at (212) 269-2500.

Very truly yours,

COLE & DEITZ

By Donald F. French  
Donald F. French

**COLE & DEITZ**  
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October 10, 1984

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Mrs. Stephanie L. Monaco  
Division of Investment Management  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Judiciary Plaza  
Washington, D. C. 20549

Re: Monitrend Fund; File Nos. 811-4010  
and 2-90810

Dear Mrs. Monaco:

As we discussed on the telephone, the second full paragraph on page 3 of our no-action request dated July 19, 1984 as to the above Fund is again amended so that as amended it will read as set forth below.

In connection with the custodianship requirements of Section 17(f) of the 1940 Act, the Fund will enter into arrangements under which, when it buys or sells a Stock Index Future or sells a call on such a Future, there will be created at the Fund's custodian bank an account (the "FCM Account") in the name of the futures commission merchant ("FCM") through which the transaction was effected (unless there is already in existence at the custodian an FCM Account for the FCM in question). Such arrangements may be set forth in the custodian agreement between the Fund and the custodian and/or in separate agreements to which the Fund, the custodian and the FCM are parties, but in any event will contain provisions which require that the custodian shall permit access to the assets in an FCM Account only by the FCM, only in the event of the Fund's default in its obligations and only if the FCM states to the Custodian that all conditions precedent to the right of the FCM to direct disposition have been satisfied. The Fund will (i) at any time when the balance in an FCM Account exceeds the required margin, promptly withdraw the

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excess; and (ii) when the Fund has the right to receive variation margin payments from an FCM, promptly demand such payments upon notification from the FCM that such amounts are payable and deposit the same with its custodian.

If you require any further information in connection with the request, please contact either Robert Wadsworth at (212) 344-1168 or Donald F. French at (212) 269-2500.

Very truly yours,

COLE & DEITZ

By

  
Donald F. French

cc: Robert H. Wadsworth

**PUBLIC**

OCT 15 1984

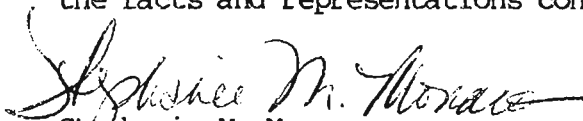
RESPONSE OF THE OFFICE OF CHIEF COUNSEL  
DIVISION OF INVESTMENT MANAGEMENT

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Our Ref. No. 84-232-CC  
Monitrend Fund  
File No. 811-4010

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We would not recommend any enforcement action to the Commission against the Monitrend Fund for violations of sections 18(f) and 17(f) of the Investment Company Act of 1940 if it proceeds as described in your letters of July 19 and October 10, 1984. Our position is based on the facts and representations contained in those letters.

  
Stephanie M. Monaco  
Attorney