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EXECUTIVE SECRETARY

SECURITIES DIVISION  
(602) 542-4242

ARIZONA CORPORATION COMMISSION

July 12, 1990

Margaret W. Chambers, Esq.  
Ropes & Gray  
One International Place  
Boston, MA 02110-2624

RE: Colonial Strategic Income Trust

Dear Ms. Chambers:

On the basis of the facts set forth in your letter of July 5, 1990 and in reliance upon your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona should the transaction take place as set forth in your letter.

As this position is premised upon the facts set forth in your letter, it should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the anti-fraud provisions of the Act continue to be applicable.

We have attached photocopies of your letter. By doing this we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,

DEE RIDDELL HARRIS  
Director of Securities

DRH:KR:mga

Enclosure

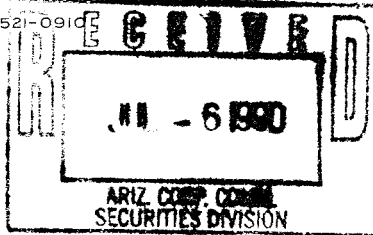
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1001 PENNSYLVANIA AVENUE, N. W.  
WASHINGTON, D. C. 20004  
(202) 626-3900  
TELECOPIER: (202) 626-3961



July 5, 1990

FEDERAL EXPRESS

Ms. Sarah Ziskin  
Corporation Commission  
Securities Division  
1200 West Washington Street, 2nd Floor  
Phoenix, Arizona 85007

Re: Colonial Strategic Income Trust -  
Combination of Portfolios

Dear Ms. Ziskin:

Reference is made to our request for confirmation of the availability of an exemption pursuant to section 44-1844(A)(7) of the Arizona Revised Statutes regarding the above-referenced matter. Pursuant to a telephone call from your office, we have enclosed our check for \$200 in payment of the prescribed fee for this filing and we hereby request that you issue a written no-action position with respect to this matter.

If you require any further information or materials, or have any questions regarding this request, please do not hesitate to contact the undersigned.

Your assistance with this matter is appreciated.

Sincerely,

Margaret W. Chambers

MWC/cad:MWCLTRAZ.CO  
Enclosures

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1001 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D. C. 20004  
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June 20, 1990

FEDERAL EXPRESS

Dee R. Harris, Director  
Corporation Commission  
Securities Division  
1200 West Washington Street, 2nd Floor  
Phoenix, Arizona 85007

Re: Colonial Strategic Income Trust -  
Combination of Portfolios

Dear Mr. Harris:

On behalf of Colonial Strategic Income Trust, a multiple-series Massachusetts business trust (the "Trust"), we hereby request your confirmation of the availability of an exemption pursuant to Section 44-1844(A)(7) of the Arizona Revised Statutes for the proposed transaction described below.

The Trust is an investment company registered under the Investment Company Act of 1940. The Trust currently has two "portfolios" or "series" called Colonial Diversified Income Fund (the "CDIF Portfolio") and Colonial Income Plus Fund (the "CIPF Portfolio"). Shares of beneficial interest in both of these portfolios of the Trust are registered in your state. Both portfolios have the same investment objectives, and invest in similar (although slightly different) types of securities. Further, both portfolios have identical share transaction features, brokerage practices and sales charges. Both portfolios are advised by the same investment adviser under a single advisory contract.

The Trustees of the Trust have proposed that the two portfolios be combined into one portfolio by means of a tax-free combination. In this combination, the assets and liabilities of the CIPF Portfolio will be transferred to the CDIF Portfolio to comprise a single portfolio of the Trust. As a result of this combination, the shares in the CIPF Portfolio will be exchanged for shares in the CDIF Portfolio of equal net asset value. No person will receive any commissions or other similar remuneration for soliciting approval of the proposed transaction. In order to effect the combination, at least 66 2/3% of the shares of CIPF must be voted to approve the proposal.

As you know, Section 44-1844(A)(7) of the Arizona Revised Statutes provides a transactional exemption from the securities registration requirements for any transaction pursuant to an offer to existing security holders of an issuer if no commission or other remuneration is paid or given directly or indirectly for soliciting any security holder in your state. Under Massachusetts law, the Trust is the sole legal entity and the issuer of shares in both portfolios. Although there are two separate portfolios of the Trust, these portfolios are simply different classes of securities of a single issuer. Shareholders of both portfolios receive a single annual report of the Trust. Further, there is a single Board of Trustees and a single set of officers. Accordingly, the exemption set forth above is applicable to the proposed transaction as shareholders in both portfolios are existing shareholders of a single issuer, i.e. the Trust.

However, in light of the rather unique nature of the proposed transaction, we would appreciate it if you would confirm in writing the availability of the exemption. The availability of the exemption has already been confirmed by two Uniform Act (Massachusetts and Michigan) states, but we do not feel that time permits us to personally contact each state by telephone. Accordingly, a form of confirmation is attached hereto for your convenience, along with a stamped, self-addressed envelope.

It is currently expected that a proxy/prospectus will be mailed to shareholders of CIPF soliciting approval of the transaction on July 18, 1990. In order to allow us sufficient time to complete any further securities law actions that might be necessary, we respectfully request that you contact us on or prior to June 29, 1990, either by returning a written confirmation of the availability of the exemption, or telephoning the undersigned (collect) at (617) 951-7395.

We apologize for the urgent nature of this request and appreciate any assistance that you can provide.

Sincerely,



Margaret W. Chambers

TO: Margaret W. Chambers  
Ropes & Gray

RE: Colonial Strategic Income Trust - Combination of Portfolios

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In response to your letter dated June 20, 1990 relating to the proposed issuance of shares of beneficial interest in Colonial Diversified Income Fund in connection with its combination with Colonial Income Plus Fund, two portfolios of Colonial Strategic Income Trust, I hereby confirm the availability of the exemption pursuant to Section 44-1844(A)(7) of the Arizona Revised Statutes for transactions pursuant to offers to existing security holders of an issuer, as more fully described in your letter.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
State

Date: \_\_\_\_\_