



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

June 3, 1987

GC/RD:sg
4660

Office of General Counsel

Mr. Stephen G. Burton
Product Manager
Fidelity Investments
Institutional Services Company
82 Devonshire Street
Boston, MA. 02109

Dear Mr. Burton:

This is in response to your letter dated March 18, 1987 regarding Federal credit union (FCU) investment in four series of the Income Portfolios trust (prospectus dated March 3, 1987): (1) Liquid Assets Series (2) Short Fixed-Income Series (3) Short-Intermediate Fixed-Income Series (4) GNMA Series.

We have reviewed the four series listed above, and have concluded that they are permissible investments for FCU's. However, we would like to point out one feature of the GNMA Series which may disqualify the Series as a permissible investment for FCU's. The GNMA Series may violate Section 703.4 of NCUA Rules and Regulations (12 C.F.R. §703.4) if the Series engages in any futures contracts and options as explained on page 21 of the prospectus. It is noted that the GNMA Series pledges that it will not engage in any such transactions without 90 days prior notice to the shareholders and supplemental information added to the Prospectus and Statement of Additional Information. If the GNMA Series changes its investment policy concerning futures contracts and options, the GNMA Series would no longer be a permissible investment for FCU's and immediate FCU divestment would be required.

This opinion must not be interpreted or represented as NCUA's endorsement, recommendation, or approval of these investments.

Mr. Stephen G. Burton
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Any communication with Federal credit unions concerning this opinion must clearly state this distinction.

I hope we have been of assistance.

This is not a recommendation by NGBA

Sincerely,



STEVEN R. BISKER
Assistant General Counsel

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