

# SECURITIES AND EXCHANGE COMMISSION

## FORM 485APOS

Post-effective amendments [Rule 485(a)]

Filing Date: **1995-07-28**  
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### FILER

#### **IDS DISCOVERY FUND INC**

CIK: **352663** | IRS No.: **411399805** | State of Incorpor.: **MN** | Fiscal Year End: **0731**  
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MINNEAPOLIS MN 55440  
6126712772*

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-1A

## REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pre-Effective Amendment No.

Post-Effective Amendment No. 31 (File No. 2-72174) X

and/or

## REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No. 31 (File No. 811-3178) X

IDS DISCOVERY FUND, INC.  
 IDS Tower 10, Minneapolis, Minnesota 55440-0010  
 Leslie L. Ogg - 901 S. Marquette Ave., Suite 2810  
 Minneapolis, MN 55402-3268  
 (612) 330-9283

Approximate Date of Proposed Public Offering:

It is proposed that this filing will become effective (check appropriate box)

- immediately upon filing pursuant to paragraph (b)  
 on (date) pursuant to paragraph (b)  
 60 days after filing pursuant to paragraph (a) (i)  
 X on Sept. 29, 1995 pursuant to paragraph (a) (i)  
 75 days after filing pursuant to paragraph (a) (ii)  
 on (date) pursuant to paragraph (a) (ii) of rule 485.

If appropriate, check the following box:

this post-effective amendment designates a new effective date for a previously filed post-effective amendment.

Registrant has registered an indefinite number or amount of securities under the Securities Act of 1933 pursuant to Section 24f of the Investment Company Act of 1940. Registrant's Rule 24f-2 Notice for its most recent fiscal year was filed on or about Sept. 28, 1994.

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reference sheet showing location in the prospectus and Statement of Additional Information of the information called for by the items enumerated in Parts A and B of Form N-1A.

Negative answers omitted from prospectus are so indicated.

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PART A		PART B	
Item No. <S>	Section in Prospectus <C>	Item No. <C>	Section in Statement of Additional Information <C>
1	Cover page of prospectus	10	Cover page of SAI
2 (a)	Sales charge and fund expenses	11	Table of Contents
(b)	The fund in brief		
(c)	The fund in brief	12	NA
3 (a)	Financial highlights	13 (a)	Additional Investment Policies; all appendices except Dollar-Cost Averaging
(b)	NA	(b)	Additional Investment Policies
(c)	Performance	(c)	Additional Investment Policies
(d)	Financial highlights	(d)	Portfolio Transactions
4 (a)	The fund in brief; Investment policies and risks; How the fund is organized	14 (a)	Directors and officers of the fund;** Directors and officers
(b)	Investment policies and risks	(b)	Directors and Officers
(c)	Investment policies and risks	(c)	Directors and Officers
5 (a)	Directors and officers; Directors and officers of the fund (listing)	15 (a)	NA
5 (b) (i)	Investment manager and transfer agent; About American Express Financial Corporation -- General Information	(b)	NA
(b) (ii)	Investment manager and transfer agent	(c)	Directors and Officers
(b) (iii)	Investment manager and transfer agent	16 (a) (i)	How the fund is organized; About American Express Financial Corporation**

(c)	Portfolio manager	(a) (ii)	Agreements: Investment Management Services Agreement, Plan and Supplemental Agreement of Distribution
(d)	Investment manager and transfer agent		
(e)	Investment manager and transfer agent		
(f)	Distributor	(a) (iii)	Agreements: Investment Management Services Agreement
(g)	Investment manager and transfer agent; About American Express Financial Corporation -- General Information	(b)	Agreements: Investment Management Services Agreement
		(c)	NA
		(d)	Agreements: Administrative Services Agreement, Shareholder Service Agreement
5A (a)	*	(e)	NA
(b)	*	(f)	Agreements: Distribution Agreement
		(g)	NA
6 (a)	Shares; Voting rights	(h)	Custodian; Independent Auditors
(b)	NA	(i)	Agreements: Transfer Agency Agreement; Custodian
(c)	NA		
(d)	Voting rights	17 (a)	Portfolio Transactions
(e)	Cover page; Special shareholder services	(b)	Brokerage Commissions Paid to Brokers Affiliated with American Express Financial Corporation
(f)	Dividends and capital gains distributions; Reinvestments	(c)	Portfolio Transactions
(g)	Taxes	(d)	Portfolio Transactions
(h)	Alternative sales arrangements	(e)	Portfolio Transactions
7 (a)	Distributor	18 (a)	Shares; Voting rights**
(b)	Key terms; Valuing assets	(b)	NA
(c)	How to buy, exchange or sell shares		
(d)	How to buy shares	19 (a)	Investing in the Fund
(e)	NA	(b)	Valuing Fund Shares; Investing in the Fund
(f)	Distributor	(c)	NA
8 (a)	How to sell shares	20	Taxes
(b)	NA		
(c)	How to buy shares: Three ways to invest	21 (a)	Agreements: Distribution Agreement
(d)	How to buy, exchange or sell shares: Redemption policies -- "Important..."	(b)	Agreements: Distribution Agreement
		(c)	NA
9	None	22 (a)	Performance Information (for money market funds only)
		(b)	Performance Information (for all funds except money market funds)
		23	Financial Statements

\*Designates information is located in annual report.

\*\*Designates location in prospectus.

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IDS Discovery Fund

Prospectus

Sept. 29, 1995

The goal of IDS Discovery Fund, Inc. is long-term growth of capital. The fund invests primarily in common stocks of small- and medium-size growth companies.

This prospectus contains facts that can help you decide if the fund is the right investment for you. Read it before you invest and keep it for future reference.

Additional facts about the fund are in a Statement of Additional Information (SAI), filed with the Securities and Exchange Commission. The SAI, dated Sept. 29, 1995, is incorporated here by reference. For a free copy, contact American Express Shareholder Service.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

SHARES IN THE FUND ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY, ANY BANK, AND SHARES ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER AGENCY. INVESTMENTS IN THE FUND INVOLVE INVESTMENT RISK INCLUDING POSSIBLE LOSS OF PRINCIPAL.

American Express Shareholder Service

P.O. Box 534

Minneapolis, MN

55440-0534

612-671-3733

TTY: 800-846-4852

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The fund in brief

Goal

IDS Discovery Fund seeks to provide shareholders with long-term growth of capital. Because any investment involves risk, achieving this goal cannot be guaranteed. Only shareholders can change the goal.

Types of fund investments and their risks

The fund is a diversified mutual fund that invests primarily in common stocks of small- and medium-size growth companies. Many are in businesses involving technological innovation or experiencing rapidly improving productivity.

Stocks of smaller, growing companies historically have provided higher returns to investors than stocks of larger, established companies. But their prices have fluctuated more. Therefore, the fund is appropriate for long-term investors who are comfortable with a relatively high degree of short-term price variability and investment risk.

Proposed conversion to master/feeder structure

Subject to certain contingencies, the fund intends to invest all of its assets in the Emerging Equity Portfolio of Growth Trust rather than directly investing in and managing its own portfolio of securities. The Emerging Equity Portfolio has the same investment objectives as the fund. The fund anticipates this conversion will occur in late 1995 or early 1996.

Manager and distributor

The fund is managed by American Express Financial Corporation (AEFC), a provider of financial services since 1894. AEFC currently manages more than \$\_\_ billion in assets for the IDS MUTUAL FUND GROUP. Shares of the fund are sold through American Express Financial Advisors Inc., a wholly owned subsidiary of AEFC.

Portfolio manager

Kurt Winters joined AEFC in 1987 and serves as portfolio manager. He was appointed to manage this fund in January 1995. From 1992 to 1995, he managed IDS Life Series Managed Portfolio. Prior to joining the Growth Income Team as associate manager in 1991, he served as an AEFC stock analyst.

Alternative sales arrangements

The fund offers its shares in three classes. Class A shares are subject to a sales charge at the time of purchase. Class B shares are subject to a contingent deferred sales charge (CDSC) on redemptions made within six years of purchase and an annual

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distribution (12b-1) fee. Class Y shares are sold without a sales charge to qualifying institutional investors. Other differences between the classes include the fees paid by each class. The fund offers these alternatives so you may choose the method of purchasing shares that is most beneficial given the amount of purchase, length of time you expect to hold the shares and other circumstances.

Sales charge and fund expenses

When you buy Class A shares, you pay a maximum sales charge of 5% of the public offering price. This charge can be reduced, depending on your total investments in IDS funds. See "Reductions of the sales charge." No sales charge applies at the time of purchase of Class B shares, although Class B shares may be subject to a CDSC on redemptions made within six years and are subject to annual distribution (12b-1) fees. Class Y shares are sold without a sales charge to qualifying institutional investors. Shareholder transaction expenses are incurred directly by an investor on the purchase or redemption of fund shares. Fund operating expenses are paid out of fund assets for each class of shares. Operating expenses are reflected in the fund's daily share price and dividends, and are not charged directly to shareholder accounts.

Shareholder transaction expenses

	Class A	Class B	Class Y
Maximum sales charge on purchases (as a percentage of offering price).....	5%	0%	0%
Maximum deferred sales charge imposed on redemptions (as a percentage of original purchase price)....	0%	5%	0%

Annual fund operating expenses\* (% of average daily net assets):

	Class A	Class B	Class Y
Management fee	%	%	%
12b-1 fee	%	%	%
Other expenses**	%	%	%
Total	%	%	%

\*Expenses for Class A are based on actual expenses for the last fiscal year, restated to reflect current fees. Expenses for Class B and Class Y are estimated based on the restated expenses for Class A, except that the 12b-1 fee and transfer agency fee (under other expenses) for Class B are based on agreements for that class and that Class Y does not have a service fee.

\*\*Other expenses include an administrative services fee, a shareholder services fee for Class A and Class B, a transfer agency fee, and other non-advisory expenses.

Example: Suppose for each year for the next 10 years, fund expenses are as above and annual return is 5%. If you sold your

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shares at the end of the following years, for each \$1,000 invested, you would pay total expenses of:

	1 year	3 years	5 years	10 years	
Class A	\$	\$	\$	\$	
Class B	\$	\$	\$	\$	**
Class B*	\$	\$	\$	\$	**
Class Y	\$	\$	\$	\$	

\*Assuming Class B shares are not redeemed at the end of the period.

\*\*Based on conversion of Class B shares to Class A shares after eight years.

This example does not represent actual expenses, past or future. Actual expenses may be higher or lower than those shown. Because Class B pays annual distribution (12b-1) fees, long-term shareholders of Class B may indirectly pay an equivalent of more than a 6.25% sales charge, the maximum permitted by the National Association of Securities Dealers.

#### Performance

#### Financial highlights

[To be inserted here]

The information in this table has been audited by KPMG Peat Marwick LLP, independent auditors. The independent auditors' report and additional information about the performance of the fund are contained in the fund's annual report which, if not included with this prospectus, may be obtained without charge.

#### Total returns

Average annual total returns as of July 31, 1995

Purchase made	1 year ago	5 years ago	10 years ago
Discovery:			
Class A	%	%	%
Class B	%	%	%
Class Y	%	%	%
S&P 500	%	%	%
Lipper Small Co. Growth Fund Index	%	%	%

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Cumulative total returns as of July 31, 1995

Purchase made	1 year ago	5 years ago	10 years ago
Discovery:			
Class A	%	%	%
Class B	%	%	%
Class Y	%	%	%
S&P 500	%	%	%
Lipper Small Co. Growth Fund Index	%	%	%

These examples show total returns from hypothetical investments in each class of shares of the fund. These returns are compared to those of [a] popular index[es] for the same periods. Total returns for Class B and Class Y are based on Class A historical expenses and have not been recalculated to reflect differences in expenses among the classes except for the adjustment for sales charge differences. If performance information for Class B were adjusted to reflect the higher ongoing expenses of that class, total returns would be lower than shown.

For purposes of calculation, information about the fund assumes:

- o a sales charge of 5% for Class A shares
- o redemption at the end of each period and deduction of the applicable contingent deferred sales charge for Class B shares
- o no sales charge for Class Y shares
- o no adjustments for taxes an investor may have paid on the reinvested income and capital gains
- o a period of widely fluctuating securities prices. Returns shown should not be considered a representation of the fund's future performance.

The fund includes primarily common stocks that may be different

from those in the indexes. The indexes reflect reinvestment of all distributions and changes in market prices, but exclude brokerage commissions or other fees.

Standard & Poor's 500 Stock Index (S&P 500), an unmanaged list of common stocks, is frequently used as a general measure of market performance. However, the S&P 500 companies are generally larger than those in which the fund invests.

Lipper Small Company Growth Fund Index, published by Lipper Analytical Services, Inc., includes 30 funds that are generally similar to the fund, although some funds in the index may have somewhat different investment policies or objectives.

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Key terms

Net asset value (NAV)

Value of a single fund share. For each class, it is the total market value of all of a fund's investments and other assets attributable to that class, less any liabilities attributable to that class, divided by the number of shares of that class outstanding.

When you buy shares, you pay the NAV plus any applicable sales charge. When you sell shares, the price you receive is the NAV minus any applicable sales charge. The NAV usually changes daily, and is calculated at the close of business, normally 3 p.m. Central time, each business day (any day the New York Stock Exchange is open).

Public offering price

Price at which you buy shares. It is the NAV plus the sales charge for Class A. It is the NAV for Class B and Class Y. NAVs and public offering prices of IDS funds are listed each day in major newspapers and financial publications for classes of funds large enough to be listed.

Investment income

Dividends and interest earned on securities held by the fund.

Capital gains or losses

Increase or decrease in value of the securities the fund holds. Gains or losses are realized when securities that have increased or decreased in value are sold. A fund also may have unrealized gains or losses when securities increase or decrease in value but are not sold.

Distributions

Payments to shareholders of two types: investment income (dividends) and realized net long-term capital gains (capital gains distributions).

Total return

Sum of all of your returns for a given period, assuming you reinvest all distributions. Calculated by taking the total value of shares you own at the end of the period (including shares acquired by reinvestment), less the price of shares you purchased at the beginning of the period.

Average annual total return

The annually compounded rate of return over a given time period (usually two or more years) -- total return for the period converted to an equivalent annual figure.

Investment policies and risks

The fund invests primarily in common stocks of U.S. and foreign small- and medium-size growth companies. Many of these companies emphasize technological innovation or productivity improvements.

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The fund invests in common stock and debt securities of large, well-established companies when the portfolio manager believes such investments offer the best opportunity for capital growth. The fund also uses derivative instruments and money market instruments.

Subject to certain contingencies, the fund intends in late 1995 or early 1996 to achieve its investment objective by investing all of its assets in the Emerging Equity Portfolio (the portfolio) of the Growth Trust ("the Trust"), which is a separate investment company. The portfolio has the same investment objectives, policies and restrictions as the fund. The board of directors of the fund believes that by investing all of its assets in the portfolio, the

fund will be in a position to realize directly or indirectly certain economies of scale inherent in managing a larger asset base. The policies described below apply to both the fund and the portfolio.

The various types of investments the portfolio manager uses to achieve investment performance are described in more detail in the next section and in the SAI.

#### Facts about investments and their risks

**Common stocks:** Stock prices are subject to market fluctuations. Stocks of smaller companies may be subject to more abrupt or erratic price movements than stocks of larger, established companies or the stock market as a whole. Also, small companies often have limited product lines, smaller markets or fewer financial resources. Therefore, some of the securities in which the fund invests involve substantial risk and may be considered speculative.

**Debt securities:** The price of bonds generally falls as interest rates increase, and rises as interest rates decrease. The price of an investment-grade bond also fluctuates if its credit rating is upgraded or downgraded. Prices of bonds below investment grade may react more to the ability of the issuing company to pay interest and principal when due. These bonds have greater price fluctuations and are more likely to experience a default. The fund will not invest more than 5% of its net assets in bonds below investment grade. Securities that are subsequently downgraded in quality may continue to be held by the fund, and will be sold only if the fund's portfolio manager believes it is advantageous to do so.

**Foreign investments:** Securities of foreign companies and governments may be traded in the United States, but often they are traded only on foreign markets. Frequently, there is less information about foreign companies and less government supervision of foreign markets. Foreign investments are subject to political and economic risks of the countries in which the investments are made, including the possibility of seizure or nationalization of companies, imposition of withholding taxes on income, establishment of exchange controls or adoption of other restrictions that might affect an investment adversely. If an investment is made in a

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foreign market, the local currency must be purchased. This is done by using a forward contract in which the price of the foreign currency in U.S. dollars is established on the date the trade is made, but delivery of the currency is not made until the securities are received. As long as the fund holds foreign currencies or securities valued in foreign currencies, the price of a fund share will be affected by changes in the value of the currencies relative to the U.S. dollar. Because of the limited trading volume in some foreign markets, efforts to buy or sell a security may change the price of the security, and it may be difficult to complete the transaction. The fund may invest up to 25% of its total assets in foreign investments.

**Derivative instruments:** The portfolio manager may use derivative instruments in addition to securities to achieve investment performance. Derivative instruments include futures, options and forward contracts. Such instruments may be used to maintain cash reserves while remaining fully invested, to offset anticipated declines in values of investments, to facilitate trading, to reduce transaction costs, or to pursue higher investment returns. Derivative instruments are characterized by requiring little or no initial payment and a daily change in price based on or derived from a security, a currency, a group of securities or currencies, or an index. A number of strategies or combination of instruments can be used to achieve the desired investment performance characteristics. A small change in the value of the underlying security, currency or index will cause a sizable gain or loss in the price of the derivative instrument. Derivative instruments allow the portfolio manager to change the investment performance characteristics very quickly and at lower costs. Risks include losses of premiums, rapid changes in prices, defaults by other parties, and inability to close such instruments. The fund will use derivative instruments only to achieve the same investment performance characteristics it could achieve by directly holding those securities and currencies permitted under the investment policies. The fund will designate cash or appropriate liquid assets to cover its portfolio obligations. No more than 5% of the fund's net assets can be used at any one time for good faith deposits on futures and premiums for options on futures that do not offset existing investment positions. For descriptions of



derivative instruments, see the Appendix to this prospectus.

Securities and derivative instruments that are illiquid: A security or derivative instrument is illiquid if it cannot be sold quickly in the normal course of business. Some investments cannot be resold to the U.S. public because of their terms or government regulations. All securities and derivative instruments, however, can be sold in private sales, and many may be sold to other institutions and qualified buyers or on foreign markets. The portfolio manager will follow guidelines established by the board of directors and consider relevant factors such as the nature of the security and the number of likely buyers when determining whether a security is illiquid. No more than 10% of the fund's net assets will be held in securities and derivative instruments that are illiquid.

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Money market instruments: Short-term debt securities rated in the top two grades are used to meet daily cash needs and at various times to hold assets until better investment opportunities arise. Generally less than 25% of the fund's total assets are in these money market instruments. However, for temporary defensive purposes these investments could exceed that amount for a limited period of time.

The investment policies described above may be changed by the board of directors.

Lending portfolio securities: The fund may lend its securities to earn income so long as borrowers provide collateral equal to the market value of the loans. The risks are that borrowers will not provide collateral when required or return securities when due. Unless shareholders approve otherwise, loans may not exceed 30% of the fund's net assets.

Valuing assets

- o Securities (except bonds) and assets with available market values are valued on that basis.
- o Securities maturing in 60 days or less are valued at amortized cost.
- o Bonds and assets without readily available market values are valued according to methods selected in good faith by the board of directors.

How to buy, exchange or sell shares

Alternative sales arrangements

The fund offers three different classes of shares - Class A, Class B and Class Y. The primary differences among the classes are in the sales charge structures and in their ongoing expenses. These differences are summarized in the table below. You may choose the class that best suits your circumstances and objectives.

	Sales charge and distribution (12b-1) fee	Service fee	Other information
<S>	<C>	<C>	<C>
Class A	Maximum initial sales charge of 5%; no 12b-1 fee	0.175% of average daily net assets	Initial sales charge waived or reduced for certain purchases
Class B	No initial sales charge; maximum CDSC of 5% declines to 0% after six years; 12b-1 fee of 0.75% of average daily net assets	0.175% of average daily net assets	Shares convert to Class A after eight years; CDSC waived in certain circumstances
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Class Y	None	None	Available only to certain qualifying institutional investors

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Conversion of Class B shares to Class A shares - Eight calendar years after Class B shares were originally purchased, Class B shares will convert to Class A shares and will no longer be subject to a distribution fee. The conversion will be on the basis of relative net asset values of the two classes, without the imposition of any sales charge. Class B shares purchased through reinvested dividends and distributions will convert to Class A

shares in a pro-rata portion as the Class B shares purchased other than through reinvestment.

Considerations in determining whether to purchase Class A or Class B shares - You should consider the information below in determining whether to purchase Class A or Class B shares. The sales charges and distribution fee (included in Ongoing expenses) are structured so that you will have approximately the same total return at the end of eight years regardless of which class you chose.

If you purchase Class A shares

If you purchase Class B shares

#### Sales charges on purchase or redemption

o You will not have all of your purchase price invested. Part of your purchase price will go to pay the sales charge. You will not pay a sales charge when you redeem your shares.

o All of your money is invested in shares of stock. However, you will pay a sales charge if you redeem your shares within six years of purchase.

o You will be able to take advantage of reductions in the sales charge.

o No reductions of the sales charge are available for large purchases.

If your investments in IDS funds total \$250,000 or more, you are better off paying the reduced sales charge in Class A than paying the higher fees in Class B. If you qualify for a waiver of the sales charge, you should purchase Class A shares.

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#### Ongoing expenses

o Your shares will have a lower expense ratio than Class B shares because Class A does not pay a distribution fee and the transfer agency fee for Class A is lower than the fee for Class B. As a result, Class A shares will pay higher dividends than Class B shares.

o The distribution and transfer agency fees for Class B will cause your shares to have a higher expense ratio and to pay lower dividends than Class A shares. After eight years, Class B shares will convert to Class A shares and will no longer be subject to higher fees.

You should consider how long you plan to hold your shares and whether the accumulated higher fees and CDSC on Class B shares prior to conversion would be less than the initial sales charge on Class A shares. Also consider to what extent the difference would be offset by the lower expenses on Class A shares. To help you in this analysis, the example in the "Sales charge and fund expenses" section of the prospectus illustrates the charges applicable to each class of shares.

Class Y shares - Class Y shares are offered to certain institutional investors. Class Y shares are sold without a front-end sales charge or a CDSC and are not subject to either a service fee or a distribution fee. The following investors are eligible to purchase Class Y shares:

- o Qualified employee benefit plans\* if the plan:
  - uses a daily transfer recordkeeping service offering participants daily access to IDS funds and has
    - at least \$10 million in plan assets or
    - 500 or more participants; or
  - does not use daily transfer recordkeeping and has
    - at least \$3 million invested in funds of the IDS MUTUAL FUND GROUP or
    - 500 or more participants.

o Trust companies or similar institutions, and charitable organizations that meet the definition in Section 501(c)(3) of the Internal Revenue Code.\* These must have at least \$10 million invested in funds of the IDS MUTUAL FUND GROUP.

o Nonqualified deferred compensation plans\* whose participants are included in a qualified employee benefit plan described above.

\* Eligibility must be determined in advance by American Express

Financial Advisors. To do so, contact your financial advisor.

Financial advisors may receive different compensation for selling Class A, Class B and Class Y shares.

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How to buy shares

If you're investing in this fund for the first time, you'll need to set up an account. Your financial advisor will help you fill out and submit an application. Once your account is set up, you can choose among several convenient ways to invest.

Important: When opening an account, you must provide AEFC with your correct Taxpayer Identification Number (Social Security or Employer Identification number). See "Distributions and taxes."

When you buy shares for a new or existing account, the price you pay per share is determined at the close of business on the day your investment is received and accepted at the Minneapolis headquarters.

Purchase policies:

- o Investments must be received and accepted in the Minneapolis headquarters on a business day before 3 p.m. Central time to be included in your account that day and to receive that day's share price. Otherwise your purchase will be processed the next business day and you will pay the next day's share price.
- o The minimums allowed for investment may change from time to time.
- o Wire orders can be accepted only on days when your bank, AEFC, the fund and Norwest Bank Minneapolis are open for business.
- o Wire purchases are completed when wired payment is received and the fund accepts the purchase.
- o AEFC and the fund are not responsible for any delays that occur in wiring funds, including delays in processing by the bank.
- o You must pay any fee the bank charges for wiring.
- o The fund reserves the right to reject any application for any reason.
- o If your application does not specify which class of shares you are purchasing, it will be assumed that you are investing in Class A shares.

<TABLE><CAPTION>

Three ways to invest

1	<S>	<C>	<C>
	By regular account	Send your check and application	Minimum amounts
		(or your name and account number	Initial investment: \$2,000
		if you have an established account)	Additional
		to:	investments: \$ 100
		American Express Financial Advisors Inc.	Account balances: \$ 300*
		P.O. Box 74	Qualified retirement
		Minneapolis, MN 55440-0074	accounts: none

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Your financial advisor will help you with this process.

- 2
- By scheduled investment plan
- Contact your financial advisor to set up one of the following scheduled plans:
- Minimum amounts
- Initial investment: \$100
- Additional investments: \$100/mo.
- o automatic payroll deduction
  - o bank authorization
  - o direct deposit of Social Security check
  - o other plan approved by the fund
- Account balances: none (on active plans of monthly payments)

3  
By wire If you have an established account, If this information is not

you may wire money to:	included, the order may be rejected and all money received by the fund, less any costs the fund or AEFC incurs, will be returned promptly.
Norwest Bank Minneapolis	
Routing No. 091000019	
Minneapolis, MN	
Attn:Domestic Wire Dept.	
Give these instructions:	Minimum amounts
Credit IDS Account #00-30-015	Each wire investment: \$1,000
for personal account # (your account number) for (your name).	

</TABLE>

\*If your account balance falls below \$300, you will be asked in writing to bring it up to \$300 or establish a scheduled investment plan. If you don't do so within 30 days, your shares can be redeemed and the proceeds mailed to you.

#### How to exchange shares

You can exchange your shares of the fund at no charge for shares of the same class of any other publicly offered fund in the IDS MUTUAL FUND GROUP available in your state. Exchanges into IDS Tax-Free Money Fund must be made from Class A shares. For complete information, including fees and expenses, read the prospectus carefully before exchanging into a new fund.

If your exchange request arrives at the Minneapolis headquarters before the close of business, your shares will be redeemed at the net asset value set for that day. The proceeds will be used to purchase new fund shares the same day. Otherwise, your exchange will take place the next business day at that day's net asset value.

For tax purposes, an exchange represents a sale and purchase and may result in a gain or loss. However, you cannot create a tax loss (or reduce a taxable gain) by exchanging from the fund within 91 days of your purchase. For further explanation, see the SAI.

#### How to sell shares

You can sell (redeem) your shares at any time. American Express Shareholder Service will mail payment within seven days after receiving your request.

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When you sell shares, the amount you receive may be more or less than the amount you invested. Your shares will be redeemed at net asset value, minus any applicable sales charge, at the close of business on the day your request is accepted at the Minneapolis headquarters. If your request arrives after the close of business, the price per share will be the net asset value, minus any applicable sales charge, at the close of business on the next business day.

A redemption is a taxable transaction. If the fund's net asset value when you sell shares is more or less than the cost of your shares, you will have a gain or loss, which can affect your tax liability. Redeeming shares held in an IRA or qualified retirement account may subject you to certain federal taxes, penalties and reporting requirements. Consult your tax advisor.

<TABLE><CAPTION>

Two ways to request an exchange or sale of shares

1

<S>

By letter

<C>

Include in your letter:

- o the name of the fund(s)
- o the class of shares to be exchanged or redeemed
- o your account number(s) (for exchanges, both funds must be registered in the same ownership)
- o your Taxpayer Identification Number (TIN)
- o the dollar amount or number of shares you want to exchange or sell
- o signature of all registered account owners
- o for redemptions, indicate how you want your sales proceeds delivered to you
- o any paper certificates of shares you hold

Regular mail:

American Express Shareholder Service  
Attn: Redemptions  
P.O. Box 534  
Minneapolis, MN 55440-0534

Express mail:

American Express Shareholder Service  
Attn: Redemptions  
733 Marquette Ave.

2

## By phone

American Express Telephoneo The fund and AEFC will honor any telephone exchange or redemption request believed to be Transaction Service: authentic and will use reasonable procedures to confirm that they are. This includes 800-437-3133 or asking identifying questions and tape recording calls. If reasonable 612-671-3800 procedures are not followed, the fund or AEFC will be liable for any loss resulting from fraudulent requests.

- o Phone exchange and redemption privileges automatically apply to all accounts except custodial, corporate or qualified retirement accounts unless you request these privileges NOT apply by writing American Express Shareholder Service. Each registered owner must sign the request.
- o AEFC answers phone requests promptly, but you may experience delays when call volume is high. If you are unable to get through, use mail procedure as an alternative.
- o Acting on your instructions, your financial advisor may conduct telephone transactions on your behalf.
- o Phone privileges may be modified or discontinued at any time.

Minimum amount  
Redemption:\$100  
Maximum amount  
Redemption: \$50,000

/TABLE

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## Exchange policies:

- o You may make up to three exchanges within any 30-day period, with each limited to \$300,000. These limits do not apply to scheduled exchange programs and certain employee benefit plans or other arrangements through which one shareholder represents the interests of several. Exceptions may be allowed with pre-approval of the fund.
- o Exchanges must be made into the same class of shares of the new fund.
- o If your exchange creates a new account, it must satisfy the minimum investment amount for new purchases.
- o Once we receive your exchange request, you cannot cancel it.
- o Shares of the new fund may not be used on the same day for another exchange.
- o If your shares are pledged as collateral, the exchange will be delayed until written approval is obtained from the secured party.
- o AEFC and the fund reserve the right to reject any exchange, limit the amount, or modify or discontinue the exchange privilege, to prevent abuse or adverse effects on the fund and its shareholders. For example, if exchanges are too numerous or too large, they may disrupt the fund's investment strategies or increase its costs.

## Redemption policies:

- o A "change of mind" option allows you to change your mind after requesting a redemption and to use all or part of the proceeds to buy new shares in the same class from which you redeemed. If you reinvest in Class A, you will purchase the new shares at net asset value rather than the offering price on the date of a new purchase. If you reinvest in Class B, any CDSC you paid on the amount you are reinvesting also will be reinvested. To take advantage of this option, send a written request within 30 days of the date your redemption request was received. Include your account number and mention this option. This privilege may be limited or withdrawn at any time, and it may have tax consequences.
- o A telephone redemption request will not be allowed within 30 days of a phoned-in address change.

Important: If you request a redemption of shares you recently purchased by a check or money order that is not guaranteed, the fund will wait for your check to clear. Please expect a minimum of 10 days from the date of purchase before a check is mailed to you. (A check may be mailed earlier if your bank provides evidence satisfactory to the fund and AEFC that your check has cleared.)

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&lt;TABLE&gt;&lt;CAPTION&gt;

Three ways to receive payment when you sell shares

1



the fund or AEFC or its subsidiaries, their spouses and unmarried children under 21.

o Current or retired American Express financial advisors, their spouses and unmarried children under 21.

o Qualified employee benefit plans\* using a daily transfer recordkeeping system offering participants daily access to IDS funds.

(Participants in certain qualified plans for which the initial sales charge is waived may be subject to a deferred sales charge of up to 4% on certain redemptions. For more information, see the SAI.)

o Shareholders who have at least \$1 million invested in funds of the IDS MUTUAL FUND GROUP. If the investment is redeemed in the first year after purchase, a CDSC of 1% will be charged on the redemption.

o Purchases made within 30 days after a redemption of shares (up to the amount redeemed):

- of a product distributed by American Express Financial Advisors in a qualified plan subject to a deferred sales charge or
- in a qualified plan where American Express Trust Company has a recordkeeping, trustee, investment management or investment servicing relationship.

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Send the fund a written request along with your payment, indicating the amount of the redemption and the date on which it occurred.

o Purchases made with dividend or capital gain distributions from another fund in the IDS MUTUAL FUND GROUP that has a sales charge.

o Purchases made through American Express Strategic Portfolio Service (total amount of all investments made in the Strategic Portfolio Service must be at least \$50,000).

\*Eligibility must be determined in advance by American Express Financial Advisors. To do so, contact your financial advisor.

Class B - contingent deferred sales charge alternative

Where a CDSC is imposed on a redemption, it is based on the amount of the redemption and the number of calendar years, including the year of purchase, between purchase and redemption. The following table shows the declining scale of percentages that apply to redemptions during each year after a purchase:

If a redemption is made during the	The percentage rate for the CDSC is:
First year	5%
Second year	4%
Third year	4%
Fourth year	3%
Fifth year	2%
Sixth year	1%
Seventh year	0%

If the amount you are redeeming reduces the current net asset value of your investment in Class B shares below the total dollar amount of all your purchase payments during the last six years (including the year in which your redemption is made), the CDSC is based on the lower of the redeemed purchase payments or market value.

The following example illustrates how the CDSC is applied. Assume you had invested \$10,000 in Class B shares and that your investment had appreciated in value to \$12,000 after 15 months, including reinvested dividend and capital gain distributions. You could redeem any amount up to \$2,000 without paying a CDSC (\$12,000 current value less \$10,000 purchase amount). If you redeemed \$2,500, the CDSC would apply only to the \$500 that represented part of your original purchase price. The CDSC rate would be 4% because a redemption after 15 months would take place during the second year after purchase.

Because the CDSC is imposed only on redemptions that reduce the total of your purchase payments, you never have to pay a CDSC on any amount you redeem that represents appreciation in the value of your shares, income earned by your shares or capital gains. In addition, when determining the rate of any CDSC, your redemption

will be made from the oldest purchase payment you made. Of course, once a purchase payment is considered to have been redeemed, the

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next amount redeemed is the next oldest purchase payment. By redeeming the oldest purchase payments first, lower CDSCs are imposed than would otherwise be the case.

Waivers of the sales charge for Class B shares

The CDSC on Class B shares will be waived on redemptions of shares:

- o In the event of the shareholder's death,
- o Purchased by any trustee, director, officer or employee of a fund or AEFC or its subsidiaries,
- o Purchased by any American Express financial advisor,
- o Held in a trustee employee benefit plan,
- o Held in IRAs or certain qualified plans for which American Express Trust Company acts as custodian, such as Keogh plans, tax-sheltered custodial accounts or corporate pension plans, provided that the shareholder is:
  - at least 59-1/2 years old, and
  - taking a retirement distribution (if the redemption is part of a transfer to an IRA or qualified plan in a product distributed by American Express Financial Advisors, or a custodian-to-custodian transfer to a product not distributed by American Express Financial Advisors, the CDSC will not be waived), or
  - redeeming under an approved substantially equal periodic payment arrangement.

Special shareholder services

Services

To help you track and evaluate the performance of your investments, AEFC provides these services:

Quarterly statements listing all of your holdings and transactions during the previous three months.

Yearly tax statements featuring average-cost-basis reporting of capital gains or losses if you redeem your shares along with distribution information - which simplifies tax calculations.

A personalized mutual fund progress report detailing returns on your initial investment and cash-flow activity in your account. It calculates a total return to reflect your individual history in owning fund shares. This report is available from your financial advisor.

Quick telephone reference

American Express Telephone Transaction Service

Redemptions and exchanges, dividend payments or reinvestments and automatic payment arrangements

National/Minnesota: 800-437-3133

Mpls./St. Paul area: 671-3800

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American Express Shareholder Service

Fund performance, objectives and account inquiries

612-671-3733

TTY Service

For the hearing impaired

800-846-4852

American Express Infoline

Automated account information (TouchToneR phones only), including current fund prices and performance, account values and recent account transactions

National/Minnesota: 800-272-4445

Mpls./St. Paul area: 671-1630

Distributions and taxes

The fund distributes to shareholders investment income and net capital gains. It does so to qualify as a regulated investment company and to avoid paying corporate income and excise taxes. Dividend and capital gains distributions will have tax consequences you should know about.

Dividend and capital gain distributions



The fund distributes its net investment income (dividends and interest earned on securities held by the fund, less operating expenses) to shareholders of record by the end of the calendar year. Net realized capital gains, if any, from selling securities are distributed at the end of the calendar year. Before they're distributed, both net investment income and net capital gains are included in the value of each share. After they're distributed, the value of each share drops by the per-share amount of the distribution. (If your distributions are reinvested, the total value of your holdings will not change.) Short-term capital gains earned by the fund are paid to shareholders as part of their ordinary income dividend and are taxable as ordinary income.

Dividends paid by each class will be calculated at the same time, in the same manner and in the same amount, except the expenses attributable solely to Class A, Class B and Class Y will be paid exclusively by that class. Class B shareholders will receive lower per share dividends than Class A and Class Y shareholders because expenses for Class B are higher than for Class A or Class Y. Class A shareholders will receive lower per share dividends than Class Y shareholders because expenses for Class A are higher than for Class Y.

#### Reinvestments

Dividends and capital gain distributions are automatically reinvested in additional shares in the same class of the fund, unless:

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- o you request the fund in writing or by phone to pay distributions to you in cash, or
- o you direct the fund to invest your distributions in any publicly available IDS fund for which you've previously opened an account. You pay no sales charge on shares purchased through reinvestment from this fund into any IDS fund.

The reinvestment price is the net asset value at close of business on the day the distribution is paid. (Your quarterly statement will confirm the amount invested and the number of shares purchased.)

If you choose cash distributions, you will receive only those declared after your request has been processed.

If the U.S. Postal Service cannot deliver the checks for the cash distributions, we will reinvest the checks into your account at the then-current net asset value and make future distributions in the form of additional shares.

#### Taxes

Distributions are subject to federal income tax and also may be subject to state and local taxes. Distributions are taxable in the year the fund pays them regardless of whether you take them in cash or reinvest them.

Each January, you will receive a tax statement showing the kinds and total amount of all distributions you received during the previous year. You must report distributions on your tax returns, even if they are reinvested in additional shares.

"Buying a dividend" creates a tax liability. This means buying shares shortly before a net investment income or a capital gain distribution. You pay the full pre-distribution price for the shares, then receive a portion of your investment back as a distribution, which is taxable.

Redemptions and exchanges subject you to a tax on any capital gain. If you sell shares for more than their cost, the difference is a capital gain. Your gain may be either short term (for shares held for one year or less) or long term (for shares held for more than one year).

Your Taxpayer Identification Number (TIN) is important. As with any financial account you open, you must list your current and correct Taxpayer Identification Number (TIN) -- either your Social Security or Employer Identification number. The TIN must be certified under penalties of perjury on your application when you open an account at AEFC.

If you don't provide the TIN, or the TIN you report is incorrect, you could be subject to backup withholding of 31% of taxable

distributions and proceeds from certain sales and exchanges. You also could be subject to further penalties, such as:

- o a \$50 penalty for each failure to supply your correct TIN
- o a civil penalty of \$500 if you make a false statement that results in no backup withholding
- o criminal penalties for falsifying information

You also could be subject to backup withholding because you failed to report interest or dividends on your tax return as required.

<TABLE><CAPTION>

How to determine the correct TIN

For this type of account:	Use the Social Security or Employer Identification number of:
<S>	<C>
Individual or joint account	The individual or individuals listed on the account
Custodian account of a minor (Uniform Gifts/Transfers to Minors Act)	The minor
A living trust	The grantor-trustee (the person who puts the money into the trust)
An irrevocable trust, pension trust or estate	The legal entity (not the personal representative or trustee, unless no legal entity is designated in the account title)
Sole proprietorship or partnership	The owner or partnership
Corporate	The corporation
Association, club or tax-exempt organization	The organization

</TABLE>  
For details on TIN requirements, ask your financial advisor or local American Express Financial Advisors office for Federal Form W-9, "Request for Taxpayer Identification Number and Certification."

Important: This information is a brief and selective summary of certain federal tax rules that apply to this fund. Tax matters are highly individual and complex, and you should consult a qualified tax advisor about your personal situation.

How the fund is organized

The fund is a diversified, open-end management investment company, as defined in the Investment Company Act of 1940. Originally incorporated on April 29, 1981 in Nevada, the fund changed its state of incorporation on June 13, 1986 by merging into a Minnesota corporation incorporated on April 7, 1986. The fund headquarters are at 901 S. Marquette Ave., Suite 2810, Minneapolis, MN 55402-3268.

#### Shares

The fund is owned by its shareholders. The fund issues shares in three classes - Class A, Class B and Class Y. Each class has different sales arrangements and bears different expenses. Each class represents interests in the assets of the fund. Par value is 1 cent per share. Both full and fractional shares can be issued.

The fund no longer issues stock certificates.

#### Voting rights

As a shareholder, you have voting rights over the fund's management and fundamental policies. You are entitled to one vote for each share you own. Each class has exclusive voting rights with respect to the provisions of the fund's distribution plan that pertain to a particular class and other matters for which separate class voting is appropriate under applicable law.

#### Shareholder meetings

The fund does not hold annual shareholder meetings. However, the directors may call meetings at their discretion, or on demand by holders of 10% or more of the outstanding shares, to elect or remove directors.

#### Special considerations regarding master/feeder structure

An investor in the fund should be aware that, subject to certain contingencies, the fund intends to achieve its investment objective in late 1995 or early 1996 by investing its assets in units in the portfolio of the trust, which has an identical investment objective to the fund. The trust is a separate investment company. Therefore, the fund's interest in securities owned by the portfolio is indirect. The board of directors of the fund has considered the advantages and disadvantages of investing the assets of the fund in the portfolio and believes that this approach will be in the best interests of the fund and its shareholders by positioning the fund to realize certain economies of scale inherent in managing a larger asset base. In determining to convert to a master/feeder structure, the Board of Directors considered whether the aggregate of the fees of the fund and the Emerging Equity Portfolio will be more or less than if the fund invested directly in the securities to be held by the portfolio. The Board negotiated certain expense reimbursement arrangements with the Advisor to mitigate the impact of increases in aggregate costs, and believes that any additional

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costs not covered by such arrangements will be outweighed by the anticipated benefits to the fund and its shareholders of conversion to a master/feeder structure.

To date, AEFC has sponsored and advised traditionally structured funds that invest directly in a portfolio of securities and retain their own investment manager. Funds which invest all their assets in interests in a separate investment company are a relatively new development in the mutual fund industry and may be subject to additional regulations and risks.

In addition to selling units to the fund, the portfolio may sell units to other affiliated and non-affiliated mutual funds and to institutional investors. Such investors will invest in the portfolio on the same terms and conditions and will pay a proportionate share of the portfolio's expenses. However, the other investors investing in the portfolio are not required to sell their shares at the same public offering price as the fund due to variations in sales commissions and other operating expenses. Therefore, investors in the fund should be aware that these differences may result in differences in returns experienced by investors in the different funds that invest in the same portfolio. Information regarding other funds or pooled investment entities which invest or may, in the future, invest in the portfolio of the Trust may be obtained by contacting \_\_\_\_\_ at \_\_\_\_\_.

The fund may withdraw (completely redeem) all its assets from the portfolio at any time if the board of directors of the fund determines that it is in the best interest of the fund to do so. In the event the fund withdraws all of its assets from the portfolio, the board of directors of the fund would consider what action might be taken, including investing all assets of the fund in another pooled investment entity or retaining an investment advisor to manage the fund's assets in accordance with its investment objective. The investment objective of the fund and its portfolio can only be changed with shareholder approval. If the objective of the portfolio changes and shareholders of the fund do not approve a parallel change in the fund's investment objective, the fund would seek an alternative investment vehicle for the fund or retain an investment advisor on its behalf.

Investors in the fund should be aware that smaller funds investing in the portfolio may be adversely affected by the actions of larger funds investing in the portfolio. For example, if a large fund withdraws from the portfolio, the remaining funds may experience higher prorated operating expenses, thereby producing lower returns. Additionally, the portfolio may become less diverse, resulting in increased portfolio risk, and experience decreasing economies of scale. Institutional investors in the portfolio that have a greater pro rata ownership than the fund could have effective voting control over the operation of the portfolio. Certain changes in the portfolio's fundamental objectives, policies and restrictions could require the fund to redeem its interest in the portfolio. Any such withdrawal could result in a distribution of "in-kind" portfolio securities (as opposed to cash distribution). If securities are distributed, the fund could incur

brokerage, tax or other changes in converting the securities to cash. In addition, a distribution in kind may result in a less diversified portfolio of investments or adversely affect the liquidity of the fund.

Wherever the fund as an investor in the portfolio is requested to vote on matters pertaining to the portfolio, the fund will hold a meeting of fund shareholders and will vote its units in the portfolio for or against such matters proportionately to the instructions to vote for or against such matters received from fund shareholders. The fund will vote shares for which it receives no voting instructions in the same proportion as the shares for which it receives voting instructions. See "Investment manager and transfer agent" for a complete description of the management and other expenses associated with the fund's investment in the portfolio.

Directors and officers

Shareholders elect a board of directors that oversees the operations of the fund and chooses its officers. Its officers are responsible for day-to-day business decisions based on policies set by the board. The board has named an executive committee that has authority to act on its behalf between meetings. The directors also serve on the boards of all of the other funds in the IDS MUTUAL FUND GROUP, except for Mr. Dudley, who is a director of all publicly offered funds.

Directors and officers of the fund

President and interested director

William R. Pearce  
President of all funds in the IDS MUTUAL FUND GROUP.

Independent directors

Lynne V. Cheney  
Distinguished fellow, American Enterprise Institute for Public Policy Research.

Robert F. Froehlke  
Former president of all funds in the IDS MUTUAL FUND GROUP.

Heinz F. Hutter  
Former president and chief operating officer, Cargill, Inc.

Anne P. Jones  
Attorney and telecommunications consultant.

Donald M. Kendall  
Former chairman and chief executive officer, PepsiCo, Inc.

Melvin R. Laird  
Senior counsellor for national and international affairs, The Reader's Digest Association, Inc.

Lewis W. Lehr  
Former chairman and chief executive officer, Minnesota Mining and Manufacturing Company (3M).

Edson W. Spencer  
Former chairman and chief executive officer, Honeywell, Inc.

Wheellock Whitney  
Chairman, Whitney Management Company.

C. Angus Wurtele  
Chairman of the board and chief executive officer, The Valspar Corporation.

Interested directors who are officers and/or employees of AEFC

William H. Dudley  
Executive vice president, AEFC.

David R. Hubers  
President and chief executive officer, AEFC.

John R. Thomas  
Senior vice president, AEFC.

Officers who also are officers and/or employees of AEFC

Peter J. Anderson  
Vice president of all funds in the IDS MUTUAL FUND GROUP.

Melinda S. Urion  
Treasurer of all funds in the IDS MUTUAL FUND GROUP.

Other officer

Leslie L. Ogg  
Vice president, general counsel and secretary of all funds in the  
IDS MUTUAL FUND GROUP.

Refer to the SAI for the directors' and officers' biographies.

Investment manager and transfer agent

The fund pays AEFC for managing its portfolio, providing  
administrative services and serving as transfer agent (handling  
shareholder accounts).

Under its Investment Management Services Agreement, AEFC determines  
which securities will be purchased, held or sold (subject to the  
direction and control of the fund's board of directors). Under the  
current agreement, effective March 20, 1995, the fund pays AEFC a  
fee for these services based on the average daily net assets of the  
fund, as follows:

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Assets (billions)	Annual rate at each asset level
First \$0.25	0.640%
Next 0.25	0.615
Next 0.25	0.590
Next 0.25	0.565
Next 1.0	0.540
Over 2.0	0.515

This fee may be increased or decreased by a performance adjustment  
based on a comparison of performance of Class A shares of the fund  
to the Lipper Small Company Growth Fund Index. The maximum  
adjustment is 0.12% of the fund's average daily net assets on an  
annual basis.

Upon the implementation of the new fund structure, AEFC will  
provide these services to the Emerging Equity Portfolio at the same  
annual rate currently paid by the fund.

For the fiscal year ended July 31, 1995, under the current and  
prior agreements, the fund paid AEFC a total investment management  
fee of 0.\_\_\_\_% of its average daily net assets. Under the Agreement,  
the fund also pays taxes, brokerage commissions and nonadvisory  
expenses.

Under an Administrative Services Agreement, the fund pays AEFC for  
administration and accounting services at an annual rate of 0.06%  
decreasing in gradual percentages to 0.035% as assets increase.

In addition, under a separate Transfer Agency Agreement, AEFC  
maintains shareholder accounts and records. The fund pays AEFC an  
annual fee per shareholder account for this service as follows:

- o Class A \$15
- o Class B \$16
- o Class Y \$15

Distributor

The fund sells shares through American Express Financial Advisors,  
a wholly owned subsidiary of AEFC, under a Distribution Agreement.  
Financial advisors representing American Express Financial Advisors  
provide information to investors about individual investment  
programs, the fund and its operations, new account applications,  
exchange and redemption requests. The cost of these services is  
paid partially by the fund's sales charge.

Portions of sales charges may be paid to securities dealers who  
have sold the fund's shares, or to banks and other financial  
institutions. The proceeds paid to others range from 0.8% to 4% of  
the fund's offering price depending on the monthly sales volume.

For Class B shares, to help defray costs not covered by sales

charges, including costs for marketing, sales administration, training, overhead, direct marketing programs, advertising and

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related functions, the fund pays American Express Financial Advisors a distribution fee, also known as a 12b-1 fee. This fee is paid under a Plan and Agreement of Distribution that follows the terms of Rule 12b-1 of the Investment Company Act of 1940. Under this Agreement, the fund pays a distribution fee at an annual rate of 0.75% of the fund's average daily net assets attributable to Class B shares for distribution-related services. The total 12b-1 fee paid by the fund under the current and prior agreements for the fiscal year ended July 31, 1995 was 0.\_\_\_\_% of its average daily net assets. This fee will not cover all of the costs incurred by American Express Financial Advisors.

Under a Shareholder Service Agreement, the fund also pays a fee for service provided to shareholders by financial advisors and other servicing agents. The fee is calculated at a rate of 0.175% of the fund's average daily net assets attributable to Class A and Class B shares.

Total expenses paid by the fund in the fiscal year ended July 31, 1995 were 0.\_\_\_\_% of its average daily net assets for Class A shares, \_\_\_\_% for Class B and \_\_\_\_% for Class Y.

Total fees and expenses (excluding taxes and brokerage commissions) cannot exceed the most restrictive applicable state expense limitation.

About AEFC

General information

The AEFC family of companies offers not only mutual funds but also insurance, annuities, investment certificates and a broad range of financial management services.

Besides managing investments for all publicly offered funds in the IDS MUTUAL FUND GROUP, AEFC also manages investments for itself and its subsidiaries, IDS Certificate Company and IDS Life Insurance Company. Total assets under management on July 31, 1995 were more than \$\_\_ billion.

American Express Financial Advisors serves individuals and businesses through its nationwide network of more than \_\_\_\_ offices and more than \_\_\_\_ advisors.

Other AEFC subsidiaries provide investment management and related services for pension, profit sharing, employee savings and endowment funds of businesses and institutions.

AEFC is located at IDS Tower 10, Minneapolis, MN 55440-0010. It is a wholly owned subsidiary of American Express Company, a financial services company with headquarters at American Express Tower, World Financial Center, New York, NY 10285. The fund may pay brokerage commissions to broker-dealer affiliates of American Express and AEFC.

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Appendix

Descriptions of derivative instruments

What follows are brief descriptions of derivative instruments the fund may use. At various times the fund may use some or all of these instruments and is not limited to these instruments. It may use other similar types of instruments if they are consistent with the fund's investment goal and policies. For more information on these instruments, see the Statement of Additional Information.

Options and futures contracts. An option is an agreement to buy or sell an instrument at a set price during a certain period of time. A futures contract is an agreement to buy and sell an instrument for a set price on a future date. The fund may buy and sell options and futures contracts to manage its exposure to changing interest rates, security prices and currency exchange rates. Options and futures may be used to hedge the fund's investments against price fluctuations or to increase market exposure.

Asset-backed and mortgage-backed securities. Asset-backed and mortgage-backed securities include interests in pools of consumer loans or mortgages, such as collateralized mortgage obligations and stripped mortgage-backed securities. Interest and principal payments depend on payment of the underlying loans or mortgages.

The value of these securities may also be affected by changes in interest rates, the market's perception of the issuers and the creditworthiness of the parties involved. Stripped mortgage-backed securities include interest only (IO) and principal only (PO) securities. Cash flows and yields on IOs and POs are extremely sensitive to the rate of principal payments on the underlying mortgage loans or mortgage-backed securities.

Indexed securities. The value of indexed securities is linked to currencies, interest rates, commodities, indexes or other financial indicators. Most indexed securities are short- to intermediate-term fixed income securities whose values at maturity or interest rates rise or fall according to the change in one or more specified underlying instruments. Indexed securities may be more volatile than the underlying instrument itself.

Structured products. Structured products are over-the-counter financial instruments created specifically to meet the needs of one or a small number of investors. The instrument may consist of a warrant, an option or a forward contract embedded in a note or any of a wide variety of debt, equity and/or currency combinations. Risks of structured products include the inability to close such instruments, rapid changes in the market and defaults by other parties.

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STATEMENT OF ADDITIONAL INFORMATION

FOR

IDS DISCOVERY FUND

Sept. 29, 1995

This Statement of Additional Information (SAI) is not a prospectus. It should be read together with the prospectus and the financial statements contained in the Annual Report which may be obtained from your American Express financial advisor or by writing to American Express Shareholder Service, P.O. Box 534, Minneapolis, MN 55440-0534.

This SAI is dated Sept. 29, 1995, and it is to be used with the prospectus dated Sept. 29, 1995, and the Annual Report for the fiscal year ended July 31, 1995.

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ADDITIONAL INVESTMENT POLICIES

Subject to certain contingencies, the fund intends in late 1995 or early 1996 to achieve its goals by investing all of its assets in the Emerging Equity Portfolio (the "portfolio") of Growth Trust (the "Trust"), a separate investment company, rather than by directly investing in and managing its own portfolio of securities. The portfolio has the same investment objectives, policies and restrictions as the fund.

Fundamental investment restrictions adopted by a fund or portfolio cannot be changed without the approval of a majority of the outstanding voting securities of the fund or portfolio, as defined in the Investment Company Act of 1940. Whenever a fund is requested to vote on a change in the investment restrictions of the corresponding portfolio, the fund will hold a meeting of the fund shareholders and will cast the fund's vote as instructed by the shareholders.

These are investment policies in addition to those presented in the prospectus. The policies below are fundamental policies of the fund and the portfolio and may be changed only with shareholder approval. Unless holders of a majority of the outstanding shares agree to make the change the fund will not:

'Act as an underwriter (sell securities for others). However, under the securities laws, the fund may be deemed to be an underwriter when it purchases securities directly from the issuer and later resells them.

'Borrow money or property, except as a temporary measure for extraordinary or emergency purposes, in an amount not exceeding one-third of the market value of its total assets (including borrowings) less liabilities (other than borrowings) immediately after the borrowing. The fund has not borrowed in the past and has no present intention to borrow.

'Make cash loans if the total commitment amount exceeds 5% of the fund's total assets.

'Concentrate in any one industry. According to the present interpretation by the Securities and Exchange Commission (SEC), this means no more than 25% of the fund's total assets, based on current market value at time of purchase, can be invested in any one industry.

'Purchase more than 10% of the outstanding voting securities of an issuer.

'Invest more than 5% of its total assets in securities of any one company, government or political subdivision thereof, except the limitation will not apply to investments in securities issued by the U.S. government, its agencies or instrumentalities, and except that up to 25% of the fund's total assets may be invested without regard to this limitation.

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'Buy or sell real estate, unless acquired as a result of ownership of securities or other instruments, except this shall not prevent the fund from investing in securities or other instruments backed



by real estate or securities of companies engaged in the real estate business or real estate investment trusts. For purposes of this policy, real estate includes real estate limited partnerships.

'Buy or sell physical commodities unless acquired as a result of ownership of securities or other instruments, except this shall not prevent the fund from buying or selling options and futures contracts or from investing in securities or other instruments backed by, or whose value is derived from, physical commodities.

'Make a loan of any part of its assets to American Express Financial Corporation (AEFC), to the directors and officers of AEFC or to its own directors and officers.

'Purchase securities of an issuer if the directors and officers of the fund and of American Express Financial Corporation (AEFC) hold more than a certain percentage of the issuer's outstanding securities. If the holdings of all directors and officers of the fund and of AEFC who own more than 0.5% of an issuer's securities are added together, and if in total they own more than 5%, the fund will not purchase securities of that issuer.

'Lend fund securities in excess of 30% of its net assets. The current policy of the fund's board of directors is to make these loans, either long- or short-term, to broker-dealers. In making such loans the fund gets the market price in cash, U.S. government securities, letters of credit or such other collateral as may be permitted by regulatory agencies and approved by the board of directors. If the market price of the loaned securities goes up, the fund will get additional collateral on a daily basis. The risks are that the borrower may not provide additional collateral when required or return the securities when due. During the existence of the loan, the fund receives cash payments equivalent to all interest or other distributions paid on the loaned securities. A loan will not be made unless the investment manager believes the opportunity for additional income outweighs the risks.

Unless changed by the board of directors, the fund will not:

'Buy on margin or sell short, but it may make margin payments in connection with transactions in stock index futures contracts.

'Pledge or mortgage its assets beyond 15% of total assets. If the fund were ever to do so, valuation of the pledged or mortgaged assets would be based on market values. For purposes of this restriction, collateral arrangements for margin deposits on a futures contract are not deemed to be a pledge of assets.

'Invest more than 5% of its total assets in securities of companies, including any predecessors, that have a record of less than three years continuous operations.

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'Invest more than 10% of its total assets in securities of investment companies.

'Invest in a company to control or manage it.

'Invest in exploration or development programs, such as oil, gas or mineral leases.

'Invest more than 5% of its net assets in warrants. Under one state's law no more than 2% of the fund's net assets may be invested in warrants not listed on the New York or American Stock Exchange.

'Invest more than 10% of its net assets in securities and derivative instruments that are illiquid. For purposes of this policy illiquid securities include some privately placed securities, public securities and Rule 144A securities that for one reason or another may no longer have a readily available market, repurchase agreements with maturities greater than seven days, non-negotiable fixed-time deposits and over-the-counter options. For purposes of complying with Ohio law, the fund will not invest more than 15% of its total assets in a combination of illiquid securities, 144A securities and securities of companies, including any predecessor, that have a record of less than three years continuous operations.

The fund may make contracts to purchase securities for a fixed price at a future date beyond normal settlement time (when-issued securities or forward commitments). Under normal market conditions, the fund does not intend to commit more than 5% of its total assets to these practices. The fund does not pay for the

securities or receive dividends or interest on them until the contractual settlement date. The fund will designate cash or liquid high-grade debt securities at least equal in value to its commitments to purchase the securities. When-issued securities or forward commitments are subject to market fluctuations and they may affect the fund's total assets the same as owned securities.

In determining the liquidity of commercial paper issued in transactions not involving a public offering under Section 4(2) of the Securities Act of 1933, the investment manager, under guidelines established by the board of directors, will evaluate relevant factors such as the issuer and the size and nature of its commercial paper programs, the willingness and ability of the issuer or dealer to repurchase the paper, and the nature of the clearance and settlement procedures for the paper.

The fund may maintain a portion of its assets in cash and cash-equivalent investments. The cash-equivalent investments the fund may use are short-term U.S. and Canadian government securities and negotiable certificates of deposit, non-negotiable fixed-time deposits, bankers' acceptances and letters of credit of banks or savings and loan associations having capital, surplus and undivided profits (as of the date of its most recently published annual financial statements) in excess of \$100 million (or the equivalent

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in the instance of a foreign branch of a U.S. bank) at the date of investment. Any cash-equivalent investment in foreign securities will be subject to the limitations on foreign investments described in the prospectus. The fund also may repurchase short-term corporate notes and obligations rated in the top two classifications by Moody's Investors Service, Inc. or Standard & Poor's Corporation or the equivalent and may use repurchase agreements with broker-dealers registered under the Securities Exchange Act of 1934 and with commercial banks. A risk of a repurchase agreement is that if the seller seeks the protection of the bankruptcy laws, the fund's ability to liquidate the security involved could be impaired.

Notwithstanding any of the fund's other investment policies, the fund may invest its assets in an open-end management investment company having substantially the same investment objectives, policies and restrictions as the fund for the purpose of having those assets managed as part of a combined pool.

For a discussion of corporate bond ratings, see Appendix A. For a discussion about foreign currency transactions, see Appendix B. For a discussion on options and stock index futures contracts, see Appendix C. For a discussion on mortgage-backed securities, see Appendix D.

#### PORTFOLIO TRANSACTIONS

Subject to policies set by the board of directors, AEFC is authorized to determine, consistent with the fund's investment goal and policies, which securities will be purchased, held or sold. In determining where the buy and sell orders are to be placed, AEFC has been directed to use its best efforts to obtain the best available price and the most favorable execution except where otherwise authorized by the board of directors. In selecting broker-dealers to execute transactions, AEFC may consider the price of the security, including commission or mark-up, the size and difficulty of the order, the reliability, integrity, financial soundness and general operation and execution capabilities of the broker, the broker's expertise in particular markets, and research services provided by the broker.

AEFC has a strict Code of Ethics that prohibits its affiliated personnel from engaging in personal investment activities that compete with or attempt to take advantage of planned portfolio transactions for any fund in the IDS MUTUAL FUND GROUP. AEFC carefully monitors compliance with its Code of Ethics.

On occasion, it may be desirable to compensate a broker for research services or for brokerage services by paying a commission that might not otherwise be charged or a commission in excess of the amount another broker might charge. The board of directors has adopted a policy authorizing AEFC to do so to the extent authorized by law, if AEFC determines, in good faith, that such commission is reasonable in relation to the value of the brokerage or research services provided by a broker or dealer, viewed either in the light

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of that transaction or AEFC's overall responsibilities to the funds in the IDS MUTUAL FUND GROUP and other funds for which it acts as

investment advisor.

Research provided by brokers supplements AEFC's own research activities. Such services include economic data on, and analysis of, U.S. and foreign economies; information on specific industries; information about specific companies, including earnings estimates; purchase recommendations for stocks and bonds; portfolio strategy services; political, economic, business and industry trend assessments; historical statistical information; market data services providing information on specific issues and prices; and technical analysis of various aspects of the securities markets, including technical charts. Research services may take the form of written reports, computer software or personal contact by telephone or at seminars or other meetings. AEFC has obtained, and in the future may obtain, computer hardware from brokers, including but not limited to personal computers that will be used exclusively for investment decision-making purposes, which include the research, portfolio management and trading functions and other services to the extent permitted under an interpretation by the SEC.

When paying a commission that might not otherwise be charged or a commission in excess of the amount another broker might charge, AEFC must follow procedures authorized by the board of directors. To date, three procedures have been authorized. One procedure permits AEFC to direct an order to buy or sell a security traded on a national securities exchange to a specific broker for research services it has provided. The second procedure permits AEFC, in order to obtain research, to direct an order on an agency basis to buy or sell a security traded in the over-the-counter market to a firm that does not make a market in that security. The commission paid generally includes compensation for research services. The third procedure permits AEFC, in order to obtain research and brokerage services, to cause the fund to pay a commission in excess of the amount another broker might have charged. AEFC has advised the fund it is necessary to do business with a number of brokerage firms on a continuing basis to obtain such services as the handling of large orders, the willingness of a broker to risk its own money by taking a position in a security, and the specialized handling of a particular group of securities that only certain brokers may be able to offer. As a result of this arrangement, some portfolio transactions may not be effected at the lowest commission, but AEFC believes it may obtain better overall execution. AEFC has assured the fund that under all three procedures the amount of commission paid will be reasonable and competitive in relation to the value of the brokerage services performed or research provided.

All other transactions shall be placed on the basis of obtaining the best available price and the most favorable execution. In so doing, if in the professional opinion of the person responsible for selecting the broker or dealer, several firms can execute the transaction on the same basis, consideration will be given by such person to those firms offering research services. Such services may be used by AEFC in providing advice to all the funds in the IDS

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MUTUAL FUND GROUP even though it is not possible to relate the benefits to any particular fund or account.

Each investment decision made for the fund is made independently from any decision made for another fund in the IDS MUTUAL FUND GROUP or other account advised by AEFC or any AEFC subsidiary. When the fund buys or sells the same security as another fund or account, AEFC carries out the purchase or sale in a way the fund agrees in advance is fair. Although sharing in large transactions may adversely affect the price or volume purchased or sold by the fund, the fund hopes to gain an overall advantage in execution. AEFC has assured the fund it will continue to seek ways to reduce brokerage costs.

On a periodic basis, AEFC makes a comprehensive review of the broker-dealers and the overall reasonableness of their commissions. The review evaluates execution, operational efficiency and research services.

The fund paid total brokerage commissions of \$\_\_\_\_\_ for the fiscal year ended July 31, 1995, \$660,322 for fiscal year July 31, 1994, and \$449,685 for fiscal year 1993. Substantially all firms through whom transactions were executed provide research services. In fiscal year 1995, transactions amounting to \$\_\_\_\_\_, on which \$\_\_\_\_\_ in commissions were imputed or paid, were specifically directed to firms.

[No transactions were directed to brokers because of research services they provided to the fund.]

As of the fiscal year ended July 31, 1995, the fund held no securities of its regular brokers or dealers or of the parents of those brokers or dealers that derived more than 15% of gross revenue from securities-related activities.

[As of the fiscal year ended July 31, 1995, the fund held securities of its regular brokers or dealers or of the parent of those brokers or dealers that derived more than 15% of gross revenue from securities-related activities as presented below:

Name of Issuer	Value of Securities Owned at End of Fiscal Year
----------------	---

]

The portfolio turnover rate was \_\_\_\_% in the fiscal year ended July 31, 1995, and 67% in fiscal year 1994. The variation in turnover rates can be attributed to:

**BROKERAGE COMMISSIONS PAID TO BROKERS AFFILIATED WITH AEFC**

Affiliates of American Express Company (American Express) (of which AEFC is a wholly owned subsidiary) may engage in brokerage and other securities transactions on behalf of the fund according to procedures adopted by the fund's board of directors and to the

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extent consistent with applicable provisions of the federal securities laws. AEFC will use an American Express affiliate only if (i) AEFC determines that the fund will receive prices and executions at least as favorable as those offered by qualified independent brokers performing similar brokerage and other services for the fund and (ii) the affiliate charges the fund commission rates consistent with those the affiliate charges comparable unaffiliated customers in similar transactions and if such use is consistent with terms of the Investment Management Services Agreement.

AEFC may direct brokerage to compensate an affiliate. AEFC will receive research on South Africa from New Africa Advisors, a wholly-owned subsidiary of Sloan Financial Group. AEFC owns 100% of IDS Capital Holdings Inc. which in turn owns 40% of Sloan Financial Group. New Africa Advisors will send research to AEFC and in turn American Express Financial Corporation will direct trades to a particular broker. The broker will have an agreement to pay New Africa Advisors. All transactions will be on a best execution basis. Compensation received will be reasonable for the services rendered.

Information about brokerage commissions paid by the fund for the last three fiscal years to brokers affiliated with AEFC is contained in the following table:

<TABLE><CAPTION>

For the Fiscal Year Ended July 31,

Broker	Nature of Affiliation	1995			1994		1993	
		Aggregate Dollar Amount of Commissions Paid to Broker	Percent of Aggregate Commissions	Percent of Aggregate Dollar Amount of Transactions Involving Payment of Commissions	Aggregate Dollar Amount of Commissions Paid to Broker	Aggregate Dollar Amount of Commissions Paid to Broker	Aggregate Dollar Amount of Commissions Paid to Broker	Aggregate Dollar Amount of Commissions Paid to Broker
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Lehman Brothers, Inc.		\$	%	%	\$ 6,854	\$10,150		
American Enterprise Investment Services, Inc.					35,936	49,025		

</TABLE>

(1) Under common control with AEFC as a subsidiary of American Express until May 31, 1994.

(2) Wholly owned subsidiary of AEFC.

**PERFORMANCE INFORMATION**

The fund may quote various performance figures to illustrate past performance. An explanation of the methods used by the fund to compute performance follows below.

Average annual total return

The fund may calculate average annual total return for a class for

certain periods by finding the average annual compounded rates of return over the period that would equate the initial amount

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invested to the ending redeemable value, according to the following formula:

$$P(1+T)^n = ERV$$

where: P = a hypothetical initial payment of \$1,000  
T = average annual total return  
n = number of years  
ERV = ending redeemable value of a hypothetical \$1,000 payment, made at the beginning of a period, at the end of the period (or fractional portion thereof)

Aggregate total return

The fund may calculate aggregate total return for a class for certain periods representing the cumulative change in the value of an investment in the fund over a specified period of time according to the following formula:

$$\frac{ERV - P}{P}$$

where: P = a hypothetical initial payment of \$1,000  
ERV = ending redeemable value of a hypothetical \$1,000 payment, made at the beginning of a period, at the end of the period (or fractional portion thereof)

In its sales material and other communications, the fund may quote, compare or refer to rankings, yields or returns as published by independent statistical services or publishers and publications such as The Bank Rate Monitor National Index, Barron's, Business Week, Donoghue's Money Market Fund Report, Financial Services Week, Financial Times, Financial World, Forbes, Fortune, Global Investor, Institutional Investor, Investor's Daily, Kiplinger's Personal Finance, Lipper Analytical Services, Money, Mutual Fund Forecaster, Newsweek, The New York Times, Personal Investor, Stanger Report, Sylvia Porter's Personal Finance, USA Today, U.S. News and World Report, The Wall Street Journal and Wiesnerberger Investment Companies Service.

VALUING FUND SHARES

The value of an individual share for each class is determined by using the net asset value before shareholder transactions for the day. On Aug. 1, 1995, the first business day following the end of the fiscal year, the computation looked like this:

<TABLE><CAPTION>

<S>	Net assets before shareholder transactions		Shares outstanding at end of previous day		Net asset value of one share
<S>	<C>		<C>		<C>
Class A*	\$	divided by		equals	\$

\*Shares of Class B and Class Y were not outstanding on that date.

</TABLE>

In determining net assets before shareholder transactions, the fund's portfolio securities are valued as follows as of the close of business of the New York Stock Exchange:

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'Securities, except bonds other than convertibles, traded on a securities exchange for which a last-quoted sales price is readily available are valued at the last-quoted sales price on the exchange where such security is primarily traded.

'Securities traded on a securities exchange for which a last-quoted sales price is not readily available are valued at the mean of the closing bid and asked prices, looking first to the bid and asked prices on the exchange where the security is primarily traded and, if none exist, to the over-the-counter market.

'Securities included in the NASDAQ National Market System are valued at the last-quoted sales price in this market.

'Securities included in the NASDAQ National Market System for which a last-quoted sales price is not readily available, and other securities traded over-the-counter but not included in the NASDAQ National Market System are valued at the mean of the closing bid and asked prices.

'Futures and options traded on major exchanges are valued at the

last-quoted sales price on their primary exchange.

'Foreign securities traded outside the United States are generally valued as of the time their trading is complete, which is usually different from the close of the New York Stock Exchange (the "Exchange"). Foreign securities quoted in foreign currencies are translated into U.S. dollars at the current rate of exchange. Occasionally, events affecting the value of such securities may occur between such times and the close of the Exchange that will not be reflected in the computation of the fund's net asset value. If events materially affecting the value of such securities occur during such period, these securities will be valued at their fair value according to procedures decided upon in good faith by the fund's board of directors (the "board").

'Short-term securities maturing more than 60 days from the valuation date are valued at the readily available market price or approximate market value based on current interest rates. Short-term securities maturing in 60 days or less that originally had maturities of more than 60 days at acquisition date are valued at amortized cost using the market value on the 61st day before maturity. Short-term securities maturing in 60 days or less at acquisition date are valued at amortized cost. Amortized cost is an approximation of market value determined by systematically increasing the carrying value of a security if acquired at a discount, or reducing the carrying value if acquired at a premium, so that the carrying value is equal to maturity value on the maturity date.

'Securities without a readily available market price, bonds other than convertibles and other assets are valued at fair value as determined in good faith by the board. The board is responsible for selecting methods it believes provide fair value. When possible, bonds are valued by a pricing service independent from

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the fund. If a valuation of a bond is not available from a pricing service, the bond will be valued by a dealer knowledgeable about the bond if such a dealer is available.

The New York Stock Exchange, AEFC and the fund will be closed on the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

#### INVESTING IN THE FUND

##### Sales Charge

Shares of the fund are sold at the public offering price determined at the close of business on the day an application is accepted. The public offering price is the net asset value of one share plus a sales charge, if applicable. For Class B and Class Y, there is no initial sales charge so the public offering price is the same as the net asset value. For Class A, the public offering price for an investment of less than \$50,000, made Aug. 1, 1995, was determined by dividing the net asset value of one share, \$\_\_\_\_\_, by 0.95 (1.00-0.05 for a maximum 5% sales charge) for a public offering price of \$\_\_\_\_\_. The sales charge is paid to American Express Financial Advisors by the person buying the shares.

##### Class A - Calculation of the Sales Charge

Sales charges are determined as follows:

Amount of Investment	Public Offering Price	Within each increment, sales charge as a percentage of:	
		Public	Net
First	\$ 50,000	5.0%	5.26%
Next	50,000	4.5	4.71
Next	400,000	3.8	3.95
Next	500,000	2.0	2.04
\$1,000,000 or more		0.0	0.00

Sales charges on an investment greater than \$50,000 are calculated for each increment separately and then totaled. The resulting total sales charge, expressed as a percentage of the public offering price and of the net amount invested, will vary depending on the proportion of the investment at different sales charge levels.

For example, compare an investment of \$60,000 with an investment of

\$85,000. The \$60,000 investment is composed of \$50,000 that incurs a sales charge of \$2,500 (5.0% x \$50,000) and \$10,000 that incurs a sales charge of \$450 (4.5% x \$10,000). The total sales charge of \$2,950 is 4.92% of the public offering price and 5.17% of the net amount invested.

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In the case of the \$85,000 investment, the first \$50,000 also incurs a sales charge of \$2,500 (5.0% x \$50,000) and \$35,000 incurs a sales charge of \$1,575 (4.5% x \$35,000). The total sales charge of \$4,075 is 4.79% of the public offering price and 5.04% of the net amount invested.

The following table shows the range of sales charges as a percentage of the public offering price and of the net amount invested on total investments at each applicable level.

<TABLE><CAPTION>

Amount of Investment <S>	On total investment, sales charge as a percentage of	
	Public Offering Price	Net Amount Invested
	ranges from:	
First \$ 50,000	5.00%	5.26%
More than 50,000 to 100,000	5.00-4.50	5.26-4.71
More than 100,000 to 500,000	4.50-3.80	4.71-3.95
More than 500,000 to 999,999	3.80-2.00	3.95-2.04
\$1,000,000 or more	0.00	0.00

</TABLE>

The initial sales charge is waived for certain qualified plans that meet the requirements described in the prospectus. Participants in these qualified plans may be subject to a deferred sales charge on certain redemptions. The deferred sales charge on certain redemptions will be waived if the redemption is a result of a participant's death, disability, retirement, attaining age 59 1/2, loans or hardship withdrawals. The deferred sales charge varies depending on the number of participants in the qualified plan and total plan assets as follows:

Deferred Sales Charge

Total Plan Assets	Number of Participants	
	1-99	100 or more
Less than \$1 million	4%	0%
\$1 million or more	0%	0%

Class A - Reducing the Sales Charge

Sales charges are based on the total amount of your investments in the fund. The amount of all prior investments plus any new purchase is referred to as your "total amount invested." For example, suppose you have made an investment of \$20,000 and later decide to invest \$40,000 more. Your total amount invested would be \$60,000. As a result, \$10,000 of your \$40,000 investment qualifies for the lower 4.5% sales charge that applies to investments of more than \$50,000 to \$100,000.

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The total amount invested includes any shares held in the fund in the name of a member of your immediate family (spouse and unmarried children under 21). For instance, if your spouse already has invested \$20,000 and you want to invest \$40,000, your total amount invested will be \$60,000 and therefore you will pay the lower charge of 4.5% on \$10,000 of the \$40,000.

Until a spouse remarries, the sales charge is waived for spouses and unmarried children under 21 of deceased trustees, directors, officers or employees of the fund or AEFC or its subsidiaries and deceased advisors.

The total amount invested also includes any investment you or your immediate family already have in the other publicly offered funds in the IDS MUTUAL FUND GROUP where the investment is subject to a sales charge. For example, suppose you already have an investment of \$25,000 in IDS Growth Fund and \$5,000 in this fund. If you invest \$40,000 more in this fund, your total amount invested in the funds will be \$70,000 and therefore \$20,000 of your \$40,000 investment will incur a 4.5% sales charge.

Finally, Individual Retirement Account (IRA) purchases, or other

employee benefit plan purchases made through a payroll deduction plan or through a plan sponsored by an employer, association of employers, employee organization or other similar entity, may be added together to reduce sales charges for shares purchased through that plan.

#### Class A - Letter of Intent (LOI)

If you intend to invest \$1 million over a period of 13 months, you can reduce the sales charges in Class A by filing a LOI. The agreement can start at any time and will remain in effect for 13 months. Your investment will be charged normal sales charges until you have invested \$1 million. At that time, your account will be credited with the sales charges previously paid. If you do not invest \$1 million by the end of 13 months, there is no penalty, you'll just miss out on the sales charge adjustment. A LOI is not an option (absolute right) to buy shares.

Here's an example. You file a LOI to invest \$1 million and make an investment of \$100,000 at that time. You pay the normal 5% sales charge on the first \$50,000 and 4.5% sales charge on the next \$50,000 of this investment. Let's say you make a second investment of \$900,000 (bringing the total up to \$1 million) one month before the 13-month period is up. AEFC makes an adjustment at the point that you reach \$1 million. The adjustment is made by crediting your account with sales charges previously paid. The net effect is that there's no sales charge on the total \$1 million investment.

#### Systematic Investment Programs

After you make your initial investment of \$2,000 or more, you can arrange to make additional payments of \$100 or more on a regular basis. These minimums do not apply to all systematic investment

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programs. You decide how often to make payments - monthly, quarterly or semiannually. You are not obligated to make any payments. You can omit payments or discontinue the investment program altogether. The fund also can change the program or end it at any time. If there is no obligation, why do it? Putting money aside is an important part of financial planning. With a systematic investment program, you have a goal to work for.

How does this work? Your regular investment amount will purchase more shares when the net asset value per share decreases, and fewer shares when the net asset value per share increases. Each purchase is a separate transaction. After each purchase your new shares will be added to your account. Shares bought through these programs are exactly the same as any other fund shares. They can be bought and sold at any time. A systematic investment program is not an option or an absolute right to buy shares.

The systematic investment program itself cannot ensure a profit, nor can it protect against a loss in a declining market. If you decide to discontinue the program and redeem your shares when their net asset value is less than what you paid for them, you will incur a loss.

For a discussion on dollar-cost averaging, see Appendix E.

#### Automatic Directed Dividends

Dividends, including capital gain distributions, paid by another fund in the IDS MUTUAL FUND GROUP subject to a sales charge, may be used to automatically purchase shares in the same class of this fund without paying a sales charge. Dividends may be directed to existing accounts only. Dividends declared by a fund are exchanged to this fund the following day. Dividends can be exchanged into one fund but cannot be split to make purchases in two or more funds. Automatic directed dividends are available between accounts of any ownership except:

Between a non-custodial account and an IRA, or 401(k) plan account or other qualified retirement account of which American Express Trust Company acts as custodian;

Between two American Express Trust Company custodial accounts with different owners (for example, you may not exchange dividends from your IRA to the IRA of your spouse);

Between different kinds of custodial accounts with the same ownership (for example, you may not exchange dividends from your IRA to your 401(k) plan account, although you may exchange dividends from one IRA to another IRA).



Dividends may be directed from accounts established under the Uniform Gifts to Minors Act (UGMA) or Uniform Transfers to Minors Act (UTMA) only into other UGMA or UTMA accounts with identical ownership.

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The fund's investment goal is described in its prospectus along with other information, including fees and expense ratios. Before exchanging dividends into another fund, you should read its prospectus. You will receive a confirmation that the automatic directed dividend service has been set up for your account.

#### REDEEMING SHARES

You have a right to redeem your shares at any time. For an explanation of redemption procedures, please see the prospectus.

During an emergency, the board can suspend the computation of net asset value, stop accepting payments for purchase of shares or suspend the duty of the fund to redeem shares for more than seven days. Such emergency situations would occur if:

'The New York Stock Exchange closes for reasons other than the usual weekend and holiday closings or trading on the Exchange is restricted, or

'Disposal of the fund's securities is not reasonably practicable or it is not reasonably practicable for the fund to determine the fair value of its net assets, or

'The SEC, under the provisions of the Investment Company Act of 1940, as amended, declares a period of emergency to exist.

Should the fund stop selling shares, the board may make a deduction from the value of the assets held by the fund to cover the cost of future liquidations of the assets so as to distribute fairly these costs among all shareholders.

#### PAY-OUT PLANS

You can use any of several pay-out plans to redeem your investment in regular installments. If you redeem Class B shares you may be subject to a contingent deferred sales charge as discussed in the prospectus. While the plans differ on how the pay-out is figured, they all are based on the redemption of your investment. Net investment income dividends and any capital gain distributions will automatically be reinvested, unless you elect to receive them in cash. If you are redeeming a tax-qualified plan account for which American Express Trust Company acts as custodian, you can elect to receive your dividends and other distributions in cash when permitted by law. If you redeem an IRA or a qualified retirement account, certain restrictions, federal tax penalties and special federal income tax reporting requirements may apply. You should consult your tax advisor about this complex area of the tax law.

Applications for a systematic investment in a class of the fund subject to a sales charge normally will not be accepted while a pay-out plan for any of those funds is in effect. Occasional investments, however, may be accepted.

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To start any of these plans, please write or call American Express Shareholder Service, P.O. Box 534, Minneapolis, MN 55440-0534, 612-671-3733. Your authorization must be received in the Minneapolis headquarters at least five days before the date you want your payments to begin. The initial payment must be at least \$50. Payments will be made on a monthly, bimonthly, quarterly, semiannual or annual basis. Your choice is effective until you change or cancel it.

The following pay-out plans are designed to take care of the needs of most shareholders in a way AEFC can handle efficiently and at a reasonable cost. If you need a more irregular schedule of payments, it may be necessary for you to make a series of individual redemptions, in which case you'll have to send in a separate redemption request for each pay-out. The fund reserves the right to change or stop any pay-out plan and to stop making such plans available.

Plan #1: Pay-out for a fixed period of time

If you choose this plan, a varying number of shares will be redeemed at regular intervals during the time period you choose. This plan is designed to end in complete redemption of all shares in your account by the end of the fixed period.

Plan #2: Redemption of a fixed number of shares

If you choose this plan, a fixed number of shares will be redeemed for each payment and that amount will be sent to you. The length of time these payments continue is based on the number of shares in your account.

Plan #3: Redemption of a fixed dollar amount

If you decide on a fixed dollar amount, whatever number of shares is necessary to make the payment will be redeemed in regular installments until the account is closed.

Plan #4: Redemption of a percentage of net asset value

Payments are made based on a fixed percentage of the net asset value of the shares in the account computed on the day of each payment. Percentages range from 0.25% to 0.75%. For example, if you are on this plan and arrange to take 0.5% each month, you will get \$50 if the value of your account is \$10,000 on the payment date.

EXCHANGES

If you buy shares in the fund and then exchange into another fund, it is considered a sale and subsequent purchase of shares. Under the tax laws, if this exchange is done within 91 days, any sales charge waived on Class A shares on a subsequent purchase of shares applies to the new shares acquired in the exchange. Therefore, you

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cannot create a tax loss or reduce a tax gain attributable to the sales charge when exchanging shares within 91 days.

Retirement Accounts

If you have a nonqualified investment in the fund and you wish to move part or all of those shares to an IRA or qualified retirement account in the fund, you can do so without paying a sales charge. However, this type of exchange is considered a sale of shares and may result in a gain or loss for tax purposes. In addition, this type of exchange may result in an excess contribution under IRA or qualified plan regulations if the amount exchanged plus the amount of the initial sales charge applied to the amount exchanged exceeds annual contribution limitations. For example: If you were to exchange \$2,000 in Class A shares from a nonqualified account to an IRA without considering the 5% (\$100) initial sales charge applicable to that \$2,000, you may be deemed to have exceeded current IRA annual contribution limitations. You should consult your tax advisor for further details about this complex subject.

CAPITAL LOSS CARRYOVER

For federal income tax purposes, the fund had capital loss carryover of \$\_\_\_\_\_ at July 31, 1995, that will expire as follows:

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It is unlikely that the board of directors will authorize a distribution of any net realized capital gains until the available capital loss carryover has been offset or has expired except as required by Internal Revenue Service rules.

TAXES

Net investment income dividends received should be treated as dividend income for federal income tax purposes. Corporate shareholders are generally entitled to a deduction equal to 70% of that portion of the fund's dividend that is attributable to dividends the fund received from domestic (U.S.) securities. For the fiscal year ended July 31, 1995, \_\_\_% of the fund's net investment income dividends qualified for the corporate deduction.

Capital gain distributions received by individual and corporate shareholders, if any, should be treated as long-term capital gains regardless of how long they owned their shares. Short-term capital gains earned by the fund are paid to shareholders as part of their ordinary income dividend and are taxable.

You may be able to defer taxes on current income from a fund by investing through an IRA, 401(k) plan account or other qualified retirement account. If you move all or part of a non-qualified

investment in the fund to a qualified account, this type of exchange is considered a sale of shares. You pay no sales charge,

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but the exchange may result in a gain or loss for tax purposes, or excess contributions under IRA or qualified plan regulations.

Under federal tax law, by the end of a calendar year the fund must declare and pay dividends representing 98% of ordinary income for that calendar year and 98% of net capital gains (both long-term and short-term) for the 12-month period ending Oct. 31 of that calendar year. The fund is subject to an excise tax equal to 4% of the excess, if any, of the amount required to be distributed over the amount actually distributed. The fund intends to comply with federal tax law and avoid any excise tax.

The fund may be subject to U.S. taxes resulting from holdings in a passive foreign investment company (PFIC). A foreign corporation is a PFIC when 75% or more of its gross income for the taxable year is passive income or if 50% or more of the average value of its assets consists of assets that produce or could produce passive income. The fund has no current intention to invest in PFICs.

This is a brief summary that relates to federal income taxation only. Shareholders should consult their tax advisor as to the application of federal, state and local income tax laws to fund distributions.

#### AGREEMENTS

##### Investment Management Services Agreement

The fund has an Investment Management Services Agreement with AEFC. For its services, AEFC is paid a fee based on the following schedule:

Assets (billions)	Annual rate at each asset level
First \$0.25	0.640%
Next 0.25	0.615
Next 0.25	0.590
Next 0.25	0.565
Next 1.0	0.540
Over 2.0	0.515

On July 31, 1995, the daily rate applied to the fund's assets was equal to 0.\_\_\_\_% on a pro forma annual basis. The fee is calculated for each calendar day on the basis of net assets as of the close of business two business days prior to the day for which the calculation is made.

Before the fee based on the asset charge is paid, it is adjusted for investment performance. The adjustment, determined monthly, will be calculated using the percentage point difference between the change in the net asset value of one Class A share of the fund and the change in the Lipper Small Company Growth Fund Index (Index). The performance of one Class A share of the fund is measured by computing the percentage difference between the opening

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and closing net asset value of one Class A share of the fund, as of the last business day of the period selected for comparison, adjusted for dividend or capital gain distributions which are treated as reinvested at the end of the month during which the distribution was made. The performance of the Index for the same period is established by measuring the percentage difference between the beginning and ending Index for the comparison period. The performance is adjusted for dividend or capital gain distributions (on the securities which comprise the Index), which are treated as reinvested at the end of the month during which the distribution was made. One percentage point will be subtracted from the calculation to help assure that incentive adjustments are attributable to AEFC's management abilities rather than random fluctuations and the result multiplied by 0.01%. That number will be multiplied times the fund's average net assets for the comparison period and then divided by the number of months in the comparison period to determine the monthly adjustment.

Where the fund's Class A share performance exceeds that of the Index, the base fee will be increased. Where the performance of the Index exceeds the performance of Class A shares, the base fee will be decreased. The maximum monthly increase or decrease will be 0.12% of the fund's average net assets on an annual basis.

The 12 month comparison period rolls over with each succeeding month, so that it always equals 12 months, ending with the month for which the performance adjustment is being computed. The adjustment [increased/decreased] the fee by \$\_\_\_\_\_ for the fiscal year ended July 31, 1995.

The management fee is paid monthly. Under the prior and current agreements, the total amount paid was \$\_\_\_\_\_ for the fiscal year ended July 31, 1995, \$2,909,548 for fiscal year 1994, and \$2,322,801 for fiscal year 1993.

Under the current Agreement, the fund also pays taxes, brokerage commissions and nonadvisory expenses, that include custodian fees; audit and certain legal fees; fidelity bond premiums; registration fees for shares; fund office expenses; consultants' fees; compensation of directors, officers and employees; corporate filing fees; organizational expenses; expenses incurred in connection with lending portfolio securities of the fund; and expenses properly payable by the fund, approved by the board of directors. Under the prior and current agreements, the fund paid nonadvisory expenses of \$\_\_\_\_\_ for the fiscal year ended July 31, 1995, \$477,399 for fiscal year 1994, and \$347,298 for fiscal year 1993.

Administrative Services Agreement

The fund has an Administrative Services Agreement with AEFC. Under this agreement, the fund pays AEFC for providing administration and accounting services. The fee is calculated as follows:

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Assets (billions)	Annual rate each asset level
First \$0.25	0.060%
Next 0.25	0.055
Next 0.25	0.050
Next 0.25	0.045
Next \$1	0.040
Over \$2	0.035

On July 31, 1995, the daily rate applied to the fund's assets was equal to 0.\_\_\_\_% on a pro forma annual basis. The fee is calculated for each calendar day on the basis of net assets as of the close of business two business days prior to the day for which the calculation is made.

Transfer Agency Agreement

The fund has a Transfer Agency Agreement with AEFC. This agreement governs AEFC's responsibility for administering and/or performing transfer agent functions, for acting as service agent in connection with dividend and distribution functions and for performing shareholder account administration agent functions in connection with the issuance, exchange and redemption or repurchase of the fund's shares. Under the agreement, AEFC will earn a fee from the fund determined by multiplying the number of shareholder accounts at the end of the day by a rate determined for each class per year and dividing by the number of days in the year. The rate for Class A and Class Y is \$15 per year and for Class B is \$16 per year. The fees paid to AEFC may be changed from time to time upon agreement of the parties without shareholder approval. The fund paid fees of \$\_\_\_\_\_ for the fiscal year ended July 31, 1995.

Distribution Agreement

Under a Distribution Agreement, sales charges deducted for distributing fund shares are paid to American Express Financial Advisors daily. These charges amounted to \$\_\_\_\_\_ for Class A and \$\_\_\_\_\_ for Class B for the fiscal year ended July 31, 1995. After paying commissions to personal financial advisors, and other expenses, the amount retained was \$\_\_\_\_\_. The amounts were \$3,173,756 and \$1,168,119 for fiscal year 1994, and \$2,965,115 and \$122,727 for fiscal year 1993.

Additional information about commissions and compensation for the fiscal year ended July 31, 1995, is contained in the following table:

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<TABLE><CAPTION>

(1)	(2)	(3)	(4)	(5)
Name of Principal Underwriter	Net Underwriting Discounts and Commissions	Compensation on Redemption and Repurchases	Brokerage Commissions	Other Compensation

<S>	<C>	<C>	<C>	<C>
AEFC	None	None	\$ _____ *	\$ _____ **

American Express Financial Advisors	\$ _____	None	None	None
--	----------	------	------	------

</TABLE>

\*For further information see "Brokerage Commissions Paid to Brokers  
Affiliated with AEFC."

\*\*Distribution fees paid pursuant to the Plan and Supplemental  
Agreement of Distribution.

Shareholder Service Agreement

The fund pays a fee for service provided to shareholders by  
financial advisors and other servicing agents. The fee is  
calculated at a rate of 0.175% of the fund's average daily net  
assets attributable to Class A and Class B shares.

Plan and Agreement of Distribution

For Class B shares, to help American Express Financial Advisors  
defray the cost of distribution and servicing, not covered by the  
sales charges received under the Distribution Agreement, the fund  
and American Express Financial Advisors entered into a Plan and  
Agreement of Distribution (Plan). These costs cover almost all  
aspects of distributing the fund's shares except compensation to  
the sales force. A substantial portion of the costs are not  
specifically identified to any one fund in the IDS MUTUAL FUND  
GROUP. Under the Plan, American Express Financial Advisors is paid  
a fee at an annual rate of 0.75% of the fund's average daily net  
assets attributable to Class B shares.

The Plan must be approved annually by the board, including a  
majority of the disinterested directors, if it is to continue for  
more than a year. At least quarterly, the board must review  
written reports concerning the amounts expended under the Plan and  
the purposes for which such expenditures were made. The Plan and  
any agreement related to it may be terminated at any time by vote  
of a majority of directors who are not interested persons of the  
fund and have no direct or indirect financial interest in the  
operation of the Plan or in any agreement related to the Plan, or  
by vote of a majority of the outstanding voting securities of the  
fund or by American Express Financial Advisors. The Plan (or any  
agreement related to it) will terminate in the event of its  
assignment, as that term is defined in the Investment Company Act  
of 1940, as amended. The Plan may not be amended to increase the  
amount to be spent for distribution without shareholder approval,  
and all material amendments to the Plan must be approved by a

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majority of the directors, including a majority of the directors  
who are not interested persons of the fund and who do not have a  
financial interest in the operation of the Plan or any agreement  
related to it. The selection and nomination of disinterested  
directors is the responsibility of the other disinterested  
directors. No interested person of the fund, and no director who  
is not an interested person, has any direct or indirect financial  
interest in the operation of the Plan or any related agreement.

Total fees and nonadvisory expenses cannot exceed the most  
restrictive applicable state limitation. Currently, the most  
restrictive applicable state expense limitation, subject to  
exclusion of certain expenses, is 2.5% of the first \$30 million of  
the fund's average daily net assets, 2% of the next \$70 million and  
1.5% of average daily net assets over \$100 million, on an annual  
basis. At the end of each month, if the fees and expenses of the  
fund exceed this limitation for the fund's fiscal year in progress,  
AEFC will assume all expenses in excess of the limitation. AEFC  
then may bill the fund for such expenses in subsequent months up to  
the end of that fiscal year, but not after that date. No interest  
charges are assessed by AEFC for expenses it assumes.

DIRECTORS AND OFFICERS

The following is a list of the fund's directors who, except for Mr.  
Dudley, also are directors of all other funds in the IDS MUTUAL  
FUND GROUP. Mr. Dudley is a director of all publicly offered  
funds. All shares have cumulative voting rights when voting on the  
election of directors.

Lynne V. Cheney+  
Born in 1941.

American Enterprise Institute  
for Public Policy Research (AEI)  
1150 17th St., N.W.  
Washington, D.C.

Distinguished Fellow AEI. Former Chair of National Endowment of  
the Humanities. Director, The Reader's Digest Association Inc.,  
Lockheed Martin Corp., the Interpublic Group of Companies, Inc.  
(advertising) and FPL Group Inc. (holding company for Florida Power  
and Light).

William H. Dudley\*\*\*  
Born in 1932.  
2900 IDS Tower  
Minneapolis, MN

Executive vice president and director of AEFC.

Robert F. Froehlke+  
Born in 1922.  
1201 Yale Place  
Minneapolis, MN

PAGE 56  
Former president of all funds in the IDS MUTUAL FUND GROUP.  
Director, the ICI Mutual Insurance Co., Institute for Defense  
Analyses, Marshall Erdman and Associates, Inc. (architectural  
engineering) and Public Oversight Board of the American Institute  
of Certified Public Accountants.

David R. Hubers\*\*  
Born in 1943.  
2900 IDS Tower  
Minneapolis, MN

President, chief executive officer and director of AEFC.  
Previously, senior vice president, finance and chief financial  
officer of AEFC.

Heinz F. Hutter+  
Born in 1929.  
P.O. Box 5724  
Minneapolis, MN

President and chief operating officer, Cargill, Incorporated  
(commodity merchants and processors) from February 1991 to  
September 1994. Executive vice president from 1981 to February  
1991.

Anne P. Jones+  
Born in 1935.  
5716 Bent Branch Rd.  
Bethesda, MD

Attorney and telecommunications consultant. Former partner, law  
firm of Sutherland, Asbill & Brennan. Director, Motorola, Inc. and  
C-Cor Electronics, Inc.

Donald M. Kendall'  
Born in 1921.  
PepsiCo, Inc.  
Purchase, NY

Former chairman and chief executive officer, PepsiCo, Inc.

Melvin R. Laird+  
Born in 1922.  
Reader's Digest Association, Inc.  
1730 Rhode Island Ave., N.W.  
Washington, D.C.

Senior counsellor for national and international affairs, The  
Reader's Digest Association, Inc. Chairman of the board, COMSAT  
Corporation, former nine-term congressman, secretary of defense and  
presidential counsellor. Director, Martin Marietta Corp.,  
Metropolitan Life Insurance Co., The Reader's Digest Association,  
Inc., Science Applications International Corp., Wallace Reader's  
Digest Funds and Public Oversight Board (SEC Practice Section,  
American Institute of Certified Public Accountants).

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Lewis W. Lehr'  
Born in 1921.  
3050 Minnesota World Trade Center  
30 E. Seventh St.

St. Paul, MN

Former chairman of the board and chief executive officer, Minnesota Mining and Manufacturing Company (3M). Director, Jack Eckerd Corporation (drugstores). Advisory Director, Peregrine Inc. (microelectronics).

William R. Pearce+\*  
Born in 1927.  
901 S. Marquette Ave.  
Minneapolis, MN

President of all funds in the IDS MUTUAL FUND GROUP since June 1993. Former vice chairman of the board, Cargill, Incorporated (commodity merchants and processors).

Edson W. Spencer  
Born in 1926.  
4900 IDS Center  
80 S. 8th St.  
Minneapolis, MN

President, Spencer Associates Inc. (consulting). Chairman of the board, Mayo Foundation (healthcare). Former chairman of the board and chief executive officer, Honeywell Inc. Director, Boise Cascade Corporation (forest products) and CBS Inc. Member of International Advisory Councils, Robert Bosch (Germany) and NEC (Japan).

John R. Thomas\*\*  
Born in 1937.  
2900 IDS Tower  
Minneapolis, MN

Senior vice president and director of AEFC.

Wheelock Whitney+  
Born in 1926.  
1900 Foshay Tower  
821 Marquette Ave.  
Minneapolis, MN

Chairman, Whitney Management Company (manages family assets).

C. Angus Wurtele  
Born in 1934.  
1101 S. 3rd St.  
Minneapolis, MN

Chairman of the board and chief executive officer, The Valspar Corporation (paints). Director, Bemis Corporation (packaging),

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Donaldson Company (air cleaners & mufflers) and General Mills, Inc. (consumer foods).

+ Member of executive committee.

' Member of joint audit committee.

\* Interested person by reason of being an officer and employee of the fund.

\*\*Interested person by reason of being an officer, director, employee and/or shareholder of AEFC or American Express.

The board also has appointed officers who are responsible for day-to-day business decisions based on policies it has established.

Besides Mr. Pearce, who is president, the fund's other officers are:

Peter J. Anderson\*\*\*  
Born in 1942.  
IDS Tower 10  
Minneapolis, MN

Vice president-investments of all funds in the IDS MUTUAL FUND GROUP. Director and senior vice president-investments of AEFC.

Leslie L. Ogg  
Born in 1938.  
901 S. Marquette Ave.  
Minneapolis, MN

Vice president, general counsel and secretary of all funds in the IDS MUTUAL FUND GROUP.

Melinda S. Urion\*\*\*  
Born in 1953.  
IDS Tower 10  
Minneapolis, MN

Treasurer of all funds in the IDS MUTUAL FUND GROUP. Vice president and corporate controller of AEFC. Director and executive vice president and controller of IDS Life Insurance Company.

\*\*\*Officers and/or employees of AEFC.

Members who are not officers of the fund or directors of AEFC receive an annual fee and retirement benefits from the fund. They also receive attendance and other fees, the cost of which the fund shares with the other funds in the IDS MUTUAL FUND GROUP. Members of this fund's board of directors (the "Board") receive an annual fee of \$750 and upon retirement at age 70, or earlier if for health reasons, such members also receive monthly payments equal to 1/2 of the annual fee divided by 12 for as many months as the member served on the Board up to 120 months or until the date of death. There are no death benefits and the plan is not funded. The fees shared with other funds are those for attendance at meetings of the Contracts Committee, \$750; meetings of the Audit, Board, Executive

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or Investment Review Committees, \$500; meetings of the Personnel Committee, \$300; out-of-state, \$500; and Chair of the Contracts Committee, \$5,000. Expenses also are reimbursed.

During the fiscal year that ended July 31, 1995, the members of the board, for attending up to \_\_ meetings, received the following compensation, in total, from all funds in the IDS MUTUAL FUND GROUP.

<TABLE><CAPTION>

Board compensation

Board member	Aggregate compensation from the fund	Retirement benefits accrued as fund expenses	Estimated annual benefit on retirement	Total Cash compensation from the IDS MUTUAL FUND GROUP
<S>	<C>	<C>	<C>	<C>
	\$	\$	\$	\$

</TABLE>

On July 31, 1995, the fund's directors and officers as a group owned less than 1% of the outstanding shares. During the fiscal year ended July 31, 1995, no director or officer earned more than \$60,000 from this fund. All directors and officers as a group earned \$\_\_\_\_\_, including \$\_\_\_\_\_ of retirement plan expense, from this fund.

PRINCIPAL HOLDERS OF SECURITIES

As of \_\_\_\_\_, 19\_\_\_\_, \_\_\_\_\_ held \_\_\_\_\_ % of fund shares.

CUSTODIAN

The fund's securities and cash are held by American Express Trust Company, 1200 Northstar Center West, 625 Marquette Ave., Minneapolis, MN 55402-2307, through a custodian agreement. The custodian is permitted to deposit some or all of its securities in central depository systems as allowed by federal law.

The custodian has entered into a sub-custodian arrangement with the Morgan Stanley Trust Company (Morgan Stanley), One Pierrepont Plaza, Eighth Floor, Brooklyn, NY 11201-2775. As part of this arrangement, portfolio securities purchased outside the United States are maintained in the custody of various foreign branches of Morgan Stanley or in such other financial institutions as may be permitted by law and by the fund's sub-custodian agreement.

INDEPENDENT AUDITORS

The financial statements contained in the Annual Report to shareholders, for the fiscal year ended July 31, 1995, were audited by independent auditors, KPMG Peat Marwick LLP, 4200 Norwest Center, 90 S. Seventh St., Minneapolis, MN 55402-3900. The independent auditors also provide other accounting and tax-related services as requested by the fund.

FINANCIAL STATEMENTS



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Investments in Securities, contained in the 1995 Annual Report to shareholders, pursuant to Section 30(d) of the Investment Company Act of 1940, as amended, are hereby incorporated in this SAI by reference. No other portion of the Annual Report however, is incorporated by reference.

#### PROSPECTUS

The prospectus for IDS Discovery Fund dated Sept. 29, 1995, is hereby incorporated in this SAI by reference.

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#### APPENDIX A

##### DESCRIPTION OF CORPORATE BOND RATINGS

###### Bond Ratings

The ratings concern the quality of the issuing corporation. They are not an opinion of the market value of the security. Such ratings are opinions on whether the principal and interest will be repaid when due. A security's rating may change which could affect its price. Ratings by Moody's Investors Service, Inc. are Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D. Ratings by Standard & Poor's Corporation are AAA, AA, A, BBB, BB, B, CCC, CC, C and D.

Bonds rated Aaa and AAA are judged to be of the best quality and carry the smallest degree of investment risk. Capacity to pay interest and repay principal is extremely strong. Prices are responsive only to interest rate fluctuations.

Bonds rated Aa and AA also are judged to be high-grade although margins of protection for interest and principal may not be quite as good as Aaa or AAA rated securities. Long-term risk may appear greater than the Aaa or AAA group. Prices are primarily responsive to interest rate fluctuations.

Bonds rated A are considered upper-medium grade. Protection for interest and principal is deemed adequate but susceptible to future impairment. The market prices of such obligations move primarily with interest rate fluctuations but also with changing economic or trade conditions.

Bonds rated Baa and BBB are considered medium-grade obligations. Protection for interest and principal is adequate over the short-term; however, these obligations have certain speculative characteristics. They are susceptible to changing economic conditions and require constant review. Such bonds are more responsive to business and trade conditions than to interest rate fluctuations.

Bonds rated Ba and BB are considered to have speculative elements. Their future cannot be considered well assured. The protection of interest and principal payments may be very moderate and not well safeguarded during future good and bad times. Uncertainty of position characterizes these bonds.

Bonds rated B or lower lack characteristics of the more desirable investments. There may be small assurance over any long period of time of the payment of interest and principal or of the maintenance of other contract terms. Some of these bonds are of poor standing and may be in default or have other marked short-comings.

Bonds rated Caa and CCC are of poor standing. Such issues may be in default or there may be elements of danger with respect to principal or interest.

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Bonds rated Ca and CC represent obligations that are highly speculative. Such issues are often in default or have other marked shortcomings.

Bonds rated C are obligations with a higher degree of speculation. These securities have major risk exposures to default.

Bonds rated D are in payment default. The D rating is used when interest payments or principal payments are not made on the due date.

#### FOREIGN CURRENCY TRANSACTIONS

Since investments in foreign countries usually involve currencies of foreign countries, and since the fund may hold cash and cash-equivalent investments in foreign currencies, the value of the fund's assets as measured in U.S. dollars may be affected favorably or unfavorably by changes in currency exchange rates and exchange control regulations. Also, the fund may incur costs in connection with conversions between various currencies.

**Spot Rates and Forward Contracts.** The fund conducts its foreign currency exchange transactions either at the spot (cash) rate prevailing in the foreign currency exchange market or by entering into forward currency exchange contracts (forward contracts) as a hedge against fluctuations in future foreign exchange rates. A forward contract involves an obligation to buy or sell a specific currency at a future date, which may be any fixed number of days from the contract date, at a price set at the time of the contract. These contracts are traded in the interbank market conducted directly between currency traders (usually large commercial banks) and their customers. A forward contract generally has no deposit requirements. No commissions are charged at any stage for trades.

The fund may enter into forward contracts to settle a security transaction or handle dividend and interest collection. When the fund enters into a contract for the purchase or sale of a security denominated in a foreign currency or has been notified of a dividend or interest payment, it may desire to lock in the price of the security or the amount of the payment in dollars. By entering into a forward contract, the fund will be able to protect itself against a possible loss resulting from an adverse change in the relationship between different currencies from the date the security is purchased or sold to the date on which payment is made or received or when the dividend or interest is actually received.

The fund also may enter into forward contracts when management of the fund believes the currency of a particular foreign country may suffer a substantial decline against another currency. It may enter into a forward contract to sell, for a fixed amount of dollars, the amount of foreign currency approximating the value of some or all of the fund's portfolio securities denominated in such foreign currency. The precise matching of forward contract amounts and the value of securities involved generally will not be possible since the future value of such securities in foreign currencies more than likely will change between the date the forward contract is entered into and the date it matures. The projection of short-term currency market movements is extremely difficult and successful execution of a short-term hedging strategy is highly uncertain. The fund will not enter into such forward contracts or maintain a net exposure to such contracts when consummating the contracts would obligate the fund to deliver an amount of foreign currency in excess of the value of the fund's portfolio securities or other assets denominated in that currency.

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The fund will designate cash or securities in an amount equal to the value of the fund's total assets committed to consummating forward contracts entered into under the second circumstance set forth above. If the value of the securities declines, additional cash or securities will be designated on a daily basis so that the value of the cash or securities will equal the amount of the fund's commitments on such contracts.

At maturity of a forward contract, the fund may either sell the portfolio security and make delivery of the foreign currency or retain the security and terminate its contractual obligation to deliver the foreign currency by purchasing an offsetting contract with the same currency trader obligating it to buy, on the same maturity date, the same amount of foreign currency.

If the fund retains the portfolio security and engages in an offsetting transaction, the fund will incur a gain or a loss (as described below) to the extent there has been movement in forward contract prices. If the fund engages in an offsetting transaction, it may subsequently enter into a new forward contract to sell the foreign currency. Should forward prices decline between the date the fund enters into a forward contract for selling foreign currency and the date it enters into an offsetting contract for purchasing the foreign currency, the fund will realize a gain to the extent that the price of the currency it has agreed to sell exceeds the price of the currency it has agreed to buy. Should forward prices increase, the fund will suffer a loss to the extent

the price of the currency it has agreed to buy exceeds the price of the currency it has agreed to sell.

It is impossible to forecast what the market value of portfolio securities will be at the expiration of a contract. Accordingly, it may be necessary for the fund to buy additional foreign currency on the spot market (and bear the expense of such purchase) if the market value of the security is less than the amount of foreign currency the fund is obligated to deliver and a decision is made to sell the security and make delivery of the foreign currency. Conversely, it may be necessary to sell on the spot market some of the foreign currency received on the sale of the portfolio security if its market value exceeds the amount of foreign currency the fund is obligated to deliver.

The fund's dealing in forward contracts will be limited to the transactions described above. This method of protecting the value of the fund's portfolio securities against a decline in the value of a currency does not eliminate fluctuations in the underlying prices of the securities. It simply establishes a rate of exchange that can be achieved at some point in time. Although such forward contracts tend to minimize the risk of loss due to a decline in value of hedged currency, they tend to limit any potential gain that might result should the value of such currency increase.

Although the fund values its assets each business day in terms of U.S. dollars, it does not intend to convert its foreign currencies into U.S. dollars on a daily basis. It will do so from time to

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time, and shareholders should be aware of currency conversion costs. Although foreign exchange dealers do not charge a fee for conversion, they do realize a profit based on the difference (spread) between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency to the fund at one rate, while offering a lesser rate of exchange should the fund desire to resell that currency to the dealer.

Options on Foreign Currencies. The fund may buy put and write covered call options on foreign currencies for hedging purposes. For example, a decline in the dollar value of a foreign currency in which portfolio securities are denominated will reduce the dollar value of such securities, even if their value in the foreign currency remains constant. In order to protect against such diminutions in the value of portfolio securities, the fund may buy put options on the foreign currency. If the value of the currency does decline, the fund will have the right to sell such currency for a fixed amount in dollars and will thereby offset, in whole or in part, the adverse effect on its portfolio which otherwise would have resulted.

As in the case of other types of options, however, the benefit to the fund derived from purchases of foreign currency options will be reduced by the amount of the premium and related transaction costs. In addition, where currency exchange rates do not move in the direction or to the extent anticipated, the fund could sustain losses on transactions in foreign currency options which would require it to forego a portion or all of the benefits of advantageous changes in such rates.

The fund may write options on foreign currencies for the same types of hedging purposes. For example, when the fund anticipates a decline in the dollar value of foreign-denominated securities due to adverse fluctuations in exchange rates, it could, instead of purchasing a put option, write a call option on the relevant currency. If the expected decline occurs, the option will most likely not be exercised and the diminution in value of portfolio securities will be fully or partially offset by the amount of the premium received.

As in the case of other types of options, however, the writing of a foreign currency option will constitute only a partial hedge up to the amount of the premium, and only if rates move in the expected direction. If this does not occur, the option may be exercised and the fund would be required to buy or sell the underlying currency at a loss which may not be offset by the amount of the premium. Through the writing of options on foreign currencies, the fund also may be required to forego all or a portion of the benefits which might otherwise have been obtained from favorable movements on exchange rates.

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All options written on foreign currencies will be covered. An

option written on foreign currencies is covered if the fund holds currency sufficient to cover the option or has an absolute and immediate right to acquire that currency without additional cash consideration upon conversion of assets denominated in that currency or exchange of other currency held in its portfolio. An option writer could lose amounts substantially in excess of its initial investments, due to the margin and collateral requirements associated with such positions.

Options on foreign currencies are traded through financial institutions acting as market-makers, although foreign currency options also are traded on certain national securities exchanges, such as the Philadelphia Stock Exchange and the Chicago Board Options Exchange, subject to SEC regulation. In an over-the-counter trading environment, many of the protections afforded to exchange participants will not be available. For example, there are no daily price fluctuation limits, and adverse market movements could therefore continue to an unlimited extent over a period of time. Although the purchaser of an option cannot lose more than the amount of the premium plus related transaction costs, this entire amount could be lost.

Foreign currency option positions entered into on a national securities exchange are cleared and guaranteed by the OCC, thereby reducing the risk of counterparty default. Further, a liquid secondary market in options traded on a national securities exchange may be more readily available than in the over-the-counter market, potentially permitting the fund to liquidate open positions at a profit prior to exercise or expiration, or to limit losses in the event of adverse market movements.

The purchase and sale of exchange-traded foreign currency options, however, is subject to the risks of availability of a liquid secondary market described above, as well as the risks regarding adverse market movements, margining of options written, the nature of the foreign currency market, possible intervention by governmental authorities and the effects of other political and economic events. In addition, exchange-traded options on foreign currencies involve certain risks not presented by the over-the-counter market. For example, exercise and settlement of such options must be made exclusively through the OCC, which has established banking relationships in certain foreign countries for the purpose. As a result, the OCC may, if it determines that foreign governmental restrictions or taxes would prevent the orderly settlement of foreign currency option exercises, or would result in undue burdens on OCC or its clearing member, impose special procedures on exercise and settlement, such as technical changes in the mechanics of delivery of currency, the fixing of dollar settlement prices or prohibitions on exercise.

Foreign Currency Futures and Related Options. The fund may enter into currency futures contracts to sell currencies. It also may buy put and write covered call options on currency futures.

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Currency futures contracts are similar to currency forward contracts, except that they are traded on exchanges (and have margin requirements) and are standardized as to contract size and delivery date. Most currency futures call for payment of delivery in U.S. dollars. The fund may use currency futures for the same purposes as currency forward contracts, subject to CFTC limitations, including the limitation on the percentage of assets that may be used, described in the prospectus. All futures contracts are aggregated for purposes of the percentage limitations.

Currency futures and options on futures values can be expected to correlate with exchange rates, but will not reflect other factors that may affect the values of the fund's investments. A currency hedge, for example, should protect a Yen-denominated bond against a decline in the Yen, but will not protect the fund against price decline if the issuer's creditworthiness deteriorates. Because the value of the fund's investments denominated in foreign currency will change in response to many factors other than exchange rates, it may not be possible to match the amount of a forward contract to the value of the fund's investments denominated in that currency over time.

The fund will not use leverage in its currency options and futures strategies. The fund will hold securities or other options or futures positions whose values are expected to offset its obligations. The fund will not enter into an option or futures position that exposes the fund to an obligation to another party unless it owns either (i) an offsetting position in securities or (ii) cash, receivables and short-term debt securities with a value

sufficient to cover its potential obligations.

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APPENDIX C

#### OPTIONS AND STOCK INDEX FUTURES CONTRACTS

The fund may buy or write options traded on any U.S. or foreign exchange or in the over-the-counter market. The fund may enter into stock index futures contracts traded on any U.S. or foreign exchange. The fund also may buy or write put and call options on these futures and on stock indexes. Options in the over-the-counter market will be purchased only when the investment manager believes a liquid secondary market exists for the options and only from dealers and institutions the investment manager believes present a minimal credit risk. Some options are exercisable only on a specific date. In that case, or if a liquid secondary market does not exist, the fund could be required to buy or sell securities at disadvantageous prices, thereby incurring losses.

**OPTIONS.** An option is a contract. A person who buys a call option for a security has the right to buy the security at a set price for the length of the contract. A person who sells a call option is called a writer. The writer of a call option agrees to sell the security at the set price when the buyer wants to exercise the option, no matter what the market price of the security is at that time. A person who buys a put option has the right to sell a security at a set price for the length of the contract. A person who writes a put option agrees to buy the security at the set price if the purchaser wants to exercise the option, no matter what the market price of the security is at that time. An option is covered if the writer owns the security (in the case of a call) or sets aside the cash or securities of equivalent value (in the case of a put) that would be required upon exercise.

The price paid by the buyer for an option is called a premium. In addition the buyer generally pays a broker a commission. The writer receives a premium, less another commission, at the time the option is written. The cash received is retained by the writer whether or not the option is exercised. A writer of a call option may have to sell the security for a below-market price if the market price rises above the exercise price. A writer of a put option may have to pay an above-market price for the security if its market price decreases below the exercise price. The risk of the writer is potentially unlimited, unless the option is covered.

Options can be used to produce incremental earnings, protect gains and facilitate buying and selling securities for investment purposes. The use of options may benefit the fund and its shareholders by improving the fund's liquidity and by helping to stabilize the value of its net assets.

**Buying options.** Put and call options may be used as a trading technique to facilitate buying and selling securities for investment reasons. They also may be used for investment. Options are used as a trading technique to take advantage of any disparity between the price of the underlying security in the securities market and its price on the options market. It is anticipated the

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trading technique will be utilized only to effect a transaction when the price of the security plus the option price will be as good or better than the price at which the security could be bought or sold directly. When the option is purchased, the fund pays a premium and a commission. It then pays a second commission on the purchase or sale of the underlying security when the option is exercised. For record keeping and tax purposes, the price obtained on the purchase of the underlying security will be the combination of the exercise price, the premium and both commissions. When using options as a trading technique, commissions on the option will be set as if only the underlying securities were traded.

Put and call options also may be held by the fund for investment purposes. Options permit the fund to experience the change in the value of a security with a relatively small initial cash investment.

The risk the fund assumes when it buys an option is the loss of the premium. To be beneficial to the fund, the price of the underlying security must change within the time set by the option contract. Furthermore, the change must be sufficient to cover the premium paid, the commissions paid both in the acquisition of the option and in a closing transaction or in the exercise of the option and sale (in the case of a call) or purchase (in the case of a put) of

the underlying security. Even then the price change in the underlying security does not ensure a profit since prices in the option market may not reflect such a change.

Writing covered options. The fund will write covered options when it feels it is appropriate and will follow these guidelines:

'All options written by the fund will be covered. For covered call options if a decision is made to sell the security, the fund will attempt to terminate the option contract through a closing purchase transaction.

'The fund will deal only in standard option contracts traded on national securities exchanges or those that may be quoted on NASDAQ (a system of price quotations developed by the National Association of Securities Dealers, Inc.).

'The fund will write options only as permitted under federal or state laws or regulations, such as those that limit the amount of total assets subject to the options. While no limit has been set by the fund, it will conform to the requirements of those states. For example, California limits the writing of options to 50% of the assets of a fund.

Net premiums on call options closed or premiums on expired call options are treated as short-term capital gains. Since the fund is taxed as a regulated investment company under the Internal Revenue Code, any gains on options and other securities held less than three months must be limited to less than 30% of its annual gross income.

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If a covered call option is exercised, the security is sold by the fund. The premium received upon writing the option is added to the proceeds received from the sale of the security. The fund will recognize a capital gain or loss based upon the difference between the proceeds and the security's basis. Premiums received from writing outstanding call options are included as a deferred credit in the Statement of Assets and Liabilities and adjusted daily to the current market value.

Options are valued at the close of the New York Stock Exchange. An option listed on a national exchange, CBOE or NASDAQ will be valued at the last-quoted sales price or, if such a price is not readily available, at the mean of the last bid and asked prices.

STOCK INDEX FUTURES CONTRACTS. Stock index futures contracts are commodity contracts listed on commodity exchanges. They currently include contracts on the Standard & Poor's 500 Stock Index (S&P 500 Index) and other broad stock market indexes such as the New York Stock Exchange Composite Stock Index and the Value Line Composite Stock Index, as well as narrower sub-indexes such as the S&P 100 Energy Stock Index and the New York Stock Exchange Utilities Stock Index. A stock index assigns relative values to common stocks included in the index and the index fluctuates with the value of the common stocks so included.

A futures contract is a legal agreement between a buyer or seller and the clearinghouse of a futures exchange in which the parties agree to make a cash settlement on a specified future date in an amount determined by the stock index on the last trading day of the contract. The amount is a specified dollar amount (usually \$100 or \$500) multiplied by the difference between the index value on the last trading day and the value on the day the contract was struck.

For example, the S&P 500 Index consists of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The S&P 500 Index assigns relative weightings to the common stocks included in the Index, and the Index fluctuates with changes in the market values of those stocks. In the case of S&P 500 Index futures contracts, the specified multiple is \$500. Thus, if the value of the S&P 500 Index were 150, the value of one contract would be \$75,000 (150 x \$500). Unlike other futures contracts, a stock index futures contract specifies that no delivery of the actual stocks making up the index will take place. Instead, settlement in cash must occur upon the termination of the contract. For example, excluding any transaction costs, if the fund enters into one futures contract to buy the S&P 500 Index at a specified future date at a contract value of 150 and the S&P 500 Index is at 154 on that future date, the fund will gain \$500 x (154-150) or \$2,000. If the fund enters into one futures contract to sell the

S&P 500 Index at a specified future date at a contract value of 150 and the S&P 500 Index is at 152 on that future date, the fund will

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Unlike the purchase or sale of an equity security, no price would be paid or received by the fund upon entering into futures contracts. However, the fund would be required to deposit with its custodian, in a segregated account in the name of the futures broker, an amount of cash or U.S. Treasury bills equal to approximately 5% of the contract value. This amount is known as initial margin. The nature of initial margin in futures transactions is different from that of margin in security transactions in that futures contract margin does not involve borrowing funds by the fund to finance the transactions. Rather, the initial margin is in the nature of a performance bond or good-faith deposit on the contract that is returned to the fund upon termination of the contract, assuming all contractual obligations have been satisfied.

Subsequent payments, called variation margin, to and from the broker would be made on a daily basis as the price of the underlying stock index fluctuates, making the long and short positions in the contract more or less valuable, a process known as marking to market. For example, when the fund enters into a contract in which it benefits from a rise in the value of an index and the price of the underlying stock index has risen, the fund will receive from the broker a variation margin payment equal to that increase in value. Conversely, if the price of the underlying stock index declines, the fund would be required to make a variation margin payment to the broker equal to the decline in value.

How the Fund Would Use Stock Index Futures Contracts. The fund intends to use stock index futures contracts and related options for hedging and not for speculation. Hedging permits the fund to gain rapid exposure to or protect itself from changes in the market. For example, the fund may find itself with a high cash position at the beginning of a market rally. Conventional procedures of purchasing a number of individual issues entail the lapse of time and the possibility of missing a significant market movement. By using futures contracts, the fund can obtain immediate exposure to the market and benefit from the beginning stages of a rally. The buying program can then proceed and once it is completed (or as it proceeds), the contracts can be closed. Conversely, in the early stages of a market decline, market exposure can be promptly offset by entering into stock index futures contracts to sell units of an index and individual stocks can be sold over a longer period under cover of the resulting short contract position.

The fund may enter into contracts with respect to any stock index or sub-index. To hedge the fund's portfolio successfully, however, the fund must enter into contracts with respect to indexes or sub-indexes whose movements will have a significant correlation with movements in the prices of the fund's portfolio securities.

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Special Risks of Transactions in Stock Index Futures Contracts.

1. Liquidity. The fund may elect to close some or all of its contracts prior to expiration. The purpose of making such a move would be to reduce or eliminate the hedge position held by the fund. The fund may close its positions by taking opposite positions. Final determinations of variation margin are then made, additional cash as required is paid by or to the fund, and the fund realizes a gain or a loss.

Positions in stock index futures contracts may be closed only on an exchange or board of trade providing a secondary market for such futures contracts. For example, futures contracts transactions can currently be entered into with respect to the S&P 500 Stock Index on the Chicago Mercantile Exchange, the New York Stock Exchange Composite Stock Index on the New York Futures Exchange and the Value Line Composite Stock Index on the Kansas City Board of Trade. Although the fund intends to enter into futures contracts only on exchanges or boards of trade where there appears to be an active secondary market, there is no assurance that a liquid secondary market will exist for any particular contract at any particular time. In such event, it may not be possible to close a futures contract position, and in the event of adverse price movements, the fund would have to make daily cash payments of variation margin. Such price movements, however, will be offset all or in part by the price movements of the securities subject to the hedge. Of course, there is no guarantee the price of the securities will correlate

with the price movements in the futures contract and thus provide an offset to losses on a futures contract.

2. Hedging Risks. There are several risks in using stock index futures contracts as a hedging device. One risk arises because the prices of futures contracts may not correlate perfectly with movements in the underlying stock index due to certain market distortions. First, all participants in the futures market are subject to initial margin and variation margin requirements. Rather than making additional variation margin payments, investors may close the contracts through offsetting transactions which could distort the normal relationship between the index and futures markets. Second, the margin requirements in the futures market are lower than margin requirements in the securities market, and as a result the futures market may attract more speculators than does the securities market. Increased participation by speculators in the futures market also may cause temporary price distortions. Because of price distortion in the futures market and because of imperfect correlation between movements in stock indexes and movements in prices of futures contracts, even a correct forecast of general market trends may not result in a successful hedging transaction over a short period.

Another risk arises because of imperfect correlation between movements in the value of the futures contracts and movements in the value of securities subject to the hedge. If this occurred, the fund could lose money on the contracts and also experience a decline in the value of its portfolio securities. While this could

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occur, the investment manager believes that over time the value of the fund's portfolio will tend to move in the same direction as the market indexes and will attempt to reduce this risk, to the extent possible, by entering into futures contracts on indexes whose movements it believes will have a significant correlation with movements in the value of the fund's portfolio securities sought to be hedged. It also is possible that if the fund has hedged against a decline in the value of the stocks held in its portfolio and stock prices increase instead, the fund will lose part or all of the benefit of the increased value of its stock which it has hedged because it will have offsetting losses in its futures positions. In addition, in such situations, if the fund has insufficient cash, it may have to sell securities to meet daily variation margin requirements. Such sales of securities may be, but will not necessarily be, at increased prices which reflect the rising market. The fund may have to sell securities at a time when it may be disadvantageous to do so.

OPTIONS ON STOCK INDEX FUTURES CONTRACTS. Options on stock index futures contracts are similar to options on stock except that options on futures contracts give the purchaser the right, in return for the premium paid, to assume a position in a stock index futures contract (a long position if the option is a call and a short position if the option is a put) at a specified exercise price at any time during the period of the option. If the option is closed instead of exercised, the holder of the option receives an amount that represents the amount by which the market price of the contract exceeds (in the case of a call) or is less than (in the case of a put) the exercise price of the option on the futures contract. If the option does not appreciate in value prior to the exercise date, the fund will suffer a loss of the premium paid.

OPTIONS ON STOCK INDEXES. Options on stock indexes are securities traded on national securities exchanges. An option on a stock index is similar to an option on a futures contract except all settlements are in cash. A fund exercising a put, for example, would receive the difference between the exercise price and the current index level. Such options would be used in the same manner as options on futures contracts.

SPECIAL RISKS OF TRANSACTIONS IN OPTIONS ON STOCK INDEX FUTURES CONTRACTS AND OPTIONS ON STOCK INDEXES. As with options on stocks, the holder of an option on a futures contract or on a stock index may terminate a position by selling an option covering the same contract or index and having the same exercise price and expiration date. The ability to establish and close out positions on such options will be subject to the development and maintenance of a liquid secondary market. The fund will not purchase options unless the market for such options has developed sufficiently, so that the risks in connection with options are not greater than the risks in connection with stock index futures contracts transactions themselves. Compared to using futures contracts, purchasing options involves less risk to the fund because the maximum amount



at risk is the premium paid for the options (plus transaction costs). There may be circumstances, however, when using an option would result in a greater loss to the fund than using a futures contract, such as when there is no movement in the level of the stock index.

**TAX TREATMENT.** As permitted under federal income tax laws, the fund intends to identify futures contracts as mixed straddles and not mark them to market, that is, not treat them as having been sold at the end of the year at market value. Such an election may result in the fund being required to defer recognizing losses incurred by entering into futures contracts and losses on underlying securities identified as being hedged against.

Federal income tax treatment of gains or losses from transactions in options on futures contracts and indexes will depend on whether such option is a section 1256 contract. If the option is a non-equity option, the fund will either make a 1256(d) election and treat the option as a mixed straddle or mark to market the option at fiscal year end and treat the gain/loss as 40% short-term and 60% long-term. Certain provisions of the Internal Revenue Code may also limit the fund's ability to engage in futures contracts and related options transactions. For example, at the close of each quarter of the fund's taxable year, at least 50% of the value of its assets must consist of cash, government securities and other securities, subject to certain diversification requirements. Less than 30% of its gross income must be derived from sales of securities held less than three months.

The IRS has ruled publicly that an exchange-traded call option is a security for purposes of the 50%-of-assets test and that its issuer is the issuer of the underlying security, not the writer of the option, for purposes of the diversification requirements. In order to avoid realizing a gain within the three-month period, the fund may be required to defer closing out a contract beyond the time when it might otherwise be advantageous to do so. The fund also may be restricted in purchasing put options for the purpose of hedging underlying securities because of applying the short sale holding period rules with respect to such underlying securities.

Accounting for futures contracts will be according to generally accepted accounting principles. Initial margin deposits will be recognized as assets due from a broker (the fund's agent in acquiring the futures position). During the period the futures contract is open, changes in value of the contract will be recognized as unrealized gains or losses by marking to market on a daily basis to reflect the market value of the contract at the end of each day's trading. Variation margin payments will be made or received depending upon whether gains or losses are incurred. All contracts and options will be valued at the last-quoted sales price on their primary exchange.

#### MORTGAGE-BACKED SECURITIES

A mortgage pass through certificate is one that represents an interest in a pool, or group, of mortgage loans assembled by the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA) or non-governmental entities. In pass-through certificates, both principal and interest payments, including prepayments, are passed through to the holder of the certificate. Prepayments on underlying mortgages result in a loss of anticipated interest, and the actual yield (or total return) to the fund, which is influenced by both stated interest rates and market conditions, may be different than the quoted yield on certificates. Some U.S. government securities may be purchased on a "when-issued" basis, which means that it may take as long as 45 days after the purchase before the securities are delivered to the fund.

**Stripped Mortgage-Backed Securities.** The fund may invest in stripped mortgage-backed securities. Generally, there are two classes of stripped mortgage-backed securities: Interest Only (IO) and Principal Only (PO). IOs entitle the holder to receive distributions consisting of all or a portion of the interest on the underlying pool of mortgage loans or mortgage-backed securities. POs entitle the holder to receive distributions consisting of all or a portion of the principal of the underlying pool of mortgage loans or mortgage-backed securities. The cash flows and yields on IOs and POs are extremely sensitive to the rate of principal payments (including prepayments) on the underlying mortgage loans

or mortgage-backed securities. A rapid rate of principal payments may adversely affect the yield to maturity of IOs. A slow rate of principal payments may adversely affect the yield to maturity of POs. If prepayments of principal are greater than anticipated, an investor may incur substantial losses. If prepayments of principal are slower than anticipated, the yield on a PO will be affected more severely than would be the case with a traditional mortgage-backed security.

**Mortgage-Backed Security Spread Options.** The fund may purchase mortgage-backed security (MBS) put spread options and write covered MBS call spread options. MBS spread options are based upon the changes in the price spread between a specified mortgage-backed security and a like-duration Treasury security. MBS spread options are traded in the OTC market and are of short duration, typically one to two months. The fund would buy or sell covered MBS call spread options in situations where mortgage-backed securities are expected to under perform like-duration Treasury securities.

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APPENDIX E

#### DOLLAR-COST AVERAGING

A technique that works well for many investors is one that eliminates random buy and sell decisions. One such system is dollar-cost averaging. Dollar-cost averaging involves building a portfolio through the investment of fixed amounts of money on a regular basis regardless of the price or market condition. This may enable an investor to smooth out the effects of the volatility of the financial markets. By using this strategy, more shares will be purchased when the price is low and less when the price is high. As the accompanying chart illustrates, dollar-cost averaging tends to keep the average price paid for the shares lower than the average market price of shares purchased, although there is no guarantee.

While this does not ensure a profit and does not protect against a loss if the market declines, it is an effective way for many shareholders who can continue investing through changing market conditions to accumulate shares in a fund to meet long term goals.

#### Dollar-cost averaging

Regular Investment	Market Price of a Share	Shares Acquired
\$100	\$ 6.00	16.7
100	4.00	25.0
100	4.00	25.0
100	6.00	16.7
100	5.00	20.0
\$500	\$25.00	103.4

Average market price of a share over 5 periods:

\$5.00 (\$25.00 divided by 5).

The average price you paid for each share:

\$4.84 (\$500 divided by 103.4).

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PART C. OTHER INFORMATION

Item 24. (a) Financial Statements and Exhibits.

#### (a) FINANCIAL STATEMENTS

Registrant's semi-annual report to shareholders filed electronically pursuant to section 270.30d-1 on or about March 20, 1995 is incorporated herein by reference.

#### (b) EXHIBITS:

- Articles of Incorporation, as amended October 17, 1988, filed as Exhibit 1 to Post-Effective Amendment No. 16 to Registration Statement No. 2-72174, is incorporated herein by reference.
- By-laws, as amended January 12, 1989, filed as Exhibit 3 to Post-Effective Amendment No. 16 to Registration Statement No. 2-72174, is incorporated herein by reference.
- Not Applicable.
- Stock certificate, filed as Exhibit No.4 to Registrant's Registration Statement No. 2-72174 on April 28, 1981, is

incorporated herein by reference.

5. Form of Investment Management and Services Agreement between Registrant and American Express Financial Corporation, dated March 20, 1995, filed electronically as Exhibit 5 to Registrant's Post-Effective Amendment No. 29 to Registration Statement No. 2-72174 is incorporated herein by reference.
6. Form of Distribution Agreement between Registrant and American Express Financial Advisors Inc., dated March 20, 1995, filed electronically as Exhibit 6 to Registrant's Post-Effective Amendment No. 29 to Registration Statement No. 2-72174 is incorporated herein by reference.
7. All employees are eligible to participate in a profit sharing plan. Entry into the plan is Jan. 1 or July 1. The Registrant contributes each year an amount up to 15 percent of their annual salaries, the maximum deductible amount permitted under Section 404(a) of the Internal Revenue Code.
- 8(a). Form of Custodian Agreement between Registrant and American Express Trust Company, dated March 20, 1995, filed electronically as Exhibit 8(a) to Registrant's Post-Effective Amendment No. 29 to Registration Statement No. 2-72174 is incorporated herein by reference.
- 8(b). Form of Custody Agreement between Morgan Stanley Trust Company and IDS Bank & Trust dated May, 1993, filed electronically as Exhibit 8(b) to Post-Effective Amendment No. 30 to Registration Statement No. 2-72174, is incorporated herein by reference.
- 9(a). Copy of Plan and Agreement of Merger dated April 10, 1986, filed as Exhibit 9 to Post-Effective Amendment No.

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10 to Registration Statement No. 2-72174, is incorporated herein by reference.

- 9(b). Form of Transfer Agency Agreement between Registrant and American Express Financial Corporation, dated March 20, 1995, filed electronically as Exhibit 9(b) to Registrant's Post-Effective Amendment No. 29 to Registration Statement No. 2-72174 is incorporated herein by reference.
- 9(c). Copy of License Agreement, dated January 25, 1988, between IDS and Registrant, filed as Exhibit 9(c) to Post-Effective Amendment No. 16 to Registration Statement No. 2-72174, is incorporated herein by reference.
- 9(d). Form of Shareholder Service Agreement between Registrant and American Express Financial Advisors Inc., dated March 20, 1995, filed electronically as Exhibit 9(d) to Registrant's Post-Effective Amendment No. 29 to Registration Statement No. 2-72174 is incorporated herein by reference.
- 9(e). Form of Administrative Services Agreement between Registrant and American Express Financial Corporation, dated March 20, 1995, filed electronically as Exhibit 9(e) to Registrant's Post-Effective Amendment No. 29 to Registration Statement No. 2-72174 is incorporated herein by reference.
10. Opinion and consent of counsel as to the legality of the securities being registered is filed with Registrant's most recent 24f-2 Notice.
11. Not Applicable.
12. None.
13. Not Applicable.
14. Forms of Keogh, IRA and other retirement plans, filed as Exhibits 14(a) through 14(n) to IDS Growth Fund, Inc., Post-Effective Amendment No. 34 to Registration Statement No. 2-38355, are incorporated herein by reference.
15. Form of Plan and Agreement of Distribution between Registrant and American Express Financial Advisors Inc., dated March 20, 1995, filed electronically as Exhibit 15 to Registrant's Post-Effective Amendment No. 29 to Registration Statement No. 2-72174 is incorporated herein by reference.

16. Schedule for computation of each performance quotation provided in the Registration Statement in response to Item 22 filed as Exhibit 16 to Post-Effective Amendment No. 23 to Registration Statement No. 2-72174, is incorporated herein by reference.
17. Financial Data Schedule filed electronically as Exhibit 17 to Registrant's Post-Effective Amendment No. 29 to Registration Statement No. 2-72174 is incorporated herein by reference.

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18. Copy of plan pursuant to Rule 18f-3 under the 1940 Act, filed electronically as Exhibit 18 to Post-Effective Amendment No. 30 to Registration Statement No. 2-72174 is incorporated herein by reference.
- 19(a). Directors' Power of Attorney, dated Nov. 10, 1994, to sign Amendments to this Registration Statement is filed electronically as Exhibit 18(a) to Registrant's Post-Effective Amendment No. 28, is incorporated herein by reference.
- 19(b). Officers' Power of Attorney to sign Amendments to this Registration Statement, dated June 1, 1993, filed as Exhibit 17(b) to Post-Effective Amendment No. 24 to Registration Statement No. 2-72174, is incorporated herein by reference.

Item 25. Persons Controlled by or Under Common Control with Registrant.

None.

Item 26. Number of Holders of Securities.

(1)	(2)
Title of Class	Number of Record Holders as of July 1, 1995
Common Stock	86,894

Item 27. Indemnification

The Articles of Incorporation of the registrant provide that the Fund shall indemnify any person who was or is a party or is threatened to be made a party, by reason of the fact that she or he is or was a director, officer, employee or agent of the Fund, or is or was serving at the request of the Fund as a director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise, to any threatened, pending or completed action, suit or proceeding, wherever brought, and the Fund may purchase liability insurance and advance legal expenses, all to the fullest extent permitted by the laws of the State of Minnesota, as now existing or hereafter amended. The By-laws of the registrant provide that present or former directors or officers of the Fund made or threatened to be made a party to or involved (including as a witness) in an actual or threatened action, suit or proceeding shall be indemnified by the Fund to the full extent authorized by the Minnesota Business Corporation Act, all as more fully set forth in the By-laws filed as an exhibit to this registration statement.

Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for

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indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Any indemnification hereunder shall not be exclusive of any other rights of indemnification to which the directors, officers, employees or agents might otherwise be entitled. No indemnification shall be made in violation of the Investment Company Act of 1940.

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<TABLE><CAPTION>

Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation)

Directors and officers of American Express Financial Corporation who are directors and/or officers of one or more other companies:

<S> <C> <C>  
Ronald G. Abrahamson, Vice President--Service Quality and Reengineering

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Service Quality and Reengineering Vice President
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American Express Service Corporation

Douglas A. Alger, Vice President--Total Compensation

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Total Compensation
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Jerome R. Amundson, Vice President--Investment Accounting

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Investment Accounting
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Peter J. Anderson, Director and Senior Vice President--Investments

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Investments Director and Chairman of the Board Director and President Director, Chairman of the Board and Executive Vice President Executive Vice President- Investments Director
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IDS Advisory Group Inc.  
IDS Capital Holdings Inc.  
IDS International, Inc.  
IDS Securities Corporation  
NCM Capital Management Group, Inc. 2 Mutual Plaza  
501 Willard Street  
Durham, NC 27701

Ward D. Armstrong, Vice President-Sales and Marketing, American Express Institutional Services

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Sales and Marketing, American Express Institutional Services
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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Joseph M. Barsky III, Vice President--Senior Portfolio Manager

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Senior Portfolio Manager Vice President
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IDS Advisory Group Inc.

Robert C. Basten, Vice President--Tax and Business Services

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Tax and Business Services Director, President and Chief Executive Officer
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American Express Tax & Business  
Services Inc.

Timothy V. Bechtold, Vice President--Risk Management Products

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Risk Management Products Vice President-Risk Management Products
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IDS Life Insurance Company

Carl E. Beihl, Vice President--Strategic Technology Planning

American Express Financial Advisors      IDS Tower 10      Vice President-  
Minneapolis, MN 55440      Strategic Technology  
Planning

Alan F. Bignall, Vice President--Financial Planning Systems

American Express Financial Advisors      IDS Tower 10      Vice President-  
Minneapolis, MN 55440      Financial Planning  
Systems  
Vice President

American Express Service Corporation

John C. Boeder, Vice President--Mature Market Group

American Express Financial Advisors      IDS Tower 10      Vice President-  
Minneapolis, MN 55440      Mature Market Group  
IDS Life Insurance Company of New York      Box 5144      Director  
Albany, NY 12205

Karl J. Breyer, Director and Senior Vice President--Corporate Affairs and General Counsel

American Express Financial Advisors      IDS Tower 10      Senior Vice President-  
Minneapolis, MN 55440      Corporate Affairs and  
Special Counsel  
American Express Minnesota Foundation      Director  
IDS Aircraft Services Corporation      Director and President

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Harold E. Burke, Vice President and Assistant General Counsel

American Express Financial Advisors      IDS Tower 10      Vice President and  
Minneapolis, MN 55440      Assistant General Counsel  
American Express Service Corporation      Vice President

Daniel J. Candura, Vice President--Marketing Support

American Express Financial Advisors      IDS Tower 10      Vice President-Marketing  
Minneapolis, MN 55440      Support

Cynthia M. Carlson, Vice President--American Express Securities Services

American Enterprise Investment      IDS Tower 10      Director, President and  
Services Inc.      Minneapolis, MN 55440      Chief Executive Officer  
American Express Financial Advisors      Vice President-American  
Express Securities Services

Orison Y. Chaffee III, Vice President--Field Real Estate

American Express Financial Advisors      IDS Tower 10      Vice President-Field  
Minneapolis, MN 55440      Real Estate

James E. Choat, Director and Senior Vice President--Field Management

American Express Financial Advisors      IDS Tower 10      Senior Vice President-  
Minneapolis, MN 55440      Field Management  
American Express Minnesota Foundation      Director  
American Express Service Corporation      Vice President  
IDS Insurance Agency of Alabama Inc.      Vice President--North  
Central Region  
IDS Insurance Agency of Arkansas Inc.      Vice President--North  
Central Region  
IDS Insurance Agency of Massachusetts Inc.      Vice President--North  
Central Region  
IDS Insurance Agency of Nevada Inc.      Vice President--North  
Central Region  
IDS Insurance Agency of New Mexico Inc.      Vice President--North  
Central Region  
IDS Insurance Agency of North Carolina Inc.      Vice President--North  
Central Region  
IDS Insurance Agency of Ohio Inc.      Vice President--North  
Central Region  
IDS Insurance Agency of Wyoming Inc.      Vice President-- North  
Central Region  
IDS Property Casualty Insurance Co.      Director

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Kenneth J. Ciak, Vice President and General Manager--IDS Property Casualty

American Express Financial Advisors      IDS Tower 10      Vice President and General

	Minneapolis, MN 55440	Manager-IDS Property Casualty
IDS Property Casualty Insurance Co.	I WEG Blvd. DePere, Wisconsin 54115	Director and President
Alan R. Dakay, Vice President--Institutional Products Group		
American Enterprise Life Insurance Co.	IDS Tower 10 Minneapolis, MN 55440	Director and President
American Express Financial Advisors		Vice President - Institutional Products Group
American Partners Life Insurance Co.		Director and President
IDS Life Insurance Company		Vice President - Institutional Insurance Marketing
Regenia David, Vice President--Systems Services		
American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Systems Services
William H. Dudley, Director and Executive Vice President--Investment Operations		
American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Director and Executive Vice President- Investment Operations
IDS Advisory Group Inc.		Director
IDS Capital Holdings Inc.		Director
IDS Futures Corporation		Director
IDS Futures III Corporation		Director
IDS International, Inc.		Director
IDS Securities Corporation		Director, Chairman of the Board, President and Chief Executive Officer
Roger S. Edgar, Director, Senior Vice President and Technology Advisor		
American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Senior Vice President and Technology Advisor
PAGE 5		
Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)		
Gordon L. Eid, Director, Senior Vice President and Deputy General Counsel		
American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Senior Vice President and General Counsel
IDS Insurance Agency of Alabama Inc.		Director and Vice President
IDS Insurance Agency of Arkansas Inc.		Director and Vice President
IDS Insurance Agency of Massachusetts Inc.		Director and Vice President
IDS Insurance Agency of Nevada Inc.		Director and Vice President
IDS Insurance Agency of New Mexico Inc.		Director and Vice President
IDS Insurance Agency of North Carolina Inc.		Director and Vice President
IDS Insurance Agency of Ohio Inc.		Director and Vice President
IDS Insurance Agency of Wyoming Inc.		Director and Vice President
IDS Real Estate Services, Inc.		Vice President
Investors Syndicate Development Corp.		Director
Robert M. Elconin, Vice President--Government Relations		
American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Government Relations
IDS Life Insurance Company		Vice President
Mark A. Ernst, Vice President--Retail Services		
American Enterprise Investment Services Inc.	IDS Tower 10 Minneapolis, MN 55440	Director
American Express Financial Advisors		Vice President- Retail Services
American Express Tax & Business Services Inc.		Director and Chairman of the Board
Gordon M. Fines, Vice President--Mutual Fund Equity Investments		
American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Mutual Fund Equity Investments
IDS Advisory Group Inc.		Executive Vice President
IDS International, Inc.		Vice President and Portfolio Manager

Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Louis C. Fornetti, Director, Senior Vice President and Chief Financial Officer

American Enterprise Investment Services Inc.	IDS Tower 10 Minneapolis, MN 55440	Vice President
American Express Financial Advisors		Senior Vice President and Chief Financial Officer
American Express Tax & Business Services Inc.		Director
American Express Trust Company		Director
IDS Cable Corporation		Director
IDS Cable II Corporation		Director
IDS Capital Holdings Inc.		Senior Vice President
IDS Certificate Company		Vice President
IDS Insurance Agency of Alabama Inc.		Vice President
IDS Insurance Agency of Arkansas Inc.		Vice President
IDS Insurance Agency of Massachusetts Inc.		Vice President
IDS Insurance Agency of Nevada Inc.		Vice President
IDS Insurance Agency of New Mexico Inc.		Vice President
IDS Insurance Agency of North Carolina Inc.		Vice President
IDS Insurance Agency of Ohio Inc.		Vice President
IDS Insurance Agency of Wyoming Inc.		Vice President
IDS Life Insurance Company		Director
IDS Life Series Fund, Inc.		Vice President
IDS Life Variable Annuity Funds A&B		Vice President
IDS Property Casualty Insurance Co.		Director and Vice President
IDS Real Estate Services, Inc.		Vice President
IDS Sales Support Inc.		Director
IDS Securities Corporation		Vice President
Investors Syndicate Development Corp.		Vice President

Robert G. Gilbert, Vice President--Real Estate

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-- Real Estate
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John J. Golden, Vice President--Field Compensation Development

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President--Field Compensation Development
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Harvey Golub, Director

American Express Company	American Express Tower World Financial Center New York, New York 10285	Chairman and Chief Executive Officer
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American Express Travel Related Services Company, Inc.		Chairman and Chief Executive Officer
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National Computer Systems, Inc.	11000 Prairie Lakes Drive Minneapolis, MN 55440	Director
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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Morris Goodwin Jr., Vice President and Corporate Treasurer

American Enterprise Investment Services Inc.	IDS Tower 10 Minneapolis, MN 55440	Vice President and Treasurer
American Enterprise Life Insurance Company		Vice President and Treasurer
American Express Financial Advisors		Vice President and Corporate Treasurer
American Express Minnesota Foundation		Director, Vice President and Treasurer
American Express Service Corporation		Vice President and Treasurer
American Express Tax & Business Services Inc.		Vice President and Treasurer
IDS Advisory Group Inc.		Vice President and Treasurer
IDS Aircraft Services Corporation		Vice President and Treasurer
IDS Cable Corporation		Director, Vice President and Treasurer
IDS Cable II Corporation		Director, Vice President and Treasurer
IDS Capital Holdings Inc.		Vice President and Treasurer
IDS Certificate Company		Vice President and Treasurer
IDS Deposit Corp.		Director, President



IDS Insurance Agency of Alabama Inc.	and Treasurer
IDS Insurance Agency of Arkansas Inc.	Vice President and Treasurer
IDS Insurance Agency of Massachusetts Inc.	Vice President and Treasurer
IDS Insurance Agency of Nevada Inc.	Vice President and Treasurer
IDS Insurance Agency of New Mexico Inc.	Vice President and Treasurer
IDS Insurance Agency of North Carolina Inc.	Vice President and Treasurer
IDS Insurance Agency of Ohio Inc.	Vice President and Treasurer
IDS Insurance Agency of Wyoming Inc.	Vice President and Treasurer
IDS International, Inc.	Vice President and Treasurer
IDS Life Insurance Company	Vice President and Treasurer
IDS Life Series Fund, Inc.	Vice President and Treasurer

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

IDS Life Variable Annuity Funds A&B		Vice President and Treasurer
IDS Management Corporation		Director, Vice President and Treasurer
IDS Partnership Services Corporation		Director, Vice President and Treasurer
IDS Plan Services of California, Inc.		Vice President and Treasurer
IDS Property Casualty Insurance Co.		Vice President and Treasurer
IDS Real Estate Services, Inc		Vice President and Treasurer
IDS Realty Corporation		Director, Vice President and Treasurer
IDS Sales Support Inc.		Director, Vice President and Treasurer
IDS Securities Corporation		Vice President and Treasurer
Investors Syndicate Development Corp.		Vice President and Treasurer
NCM Capital Management Group, Inc.	2 Mutual Plaza 501 Willard Street Durham, NC 27701	Director
Sloan Financial Group, Inc.		Director
Suzanne Graf, Vice President--Systems Services		
American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Systems Services
David A. Hammer, Vice President and Marketing Controller		
American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President and Marketing Controller
IDS Plan Services of California, Inc.		Director and Vice President
Lorraine R. Hart, Vice President--Insurance Investments		
American Enterprise Life Insurance Company	IDS Tower 10 Minneapolis, MN 55440	Vice President-Investments
American Express Financial Advisors		Vice President-Insurance Investments
American Partners Life Insurance Co.		Director and Vice President-Investments
IDS Certificate Company		Vice President-Investments
IDS Life Insurance Company		Vice President-Investments
IDS Life Series Fund, Inc.		Vice President-Investments
IDS Life Variable Annuity Funds A and B		Vice President-Investments
IDS Property Casualty Insurance Company		Vice President-Investment Officer
Investors Syndicate Development Corp.		Vice President-Investments

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Scott A. Hawkinson, Vice President--Assured Assets Product Development and Management

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Assured Assets Product Development & Management
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Raymond E. Hirsch, Vice President--Senior Portfolio Manager

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Senior Portfolio Manager
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James G. Hirsh, Vice President and Assistant General Counsel

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President and Assistant General Counsel
IDS Securities Corporation		Director, Vice President and General Counsel

Darryl G. Horsman, Vice President--Product Development and Technology, American Express Institutional Services

American Express Trust Company	IDS Tower 10 Minneapolis, MN 55440	Director and President
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Kevin P. Howe, Vice President--Government and Customer Relations and Chief Compliance Officer

American Enterprise Investment Services Inc.	IDS Tower 10 Minneapolis, MN 55440	Vice President and Compliance Officer
American Express Financial Advisors		Vice President- Government and Customer Relations
American Express Service Corporation		Vice President
IDS Securities Corporation		Vice President and Chief Compliance Officer

David R. Hubers, Director, President and Chief Executive Officer

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Chairman, Chief Executive Officer and President
American Express Service Corporation		Director and President
IDS Aircraft Services Corporation		Director
IDS Certificate Company		Director
IDS Life Insurance Company		Director
IDS Plan Services of California, Inc.		Director and President
IDS Property Casualty Insurance Co.		Director

Marietta L. Johns, Director and Senior Vice President--Field Management

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Field Management
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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Douglas R. Jordal, Vice President--Taxes

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Taxes
IDS Aircraft Services Corporation		Vice President

James E. Kaarre, Vice President--Marketing Information

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Marketing Information
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Linda B. Keene, Vice President--Market Development

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Market Development
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G. Michael Kennedy, Vice President--Investment Services and Investment Research

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Investment Services and Investment Research
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Susan D. Kinder, Director and Senior Vice President--Human Resources

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Human Resources
American Express Minnesota Foundation		Director
American Express Service Corporation		Vice President

Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Richard W. Kling, Director and Senior Vice President--Risk Management Products

American Enterprise Life Insurance Co.	IDS Tower 10 Minneapolis, MN 55440	Director and Chairman of the Board
American Express Financial Advisors		Senior Vice President- Risk Management Products
American Partners Life Insurance Co.		Director and Chairman of the Board
IDS Insurance Agency of Alabama Inc.		Director and President
IDS Insurance Agency of Arkansas Inc.		Director and President
IDS Insurance Agency of Massachusetts Inc.		Director and President
IDS Insurance Agency of Nevada Inc.		Director and President
IDS Insurance Agency of New Mexico Inc.		Director and President
IDS Insurance Agency of North Carolina Inc.		Director and President
IDS Insurance Agency of Ohio Inc.		Director and President
IDS Insurance Agency of Wyoming Inc.		Director and President
IDS Life Insurance Company		Director and President
IDS Life Series Fund, Inc.		Director and President
IDS Life Variable Annuity Funds A and B		Chairman of the Board of Managers and President
IDS Property Casualty Insurance Co.		Director and Chairman of the Board
IDS Life Insurance Company of New York	P.O. Box 5144 Albany, NY 12205	Director, Chairman of the Board and President

Paul F. Kolkman, Vice President--Actuarial Finance

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Actuarial Finance
IDS Life Insurance Company		Director and Executive Vice President
IDS Life Series Fund, Inc.		Vice President and Chief Actuary

Claire Kolmodin, Vice President--Service Quality

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Service Quality
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Steven C. Kumagai, Director and Senior Vice President--Field Management and Business Systems

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Director and Senior Vice President-Field Management and Business Systems
American Express Service Corporation		Vice President

Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Edward Labenski, Vice President--Senior Portfolio Manager

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Senior Portfolio Manager
IDS Advisory Group Inc.		Senior Vice President

Kurt A. Larson, Vice President--Senior Portfolio Manager

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Senior Portfolio Manager
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Lori J. Larson, Vice President--Variable Assets Product Development

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Variable Assets Product Development
IDS Cable Corporation		Director and Vice President
IDS Cable II Corporation		Director and Vice President
IDS Futures Brokerage Group		Assistant Vice President- General Manager/Director
IDS Futures Corporation		Director and Vice President
IDS Futures III Corporation		Director and Vice President
IDS Management Corporation		Director and Vice President
IDS Partnership Services Corporation		Director and Vice President
IDS Realty Corporation		Director and Vice President

Ryan R. Larson, Vice President--IPG Product Development

American Express Financial Advisors	IDS Tower 10	Vice President-
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IDS Life Insurance Company	Minneapolis, MN 55440	IPG Product Development Vice President- Annuity Product Development
Daniel E. Laufenberg, Vice President and Chief U.S. Economist		
American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President and Chief U.S. Economist
Richard J. Lazarchic, Vice President--Senior Portfolio Manager		
American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President--Senior Portfolio Manager

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Peter A. Lefferts, Director and Senior Vice President--Corporate Strategy and Development

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Corporate Strategy and Development
American Express Service Corporation		Director
American Express Trust Company		Director
IDS Life Insurance Company		Director and Executive Vice President-Marketing
IDS Plan Services of California, Inc.		Director
Investors Syndicate Development Corp.		Director

Douglas A. Lennick, Director and Executive Vice President--Private Client Group

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Director and Executive Vice President-Private Client Group
American Express Service Corporation		Vice President

Mary J. Malevich, Vice President--Senior Portfolio Manager

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Senior Portfolio Manager
IDS International, Inc.		Vice President and Portfolio Manager

Fred A. Mandell, Vice President--Field Marketing Readiness

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Field Marketing Readiness
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William J. McKinney, Vice President--Field Management Support

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Field Management Support
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Thomas W. Medcalf, Vice President--Senior Portfolio Manager

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Senior Portfolio Manager
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William C. Melton, Vice President-International Research and Chief International Economist

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- International Research and Chief International Economist
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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Janis E. Miller, Vice President--Variable Assets

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Variable Assets
IDS Cable Corporation		Director and President
IDS Cable II Corporation		Director and President
IDS Futures Corporation		Director and President
IDS Futures III Corporation		Director and President
IDS Life Insurance Company		Director and Executive Vice President-Variable Assets
IDS Life Series Fund, Inc.		Director
IDS Life Variable Annuity Funds A&B		Director

IDS Management Corporation		Director and President
IDS Partnership Services Corporation		Director and President
IDS Realty Corporation		Director and President
IDS Life Insurance Company of New York	Box 5144	Executive Vice President
	Albany, NY 12205	

James A. Mitchell, Director and Executive Vice President--Marketing and Products

American Enterprise Investment Services Inc.	IDS Tower 10 Minneapolis, MN 55440	Director
American Express Financial Advisors		Executive Vice President- Marketing and Products
American Express Tax and Business Services Inc.		Director
IDS Certificate Company		Director and Chairman of the Board
IDS Life Insurance Company		Director, Chairman of the Board and Chief Executive Officer
IDS Plan Services of California, Inc.		Director
IDS Property Casualty Insurance Co.		Director

Pamela J. Moret, Vice President--Corporate Communications

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Corporate Communications
American Express Minnesota Foundation		Director and President

Barry J. Murphy, Director and Senior Vice President--Client Service

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Client Service
IDS Life Insurance Company		Director and Executive Vice President-Client Service

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Robert J. Neis, Vice President--Information Systems Operations

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Information Systems Operations
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James R. Palmer, Vice President--Insurance Operations

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Insurance Operations
IDS Life Insurance Company		Vice President-Taxes

Carla P. Pavone, Vice President--Specialty Service Teams and Emerging Business

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Specialty Service Teams and Emerging Business
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George M. Perry, Vice President--Corporate Strategy and Development

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Corporate Strategy and Development
IDS Property Casualty Insurance Co.		Director

Susan B. Plimpton, Vice President--Segmentation Development and Support

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-- Segmentation Development and Support
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Ronald W. Powell, Vice President and Assistant General Counsel

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President and Assistant General Counsel
IDS Cable Corporation		Vice President and Assistant Secretary
IDS Cable II Corporation		Vice President and Assistant Secretary
IDS Management Corporation		Vice President and Assistant Secretary
IDS Partnership Services Corporation		Vice President and Assistant Secretary
IDS Plan Services of California, Inc.		Vice President and Assistant Secretary

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

James M. Punch, Vice President--TransAction Services

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Trans Action Services
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Frederick C. Quirsfeld, Vice President--Taxable Mutual Fund Investments

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-- Taxable Mutual Fund Investments
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IDS Advisory Group Inc. Vice President

Rebecca K. Roloff, Vice President--1994 Program Director

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-1994 Program Director
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Stephen W. Roszell, Vice President--Advisory Institutional Marketing

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Advisory Institutional Marketing President and Chief Executive Officer
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IDS Advisory Group Inc.

Robert A. Rudell, Vice President--American Express Institutional Services

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-American Express Institutional Services
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American Express Trust Company Director and Chairman of the Board

IDS Sales Support Inc. Director and President

John P. Ryan, Vice President and General Auditor

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President and General Auditor
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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Erven A. Samsel, Director and Senior Vice President--Field Management

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Field Management
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American Express Service Corporation		Vice President
IDS Insurance Agency of Alabama Inc.		Vice President- New England Region

IDS Insurance Agency of Arkansas Inc.		Vice President- New England Region
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IDS Insurance Agency of Massachusetts Inc.		Vice President- New England Region
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IDS Insurance Agency of Nevada Inc.		Vice President- New England Region
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IDS Insurance Agency of New Mexico Inc.		Vice President- New England Region
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IDS Insurance Agency of North Carolina Inc.		Vice President- New England Region
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IDS Insurance Agency of Ohio Inc.		Vice President- New England Region
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IDS Insurance Agency of Wyoming Inc.		Vice President- New England Region
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Stuart A. Sedlacek, Vice President--Assured Assets

American Enterprise Life Insurance Co.	IDS Tower 10 Minneapolis, MN 55440	Director and Executive Vice President, Assured Assets
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American Express Financial Advisors		Vice President- Assured Assets
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IDS Certificate Company Director and President

IDS Life Insurance Company		Director and Executive Vice President, Assured Assets
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Investors Syndicate Development Corp.		Chairman of the Board and President
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Donald K. Shanks, Vice President--Property Casualty

American Express Financial Advisors	IDS Tower 10		Vice President-
	Minneapolis, MN	55440	Property Casualty
IDS Property Casualty Insurance Co.			Senior Vice President

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

F. Dale Simmons, Vice President--Senior Portfolio Manager, Insurance Investments

American Enterprise Life Insurance Co.	IDS Tower 10		Vice President-Real
	Minneapolis, MN	55440	Estate Loan Management
American Express Financial Advisors			Vice President-Senior
			Portfolio Manager,
			Insurance Investments
American Partners Life Insurance Co.			Vice President-Real
			Estate Loan Management
IDS Certificate Company			Vice President-Real
			Estate Loan Management
IDS Life Insurance Company			Vice President-Real
			Estate Loan Management
IDS Partnership Services Corporation			Vice President
IDS Real Estate Services Inc.			Director and Vice President
IDS Realty Corporation			Vice President
IDS Life Insurance Company of New York	Box 5144		Vice President and
	Albany, NY	12205	Assistant Treasurer

Judy P. Skoglund, Vice President--Human Resources and Organization Development

American Express Financial Advisors	IDS Tower 10		Vice President-Human
	Minneapolis, MN	55440	Resources and
			Organization Development

Ben C. Smith, Vice President--Workplace Marketing

American Express Financial Advisors	IDS Tower 10		Vice President-
	Minneapolis, MN	55440	Workplace Marketing

William A. Smith, Vice President and Controller--Private Client Group

American Express Financial Advisors	IDS Tower 10		Vice President and
	Minneapolis, MN	55440	Controller-Private
			Client Group

Bridget Sperl, Vice President--Human Resources Management Services

American Express Financial Advisors	IDS Tower 10		Vice President-Human
	Minneapolis, MN	55440	Resources Management
			Services

Jeffrey E. Stiefler, Director

American Express Company	American Express Tower		Director and President
	World Financial Center		
	New York, NY	10285	

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

William A. Stoltzmann, Vice President and Assistant General Counsel

American Express Financial Advisors	IDS Tower 10		Vice President and
	Minneapolis, MN	55440	Assistant General Counsel
American Partners Life Insurance Co.			Director, Vice President,
			General Counsel and
			Secretary
IDS Life Insurance Company			Vice President, General
			Counsel and Secretary
American Enterprise Life Insurance	P.O. Box 534		Director, Vice President,
Company	Minneapolis, MN	55440	General Counsel
			and Secretary

James J. Strauss, Vice President--Corporate Planning and Analysis

American Express Financial Advisors	IDS Tower 10		Vice President-
	Minneapolis, MN	55440	Corporate Planning and
			Analysis

Jeffrey J. Stremcha, Vice President--Information Resource Management/ISD

American Express Financial Advisors	IDS Tower 10		Vice President-Information
	Minneapolis, MN	55440	Resource Management/ISD

Fenton R. Talbott, Director

ACUMA Ltd.

ACUMA House  
The Glanty, Egham  
Surrey TW 20 9 AT  
UK

President and Chief  
Executive Officer

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

John R. Thomas, Director and Senior Vice President--Information and Technology

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Information and Technology
IDS Bond Fund, Inc.		Director
IDS California Tax-Exempt Trust		Trustee
IDS Discovery Fund, Inc.		Director
IDS Equity Select Fund, Inc.		Director
IDS Extra Income Fund, Inc.		Director
IDS Federal Income Fund, Inc.		Director
IDS Global Series, Inc.		Director
IDS Growth Fund, Inc.		Director
IDS High Yield Tax-Exempt Fund, Inc.		Director
IDS Investment Series, Inc.		Director
IDS Managed Retirement Fund, Inc.		Director
IDS Market Advantage Series, Inc.		Director
IDS Money Market Series, Inc.		Director
IDS New Dimensions Fund, Inc.		Director
IDS Precious Metals Fund, Inc.		Director
IDS Progressive Fund, Inc.		Director
IDS Selective Fund, Inc.		Director
IDS Special Tax-Exempt Series Trust		Trustee
IDS Stock Fund, Inc.		Director
IDS Strategy Fund, Inc.		Director
IDS Tax-Exempt Bond Fund, Inc.		Director
IDS Tax-Free Money Fund, Inc.		Director
IDS Utilities Income Fund, Inc.		Director

Melinda S. Urion, Vice President and Corporate Controller

American Enterprise Life Insurance Company	IDS Tower 10 Minneapolis, MN 55440	Vice President and Controller
American Express Financial Advisors		Vice President and Corporate Controller
American Partners Life Insurance Co.		Director, Vice President, Controller and Treasurer
IDS Life Insurance Company		Director, Executive Vice President and Controller
IDS Life Series Fund, Inc.		Vice President and Controller

Wesley W. Wadman, Vice President--Senior Portfolio Manager

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Senior Portfolio Manager
IDS Advisory Group Inc.		Executive Vice President
IDS Fund Management Limited		Director and Vice Chairman
IDS International, Inc.		Senior Vice President

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Michael L. Weiner, Vice President--Corporate Tax Operations

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Corporate Tax Operations
IDS Capital Holdings Inc.		Vice President
IDS Futures Brokerage Group		Vice President
IDS Futures Corporation		Vice President, Treasurer and Secretary
IDS Futures III Corporation		Vice President, Treasurer and Secretary

Lawrence J. Welte, Vice President--Investment Administration

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President- Investment Administration
IDS Securities Corporation		Director, Executive Vice President and Chief Operating Officer



Jeffrey F. Welter, Vice President--Equity and Fixed Income Trading

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President-Equity and Fixed Income Trading
-------------------------------------	---------------------------------------	---

William N. Westhoff, Director, Senior Vice President and Global Chief Investment Officer

American Enterprise Life Insurance Company	IDS Tower 10 Minneapolis, MN 55440	Director
American Express Financial Advisors		Senior Vice President and Global Chief Investment Officer
IDS Fund Management Limited		Director
IDS International, Inc.		Director
IDS Partnership Services Corporation		Director and Vice President
IDS Real Estate Services Inc.		Director, Chairman of the Board and President
IDS Realty Corporation		Director and Vice President
Investors Syndicate Development Corp.		Director

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Item 28. Business and Other Connections of Investment Adviser (American Express Financial Corporation) (cont'd)

Edwin M. Wistrand, Vice President and Assistant General Counsel

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Vice President and Assistant General Counsel
-------------------------------------	---------------------------------------	---

Michael R. Woodward, Director and Senior Vice President--Field Management

American Express Financial Advisors	IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Field Management
American Express Service Corporation		Vice President
IDS Insurance Agency of Alabama Inc.		Vice President- North Region
IDS Insurance Agency of Arkansas Inc.		Vice President- North Region
IDS Insurance Agency of Massachusetts Inc.		Vice President- North Region
IDS Insurance Agency of Nevada Inc.		Vice President- North Region
IDS Insurance Agency of New Mexico Inc.		Vice President- North Region
IDS Insurance Agency of North Carolina Inc.		Vice President- North Region
IDS Insurance Agency of Ohio Inc.		Vice President- North Region
IDS Insurance Agency of Wyoming Inc.		Vice President- North Region
IDS Life Insurance Company of New York	Box 5144 Albany, NY 12205	Director

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Item 29. Principal Underwriters.

- (a) American Express Financial Advisors acts as principal underwriter for the following investment companies:

IDS Bond Fund, Inc.; IDS California Tax-Exempt Trust; IDS Discovery Fund, Inc.; IDS Equity Select Fund, Inc.; IDS Extra Income Fund, Inc.; IDS Federal Income Fund, Inc.; IDS Global Series, Inc.; IDS Growth Fund, Inc.; IDS High Yield Tax-Exempt Fund, Inc.; IDS International Fund, Inc.; IDS Investment Series, Inc.; IDS Managed Retirement Fund, Inc.; IDS Market Advantage Series, Inc.; IDS Money Market Series, Inc.; IDS New Dimensions Fund, Inc.; IDS Precious Metals Fund, Inc.; IDS Progressive Fund, Inc.; IDS Selective Fund, Inc.; IDS Special Tax-Exempt Series Trust; IDS Stock Fund, Inc.; IDS Strategy Fund, Inc.; IDS Tax-Exempt Bond Fund, Inc.; IDS Tax-Free Money Fund, Inc.; IDS Utilities Income Fund, Inc. and IDS Certificate Company.

- (b) As to each director, officer or partner of the principal underwriter:

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Ronald G. Abrahamson IDS Tower 10 Minneapolis, MN 55440	Vice President- Service Quality and Reengineering	None

Douglas A. Alger IDS Tower 10 Minneapolis, MN 55440	Vice President-Total Compensation	None
Peter J. Anderson IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Investments	Vice President
Ward D. Armstrong IDS Tower 10 Minneapolis, MN 55440	Vice President- Sales and Marketing, American Express Institutional Services	None
Alvan D. Arthur IDS Tower 10 Minneapolis, MN 55440	Group Vice President- Central California/ Western Nevada	None
Joseph M. Barsky III IDS Tower 10 Minneapolis, MN 55440	Vice President-Senior Portfolio Manager	None
Robert C. Basten IDS Tower 10 Minneapolis, MN 55440	Vice President-Tax and Business Services	None

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Item 29(b). As to each director, officer or partner of the principal underwriter (American Express Financial Advisors): (cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Timothy V. Bechtold IDS Tower 10 Minneapolis, MN 55440	Vice President-Risk Management Products	None
John D. Begley Suite 100 7760 Olentangy River Rd. Columbus, OH 43235	Group Vice President- Ohio/Indiana	None
Carl E. Beihl IDS Tower 10 Minneapolis, MN 55440	Vice President- Strategic Technology Planning	None
Jack A. Benjamin Suite 200 3500 Market Street Camp Hill, PA 17011	Group Vice President- Greater Pennsylvania	None
Alan F. Bignall IDS Tower 10 Minneapolis, MN 55440	Vice President- Financial Planning Systems	None
Brent L. Bisson Ste 900 e Westside Tower 11835 West Olympic Blvd. Los Angeles, CA 90064	Group Vice President- Los Angeles Metro	None
John C. Boeder IDS Tower 10 Minneapolis, MN 55440	Vice President- Mature Market Group	None
Bruce J. Bordelon Galleria One Suite 1900 Galleria Blvd. Metairie, LA 70001	Group Vice President- Gulf States	None
Charles R. Branch Suite 200 West 111 North River Dr Spokane, WA 99201	Group Vice President- Northwest	None
Karl J. Breyer IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Corporate Affairs and Special Counsel	None
Harold E. Burke IDS Tower 10 Minneapolis, MN 55440	Vice President and Assistant General Counsel	None

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Item 29(b). As to each director, officer or partner of the

principal underwriter (American Express Financial Advisors):  
(cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Daniel J. Candura IDS Tower 10 Minneapolis, MN 55440	Vice President- Marketing Support	None
Cynthia M. Carlson IDS Tower 10 Minneapolis, MN 55440	Vice President- American Express Securities Services	None
Orison Y. Chaffee III IDS Tower 10 Minneapolis, MN 55440	Vice President-Field Real Estate	None
James E. Choat IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Field Management	None
Kenneth J. Ciak IDS Property Casualty 1400 Lombardi Avenue Green Bay, WI 54304	Vice President and General Manager- IDS Property Casualty	None
Roger C. Corea 290 Woodcliff Drive Fairport, NY 14450	Group Vice President- Upstate New York	None
Henry J. Cormier Commerce Center One 333 East River Drive East Hartford, CT 06108	Group Vice President- Connecticut	None
John M. Crawford Suite 200 10800 Financial Ctr Pkwy Little Rock, AR 72211	Group Vice President- Arkansas/Springfield/Memphis	None
Kevin F. Crowe Suite 312 7300 Carmel Executive Pk Charlotte, NC 28226	Group Vice President- Carolinas/Eastern Georgia	None
Alan R. Dakay IDS Tower 10 Minneapolis, MN 55440	Vice President- Institutional Products Group	None
Regenia David IDS Tower 10 Minneapolis, MN 55440	Vice President- Systems Services	None

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Item 29(b). As to each director, officer or partner of the principal underwriter (American Express Financial Advisors):  
(cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Scott M. Digiannarino Suite 500 8045 Leesburg Pike Vienna, VA 22182	Group Vice President- Washington/Baltimore	None
Bradford L. Drew Two Datran Center Penthouse One B 9130 S. Dadeland Blvd. Miami, FL 33156	Group Vice President- Eastern Florida	None
William H. Dudley IDS Tower 10 Minneapolis MN 55440	Director and Executive Vice President- Investment Operations	Director
Roger S. Edgar IDS Tower 10 Minneapolis, MN 55440	Senior Vice President and Technology Advisor	None
Gordon L. Eid IDS Tower 10	Senior Vice President and General Counsel	None

Minneapolis, MN 55440

Robert M. Elconin Vice President- None  
IDS Tower 10 Government Relations  
Minneapolis, MN 55440

Mark A. Ernst Vice President- None  
IDS Tower 10 Retail Services  
Minneapolis, MN 55440

Joseph Evanovich Jr. Group Vice President- None  
One Old Mill Nebraska/Iowa/Dakotas  
101 South 108th Avenue  
Omaha, NE 68154

Louise P. Evenson Group Vice President- None  
Suite 200 San Francisco Bay Area  
1333 N. California Blvd.  
Walnut Creek, CA 94596

Gordon M. Fines Vice President- None  
IDS Tower 10 Mutual Fund Equity  
Minneapolis MN 55440 Investments

Louis C. Fornetti Senior Vice President None  
IDS Tower 10 and Chief Financial  
Minneapolis, MN 55440 Officer

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Item 29(b). As to each director, officer or partner of the  
principal underwriter (American Express Financial Advisors):  
(cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Douglas L. Forsberg Suite 100 7931 N. E. Halsey Portland, OR 97213	Group Vice President- Portland/Eugene	None
William P. Fritz Suite 160 12855 Flushing Meadows Dr St. Louis, MO 63131	Group Vice President- Northern Missouri	None
Carl W. Gans 8500 Tower Suite 1770 8500 Normandale Lake Blvd. Bloomington, MN 55437	Group Vice President- Twin City Metro	None
Robert G. Gilbert IDS Tower 10 Minneapolis, MN 55440	Vice President- Real Estate	None
John J. Golden IDS Tower 10 Minneapolis, MN 55440	Vice President- Field Compensation Development	None
Morris Goodwin Jr. IDS Tower 10 Minneapolis, MN 55440	Vice President and Corporate Treasurer	None
Suzanne Graf IDS Tower 10 Minneapolis, MN 55440	Vice President- Systems Services	None
Bruce M. Guarino Suite 1736 1585 Kapiolani Blvd. Honolulu, HI 96814	Group Vice President- Hawaii	None
David A. Hammer IDS Tower 10 Minneapolis, MN 55440	Vice President and Marketing Controller	None
Teresa A. Hanratty Suites 6&7 169 South River Road Bedford, NH 03110	Group Vice President- Northern New England	None
John R. Hantz Suite 107	Group Vice President- Detroit Metro	None

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Item 29(b). As to each director, officer or partner of the principal underwriter (American Express Financial Advisors):  
(cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Robert L. Harden Two Constitution Plaza Boston, MA 02129	Group Vice President- Boston Metro	None
Lorraine R. Hart IDS Tower 10 Minneapolis, MN 55440	Vice President- Insurance Investments	None
Scott A. Hawkinson IDS Tower 10 Minneapolis, MN 55440	Vice President-Assured Assets Product Development and Management	None
Brian M. Heath Suite 250 801 E. Campbell Road Richardson, TX 75081	Group Vice President- North Texas	None
Raymond E. Hirsch IDS Tower 10 Minneapolis, MN 55440	Vice President-Senior Portfolio Manager	None
James G. Hirsh IDS Tower 10 Minneapolis, MN 55440	Vice President and Assistant General Counsel	None
David J. Hockenberry 30 Burton Hills Blvd. Suite 175 Nashville, TN 37215	Group Vice President- Eastern Tennessee	None
Kevin P. Howe IDS Tower 10 Minneapolis, MN 55440	Vice President- Government and Customer Relations	None
David R. Hubers IDS Tower 10 Minneapolis, MN 55440	Chairman, Chief Executive Officer and President	Director
Marietta L. Johns IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Field Management	None
James E. Kaarre IDS Tower 10 Minneapolis, MN 55440	Vice President- Marketing Information	None

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Item 29(b). As to each director, officer or partner of the principal underwriter (American Express Financial Advisors):  
(cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Linda B. Keene IDS Tower 10 Minneapolis, MN 55440	Vice President- Market Development	None
G. Michael Kennedy IDS Tower 10 Minneapolis, MN 55440	Vice President-Investment Services and Investment Research	None
Susan D. Kinder IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Human Resources	None
Richard W. Kling IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Risk Management Products	None
Paul F. Kolkman IDS Tower 10	Vice President- Actuarial Finance	None

Minneapolis, MN 55440

Claire Kolmodin Vice President-  
IDS Tower 10 Service Quality None  
Minneapolis, MN 55440

David S. Kreager Group Vice President-  
Ste 108 Trestle Bridge V Greater Michigan None  
5136 Lovers Lane  
Kalamazoo, MI 49002

Steven C. Kumagai Director and Senior  
IDS Tower 10 Vice President-Field None  
Minneapolis, MN 55440 Management and Business  
Systems

Mitre Kutanovski Group Vice President-  
Suite 680 Chicago Metro None  
8585 Broadway  
Merrillville, IN 48410

Edward Labenski Vice President-  
IDS Tower 10 Senior Portfolio None  
Minneapolis, MN 55440 Manager

Kurt A. Larson Vice President-  
IDS Tower 10 Senior Portfolio None  
Minneapolis, MN 55440 Manager

Lori J. Larson Vice President-  
IDS Tower 10 Variable Assets Product None  
Minneapolis, MN 55440 Development

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Item 29(b). As to each director, officer or partner of the  
principal underwriter (American Express Financial Advisors):  
(cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Ryan R. Larson IDS Tower 10 Minneapolis, MN 55440	Vice President- IPG Product Development	None
Daniel E. Laufenberg IDS Tower 10 Minneapolis, MN 55440	Vice President and Chief U.S. Economist	None
Richard J. Lazarchic IDS Tower 10 Minneapolis, MN 55440	Vice President- Senior Portfolio Manager	None
Peter A. Lefferts IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Corporate Strategy and Development	None
Douglas A. Lennick IDS Tower 10 Minneapolis, MN 55440	Director and Executive Vice President-Private Client Group	None
Mary J. Malevich IDS Tower 10 Minneapolis, MN 55440	Vice President- Senior Portfolio Manager	None
Fred A. Mandell IDS Tower 10 Minneapolis, MN 55440	Vice President- Field Marketing Readiness	None
Daniel E. Martin Suite 650 5700 Corporate Drive Pittsburgh, PA 15237	Group Vice President- Pittsburgh Metro	None
William J. McKinney IDS Tower 10 Minneapolis, MN 55440	Vice President- Field Management Support	None
Thomas W. Medcalf IDS Tower 10 Minneapolis, MN 55440	Vice President- Senior Portfolio Manager	None
William C. Melton IDS Tower 10	Vice President- International Research	None

Minneapolis, MN 55440 and Chief International  
Economist

Janis E. Miller Vice President- None  
IDS Tower 10 Variable Assets  
Minneapolis, MN 55440

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Item 29(b). As to each director, officer or partner of the  
principal underwriter (American Express Financial Advisors):  
(cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
James A. Mitchell IDS Tower 10 Minneapolis, MN 55440	Executive Vice President- Marketing and Products	None
John P. Moraites Union Plaza Suite 900 3030 Northwest Expressway Oklahoma City, OK 73112	Group Vice President- Kansas/Oklahoma	None
Pamela J. Moret IDS Tower 10 Minneapolis, MN 55440	Vice President- Corporate Communications	None
Barry J. Murphy IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Client Service	None
Robert J. Neis IDS Tower 10 Minneapolis, MN 55440	Vice President- Information Systems Operations	None
Ronald E. Newton 319 Southbridge St. Auburn, MA 01501	Group Vice President- Rhode Island/Central Massachusetts	None
Thomas V. Nicolosi Suite 220 500 Mamaronick Avenue Harrison, NY 10528	Group Vice President- New York Metro Area	None
James R. Palmer IDS Tower 10 Minneapolis, MN 55440	Vice President- Taxes	None
Carla P. Pavone IDS Tower 10 Minneapolis, MN 55440	Vice President- Specialty Service Teams and Emerging Business	None
Susan B. Plimpton IDS Tower 10 Minneapolis, MN 55440	Vice President- Segmentation Development and Support	None
Larry M. Post One Tower Bridge 100 Front Street 8th Fl West Conshohocken, PA 19428	Group Vice President- Philadelphia Metro	None

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Item 29(b). As to each director, officer or partner of the  
principal underwriter (American Express Financial Advisors):  
(cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Ronald W. Powell IDS Tower 10 Minneapolis, MN 55440	Vice President and Assistant General Counsel	None
James M. Punch IDS Tower 10 Minneapolis, MN 55440	Vice President- Geographical Service Teams	None
Frederick C. Quirsfeld IDS Tower 10 Minneapolis, MN 55440	Vice President-Taxable Mutual Fund Investments	None
R. Daniel Richardson	Group Vice President-	None

Suite 800 Arboretum Plaza One 9442 Capital of Texas Hwy N. Austin, TX 78759	Southern Texas	
Roger B. Rogos One Sarasota Tower Suite 700 Two N. Tamiami Trail Sarasota, FL 34236	Group Vice President- Western Florida	None
Rebecca K. Roloff IDS Tower 10 Minneapolis, MN 55440	Vice President-1994 Program Director	None
Stephen W. Roszell IDS Tower 10 Minneapolis, MN 55440	Vice President- Advisory Institutional Marketing	None
Max G. Roth Suite 201 S IDS Ctr 1400 Lombardi Avenue Green Bay, WI 54304	Group Vice President- Wisconsin/Upper Michigan	None
Robert A. Rudell IDS Tower 10 Minneapolis, MN 55440	Vice President- American Express Institutional Services	None
John P. Ryan IDS Tower 10 Minneapolis, MN 55440	Vice President and General Auditor	None

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Item 29(b). As to each director, officer or partner of the  
principal underwriter (American Express Financial Advisors):  
(cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Russell L. Scalfano Suite 201 Exec Pk East 101 Plaza East Blvd. Evansville, IN 47715	Group Vice President- Illinois/Indiana/Kentucky	None
William G. Scholz Suite 205 7333 E Doubletree Ranch Rd Scottsdale, AZ 85258	Group Vice President- Arizona/Las Vegas	None
Stuart A. Sedlacek IDS Tower 10 Minneapolis, MN 55440	Vice President- Assured Assets	None
Donald K. Shanks IDS Tower 10 Minneapolis, MN 55440	Vice President- Property Casualty	None
F. Dale Simmons IDS Tower 10 Minneapolis, MN 55440	Vice President-Senior Portfolio Manager, Insurance Investments	None
Judy P. Skoglund IDS Tower 10 Minneapolis, MN 55440	Vice President- Human Resources and Organization Development	None
Julian W. Slotter Ste 1700 Orlando FinCtr 800 North Magnolia Ave. Orlando, FL 32803	Group Vice President- Orlando/Jacksonville	None
Ben C. Smith IDS Tower 10 Minneapolis, MN 55440	Vice President- Workplace Marketing	None
William A. Smith IDS Tower 10 Minneapolis, MN 55440	Vice President and Controller-Private Client Group	None
James B. Solberg IDS Tower 10 Minneapolis, MN 55440	Group Vice President- Eastern Iowa Area	None
Bridget Sperl	Vice President-	None



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Item 29(b). As to each director, officer or partner of the principal underwriter (American Express Financial Advisors): (cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Paul J. Stanislaw Suite 1100 Two Park Plaza Irvine, CA 92714	Group Vice President- Southern California	None
Lois A. Stilwell Suite 433 9900 East Brn Road Minnetonka, MN 55343	Group Vice President- Outstate Minnesota Area/ North Dakota/Western Wisconsin	None
William A. Stoltzmann IDS Tower 10 Minneapolis, MN 55440	Vice President and Assistant General Counsel	None
James J. Strauss IDS Tower 10 Minneapolis, MN 55440	Vice President- Corporate Planning and Analysis	None
Jeffrey J. Stremcha IDS Tower 10 Minneapolis, MN 55440	Vice President-Information Resource Management/ISD	None
Neil G. Taylor Suite 425 101 Elliott Avenue West Seattle, WA 98119	Group Vice President- Seattle/Tacoma	None
John R. Thomas IDS Tower 10 Minneapolis, MN 55440	Senior Vice President- Information and Technology	Director
Melinda S. Urion IDS Tower 10 Minneapolis, MN 55440	Vice President and Corporate Controller	Treasurer
Peter S. Velardi Suite 180 1200 Ashwood Parkway Atlanta, GA 30338	Group Vice President- Atlanta/Birmingham	None
Charles F. Wachendorfer Suite 100 Stanford Plaza II 7979 East Tufts Ave Pkwy Denver, CO 80237	Group Vice President- Denver/Salt Lake City/ Albuquerque	None
Wesley W. Wadman IDS Tower 10 Minneapolis, MN 55440	Vice President- Senior Portfolio Manager	None

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Item 29(b). As to each director, officer or partner of the principal underwriter (American Express Financial Advisors): (cont'd)

Name and Principal Business Address	Position and Offices with Underwriter	Positions and Offices with Registrant
Norman Weaver Jr. 1010 Main St Suite 2B Huntington Beach, CA 92648	Senior Vice President- Field Management	None
Michael L. Weiner IDS Tower 10 Minneapolis, MN 55440	Vice President- Corporate Tax Operations	None
Lawrence J. Welte IDS Tower 10 Minneapolis, MN 55440	Vice President- Investment Administration	None
Jeffrey M. Welter IDS Tower 10	Vice President- Equity and Fixed Income	None

Minneapolis, MN 55440	Trading	
William N. Westhoff IDS Tower 10 Minneapolis, MN 55440	Senior Vice President and Global Chief Investment Officer	None
Thomas L. White Suite 200 Cambridge Ct 28601 Chagrin Blvd. Woodmere, OH 44122	Group Vice President- Cleveland Metro	None
Eric S. Williams Suite 250 3951 Westerre Parkway Richmond, VA 23233	Group Vice President- Virginia	None
Edwin M. Wistrand IDS Tower 10 Minneapolis, MN 55440	Vice President and Assistant General Counsel	None
Michael R. Woodward 32 Ellicott St Ste 100 Batavia, NY 14020	Senior Vice President- Field Management	None

Item 29(c). Not applicable.

Item 30. Location of Accounts and Records

IDS Financial Corporation  
IDS Tower 10  
Minneapolis, MN 55440

Item 31. Management Services

Not Applicable.

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Item 32. Undertakings

(a) Not Applicable.

(b) Not Applicable.

(c) The Registrant undertakes to furnish each person to whom a prospectus is delivered with a copy of the Registrant's latest annual report to shareholders, upon request and without charge.

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#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant, IDS Discovery Fund, Inc., has duly caused this Amendment to its Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Minneapolis and State of Minnesota on the 27th day of July, 1995.

IDS DISCOVERY FUND, INC.

By  
Melinda S. Urion, Treasurer

By /s/ William R. Pearce\*\*  
William R. Pearce, President

Pursuant to the requirements of the Securities Act of 1933, this Amendment to its Registration Statement has been signed below by the following persons in the capacities indicated on the 27th day of July, 1995.

Signature	Capacity
/s/ William R. Pearce** William R. Pearce	President, Principal Executive Officer and Director
/s/ Leslie L. Ogg** Leslie L. Ogg	Vice President, General Counsel and Secretary

/s/ Lynne V. Cheney\* Director  
Lynne V. Cheney

/s/ William H. Dudley\* Director  
William H. Dudley

/s/ Robert F. Froehlke\* Director  
Robert F. Froehlke

/s/ David R. Hubers\* Director  
David R. Hubers

/s/ Heinz F. Hutter \* Director  
Heinz F. Hutter

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Signature Capacity

/s/ Anne P. Jones\* Director  
Anne P. Jones

/s/ Donald M. Kendall\* Director  
Donald M. Kendall

/s/ Melvin R. Laird\* Director  
Melvin R. Laird

/s/ Lewis W. Lehr\* Director  
Lewis W. Lehr

/s/ Edson W. Spencer\* Director  
Edson W. Spencer

/s/ John R. Thomas\* Director  
John R. Thomas

/s/ Wheelock Whitney\* Director  
Wheelock Whitney

/s/ C. Angus Wurtele \* Director  
C. Angus Wurtele

Signed pursuant to Directors' Power of Attorney filed electronically as Exhibit 18(a) to Registrant's Post-Effective Amendment No. 28, by:

William R. Pearce

\*\*Signed pursuant to Officers' Power of Attorney filed electronically as Exhibit 17(b) to Post-Effective Amendment No. 24 to Registration Statement No. 2-72174, by:

William R. Pearce

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CONTENTS OF THIS  
POST-EFFECTIVE AMENDMENT NO. 31  
TO REGISTRATION STATEMENT NO. 2-72174

This post-effective amendment comprises the following papers and documents:

The facing sheet.

The cross reference sheet.

Part A.

The prospectus.

Part B.

Statement of Additional Information.

Part C.

Other information.

The signatures.