

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30D

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### FILER

#### **CAMBRIDGE SERIES TRUST**

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THE MENTOR FUNDS

MANAGERS' COMMENTARY

MENTOR/CAMBRIDGE GROWTH PORTFOLIO

MENTOR CAPITAL GROWTH PORTFOLIO

Advised by Commonwealth Advisors, Inc.

The recent decline in interest rates sparked the initial stock rally that gained momentum through-out the quarter as under-invested managers succumbed to the pressure to be in the market. The S&P 500\* gained more than 9% in the first quarter, the best showing since early 1991.

The S&P 500 meaningfully outpaced every other broad index. The general uncertainty stemming from the current economic transition kept investors focused principally on the largest, most liquid and highest quality stocks. In other words, while investors felt the pressure to be in the market, an uncertain economic outlook steered them into the "safe" stocks. This flight to quality explains the strong relative performance of the S&P 500, which is dominated by larger companies.

The recent rise in the stock market has returned the S&P 500 to a more reasonable valuation given current interest rates and inflation. During periods of moderate inflation, these stocks have averaged a level of 15 to 16 times their earnings. These stocks now trade at an average of 15.5 times their current earnings. This basket of stocks appears -- on average -- to be fairly valued.

The combined earnings of the companies of the S&P 500 have cycled around a long-term growth trend of approximately 7%. After falling well behind the growth trend by 1991, earnings have more than fully recovered. Looking forward, we believe the surge in corporate earnings over the past three years has led analysts to be too optimistic about future results. Ignoring the fact that the economy is a series of ups and downs, the analyst community traditionally projects recent trends forward into the future. For example, analysts are now forecasting -- as a group -- average 1996 earnings of \$42 for the companies in the S&P 500. We believe that, given the increase in interest rates and its moderating effect on the economy, such an aggregate level of earnings for these companies is improbable. In our opinion, the majority of companies will not meet earnings expectations over the next two years.

In this environment the key equity performance criteria will be earnings stability and visibility -- distinctions that favor our "quality-growth" approach. Investors are beginning once again to recognize growth companies' superior sustainable earnings growth. Given our conviction that these companies are much better prepared to meet expectations, we believe this recent strength can continue.

John G. Davenport  
PORTFOLIO MANAGER

\*THE STANDARD & POOR'S 500 INDEX (S&P 500) IS AN UNMANAGED,  
MARKET-VALUE WEIGHTED INDEX OF 500 WIDELY-HELD COMMON STOCKS.

THE MENTOR FUNDS

MANAGERS' COMMENTARY

MENTOR QUALITY INCOME PORTFOLIO

Advised by Commonwealth Advisors, Inc.

On April 12, 1995, the Cambridge Government Income Portfolio changed its name to Mentor Quality Income Portfolio. The Portfolio will be managed by Commonwealth Advisors, Inc. and will target the 7-year Treasury in determining its level of interest-rate-risk. However, unlike a Treasury, the Portfolio's net asset value (NAV) is not guaranteed and will fluctuate in value.

Average credit quality will remain high in the Portfolio; 80% of the total assets must be invested in securities rated "A" or better, with the remaining 20% rated at least BBB. This compares with the previous credit policy requiring 65% of the assets be invested in government or agency securities, but allowing 35% to be invested in BBB rated securities. Allowing the Portfolio to diversify

assets across all of the high quality sectors of the bond market, should, over time, help to reduce the Portfolio's risk and at the same time improve total returns.

We believe that the outlook for the bond market for the balance of 1995 is reasonably good. The Federal Reserve Bank has aggressively acted to contain inflation, and the economy is showing signs of a slowdown. The bond market has also received encouraging news on the budget deficit; both the House of Representatives and the Senate have introduced budget resolutions that lead to a balanced budget by the year 2002. This optimistic news must be tempered in part by the tremendous rally that has already occurred during 1995. We will have to wait and see whether lower interest rates will reignite the economic expansion. Should growth pick up and interest rates increase, we would view it as a short-term situation. The Fed proved in 1994 that it is serious about eliminating inflation as a threat to the U.S. economy, and low inflation ultimately means low interest rates.

Charles W. Grant  
Portfolio Manager

P. Michael Jones  
Portfolio Manager

#### COMMONWEALTH'S BOND FUND PHILOSOPHY

At Commonwealth we follow two primary principals when managing bond funds:

OUR FIRST PRIORITY IS RISK MANAGEMENT.

We seek to ensure that portfolio risk is held within a reasonable range around the targeted risk level. Our intention is to provide net asset value performance consistent with client expectations; an NAV that should go up as expected in good markets, and decline no more than should be expected in bad markets.

SECOND, WE SEEK AN ATTRACTIVE COMBINATION OF INCOME AND GOOD RELATIVE NAV PERFORMANCE.

Commonwealth attempts to balance an investor's desire for added income with the need to provide good NAV performance. Although generating income is the primary objective of Mentor's bond funds, we view that objective in a long-term context. Ultimately, good NAV performance translates into a higher level of total income for long-term investors.

#### THE MENTOR FUNDS

#### MANAGERS' COMMENTARY

#### MENTOR MUNICIPAL INCOME PORTFOLIO

Sub-advised by Van Kampen American Capital

The fixed-income markets moved in a rather large range over the last six months as they tried to digest various economic releases, and wrestled with dollar-related problems. The 30-year US Treasury bond contract hit a low of 94 27/32 on November 11 and a high of 104 30/32 on March 27. The Municipal Bond Index\* had a slightly wider range, with a low of 80 26/32 and a high of 91 24/32. The market traded off as inflation fears were prevalent in November. Subsequent economic numbers indicated that the Federal Reserve's actions might, in fact, cause the economy to experience a much discussed "soft landing," with slow growth and low inflation.

The municipal market had a very light supply of new issues in 1994, down 45% when compared to 1993, and this trend appears to be continuing in 1995. This light supply caused spreads between high-and low-quality bonds to be extremely narrow. We purchased higher-quality bonds because we felt that we were not being compensated for taking on additional credit risk. We also purchased 15-to 20-year maturities and "cushion" bonds because these bonds were yielding 85-90% of long bonds, but had only 65 to 75% of the price volatility. We anticipate that this strategy will continue over the short term. If credit spreads start to widen and approach more historical levels, we may start to look at purchasing lower-quality bonds.

We expect the market to take a bit of a breather in the second quarter, but to resume its upward bias, with a target of 6 3/4 to 7% on the 30-year US Treasury. Municipal supply will continue to be a dominant topic through 1995.

\* THE MUNICIPAL BOND INDEX IS ADJUSTED TO REFLECT REINVESTMENT OF DIVIDENDS ON SECURITIES IN THE INDEX. IT IS NOT ADJUSTED TO REFLECT SALES CHARGES OR OTHER EXPENSES. YOU CAN NOT INVEST IN THE INDEX.

ALTERNATIVE MINIMUM TAXES MAY APPLY. CONSULT YOUR TAX ADVISOR.

#### THE MENTOR FUNDS

#### MANAGERS' COMMENTARY

##### MENTOR INCOME & GROWTH PORTFOLIO

Sub-Advised by Wellington Management Company

Returns in the US equity and fixed-income markets surged sharply over the past six months. These returns came as welcome news to investors who experienced the disappointing returns of 1994. The U.S. equity market, represented by the S&P 500 Index\*, returned 9.7% during the first quarter of 1995, and 9.7% for the past six months. U.S. bonds, as measured by the Lehman Brothers Aggregate Index\*, returned 5.0% for the first quarter and 5.4% over the last six months.

As of March 31, 1995, the Portfolio reflects our neutral stance to relative valuations between the equity and fixed-income markets, with a 58% weighting in equities, 36% in fixed-income securities, and a small weighting in cash.

#### EQUITY HOLDINGS

Wellington Management Company emphasizes value when investing on behalf of the Portfolio. We seek companies that provide an above-average total return which is available at a low price-earnings ratio. Even though the stock market has surged to record levels, corporate earnings have risen in tandem. Therefore, the stock market's price to earnings ratio remains near its historical average.

We believe that investors have underestimated the current earnings strength of value-oriented cyclical companies, especially those driven by international demand. We continue to build positions in the energy sector, primarily domestic gas producers, because we believe that energy prices will recover, as world oil and gas production is nearing capacity and exploration activity is not increasing rapidly enough to meet long-term demand.

#### BOND HOLDINGS

Since our last report, the Federal Reserve has increased short-term interest rates several times, slowing economic growth. In our view interest rates are still attractive because inflation has been, and is likely to remain, moderate when compared with market yields. The majority of the fixed-income holdings of the portfolio are in Treasury securities, which currently offer good value. Corporate bonds are generally overvalued, particularly for issuers with low investment-grade quality ratings. Most of our corporate bond holdings are therefore concentrated in the high quality sector of the market. Mortgage valuations are fair and we expect to re-establish positions in GNMA issues with yields at current rates.

Arnold C. Schneider, III  
EQUITY  
PORTFOLIO MANAGER

Paul D. Kaplan  
FIXED-INCOME  
PORTFOLIO MANAGER

\*THE STANDARD & POOR'S 500 INDEX (S&P 500) IS AN UNMANAGED, MARKET-VALUE WEIGHTED INDEX OF 500 WIDELY-HELD COMMON STOCKS. THE LEHMAN BROTHERS AGGREGATE INDEX IS MADE UP OF THE GOVERNMENT/CORPORATE INDEX, THE MORTGAGE-BACKED SECURITIES INDEX, AND THE ASSET-BACKED SECURITIES INDEX.

#### THE MENTOR FUNDS

#### MANAGERS' COMMENTARY

##### MENTOR PERPETUAL GLOBAL PORTFOLIO

Advised by Mentor Perpetual Advisors

Mentor Perpetual Advisors, based in Henley-on-Thames, England, is the new manager for the Mentor Perpetual Global Portfolio. Founded in 1974, Perpetual manages over \$6 billion worldwide and is well-known

as a leader in global investing.

In April, Perpetual assumed responsibility for managing the Mentor Perpetual Global Portfolio. The company is founded on the belief that investors should diversify and invest in countries all over the world, including the United States.

A key factor to fund managers' success in this strategy is their ability to invest in the countries that present the best opportunity at any given time. Following research, technology, and benchmark comparisons, our Asset Allocation Committee meets monthly - more frequently when necessary - to determine which world markets appear most attractive and we allocate assets accordingly. When determining which countries' markets look most attractive, we also consider how our management teams in each country have performed relative to benchmarks and to our competition.

#### EUROPE/ UK 55% OF THE PORTFOLIO\*

The recent upward struggle in the European markets has an unconvincing feel to it. The unexpected cut in German interest rates and a recovery in the dollar have been the main factors contributing to the market's gentle upward movement. While these factors are not sufficient to inspire a strong bull market, the recent onset of bond market stability will hopefully limit the downside for European equities.

With authorities anxious to keep inflation under control, the UK monetary environment has tightened as the economic recovery continues. The UK stock market has made progress this year as investors wait for a clear indication that interest rates have peaked. If rates decrease to lower than anticipated as we suspect they will, useful gains can be expected, given the market's current relatively modest valuation.

#### FAR EAST 22% OF THE PORTFOLIO\*

Asian markets continue to trade nervously and inconsistently, despite the positive influence of US interest rates and Wall Street at a record high. The Japanese Government's recent package of measures to stabilize the Yen is disappointing. With the Yen at a current premium to the US Dollar, the economy is likely to be pushed back into recession causing the corporate profits recovery of the past six months to be aborted. Although interest rates are coming down, the Japanese stock market is unlikely to make any headway until investors become convinced that the peak in the Yen has been seen. The composite regional picture is one of high absolute economic and earnings growth, less threatening interest rates, and valuations which have come down considerably. Markets represent good value and tend to be oversold, but an absence of positive stimuli suggests a continued sideways trading pattern.

#### AMERICA 17% OF THE PORTFOLIO\*

A theme of improving performance is still apparent in the US stock market and we continue with a positive outlook. The impact of the Mexican aid package and a slowing of the US economy combined to weaken the

dollar; however, given signs that interest rates have peaked, and the possibility of rate cuts on the horizon, we see increased potential for a strong stock market. In this situation smaller companies will be the first to improve after a year of lagging behind mainstream stocks.

#### LATIN AMERICA 1% OF THE PORTFOLIO\*

It appears that Latin America has weathered the worst of the recent turbulence in its markets. For the past month these regional markets have enjoyed a period of stable trading, with a gradual upwards trend based on decent volumes. Peru and Chile remain the most steady markets, while some concern exists over Argentina regarding its banking sector risk. Structural reforms in Brazil could lead to positive movements in this market. In Mexico officials have announced a new monetary policy which has slowly begun to instill investor confidence in selected sectors in this country.

Markets around the world operate under different rules. At Perpetual, we recognize this and do not restrict our managers to a specific investment style. Each investment team has complete autonomy with regard to portfolio strategy and investment style so that they can best take advantage of the growth opportunities that exist in their region of the world. It is each team's charge

to research the markets and invest in companies that they believe should increase in value over time. While this strategy seems logical, it has been a unique feature that distinguishes us from our competition.

We believe that this strategy will serve Mentor investors well and we at Perpetual look forward to putting our skills to work on your behalf.

Scott S. McGlashan  
PORTFOLIO MANAGER  
HEAD OF JAPANESE INVESTMENTS

\*AS OF MAY 12, 1995

INVESTORS NEED TO KEEP IN MIND THAT INVESTMENTS OUTSIDE THE UNITED STATES ARE SUBJECT TO SOME ADDITIONAL CONSIDERATIONS, INCLUDING CURRENCY FLUCTUATIONS, POLITICAL AND SOCIAL INSTABILITY, DIFFERING SECURITIES REGULATIONS AND ACCOUNTING STANDARDS, POSSIBLE CHANGES IN TAXATION, AND PERIODS OF ILLIQUIDITY.

#### PERFORMANCE COMPARISONS

##### MENTOR/CAMBRIDGE GROWTH PORTFOLIO

COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE IN MENTOR/CAMBRIDGE GROWTH PORTFOLIO CLASS A AND CLASS B SHARES AND S&P 500+.

Points			
Date	A Shares	B Shares	S&P 500
4/29/92	9,450	10,000	10,000
9/30/92	9,417	9,965	10,140
9/30/93	11,141	11,700	11,139
9/30/94	9,799	10,240	11,230
3/31/95	10,440	10,874	12,320

Return		
1 Year	(2.86%)	1.05%
Inception	1.43%	2.83%

#### AVERAGE ANNUAL TOTAL RETURNS AT 3/31/94 INCLUDING SALES CHARGES

	1 Year	Since Inception*
Class A Shares	(2.86%)	1.43%
Class B Shares	1.05%	2.83%

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. YOUR INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO WHEN SHARES ARE REDEEMED, THEY MAY BE WORTH MORE OR LESS THAN ORIGINAL COST. MUTUAL FUNDS ARE NOT OBLIGATIONS OF OR QUARANTEED BY ANY BANK AND ARE NOT FEDERALLY INSURED.

\* Reflects operations of Mentor/Cambridge Growth Portfolio Class A and Class B Shares from the date of initial public investment 4/29/92 through 3/31/95.

\*\* Represents a hypothetical investment of \$10,000 in Mentor/Cambridge Growth Portfolio Class A Shares, after deducting the maximum sales charge of 5.50% (\$10,000 investment minus \$550 sales charge = \$9,450). The Class A Shares' performance assumes the reinvestment of all dividends and distributions.

\*\*\* Represents a hypothetical investment of \$10,000 in Mentor/Cambridge Growth Portfolio Class B Shares. Class B Shares are charged a redemption fee of 1.00% on any redemption less than 1 year from the purchase date. The Class B Shares' performance assumes the reinvestment of all dividends and distributions.

+ The S&P 500 is adjusted to reflect reinvestment of dividends on securities in the index. The S&P 500 is not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Portfolio's performance.

#### PERFORMANCE COMPARISONS

##### MENTOR CAPITAL GROWTH PORTFOLIO

COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL

\$10,000 PURCHASE IN MENTOR CAPITAL GROWTH PORTFOLIO  
CLASS A AND CLASS B SHARES AND S&P 500+.

Points Date	A Shares	B Shares	S&P 500
4/29/92	9,450	10,000	10,000
9/30/92	9,525	10,061	10,140
9/30/93	10,306	10,818	11,139
9/30/94	10,165	10,601	11,230
3/31/95	10,921	11,402	12,320

Return		
1 Year	4.15%	8.37%
Inception	2.97%	4.26%

AVERAGE ANNUAL TOTAL RETURNS AT 3/31/94  
INCLUDING SALES CHARGES  
1 Year Since Inception\*

Class A Shares	4.15%	2.97%
Class B Shares	8.37%	4.26%

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. YOUR INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO WHEN SHARES ARE REDEEMED, THEY MAY BE WORTH MORE OR LESS THAN ORIGINAL COST. MUTUAL FUNDS ARE NOT OBLIGATIONS OF OR QUARANTEED BY ANY BANK AND ARE NOT FEDERALLY INSURED.

\* Reflects operations of Mentor Capital Growth Portfolio Class A and Class B Shares from the date of initial public investment 4/29/92 through 3/31/95.

\*\* Represents a hypothetical investment of \$10,000 in Mentor Capital Growth Portfolio Class A Shares, after deducting the maximum sales charge of 5.50% (\$10,000 investment minus \$550 sales charge = \$9,450). The Class A Shares' performance assumes the reinvestment of all dividends and distributions.

\*\*\* Represents a hypothetical investment of \$10,000 in Mentor Capital Growth Portfolio Class B Shares. Class B Shares are charged a redemption fee of 1.00% on any redemption less than 1 year from the purchase date. The Class B Shares' performance assumes the reinvestment of all dividends and distributions.

+ The S&P 500 is adjusted to reflect reinvestment of dividends on securities in the index. The S&P 500 is not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Portfolio's performance.

PERFORMANCE COMPARISONS

MENTOR QUALITY INCOME PORTFOLIO

COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL  
\$10,000 PURCHASE IN MENTOR QUALITY INCOME PORTFOLIO  
CLASS A AND CLASS B SHARES AND MERRILL LYNCH 5-YEAR  
TREASURY INDEX+.

Points Date	A Shares	B Shares	5 Year Treasury
4/29/92	9,525	10,000	10,000
9/30/92	9,846	10,324	10,946
9/30/93	10,378	10,826	11,869
9/30/94	10,035	10,405	11,354
3/31/95	10,502	10,790	11,769

Return		
1 Year	(1.35%)	1.95%
Inception	1.43%	2.56%

AVERAGE ANNUAL TOTAL RETURNS AT 3/31/94  
INCLUDING SALES CHARGES  
1 Year Since Inception\*

Class A Shares	(1.35%)	1.43%
Class B Shares	1.95%	2.56%

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. YOUR INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO WHEN SHARES ARE REDEEMED, THEY MAY BE WORTH MORE OR LESS THAN ORIGINAL COST. MUTUAL FUNDS ARE NOT OBLIGATIONS OF OR QUARANTEED BY ANY BANK AND ARE NOT FEDERALLY INSURED.

\* Reflects operations of Mentor Quality Income Portfolio Class A and

Class B Shares from the date of initial public investment 4/29/92 through 3/31/95.

- \*\* Represents a hypothetical investment of \$10,000 in Mentor Quality Income Portfolio Class A Shares, after deducting the maximum sales charge of 4.75% (\$10,000 investment minus \$475 sales charge = \$9,525). The Class A Shares' performance assumes the reinvestment of all dividends and distributions.
- \*\*\* Represents a hypothetical investment of \$10,000 in Mentor Quality Income Portfolio Class B Shares. Class B Shares are charged a redemption fee of 1.00% on any redemption less than 1 year from the purchase date. The Class B Shares' performance assumes the reinvestment of all dividends and distributions.
- + The Merrill Lynch 5-Year Treasury Index is adjusted to reflect reinvestment of dividends on securities in the index. The Merrill Lynch 5-Year Treasury Index is not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Portfolio's performance.

MENTOR MUNICIPAL INCOME PORTFOLIO

COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE IN MENTOR MUNICIPAL INCOME PORTFOLIO CLASS A AND CLASS B SHARES AND LEHMAN MUNICIPAL BOND INDEX+.

Points Date	A Shares	B Shares	Lehman Municipal Bond Index
4/29/92	9,525	10,000	10,000
9/30/92	10,034	10,528	10,846
9/30/93	11,639	12,136	12,874
9/30/94	11,101	11,512	12,436
3/31/95	11,649	12,060	13,124

Return		
1 Year	1.19%	4.69%
Inception	5.22%	6.44%

AVERAGE ANNUAL TOTAL RETURNS AT 3/31/94 INCLUDING SALES CHARGES  
1 Year Since Inception\*

Class A Shares	1.19%	5.22%
Class B Shares	4.69%	6.44%

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. YOUR INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO WHEN SHARES ARE REDEEMED, THEY MAY BE WORTH MORE OR LESS THAN ORIGINAL COST. MUTUAL FUNDS ARE NOT OBLIGATIONS OF OR QUARANTEED BY ANY BANK AND ARE NOT FEDERALLY INSURED.

- \* Reflects operations of Mentor Municipal Income Portfolio Class A and Class B Shares from the date of initial public investment 4/29/92 through 3/31/95.
- \*\* Represents a hypothetical investment of \$10,000 in Mentor Municipal Income Portfolio Class A Shares, after deducting the maximum sales charge of 4.75% (\$10,000 investment minus \$475 sales charge = \$9,525). The Class A Shares' performance assumes the reinvestment of all dividends and distributions.
- \*\*\* Represents a hypothetical investment of \$10,000 in Mentor Municipal Income Portfolio Class B Shares. Class B Shares are charged a redemption fee of 1.00% on any redemption less than 1 year from the purchase date. The Class B Shares' performance assumes the reinvestment of all dividends and distributions.
- + The Lehman Municipal Bond Index is adjusted to reflect reinvestment of dividends on securities in the index. The Lehman Municipal Bond Index is not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Portfolio's performance.

PERFORMANCE COMPARISONS

MENTOR INCOME & GROWTH PORTFOLIO

COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE IN MENTOR INCOME & GROWTH PORTFOLIO CLASS A AND CLASS B SHARES AND S&P 500+ AND SHEARSON LEHMAN AGGREGATE BOND INDEX+.

Points Date	A Shares	B Shares	S&P 500*	SLAGG*
5/31/93	9,450	10,000	10,000	10,000



9/30/93	9,928	10,506	10,244	10,446
9/30/94	10,578	11,101	10,328	10,109
3/31/95	10,932	11,431	11,331	10,659

Return		
1 Year	2.74%	6.88%
Inception	4.94%	7.37%

AVERAGE ANNUAL TOTAL RETURNS AT 3/31/94  
INCLUDING SALES CHARGES

	1 Year	Since Inception*
Class A Shares	2.74%	4.94%
Class B Shares	6.88%	7.37%

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. YOUR INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO WHEN SHARES ARE REDEEMED, THEY MAY BE WORTH MORE OR LESS THAN ORIGINAL COST. MUTUAL FUNDS ARE NOT OBLIGATIONS OF OR GUARANTEED BY ANY BANK AND ARE NOT FEDERALLY INSURED.

\* Reflects operations of Mentor Income & Growth Portfolio Class A and Class B Shares from the date of initial public investment 5/9/93 through 3/31/95. The date of initial public investment was May 24, 1993. Performance begins May 31, 1993 to show competitive data.

\*\* Represents a hypothetical investment of \$10,000 in Mentor Income & Growth Portfolio Class A Shares, after deducting the maximum sales charge of 5.50% (\$10,000 investment minus \$550 sales charge = \$9,450). The Class A Shares' performance assumes the reinvestment of all dividends and distributions.

\*\*\* Represents a hypothetical investment of \$10,000 in Mentor Income & Growth Portfolio Class B Shares. Class B Shares are charged a redemption fee of 1.00% on any redemption less than 1 year from the purchase date. The Class B Shares' performance assumes the reinvestment of all dividends and distributions.

+ The Shearson Lehman Aggregate Bond Index and S&P 500 are adjusted to reflect reinvestment of dividends on securities in the indices. The Shearson Lehman Aggregate Bond Index and S&P 500 are not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Portfolio's performance.

PERFORMANCE COMPARISONS

MENTOR PERPETUAL GLOBAL PORTFOLIO

COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE IN MENTOR PERPETUAL GLOBAL PORTFOLIO CLASS A AND CLASS B SHARES AND MORGAN STANLEY CAPITAL INTERNATIONAL+.

Points			
Date	A Shares	B Shares	MSCI World Gross Index
3/30/94	9,450	10,000	10,000
9/30/94	9,487	9,883	10,545
3/31/95	9,313	9,764	10,985

Return		
1 Year	(6.80%)	(3.31%)
Inception	(6.33%)	(2.17%)

AVERAGE ANNUAL TOTAL RETURNS AT 3/31/94  
INCLUDING SALES CHARGES

	1 Year	Since Inception*
Class A Shares	(6.80)%	(6.33)%
Class B Shares	(3.31)%	(2.17)%

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. YOUR INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO WHEN SHARES ARE REDEEMED, THEY MAY BE WORTH MORE OR LESS THAN ORIGINAL COST. MUTUAL FUNDS ARE NOT OBLIGATIONS OF OR GUARANTEED BY ANY BANK AND ARE NOT FEDERALLY INSURED.

\* Reflects operations of Mentor Perpetual Global Portfolio Class A and Class B Shares from the date of initial public investment 3/29/94 through 3/31/95.

\*\* Represents a hypothetical investment of \$10,000 in Mentor Perpetual Global Portfolio Class A Shares, after deducting the maximum sales charge of 5.50% (\$10,000 investment minus \$550 sales charge = \$9,450). The Class A Shares' performance assumes the reinvestment of all dividends and distributions.

\*\*\* Represents a hypothetical investment of \$10,000 in Mentor Perpetual Global Portfolio Class B Shares. Class B Shares are charged a

redemption fee of 1.00% on any redemption less than 1 year from the purchase date. The Class B Shares' performance assumes the reinvestment of all dividends and distributions.

- + The Morgan Stanley Capital International is adjusted to reflect reinvestment of dividends on securities in the index. The Morgan Stanley Capital International is not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Portfolio's performance.

MENTOR/CAMBRIDGE GROWTH FUND  
PORTFOLIO OF INVESTMENTS  
MARCH 31, 1995 (UNAUDITED)

	PERCENT OF NET ASSETS	SHARES	VALUE
COMMON STOCKS	99.83%		
BASIC MATERIALS	6.83%		
Air Products & Chemicals, Inc.		8,000	\$ 417,000
Alco Standard Corporation		9,000	652,500
Monsanto Company		6,500	521,625
Newell Company		26,000	663,000
Nucor Corporation		3,000	166,500
Scott Paper Company*		1,500	134,063
			2,554,688
CAPITAL GOODS & CONSTRUCTION	5.46%		
Boeing Company		2,500	134,688
Emerson Electric Company		8,900	591,850
General Electric Company		15,500	838,938
Grainger, Inc.		4,500	283,500
WMX Technologies, Inc.		7,000	192,500
			2,041,476
CONSUMER CYCLICAL	15.48%		
Ann Taylor Stores, Inc.*		7,700	286,825
CUC International, Inc.*		6,900	268,238
Duracell International, Inc.		3,500	156,625
Franklin Quest Company*		11,500	362,250
Home Depot, Inc.		17,300	765,525
Manpower, Inc.		19,500	626,437
McDonald's Corporation		10,000	341,250
Office Depot, Inc.*		10,800	268,650
Promus Companies, Inc.		9,500	356,250
Starbucks Corporation*		14,000	336,000
The Walt Disney Company		10,000	533,750
Viacom, Inc.-Class B*		7,909	353,928
Viking Office Products, Inc.*		9,000	279,000
Wal-Mart Stores, Inc.		33,600	856,800
			5,791,528
CONSUMER STAPLES	15.89%		
Abbott Laboratories		22,100	787,312
Campbell Soup Company		8,800	425,700
Coca Cola Company		14,000	791,000
Colgate Palmolive Company		6,100	402,600
Conagra, Inc.		11,000	364,375
CPC International, Inc.		5,000	270,625
Gillette Company		5,000	408,125
Pepsico, Inc.*		4,000	156,000
Philip Morris Companies, Inc.		9,900	645,975
Procter & Gamble Company		12,000	795,000
Sara Lee Corporation*		16,100	420,613
Seagram Company, Limited*		6,000	190,500
UST, Inc.		9,000	285,750
			5,943,575
ENERGY	2.23%		
Enron Corporation		16,900	557,700
Mobile Corporation		3,000	277,875
			835,575
FINANCIAL	11.70%		
American International Group, Inc.*		3,700	385,725
Boatmen's Bancshares, Inc.		13,000	393,250
Conseco, Inc.		3,300	131,588
First Financial Management Corp.		10,000	722,500
First USA, Inc.		12,100	508,200
General RE Corporation		3,400	448,800
MBNA Corporation		23,500	681,500
MGIC Investment Corporation		15,900	647,925
Nationsbank Corporation		9,000	456,750
			4,376,238
HEALTH	15.70%		
Columbia HCA Healthcare Corp.		10,000	430,000

Idexx Laboratories, Inc.*	5,000	207,500
Integrated Health Services, Inc.*	8,500	321,937
Johnson & Johnson	15,000	892,500
Lilly (Eli) & Company*	3,000	219,375
Medtronic, Inc.	9,600	666,000
Merck & Company, Inc.*	20,000	852,500
Pfizer, Inc.	4,000	343,000
R.P. Scherer Corporation	4,800	241,200

Schering Plough Corporation	6,600	490,875
United Healthcare Corporation	7,500	350,625
US Healthcare, Inc.	6,500	287,625
Value Health, Inc.*	6,500	248,625
Warner Lambert Company	4,100	320,825
		5,872,587

TECHNOLOGY 17.52%

3COM Corporation*	7,200	407,700
Adobe Systems, Inc.*	3,000	148,500
AMP Inc.*	11,000	396,000
AT&T Corporation	10,400	538,200
Cisco Systems, Inc.*	3,000	114,375
Compuware Corporation*	10,000	370,000
First Data Corporation	7,600	394,250
General Motors Corporation - Class E	10,400	404,300
Hewlett Packard Company	4,000	481,500
Informix Corporation*	10,000	343,750
Intel Corporation*	2,500	212,188
LDDS Communications, Inc.	6,000	140,250
Linear Technology Corporation	7,000	392,000
Loral Corporation	6,000	255,000
Microsoft Corporation*	5,000	355,625
Motorola, Inc.	6,000	327,750
Reynolds & Reynolds Company	10,000	275,000
Silicon Graphics, Inc.*	15,000	532,500
Tellabs, Inc.*	8,000	466,000
		6,554,888

TRANSPORTATION & SERVICES 1.64%

Kansas City Southern Industries, Inc.	5,800	235,625
Wisconsin Central Transport*	7,900	376,238
		611,863

MISCELLANEOUS 2.85%

Corning Inc.*	12,000	432,000
Flour Corporation*	5,000	241,250
Service Corporation International*	14,000	392,000
		1,065,250

FOREIGN SECURITIES 4.53%

AAlberts Industries	400	\$ 21,053
Amada Company, Ltd.	5,000	53,053
Astra AB A-F	1,500	39,840
Atlas Copco AB	2,800	33,769
British Petroleum Company	8,440	58,801
Carrefour Supermarch	60	30,325
DBS Land	4,000	10,655
DDI Corporation	6	51,843
Ericsson	1,295	80,460
Gambro AB	1,600	18,646
Genting Berhad	2,000	18,029
Glaxo PLC	3,000	34,396
Greencore Group PLC	3,000	20,541
Hagemeyer NV	300	25,146
Honda Motors Company	3,000	51,152
Keiyo Company	2,000	22,926
Keppel Corporation	5,000	40,383
Koninklijke Van Ommeren	600	20,741
Kyocera Corporation	1,000	74,424
Lloyds Bank PLC	2,400	24,009
Manweb PLC	2,500	26,187
Matsushita Electric	3,000	48,387
Marui Company, Ltd.	2,000	31,567
Nestle	30	29,284
Nokia AB	433	63,109
Omron Corporation	2,000	39,401
Polygram NV	600	33,294
Reed International PLC	3,500	44,051
Repsol SA	1,400	39,747
Road Builder Holdings	2,200	7,089

Roche Holding AG-GEN	10	57,774
Sandvik AB B-F	645	10,226
Sanyo Shinpan Finance Company	600	47,143
Sharp Corporation	3,000	48,733
Singapore Press Holdings	1,000	16,932
Sumitomo Bank	2,000	42,627
Sumitomo Corporation	3,000	27,304
Tabcorp Holdings, Ltd.	7,900	16,026
Technology Resources Industries	4,900	14,046
Telewest Communications	1,000	2,777
Tesco PLC	5,000	21,680

TNT Ltd.	12,300	16,092
Tokyo Electron, Ltd.	3,000	91,244
Unilever NV	160	20,980
Vebe AG	200	72,555
Vodafone Group PLC	16,462	53,068
Wai Kee Holdings	52,000	8,339
Waterford Wedgewood	21,000	18,058
Wolter Kluwer	225	17,354
		1,695,266

TOTAL COMMON STOCKS  
(COST \$32,332,447) 37,342,934

TOTAL INVESTMENTS  
(COST \$32,332,447) 99.83% 37,342,934

OTHER ASSETS LESS LIABILITIES 0.17% 63,976

NET ASSETS 100.00% \$37,406,910

\* Non-income producing.

SEE NOTES TO FINANCIAL STATEMENTS.

MENTOR CAPITAL GROWTH PORTFOLIO  
PORTFOLIO OF INVESTMENTS  
MARCH 31, 1995 (UNAUDITED)

	PERCENT OF NET ASSETS	SHARES	VALUE
COMMON STOCKS	90.80%		
CAPITAL GOODS & CONSTRUCTION	10.15%		
Boeing Company*		17,000	\$ 915,875
Brown Boveri & Cie		800	760,424
Browning Ferris Industries, Inc.		30,000	1,020,000
McDonnell Douglas Company*		10,000	557,500
PPG Industries, Inc.		20,000	755,000
Raytheon Company		17,000	1,238,875
United Technologies Corporation		10,000	691,250
			5,938,924
CONSUMER CYCLICAL	16.59%		
Capital Cities/ABC		11,000	970,750
Carnival Corporation		50,000	1,168,750
Harcourt General, Inc.		20,000	780,000
Home Depot, Inc.		25,000	1,106,250
LVMH Moet Hennessy		4,000	786,816
Marriott International, Inc.		31,500	1,094,625
Nike Inc. / B*		11,500	858,187
Staples, Inc.*		14,000	369,250
Starbucks Corporation		20,000	480,000
The Walt Disney Company*		20,000	1,067,500
Viacom, Inc.- Class B*		23,000	1,029,250
			9,711,378
CONSUMER STAPLES	10.06%		
Abbott Laboratories		30,000	1,068,750
Astra AB		25,000	663,997
CPC International Industries*		15,000	811,875
Gillette Company*		10,000	816,250
Merck & Company, Inc.		28,000	1,193,500
Philip Morris Companies, Inc.		20,500	1,337,625
			5,891,997
ENERGY	11.98%		
Amoco Corporation*		20,000	1,272,500
British Petroleum PLC, ADS+		9,000	754,875
Chevron Corporation		12,500	600,000

Dresser Industries, Inc.		50,000	1,062,500
Enron Corporation		25,000	825,000
Mobil Corporation		14,000	1,296,750
Royal Dutch Petroleum Company		10,000	1,200,000
			7,011,625
FINANCIAL	1.48%		
First Financial Management Corp.*		12,000	867,000
HEALTH	11.05%		
American International*		10,000	1,042,500
CIGNA Corporation*		17,500	1,308,125
Columbia/HCA Healthcare Corp.		29,000	1,247,000
Coram Healthcare Corporation		10,000	253,750
Humana Inc.		37,500	960,938
United Healthcare Company*		15,000	701,250
Value Health Inc.*		25,000	956,250
			6,469,813
TECHNOLOGY	21.55%		
3Com Corporation*		10,000	566,250
Archer Daniels Company*		33,750	628,594
Bay Network, Inc.		21,500	792,812
Cisco Systems, Inc.*		22,500	857,813
Computer Associates International, Inc.		15,000	890,625
Compuware Corporation		17,500	647,500
Emerson Electric Company*		15,000	997,500
Ericsson Telecommunication Company		10,000	618,125
General Motors Corporation - Class E		22,000	1,190,750
Hewlett Packard Company		6,500	782,438
Intel Corporation*		7,500	636,563
Motorola Inc.*		14,000	764,750
Parametric Technology Corporation*		10,000	400,000
Perkin-Elmer Corporation		15,000	436,875
Philips Electronics Holdings Company		20,000	682,500
Sun Microsystems, Inc.		22,500	781,875
Xerox Corporation		8,000	939,000
			12,613,970
UTILITIES	3.30%		
Ameritech Corporation		27,500	1,134,375
Royal PTT Nederland		22,500	798,246
			1,932,621
MISCELLANEOUS	4.64%		
ITF Corporation		10,000	\$1,026,250
Nabisco Holdings Corporation		25,000	715,625
Smithkline Beecham-A*		26,000	975,000
			2,716,875
TOTAL COMMON STOCKS (COST \$47,299,787)			53,154,203
PREFERRED STOCKS	0.62%		
Nokia AB (cost \$202,825)		2,500	364,372
SHORT-TERM INVESTMENTS	9.75%		
COMMERCIAL PAPER	7.40%		
Abbott Labs, 5.96%, 5/3/95		\$ 243,000	241,793
Mcdonald's, 6.00%, 4/10/95		1,500,000	1,498,250
Wal-Mart Discount Stores, 6.10%, 4/13/95		1,295,000	1,292,806
Warner Lambert, 5.98%, 4/24/95		1,305,000	1,300,447
TOTAL COMMERCIAL PAPER			4,333,296
U.S. GOVERNMENT AGENCY	2.35%		
Federal National Mortgage Association, 6.00%, 4/3/95		1,375,000	1,375,000
TOTAL SHORT-TERM INVESTMENTS (COST \$5,708,296)			5,708,296
TOTAL INVESTMENTS (COST \$53,210,908)	101.17%		59,226,871

OTHER ASSETS LESS LIABILITIES	(1.17%)	(687,327)
NET ASSETS	100.00%	\$58,539,544

\* Non-income producing.  
+ American Depository Receipts.

SEE NOTES TO FINANCIAL STATEMENTS.

MENTOR QUALITY INCOME PORTFOLIO  
PORTFOLIO OF INVESTMENTS  
MARCH 31, 1995 (UNAUDITED)

	PERCENT OF NET ASSETS	PRINCIPAL AMOUNT	VALUE
LONG-TERM INVESTMENTS	95.81%		
U.S. GOVERNMENT AND FEDERAL AGENCIES	62.25%		
FEDERAL HOME LOAN MORTGAGE CORPORATION	18.22%		
10.00%, 3/1/21		\$ 1,387,326	\$ 1,473,909
6.75%, 5/15/21		3,000,000	2,704,680
7.38%, 7/1/21		2,961,602	2,906,072
7.43%, 12/1/21		992,123	976,156
9.50%, 12/1/22		694,510	725,110
CMO, IO, 9.98%, 7/15/06		48,390	1,073,814
CMO, IO, 11.66%, 7/15/07		46,606	694,736
IO, REMIC, 4.60%, 12/15/08		6,545,152	196,355
IO, REMIC, 6.50%, 6/15/16		8,160,412	973,512
CMO, IO, 11.65%, 11/15/16		104,389	2,026,647
IO, REMIC, 7.00%, 5/15/23		17,098,277	3,052,309
			16,803,300
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.89%		
11.00%, 12/1/20		402,598	437,322
IO, 7.00%, 3/25/14		5,152,317	359,455
IO, 4.85%, 1/25/24		5,243,373	199,494
IO, 4.00%, 3/25/24		17,013,494	745,670
			1,741,941
FEDERAL NATIONAL MORTGAGE ASSOCIATION - REMIC	6.96%		
8.00%, 1991 Class 155ZA, 2/25/17		2,805,807	2,798,793
6.15%, 1993 Class 160AG, 12/25/20		2,000,000	1,833,120
6.50%, 1993 Class 189PK, 3/25/22		2,000,000	1,788,120
			6,420,033
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	33.09%		
12.00%, 12/15/12 - 5/15/15		2,806,268	3,143,020
11.50%, 2/15/13 - 6/20/19		531,357	582,283
10.50%, 5/20/14 - 6/15/19		2,529,923	2,715,626
11.00%, 1/15/16 - 6/15/21		2,702,190	2,959,656
6.50%, 8/20/22 - 11/15/23		2,286,960	2,150,207
9.00%, 1/15/28		2,835,730	2,911,926
9.50%, 9/15/10 - 1/15/28		4,999,101	5,205,314
8.75%, 1/15/28 - 5/15/28		4,383,516	4,399,955
10.00%, 5/15/24 - 7/15/28		4,009,461	4,260,508
9.75%, 2/15/29		2,057,516	2,184,568
			30,513,063
TREASURY SECURITIES	2.09%		
U.S. Treasury Note, 6.38%, 1/15/00		1,980,000	1,924,006
TOTAL U.S. GOVERNMENT AND FEDERAL AGENCIES			57,402,343
CORPORATE BONDS	18.93%		
CONSUMER NON-DURABLES	3.92%		
RJR Nabisco, Inc., 8.30%, 4/15/99		3,600,000	3,618,000
FINANCE	4.78%		
Banesto Finance, 7.31%, 4/25/03		1,000,000	1,002,900

Salamon, Inc., 6.87% - 9.00%, 7/1/95 - 11/21/96		3,400,000	3,400,769 4,403,669
TRANSPORTATION	5.97%		
American Airlines, 9.78%, 11/26/11		5,000,000	5,506,565
UTILITIES	1.10%		
Long Island Lighting, 8.75%, 5/1/96		1,000,000	1,014,528
MISCELLANEOUS	3.16%		
BRW Real Estate Operating Company, 5.69%, 12/1/98 (3/24/94, \$1,189,483) (a) (b)		1,192,464	1,189,111
General Motors Acceptance Corporation, 8.13%, 1/27/97		1,700,000	1,723,137 2,912,248
TOTAL CORPORATE BONDS			\$ 17,455,010
COLLATERALIZED MORTGAGE OBLIGATIONS	12.38%		
Prudential Home Mortgage Securities Corporation, Series 1992-34, 6.50%, 11/25/07		\$ 3,000,000	\$ 2,882,790
Prudential Home Mortgage Securities Corporation, Series 1993-15, 11.50%, 5/25/08		3,208,481	3,395,977
Resolution Trust Corporation, Series 1992-C5, 6.90%, 5/25/22 (a)		1,586,817	1,514,915
Resolution Trust Corporation, Series 1992-C1, 8.80%, 8/25/23 (a)		2,927,286	2,964,794
Sears Mortgage Securities Corporation, Series 1992-9, 7.15%, 10/25/21 (a)		647,678	656,887
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS			11,415,363
MORTGAGES	2.25%		
Chase Mortgage Finance Corporation, IO, Series 1994-F, 2.50%, 3/25/25		10,511,000	664,328
Prudential Home Mortgage Securities Corporation, IO, Series 1993-63, 6.75%, 1/25/24		4,451,111	911,525
Residential Funding Mortgage Securities, IO, 6.50%, 3/25/09		2,912,931	505,446
TOTAL MORTGAGES			2,081,299
TOTAL LONG-TERM INVESTMENTS (COST \$90,608,302)			88,354,015
SHORT-TERM INVESTMENTS	4.57%		
COMMERICAL PAPER	3.78%		
U.S. West Communications, 5.95%, 4/20/95		3,500,000	3,490,166
TIME DEPOSIT	0.42%		
United Missouri Bank, 5.07%, 4/3/95		383,000	383,000
TREASURY SECURITIES	0.37%		
U.S. Treasury Bills, 5.10% - 5.87%, 4/6/95 - 5/4/95		\$340,000	\$339,794
TOTAL SHORT-TERM INVESTMENTS (COST \$4,212,960)			4,212,960
TOTAL INVESTMENTS (COST \$94,821,262)	100.38%		92,566,975
OTHER ASSETS LESS LIABILITIES (0.38%)			(349,875)
NET ASSETS	100.00%		\$92,217,100

Investment abbreviations  
CMO - Collateralized Mortgage Obligation  
IO - Interest Only

(a) Securities are valued based upon their fair value determined under procedures approved by the Board of Trustees. At March 31, 1995, the fair value of these securities was \$6,325,707 (6.9% of net assets).

(b) All or a portion of these securities are restricted (i.e. securities which may not be publicly sold without registration under the Federal Securities Act of 1933). Dates of acquisition and costs are set forth in parentheses after the title of the restricted securities.

SEE NOTES TO FINANCIAL STATEMENTS.

MENTOR MUNICIPAL INCOME PORTFOLIO  
PORTFOLIO OF INVESTMENTS  
MARCH 31, 1995 (UNAUDITED)

	PERCENT OF NET ASSETS	PRINCIPAL AMOUNT	VALUE
LONG-TERM MUNICIPAL SECURITIES	97.86%		
ARIZONA	3.40%		
Pima County Arizona, 7.25%, 7/15/10		\$ 2,000,000	\$ 2,194,160
CALIFORNIA	8.49%		
California Educational Facilities, College of Osteopathic Medicine, 7.50%, 6/1/18		985,000	1,008,748
Carson Improvement Board Act 1915, Special Assessment District 92, 7.38%, 9/2/22		740,000	760,076
Los Angeles Convention, Series A, 5.13%, 8/15/21		1,750,000	1,539,947
Orange County Community Facilities District, Series A, 7.35%, 8/15/18		300,000	346,968
San Francisco City Sewer Revenue Refunding, 5.38%, 10/1/22		2,000,000	1,822,660 5,478,399
COLORADO	5.55%		
Colorado HFA, SFM, Series A-3, 7.00%, 11/1/24		655,000	671,512
Denver City & County Airport Revenue, 7.75%, 11/15/13		1,000,000	1,081,630
Denver City & County Airport Revenue, 8.50%, 11/15/23		1,700,000	1,830,679 3,583,821
DISTRICT OF COLUMBIA	1.28%		
Metropolitan Washington, General Airport Revenue, Series A, 6.63%, 10/1/19		800,000	825,872
FLORIDA	5.09%		
Dade County, 6.50%, 10/1/26		1,930,000	2,007,103
Sarasota County, Health Facilities Authority Revenue, 10.00%, 7/1/22		1,200,000	1,280,280 3,287,383
GEORGIA	3.23%		
Cobb County Development Authority Revenue Bonds, Series 92A, 8.00%, 6/1/22		1,000,000	1,020,000
Monroe County Development Authority PCR, 6.75%, 1/1/10		1,000,000	1,064,510 2,084,510
ILLINOIS	10.25%		
Broadview Tax Increment Revenue, 8.25%, 7/1/13		1,000,000	1,029,320
Chicago Heights Residential Mortgage Revenue, Series B, (effective yield-7.80%)			



(a), 6/1/09		3,465,000	1,284,302
Chicago O'Hare International Airport Special Facilities Revenue, 6.75%, 1/1/18		1,350,000	1,399,383
Chicago, Capital A, (effective yield-4.85%), 7/1/16		2,000,000	475,920
Illinois Health Facilities Authority Revenue, 9.50%, 10/1/22		1,250,000	1,337,925
Robins Illinois Residential, 9.25%, 10/15/14		1,000,000	1,085,410
			6,612,260
INDIANA	4.21%		
Indianapolis Public Improvement Bond, Series D, 6.75%, 2/1/20		2,400,000	2,470,896
Indiana Transportation Finance Authority, Series A, (effective yield-4.73%), 6/1/17		1,000,000	245,870
			2,716,766
IOWA	1.01%		
Student Loan Liquidity Corporation, Student Loan Revenue, Series C, 6.95%, 3/1/06		\$625,000	\$652,775
KENTUCKY	3.08%		
Jefferson County, Hospital Revenue, 8.24%, 10/1/08		500,000	550,000
Kenton County Airport Board Revenue, OID, 7.50%, 2/1/20		1,400,000	1,437,926
			1,987,926
LOUISIANA	3.27%		
Louisiana State, Series A, 6.50%, 5/1/10		2,000,000	2,108,120
MAINE	1.58%		
Maine State Housing Authority, Series C, 6.88%, 11/15/23		1,000,000	1,019,490
MASSACHUSETTS	3.80%		
Massachusetts State Health and Educational Facilities Authority, OID Revenue Bonds, Series A, 6.00%, 10/1/23		2,000,000	1,395,140
Massachusetts State Health and Education, 6.88%, 4/1/22		1,000,000	1,057,320
			2,452,460
MICHIGAN	0.77%		
Romulus Community Schools, Refunding, (effective yield- 4.03%) (a), 5/1/20		2,385,000	499,586
MONTANA	0.73%		
Montana State Resource Recovery Revenue Bonds, 7.00%, 12/31/19		\$500,000	\$473,580
NEBRASKA	0.63%		
Nebraska Finance Authority, SFM, 8.67%, 9/15/24		400,000	405,500
NEVADA	0.81%		
Henderson Local Improvement District, Special Assessment, Series A, 8.50%, 11/1/12		500,000	525,160
NEW JERSEY	1.33%		
New Jersey Healthcare Facilities Financing Authority, Refunding, 6.80%, 7/1/11		825,000	855,814
NEW YORK	8.71%		
Clifton Springs Hospital Refunding & Improvement, 8.00%, 1/1/20		930,000	904,481
Herkimer County, IDA,			

8.00%, 1/1/09		1,000,000	1,049,060
New York City, Series H, 7.20%, 2/1/13		1,500,000	1,551,210
New York, New York, Series A, 7.00%, 8/1/04		1,000,000	1,044,580
New York State Dorm Authority, 6.75%, 7/1/24		1,000,000	1,069,040 5,618,371
NORTH DAKOTA	1.67%		
Ward County Health Facility, 8.88%, 11/15/24		1,000,000	1,078,560
OHIO	1.52%		
Cleveland Airport Revenue, Series A, 6.00%, 1/1/24		1,000,000	978,450
OKLAHOMA	1.56%		
Oklahoma City, Industrial and Cultural Facilities Trust, 6.75%, 9/15/17		1,000,000	1,009,930
PENNSYLVANIA	3.61%		
Pennsylvania Economic Development, 6.40%, 1/1/09		\$500,000	\$481,385
Pennsylvania Intergovern- mental Cooperative Authority, Special Tax Revenue, 6.80%, 6/15/12		750,000	825,998
Philadelphia Hospital and Higher Education Facilities, 6.50%, 11/15/08		1,000,000	1,022,610 2,329,993
PUERTO RICO	1.37%		
Puerto Rico, Commonwealth Highway Transportation Authority, Series T, 6.50%, 7/1/22		800,000	885,688
RHODE ISLAND	0.77%		
West Warwick, Series A, G.O. Bond, 6.80% - 7.30%, 7/15/98 - 7/15/08		475,000	499,881
TENNESSEE	7.00%		
Memphis Shelby County Airport Authority Special Facilities Revenue Refunding, 7.88%, 9/1/09		1,500,000	1,638,195
Tennessee Housing, 7.38%, 7/1/23		2,750,000	2,876,390 4,514,585
TEXAS	4.45%		
Brazos Higher Education Authority Student Loan Revenue, 7.10%, 11/1/04		1,000,000	1,055,350
Dallas-Fort Worth International Airport Facility Revenue Bonds, 7.25%, 11/1/30		1,000,000	1,011,590
Texas State Department of Housing and Community Affairs Refunding, Series C, 9.31%, 7/2/24		750,000	803,438 2,870,378
UTAH	3.23%		
Bountiful Hospital Revenue, 9.50%, 12/15/18		\$245,000	\$259,122
Utah State Housing Finance Commission, 7.20%, 1/1/27		1,750,000	1,827,368 2,086,490
WEST VIRGINIA	5.46%		
Harrison County, 6.75%, 8/1/24		2,000,000	2,081,760
West Virginia State Hospital Finance Authority Revenue, 9.70%, 1/1/18		1,500,000	1,444,125 3,525,885

TOTAL LONG-TERM MUNICIPAL SECURITIES (COST \$61,665,681)		63,161,793
SHORT-TERM MUNICIPAL SECURITIES	0.78%	
WYOMING		
Lincoln County Wyoming		
Poll, 4.60%, 11/1/14, VRDN		500,000
TOTAL SHORT-TERM MUNICIPAL SECURITIES (COST \$500,000)		500,000
TOTAL INVESTMENTS (COST \$62,165,681)	98.64%	63,661,793
OTHER ASSETS LESS LIABILITIES	1.36%	877,990
NET ASSETS	100.00%	\$64,539,783

INVESTMENT ABBREVIATIONS

GO - General Obligation / HFA - Housing Finance Authority  
IDA- Industrial Development Authority / OID - Original Issue Discount  
PCR- Pollution Control Revenue / PFA - Public Financing Authority  
SFM- Single Family Mortgage  
VRDN- Variable Rate Demand Note, rate shown represents current interest rate at 3/31/95.

(a) Effective yield is the yield as calculated at time of purchase at which the bond accretes on an annual basis until its maturity date.

SEE NOTES TO FINANCIAL STATEMENTS.

MENTOR INCOME & GROWTH PORTFOLIO  
PORTFOLIO OF INVESTMENTS  
MARCH 31, 1995 (UNAUDITED)

	PERCENT OF NET ASSETS	SHARES	VALUE
COMMON STOCKS	55.47%		
BASIC MATERIALS	9.57%		
Aluminum Company of America		46,000	\$ 1,903,250
International Paper Company		23,200	1,742,900
International Specialty Products, Inc.		12,600	86,625
Pichiney SA		13,000	873,175
Potash Corporation		3,200	142,400
Rayonier, Inc.		5,100	158,737
Rhone Poulenc SA+		15,700	368,950
St. Lawrence Cement, Inc.*		25,000	160,915
Temple-Inland, Inc.		7,900	354,512
			5,791,464
CAPITAL GOODS & CONSTRUCTION	5.36%		
American R E Partners		44,358	349,319
BE Aerospace, Inc.*		42,700	277,550
Boeing Company		7,000	377,125
Centex Construction Products, Inc.*		36,200	447,975
Giddings & Lewis, Inc.		11,400	193,800
Honeywell, Inc.		900	33,637
Sequa Corporation*		18,100	529,425
Southdown, Inc.*		13,900	236,300
Standard Pacific Corporation		77,200	501,800
York International Corporation		7,500	296,250
			3,243,181
CONSUMER STAPLES	3.89%		
Chiquita Brands International		13,600	171,700
Hills Stores Company		17,549	355,367
Interstate Bakeries Corporation		19,000	275,500
Monk Austin, Inc.		11,800	163,725
Morningstar Group, Inc.*		15,200	110,200
Seagram Company, Ltd.		2,500	79,375
Standard Commercial Corporation		16,321	218,293
Universal Corporation		47,000	981,125
			2,355,285
ENERGY	10.92%		
Amerada Hess Corporation		7,600	375,250
Arethusa Off-Shore, Ltd.*		29,200	385,075
Ashland Oil, Inc.		5,400	192,375
Atlantic Richfield Company		1,900	218,500
Burlington Resources, Inc.		12,200	497,150
Enserch Corporation		10,600	157,675
Gerrity Oil & Gas Corporation*		87,000	337,125

Home Oil Company*	13,200	136,950
Lone Star Technologies, Inc.	25,100	200,800
Maxus Energy Corporation*	64,500	354,750
Mitchell Energy	100	1,763
Nabors Industries, Inc.*	15,000	112,500
Noble Drilling Corporation*	59,500	364,437
Norcen Energy	2,100	26,283
Oryx Energy*	22,000	277,750
Petroleum Heat & Power Company	57,600	417,600
Ranchmen's Resources	41,900	172,305
Santa Fe Energy Resources, Inc.*	10,000	96,250
Seagull Energy Corporation*	26,000	513,500
Sonat Offshore Drilling, Inc.	22,400	520,800
U.S.X. Marathon Group, Inc.	28,300	495,250
Unocal Corporation	16,400	471,500
YPF Asociada	15,000	285,000
		6,610,588

FINANCIAL 11.16%

ACE, Ltd.	32,500	820,625
Astoria Financial Corporation*	7,300	224,475
BankAmerica Corporation	16,338	788,309
Bank Bilbao Vicz+*	600	15,150
California Federal Bank*	15,556	165,282
Chubb Corporation	12,300	971,700
CIGNA Corporation	8,900	665,275
Coast Savings Financial, Inc.*	8,800	141,900
First Union Center	2,000	86,750
Gables Residential Trust	8,000	149,000
GP Financial Corporation	7,400	171,125
Keycorp	5,100	144,075
Koger Equity, Inc. REIT*	37,900	255,825
Lehman Brothers Holding, Inc.	24,840	447,120
Loews Corporation	1,200	118,500
Long Island Bancorp	10,000	175,000
Newhall Land & Farming Company	8,100	119,475
Old Republic International Corporation	16,000	384,000
Paul Revere Corporation	10,000	162,500

Storage Equities, Inc.	13,400	227,800
Union Bank	15,200	524,400
		6,758,286

TECHNOLOGY 5.77%

Alcatel Alsthom*	14,900	270,063
B.C.E., Inc.	25,400	784,225
BMC Software*	5,500	350,625
Cooper Industries, Inc.	5,300	205,375
General Motors Corporation	15,900	703,575
Philips Electronics	5,000	170,625
Policy Management Systems Corporation*	6,900	302,738
LD DS Communications*	13,781	322,131
Raychem Corporation	9,500	385,938
		3,495,295

TRANSPORTATION & SERVICES 1.77%

AMR Corporation*	6,000	388,500
American West Airlines*	10,000	86,250
Canadian Pacific, Ltd.*	23,500	352,500
OMI Corporation*	25,900	142,450
Overseas Shipholding Group	5,000	102,500
		1,072,200

UTILITIES 2.40%

Central Maine Power	15,500	170,500
Entergy Corporation	20,000	417,500
New York State Electric & Gas Company	11,500	245,813
Niagra Mohawk Power	23,800	327,250
Public Service Company of New Mexico*	10,500	131,250
Unicom Corporation	6,600	156,750
		1,449,063

MISCELLANEOUS 4.63%

Brascan, Ltd.	19,200	259,200
Comsat Corporation	5,500	102,438
CRSS, Inc.	2,900	26,462
Davids Limited	135,000	124,031
Eastman Kodak Company	10,500	557,812
Essex Property Trust, Inc.	19,900	315,913
Onex Corporation	21,400	197,050
Pennsylvania Enterprises	400	12,450
Sun Communities, Inc.	12,600	283,500
Technip SA	7,500	423,185
Telecom Italia SPA	11,000	25,590

United Mobile Homes, Inc.		16,100	122,763
W.M.X. Technologies, Inc.		12,800	352,000
			2,802,394
TOTAL COMMON STOCKS (COST \$32,272,527)			33,577,756
PREFERRED STOCKS	1.67%		
BASIC MATERIALS	0.56%		
Boise Cascade Corporation		9,000	266,625
Reynolds Metals Company		1,500	71,438
			338,063
FINANCIAL	1.11%		
American R E Partners		3,143	31,430
Glendale Federal Bank		21,700	640,150
			671,580
TOTAL PREFERRED STOCKS (COST \$802,233)			1,009,643
CORPORATE BONDS	8.13%		
BASIC MATERIALS	0.38%		
Aluminum Company of America, 5.75%, 2/1/01		\$250,000	\$229,360
CAPITAL GOODS & CONSTRUCTION	0.16%		
Lockheed Corporation, 6.75%, 3/15/03		100,000	94,508
CONSUMER CYCLICAL	1.06%		
Circus Circus Enterprises, Inc., 7.63%, 7/15/13		250,000	216,640
Sears Roebuck Company, 9.25%, 4/15/98		175,000	183,379
Time Warner Entertainment, Inc., 8.88%, 10/1/12		250,000	241,510
			641,529
CONSUMER STAPLES	0.36%		
Gillette Company, 5.75%, 10/15/05		\$250,000	\$216,105
FINANCIAL	3.77%		
American General Finance Corporation, 5.88%, 7/1/00		250,000	230,950
Associates Corporation of North America, 5.25%, 3/30/00		250,000	225,777
Chase Manhattan Corporation, 7.75%, 11/1/99		250,000	250,347
Chrysler Financial Corporation, 6.63%, 8/15/20		250,000	238,773
Comerica Bank Inc., 7.13%, 12/1/13		250,000	219,220
Dean Witter Discover, 6.25%, 3/15/00		100,000	93,914
First National Bank, 8.00%, 9/15/04		250,000	246,752
Ford Motor Credit, 8.88%, 6/15/99		100,000	104,567
Great Western Financial, 6.38%, 7/1/00		250,000	234,265
Home Savings of Americas, 6.00%, 11/1/00		250,000	228,628
Toronto-Dominion Bank-NY, 6.13%, 11/1/08		250,000	211,015
			2,284,208
TRANSPORTATION	0.39%		
AMR Corporation, 6.13%, 11/01/24		250,000	236,610
UTILITIES	2.01%		
Duke Power Company, 7.00%, 6/1/00		100,000	98,030
Florida Power & Light Company, 5.38%, 4/1/00		250,000	227,295
Long Island Lighting Company, 7.05%, 3/15/03		100,000	84,548
Pacific Gas & Electric Company, 5.93%, 10/8/03		250,000	221,680
Philadelphia Electric Company,			

7.50%, 1/15/99	100,000	99,620
Southwestern Public Service Company, 6.88%, 12/1/99	250,000	244,055
Union Electric Company, 6.75%, 10/15/99	250,000	243,025
		1,218,253
TOTAL CORPORATE BONDS (COST \$5,388,059)		4,920,573

GOVERNMENT BONDS	28.20%		
Government National Mortgage Association, 6.50%, 10/15/23-4/15/24	1,461,555	1,319,945	
Government National Mortgage Association, 7.00%, 1/15/24	2,433,890	2,279,460	
U.S. Treasury Bond, 5.13%, 3/31/98	2,500,000	2,379,625	
U.S. Treasury Bond, 7.25%, 5/15/16	1,000,000	966,750	
U.S. Treasury Bond, 7.50%, 11/15/16	4,500,000	4,467,465	
U.S. Treasury Note, 6.88%, 2/28/97	2,000,000	2,001,720	
U.S. Treasury Note, 4.75%, 9/30/98	1,000,000	931,640	
U.S. Treasury Note, 5.75%, 8/15/03	3,000,000	2,722,560	
TOTAL GOVERNMENT BONDS (COST \$17,152,763)		17,069,165	

SHORT-TERM INVESTMENT	3.42%		
REPURCHASE AGREEMENT			
Lehman Brothers, Inc. Dated 3/31/95, 6.25%, Due 4/03/95, collateralized by \$2,085,000, U.S. Treasury Note, 3.88%, 4/30/95	2,071,000	2,071,000	

TOTAL SHORT-TERM INVESTMENTS  
(COST \$2,071,000) \$ 2,071,000

TOTAL INVESTMENTS (COST \$57,686,582)	96.89%	58,648,137	
OTHER ASSETS LESS LIABILITIES	3.11%	1,885,233	
NET ASSETS	100.00%	\$60,533,370	

\* Non-income producing.

+ American Depository Receipts.

SEE NOTES TO FINANCIAL STATEMENTS.

MENTOR PERPETUAL GLOBAL PORTFOLIO  
PORTFOLIO OF INVESTMENTS  
MARCH 31, 1995 (UNAUDITED)

	PERCENT OF NET ASSETS	SHARES	VALUE
COMMON STOCKS	93.05%		
AUSTRALIA	4.55%		
Ampalex Limited		17,000	\$ 43,482
Broken Hill Proprietary Company*		24,345	319,937
Fosters Brewing		101,000	83,885
Woodside Petroleum, Ltd.		79,500	316,705
			764,009
CANADA	3.95%		
Alcan Aluminum, Ltd.		9,217	244,721
Canadian Pacific, Ltd.		15,033	224,435
Rogers Communications, Inc.*		14,900	194,475
			663,631
DENMARK	2.15%		

FLS Industries A/S 'B'		3,750	361,636
GERMANY	9.16%		
Bayerische Ver		720	205,714
Hoechst AG		1,390	288,004
Mannesmann AG		1,100	285,096
Munich Reinsurance		155	281,152
Rhine Westphal		650	172,010
Veba AG		590	214,039
Viag AG		260	93,188
			1,539,203
GREAT BRITAIN	10.33%		
British Gas PLC		44,500	207,048
Carlton Communications ORD		18,600	278,200
Enterprise Oil ORD		45,500	289,657
Lasmo PLC		129,857	341,639
Rio Tinto-Zinc Corporation ORD		19,700	256,583
Saint James Place		130,000	236,454
Waste Management International PLC*		30,600	125,229
			1,734,810
HONG KONG	0.79%		
Hong Kong Telecom, Ltd.+		200	389
Hutchison Whampoa, Ltd.		30,000	132,307
			132,696
ITALY	1.03%		
INA		37,000	\$ 43,710
STET Societa Finanz		23,300	59,872
Telecom Italia SPA		29,600	68,861
			172,443
JAPAN	9.41%		
Canon, Inc.		14,000	230,645
Hitachi, Ltd.		28,000	290,323
Kyocera Corporation		4,000	297,695
Matsushita Electric		8,000	129,033
Nichiei Company		1,000	58,755
Nisshin Steel		18,000	80,875
NSK, Ltd.		27,000	192,235
Sony Corporation+		500	24,439
Sony Corporation		3,200	160,369
Toshiba Corporation		17,000	115,357
			1,579,726
SOUTH AFRICA	0.65%		
Impala Platinum Holdings+		4,900	110,974
SOUTH KOREA	1.56%		
Goldstar (b)		13,400	167,500
Yukong, Ltd.* (b)		8,000	94,000
			261,500
SWEDEN	6.87%		
Astra AB		7,000	185,919
Autoliv AB		8,900	336,484
Skandia Forsak		6,000	92,689
SKF AB*		15,200	253,348
Volvo AB		16,500	285,078
			1,153,518
SWITZERLAND	9.70%		
Brown Boveri & CIE		295	280,407
CIBA Geigy AG Basel		314	209,704
Nestle Cham Et Vevey		247	241,108
Sandoz AG Base		280	180,565
SCHW Rueckversicherungs		420	279,381
SGS Societe Gen De Surveill		165	260,181
Sulzer AG* (Participation Certificate)		293	177,042
			1,628,388
UNITED STATES	31.97%		
AMBAC, Inc.		7,600	\$ 308,750
American President Companies., Ltd.		8,000	175,000

Amway Asia Pacific, Ltd.		1,600	59,600
Barrick Gold Corporation		3,400	85,000
Boeing Company		4,500	242,438
Centrais Eletricas Bras+		1,100	10,607
Compania Electrica Sao Palo+		1,100	12,876
Comsat Corporation		5,400	100,575
Destec Energy, Inc.*		27,400	274,000
Enron Corporation		8,700	287,100
Exel, Ltd. ORD		7,400	326,525
General RE Corporation		2,220	293,040
Harnischfeger		1,300	36,400
Homestake Mining		9,800	181,300
Huaneng Power International, Inc.		7,000	111,125
International Business Machines Corp.		2,290	187,495
Jardine Mathes		18,000	162,000
Jardine Strate		25,000	95,000
Korea Europe		18	65,250
LaFarge Corporation		13,800	258,750
MBIA, Inc.		5,200	326,950
Mid Ocean, Ltd. ORD*		10,800	294,300
Partnerre Holdings, Ltd.		10,000	212,500
PT Indonesia Satellite A		4,800	169,200
Placer Dome, Incorporated		3,600	87,750
Schlumberger, Ltd.		3,200	190,800
Thermo Electron Corporation*		2,700	137,364
United Healthcare Corporation		6,100	285,175
United Technologies Corporation		3,300	228,113
WMX Technologies, Inc.		4,600	126,500
YPF Sociedad Anonima		2,000	38,000
			5,369,483
VENEZUELA	0.93%		
Venezolana De Prerredicidos			
(4/13/94, \$260,293) (a) (b)		35,600	155,750
TOTAL COMMON STOCKS			
(COST \$15,600,310)			15,627,767
CORPORATE BONDS	1.27%		
CANADA	0.42%		
Teck Corporation,			
3.75%, 7/15/06+		\$ 80,000	\$71,100
MALAYSIA	0.85%		
Telekom Malaysia			
Berhad, 4.00%, 10/3/04+			
(a) (b) (9/22/97, \$170,000)		170,000	142,695
TOTAL CORPORATE BONDS			
(COST \$234,753)			213,795
TREASURY SECURITIES	5.31%		
U.S. Treasury Bond,			
8.0%, 11/15/21			
(cost \$854,648)		850,000	891,038
TOTAL LONG-TERM INVESTMENTS			
(COST \$16,689,711)			16,732,600
SHORT-TERM INVESTMENTS	0.71%		
REPURCHASE AGREEMENT			
Donaldson, Lufkin, &			
Jenrette Securities Corporation			
Dated 3/31/95, 6.15%,			
due 4/3/95, collateralized by			
\$131,000, U.S. Treasury			
Note, 7.75%, 11/30/99		118,000	118,000
TOTAL SHORT-TERM INVESTMENTS			
(COST \$118,000)		118,000	
TOTAL INVESTMENTS			
(COST \$16,807,711)	100.34%		16,850,600
OTHER ASSETS LESS LIABILITIES	(0.34%)		\$ (55,792)
NET ASSETS	100.00%		\$16,794,808



\* Non-income producing.

+ American Depository Receipts.

(a) All or a portion of these securities are restricted (i.e., securities which may not be publicly sold without registration under the Federal Securities Act of 1933). Dates of acquisition and costs are set forth in parentheses after the title of the restricted securities.

(b) These are securities that may be resold to qualified institutional buyers under Rule 144A or securities offered pursuant to Section 4 (2) of the Securities Act of 1933, as amended. These securities have been determined to be liquid under guidelines established by the Board of Trustees.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
STATEMENTS OF ASSETS AND LIABILITIES  
March 31, 1995 (Unaudited)

<TABLE>

<S>	MENTOR/ CAMBRIDGE GROWTH PORTFOLIO <C>	MENTOR CAPITAL GROWTH PORTFOLIO <C>	MENTOR QUALITY INCOME PORTFOLIO <C>	MENTOR MUNICIPAL INCOME PORTFOLIO <C>	MENTOR INCOME AND GROWTH PORTFOLIO <C>	MENTOR PERPETUAL GLOBAL PORTFOLIO <C>
<b>ASSETS</b>						
Investments, at market value *(Note 2)	\$37,342,934	\$59,226,871	\$92,566,975	\$63,661,793	\$58,648,137	\$16,850,600
Cash	-	-	2,666	48,657	263,537	178,292
Receivables						
Investments sold	1,161,932	520,740	1,046,957	-	2,015,721	144,880
Fund shares sold	47,646	47,829	61,758	615	208,164	26,475
Dividends and interest	65,262	118,920	1,018,324	1,234,261	524,148	68,059
Forward currency contracts held	12,453	159,712	-	-	-	3,831
Deferred expenses (Note 2)	-	-	-	-	-	44,824
Total assets	38,630,227	60,074,072	94,696,680	64,945,326	61,659,707	17,316,961
<b>LIABILITIES</b>						
Payables						
Investments purchased	131,050	905,575	1,042,700	-	284,118	391,251
Fund shares redeemed	302,733	491,102	1,047,101	214,294	558,794	60,705
Dividends	-	-	282,986	183,069	-	-
Forward contract payable (Note 7)	-	-	-	-	-	19,676
Variation margin (Note 2)	-	-	13,594	-	-	-
Accrued expenses and other liabilities	789,534	137,851	93,199	8,180	283,425	50,521
Total liabilities	1,223,317	1,534,528	2,479,580	405,543	1,126,337	522,153
NET ASSETS	\$37,406,910	\$58,539,544	\$92,217,100	\$64,539,783	\$60,533,370	\$16,794,808
Net Assets represented by: (Note 2)						
Additional paid-in capital	\$34,767,770	\$53,051,601	\$108,863,701	\$65,575,073	\$59,060,248	\$17,131,055
Undistributed net investment income (loss)	(172,160)	-	262,027	-	-	(68,177)
Accumulated distributions in excess of net investment income	-	(96,678)	-	(5,807)	(90,146)	-
Undistributed realized gain (loss) on investment transactions	(2,199,365)	(431,421)	(14,812,016)	(2,365,100)	601,425	(311,925)
Net unrealized appreciation (depreciation) of investments and foreign currency related transactions	5,010,665	6,016,042	(2,096,612)	1,335,617	961,843	43,855
NET ASSETS	\$37,406,910	\$58,539,544	\$92,217,100	\$64,539,783	\$60,533,370	\$16,794,808
NET ASSETS VALUE PER SHARE						
Class A Shares	\$15.64	\$15.63	\$12.81	\$14.71	\$15.26	\$13.97
Class B Shares	\$15.42	\$15.47	\$12.82	\$14.74	\$15.28	\$13.84
OFFERING PRICE PER SHARE						
Class A Shares	\$16.55 (a)	\$16.54 (a)	\$13.45 (b)	\$15.44 (b)	\$16.15 (a)	\$14.78 (a)
Class B shares	\$15.42	\$15.47	\$12.82	\$14.74	\$15.28	\$13.84
REDEMPTION PROCEEDS PER SHARE						
Class A Shares	\$ 15.64	\$ 15.63	\$ 12.81	\$ 14.71	\$ 15.26	\$ 13.97
Class B Shares (c)	\$ 15.27	\$ 15.32	\$ 12.69	\$ 14.59	\$ 15.13	\$ 13.70
SHARES OUTSTANDING						
Class A Shares	839,258	1,267,361	2,098,263	1,489,063	1,206,292	584,091
Class B Shares	1,574,382	2,503,373	5,095,044	2,893,403	2,756,679	623,948
Total Shares Outstanding	2,413,640	3,770,734	7,193,307	4,382,466	3,962,971	1,208,039

</TABLE>

\* Investments at cost \$32,332,447, \$53,210,909, \$94,821,262, \$62,165,681,

\$57,686,582, and \$16,807,711 respectively.

(a) Computation of offering price: 100/94.5 of net asset value.

(b) Computation of offering price: 100/95.25 of net asset value.

(c) Computation of redemption proceeds: 99/100 of net asset value.

THE MENTOR FUNDS  
STATEMENTS OF OPERATIONS  
Six Months Ended March 31, 1995 (Unaudited)

<TABLE>

	MENTOR/ CAMBRIDGE GROWTH PORTFOLIO	MENTOR CAPITAL GROWTH PORTFOLIO	MENTOR QUALITY INCOME PORTFOLIO	MENTOR MUNICIPAL INCOME PORTFOLIO	MENTOR INCOME AND GROWTH PORTFOLIO	MENTOR PERPETUAL GLOBAL PORTFOLIO
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME						
Interest	\$ 16,288	\$ 249,731	\$4,238,889*	\$2,379,525	\$ 825,100	\$ 44,386
Dividends (Net of withholding taxes)**	283,444	458,103	-	-	484,553	89,733
Total investment income (Note 2)	299,732	707,834	4,238,889	2,379,525	1,309,653	134,119
EXPENSES						
Management fee (Note 4)	161,118	240,136	298,013	197,610	225,134	94,167
Distribution fees (Note 4)	99,537	148,326	177,718	107,582	159,309	31,790
Transfer agent fee	71,972	113,539	137,826	59,803	72,743	27,168
Shareholder services fees (Note 4)	50,350	75,042	124,172	82,338	75,044	21,401
Administration fee (Note 4)	25,175	37,521	62,086	41,169	37,522	10,700
Custodian fee	13,441	15,792	29,870	20,474	23,762	6,400
Registration expenses	24,492	33,746	30,371	27,824	30,249	18,243
Shareholder reports and postage expenses	4,651	9,181	12,540	8,464	11,945	1,432
Organizational expenses	7,722	4,835	4,485	8,405	1,957	1,152
Legal and Audit fees	8,681	14,033	15,746	12,028	12,586	5,219
Directors' fees and expenses	2,002	3,670	4,822	3,215	3,297	891
Miscellaneous	2,751	5,605	9,202	4,972	3,657	376
Total expenses	471,892	701,426	906,851	573,884	657,205	218,939
Deduct						
Waiver of management fee (Note 4)	-	-	-	-	-	16,643
Net Expenses	471,892	701,426	906,851	573,884	657,205	202,296
Net investment income (loss)	(172,160)	6,408	3,332,038	1,805,641	652,448	(68,177)
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Net realized gain (loss) on investments (Note 2)	620,251	(373,054)	(3,093,518) (a)	(1,733,466) (a)	497,508	(329,747)
Change in unrealized appreciation of investments	1,850,002	4,390,496	3,219,455 (b)	2,814,682	705,509	23,545
Net realized and unrealized gain (loss) on investments	2,470,253	4,017,442	125,937	1,081,216	1,203,017	(306,202)
Net increase (decrease) in net assets resulting from operations	\$2,298,093	\$4,023,850	\$3,457,975	\$2,886,857	\$1,855,465	\$(374,379)

\* Net of interest expense (\$125,954).

\*\* Withholding taxes were \$1,446, \$7,078, \$5,992, and \$7,082 for the Mentor/Cambridge Growth Portfolio, Mentor Capital Growth Portfolio, Mentor Income and Growth Portfolio and Mentor Perpetual Global Portfolio, respectively for the six months ended March 31, 1995.

(a) Includes net realized gain on futures contracts of \$184,640 on Mentor Quality Income Portfolio and net realized loss of \$109,169 on Mentor Municipal Income Portfolio.

(b) Includes unrealized appreciation on options written and variation margin receivable of \$133,394 and \$24,281 respectively, on Mentor Quality Income Portfolio.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>

	MENTOR/CAMBRIDGE GROWTH PORTFOLIO		MENTOR CAPITAL GROWTH PORTFOLIO		MENTOR QUALITY INCOME PORTFOLIO	
	SIX MONTHS ENDED	YEAR ENDED	SIX MONTHS ENDED	YEAR ENDED	SIX MONTHS ENDED	PERIOD ENDED
	3/31/95	9/30/94	3/31/95	9/30/94	3/31/95	9/30/94
	(UNAUDITED)		(UNAUDITED)		(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>

INCREASE (DECREASE) IN NET ASSETS OPERATIONS												
Net investment income (loss)	\$	(172,160)	\$	(587,135)	\$	6,408	\$	29,871	\$	3,332,038	\$	8,732,749
Net realized gain (loss) on investments		620,251		(514,259)		(373,054)		1,128,751		(3,093,518)		(8,118,106)
Net unrealized appreciation (depreciation) of investments		1,850,002		(5,796,253)		4,390,496		(2,465,351)		3,219,455		(5,963,957)
Increase (decrease) in net assets from operations		2,298,093		(6,897,647)		4,023,850		(1,306,729)		3,457,975		(5,349,314)

DISTRIBUTIONS TO SHAREHOLDERS							
Net investment income							
Class A	-	-	-	-	(87,466)	(974,306)	(2,342,783)
Class B	-	-	-	-	-	(2,260,989)	(5,799,239)

Distributions in excess of net investment income							
Class A	-	-	-	-	-	-	-
Class B	-	-	-	-	-	-	-
Net realized gain on investments							
Class A	-	-	(450,888)	(241,102)	-	-	-
Class B	-	-	(871,914)	(445,582)	-	-	-
Net decrease from distributions	-	-	(1,322,802)	(774,150)	(3,235,295)	(8,142,022)	

CAPITAL SHARE TRANSACTIONS (NOTE 8)						
Net proceeds from sale of shares	2,506,804	15,028,646	2,324,644	9,607,870	2,589,649	14,581,398
Reinvested distributions	-	-	1,293,598	755,452	2,080,345	5,302,074
Cost of shares redeemed	(10,654,673)	(19,651,657)	(10,066,659)	(34,385,554)	(20,705,223)	(73,488,727)
Change in net assets from portfolio share transactions	(8,147,869)	(4,623,011)	(6,448,417)	(24,022,232)	(16,035,229)	(53,605,255)
Increase (decrease) in net assets	(5,849,776)	(11,520,658)	(3,747,369)	(26,103,111)	(15,812,549)	(67,096,591)

NET ASSETS						
Beginning of period	43,256,686	54,777,344	62,286,913	88,390,024	108,029,649	175,126,240
End of period	\$37,406,910	\$43,256,686	\$58,539,544	\$62,286,913	\$92,217,100	\$108,029,649

SEE NOTES TO FINANCIAL STATEMENTS.

<TABLE>

	MENTOR MUNICIPAL INCOME PORTFOLIO		MENTOR INCOME AND GROWTH PORTFOLIO		MENTOR PERPETUAL GLOBAL PORTFOLIO	
	SIX MONTHS ENDED	YEAR ENDED	SIX MONTHS ENDED	YEAR ENDED	SIX MONTHS ENDED	PERIOD ENDED
	3/31/95	9/30/94	3/31/95	9/30/94	3/31/95	9/30/94*
	(UNAUDITED)		(UNAUDITED)		(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS OPERATIONS						
Net investment income (loss)	\$ 1,805,641	\$ 3,986,208	\$ 652,448	\$ 853,291	\$ (68,177)	\$ (25,881)
Net realized gain (loss) on investments	(1,733,466)	(527,018)	497,508	1,523,312	(329,747)	17,822
Net unrealized appreciation (depreciation) of investments	2,814,682	(7,578,461)	705,509	(248,910)	23,545	20,310
Increase (decrease) in net assets from operations	2,886,857	(4,119,271)	1,855,465	2,127,693	(374,379)	12,251
DISTRIBUTIONS TO SHAREHOLDERS						
Net investment income						
Class A	(653,142)	(1,463,600)	(297,519)	(300,723)	-	-
Class B	(1,099,429)	(2,444,169)	(521,019)	(476,423)	-	-
Net realized gain on investments						
Class A	-	(189,589)	(298,324)	(204,420)	-	-
Class B	-	(340,533)	(712,920)	(470,138)	-	-
Net decrease from distributions	(1,752,571)	(4,437,891)	(1,829,782)	(1,451,704)	-	-
CAPITAL SHARE TRANSACTIONS (NOTE 8)						
Net proceeds from sale of shares	2,113,153	14,229,526	5,898,857	38,661,567	2,580,441	18,542,494
Reinvested distributions	1,100,966	2,491,222	1,737,558	1,370,230	-	-
Cost of shares redeemed	(11,022,376)	(17,170,919)	(8,120,244)	(7,692,563)	(2,280,793)	(1,685,206)
Change in net assets from portfolio share transactions	(7,808,257)	(450,171)	(483,829)	32,339,234	299,648	16,857,288
Increase (decrease) in net assets	(6,673,971)	(9,007,333)	(458,146)	33,015,223	(74,731)	16,869,539
NET ASSETS						

Beginning of period	71,213,754	80,221,087	60,991,516	27,976,293	16,869,539	-
End of period	\$64,539,783	\$71,213,754	\$60,533,370	\$60,991,516	\$16,794,808	\$16,869,539

</TABLE>

\* For the period from March 30, 1994 (commencement of operations) to September 30, 1994.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
FINANCIAL HIGHLIGHTS  
Class A Shares

<TABLE>

	MENTOR/CAMBRIDGE GROWTH PORTFOLIO			
	SIX MONTHS ENDED 3/31/95 (UNAUDITED)	YEAR ENDED 9/30/94	YEAR ENDED 9/30/93	YEAR ENDED 9/30/92*
<S>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE				
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.68	\$ 16.69	\$ 14.14	\$ 14.18
INCOME FROM INVESTMENT OPERATIONS				
Net investment income (loss)	(0.03)	(0.11)	(0.07)	0.03
Net realized and unrealized gain (loss) on investments	0.99	(1.90)	2.65	(0.07)
Total from investment operations	0.96	(2.01)	2.58	(0.04)
LESS DISTRIBUTIONS				
Dividends from income	-	-	-	-
Distributions from capital gains	-	-	-	-
Distributions in excess of net investment income	-	-	(0.03)	-
Total distributions	-	-	(0.03)	-
NET ASSET VALUE, END OF PERIOD	\$ 15.64	\$ 14.68	\$ 16.69	\$ 14.14
Total Return	6.54%	(12.04%)	18.23%	(0.28%)
Ratios / Supplemental Data				
Net assets, end of period (in thousands)	\$ 13,129	\$ 14,579	\$ 19,708	\$ 11,464
Ratio of expenses to average net assets	1.86% (a)	1.81%	1.66%	1.33% (a)
Ratio of expenses to average net asset excluding waiver	1.86% (a)	1.82%	1.78%	1.72% (a)
Ratio of net investment income to average net assets	(0.36%) (a)	(0.65%)	(0.49%)	0.59% (a)
Portfolio turnover rate	57% (a)	132%	137%	26%

</TABLE>

(a) Annualized.

\* Reflects operations for the period from April 29, 1992 (commencement of operations), to September 30, 1992.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
FINANCIAL HIGHLIGHTS  
Class A Shares

<TABLE>

	MENTOR CAPITAL GROWTH PORTFOLIO			
	SIX MONTHS ENDED 3/31/95 (UNAUDITED)	YEAR ENDED 9/30/94	YEAR ENDED 9/30/93	YEAR ENDED 9/30/92*
<S>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE				
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.88	\$ 15.26	\$ 14.21	\$ 14.18
INCOME FROM INVESTMENT OPERATIONS				
Net investment income	0.12	0.09	0.14	0.08
Net realized and unrealized gain (loss) on investments	0.96	(0.30)	1.02	0.03

Total from investment operations	1.08	(0.21)	1.16	0.11
LESS DISTRIBUTIONS				
Dividends from income	-	(0.04)	(0.11)	(0.08)
Distributions from capital gains	(0.33)	(0.13)	-	-
Distributions in excess of net investment income	-	-	-	-
Total distributions	(0.33)	(0.17)	(0.11)	(0.08)
NET ASSET VALUE, END OF PERIOD	\$ 15.63	\$ 14.88	\$ 15.26	\$ 14.21
Total Return	7.26%	(1.37%)	8.21%	0.78%
Ratios / Supplemental Data				
Net assets, end of period (in thousands)	\$ 19,804	\$ 21,181	\$ 31,360	\$ 20,864
Ratio of expenses to average net assets	1.85% (a)	1.70%	1.49%	1.14% (a)
Ratio of expenses to average net asset excluding waiver	1.85% (a)	1.70%	1.59%	1.43% (a)
Ratio of net investment income to average net assets	0.52% (a)	0.53%	0.96%	1.54% (a)
Portfolio turnover rate	113% (a)	149%	192%	61%

</TABLE>

(a) Annualized.

\* Reflects operations for the period from April 29, 1992 (commencement of operations), to September 30, 1992.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
FINANCIAL HIGHLIGHTS  
Class A Shares

<TABLE>

	MENTOR QUALITY INCOME PORTFOLIO			
	SIX MONTHS ENDED 3/31/95 (UNAUDITED)	YEAR ENDED 9/30/94	YEAR ENDED 9/30/93	YEAR ENDED 9/30/92*
<S>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE				
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 12.75	\$ 14.04	\$ 14.39	\$ 14.30
INCOME FROM INVESTMENT OPERATIONS				
Net investment income	0.05	0.84	1.06	0.44
Net realized and unrealized gain (loss) on investments	0.05	(1.30)	(0.31)	0.09
Total from investment operations	0.10	(0.46)	0.75	0.53
LESS DISTRIBUTIONS				
Dividends from income	(0.04)	(0.83)	(1.06)	(0.44)
Distributions from capital gains	-	-	-	-
Distributions in excess of net investment income	-	-	(0.04)	-
Total distributions	(0.04)	(0.83)	(1.10)	(0.44)
NET ASSET VALUE, END OF PERIOD	\$ 12.81	\$ 12.75	\$ 14.04	\$ 14.39
Total Return	0.78%	(3.39%)	5.41%	3.37%
Ratios / Supplemental Data				
Net assets, end of period (in thousands)	\$ 26,885	\$ 30,142	\$ 47,780	\$ 36,740
Ratio of expenses to average net assets	1.48% (a)	1.38%	1.04%	0.36% (a)
Ratio of expenses to average net asset excluding waiver	1.48% (a)	1.39%	1.22%	1.21% (a)
Ratio of net investment income to average net assets	7.06% (a)	6.33%	7.31%	8.00% (a)
Portfolio turnover rate	63% (a)	455%	102%	9%

</TABLE>

(a) Annualized.

\* Reflects operations for the period from April 29, 1992 (commencement of operations), to September 30, 1992.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
 FINANCIAL HIGHLIGHTS  
 Class A Shares  
 <TABLE>

	MENTOR MUNICIPAL INCOME PORTFOLIO			
	SIX MONTHS ENDED 3/31/95 (UNAUDITED)	YEAR ENDED 9/30/94	YEAR ENDED 9/30/93	YEAR ENDED 9/30/92*
<S>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE				
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.42	\$ 16.05	\$ 14.76	\$ 14.29
INCOME FROM INVESTMENT OPERATIONS				
Net investment income	0.41	0.82	0.92	0.32
Net realized and unrealized gain (loss) on investments	0.28	(1.54)	1.32	0.47
Total from investment operations	0.69	(0.72)	2.24	0.79
LESS DISTRIBUTIONS				
Dividends from income	(0.40)	(0.81)	(0.92)	(0.32)
Distributions from capital gains	-	(0.10)	-	-
Distributions in excess of net investment income	-	-	(0.03)	-
Total distributions	(0.40)	(0.91)	(0.95)	(0.32)
NET ASSET VALUE, END OF PERIOD	\$ 14.71	\$ 14.42	\$ 16.05	\$ 14.76
Total Return	4.79%	(4.83%)	16.0%	5.34%
Ratios/Supplemental Data				
Net assets, end of period (in thousands)	\$ 21,902	\$ 25,056	\$ 29,245	\$ 18,801
Ratio of expenses to average net assets	1.43% (a)	1.24%	0.71%	0.00% (a)
Ratio of expenses to average net asset excluding waiver	1.43% (a)	1.33%	1.39%	1.26% (a)
Ratio of net investment income to average net assets	5.78% (a)	5.43%	5.92%	6.21% (a)
Portfolio turnover rate	64% (a)	87%	88%	0%

</TABLE>

(a) Annualized.

\* Reflects operations for the period from April 29, 1992  
 (commencement of operations), to September 30, 1992.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
 FINANCIAL HIGHLIGHTS  
 Class A Shares  
 <TABLE>

	MENTOR INCOME AND GROWTH PORTFOLIO		
	SIX MONTHS ENDED 3/31/95 (UNAUDITED)	YEAR ENDED 9/30/94	YEAR ENDED 9/30/93**
<S>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE			
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 15.27	\$ 14.88	\$ 14.14
INCOME FROM INVESTMENT OPERATIONS			
Net investment income	0.20	0.31	0.09
Net realized and unrealized gain on investments	0.29	0.64	0.73
Total from investment operations	0.49	0.95	0.82
LESS DISTRIBUTIONS			
Dividends from income	(0.25)	(0.30)	(0.08)
Distributions from capital gains	(0.25)	(0.26)	-
Distributions in excess of net investment income	-	-	-
Total distributions	(0.50)	(0.56)	(0.08)
NET ASSET VALUE, END OF PERIOD	\$ 15.26	\$ 15.27	\$ 14.88
Total Return	3.21%	6.54%	5.54%

## Ratios/Supplemental Data

Net assets, end of period (in thousands)	\$ 18,410	\$ 17,773	\$ 9,849
Ratio of expenses to average net assets	1.67% (a)	1.75%	1.56% (a)
Ratio of expenses to average net asset excluding waiver	1.67% (a)	1.75%	1.94% (a)
Ratio of net investment income to average net assets	2.71% (a)	2.20%	2.35% (a)
Portfolio turnover rate	73% (a)	78%	13%

&lt;/TABLE&gt;

(a) Annualized.

\*\* Reflects operations for the period from May 24, 1993 (commencement of operations), to September 30, 1993.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
FINANCIAL HIGHLIGHTS  
Class A Shares

&lt;TABLE&gt;

	MENTOR PERPETUAL GLOBAL PORTFOLIO	
	SIX MONTHS	YEAR
	ENDED 3/31/95 (UNAUDITED)	ENDED 9/30/94 (b)
<S>	<C>	<C>
PER SHARE OPERATING PERFORMANCE		
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.23	\$ 14.18
INCOME FROM INVESTMENT OPERATIONS		
Net investment loss	(0.03)	(0.01)
Net realized and unrealized loss on investments	(0.23)	0.06
Total from investment operations	(0.26)	0.05
LESS DISTRIBUTIONS		
Dividends from income	-	-
Distributions from capital gains	-	-
Distributions in excess of net investment income	-	-
Total distributions		
NET ASSET VALUE, END OF PERIOD	\$ 13.97	\$ 14.23
Total Return	(1.83%)	0.35%
Ratios/Supplemental Data		
Net assets, end of period (in thousands)	\$ 8,161	\$ 8,882
Ratio of expenses to average net assets	2.09% (a)	2.09% (a)
Ratio of expenses to average net asset excluding waiver	2.28% (a)	3.18% (a)
Ratio of net investment loss to average net assets	(0.44%) (a)	(0.10%) (a)
Portfolio turnover rate	37% (a)	2%

&lt;/TABLE&gt;

(a) Annualized.

(b) Reflects operations for the period from March 29, 1994 (commencement of operations), to September 30, 1994

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
FINANCIAL HIGHLIGHTS  
Class B Shares

&lt;TABLE&gt;

	MENTOR/CAMBRIDGE GROWTH PORTFOLIO			
	SIX MONTHS	YEAR	YEAR	YEAR
	ENDED 3/31/95 (UNAUDITED)	ENDED 9/30/94	ENDED 9/30/93	ENDED 9/30/92*
<S>	<C>	<C>	<C>	<C>

## PER SHARE OPERATING PERFORMANCE

NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.53	\$ 16.59	\$ 14.14	\$ 14.18
INCOME FROM INVESTMENT OPERATIONS				
Net investment loss	(0.09)	(0.25)	(0.14)	(0.01)
Net realized and unrealized gain (loss) on investments	0.98	(1.81)	2.59	(0.03)
Total from investment operations	0.89	(2.06)	2.45	(0.04)
LESS DISTRIBUTIONS				
Dividends from income	-	-	-	-
Distributions from capital gains	-	-	-	-
Distributions in excess of net investment income	-	-	-	-
Total distributions	-	-	-	-
NET ASSET VALUE, END OF PERIOD	\$ 15.42	\$ 14.53	\$ 16.59	\$ 14.14
Total Return	6.13%	(12.48%)	17.33%	(0.28%)
Ratios/Supplemental Data				
Net assets, end of period (in thousands)	\$ 24,278	\$ 28,678	\$ 35,069	\$ 13,828
Ratio of expenses to average net assets	2.61% (a)	2.56%	2.41%	2.07% (a)
Ratio of expenses to average net asset excluding waiver	2.61% (a)	2.58%	2.53%	2.47% (a)
Ratio of net investment loss to average net assets	(1.12%) (a)	(1.40%)	(1.24%)	(0.17%) (a)
Portfolio turnover rate	57% (a)	132%	137%	26%

&lt;/TABLE&gt;

(a) Annualized.

\* Reflects operations for the period from April 29, 1992 (commencement of operations), to September 30, 1992.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
FINANCIAL HIGHLIGHTS  
Class B Shares

&lt;TABLE&gt;

	MENTOR CAPITAL GROWTH PORTFOLIO			
	SIX MONTHS ENDED 3/31/95 (UNAUDITED)	YEAR ENDED 9/30/94	YEAR ENDED 9/30/93	YEAR ENDED 9/30/92*
<S>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE				
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.80	\$ 15.23	\$ 14.22	\$ 14.18
INCOME FROM INVESTMENT OPERATIONS				
Net investment income (loss)	(0.01)	(0.04)	0.05	0.46
Net realized and unrealized gain (loss) on investments	1.01	(0.26)	1.02	0.04
Total from investment operations	1.00	(0.30)	1.07	0.50
LESS DISTRIBUTIONS				
Dividends from income	-	-	(0.05)	(0.46)
Distributions from capital gains	(0.33)	(0.13)	-	-
Distributions in excess of net investment income	-	-	(0.01)	-
Total distributions	(0.33)	(0.13)	(0.06)	(0.46)
NET ASSET VALUE, END OF PERIOD	\$ 15.47	\$ 14.80	\$ 15.23	\$ 14.22
Total Return	6.76%	(2.00%)	7.52%	0.61%
Ratios/Supplemental Data				
Net assets, end of period (in thousands)	\$ 38,736	\$ 41,106	\$ 57,030	\$ 25,468
Ratio of expenses to average net assets	2.60% (a)	2.46%	2.24%	1.86% (a)
Ratio of expenses to average net asset excluding waiver	2.60% (a)	2.46%	2.34%	2.16% (a)
Ratio of net investment income (loss) to average net assets	(0.24%) (a)	(0.22%)	0.21%	0.83% (a)
Portfolio turnover rate	113% (a)	149%	192%	61%

&lt;/TABLE&gt;

(a) Annualized.



\* Reflects operations for the period from April 29, 1992  
(commencement of operations), to September 30, 1992.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
FINANCIAL HIGHLIGHTS  
Class B Shares

<TABLE>

	MENTOR QUALITY INCOME PORTFOLIO			
	SIX MONTHS ENDED 3/31/95 (UNAUDITED)	YEAR ENDED 9/30/94	YEAR ENDED 9/30/93	YEAR ENDED 9/30/1992*
<S>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE				
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 12.76	\$ 14.06	\$ 14.40	\$ 14.30
INCOME FROM INVESTMENT OPERATIONS				
Net investment income	0.06	0.82	0.99	0.41
Net realized and unrealized gain (loss) on investments	0.04	(1.37)	(0.31)	0.10
Total from investment operations	0.10	(0.55)	0.68	0.51
LESS DISTRIBUTIONS				
Dividends from income	(0.04)	(0.75)	(0.99)	(0.41)
Distributions from capital gains	-	-	-	-
Distributions in excess of net investment income	-	-	(0.03)	-
Total distributions	(0.04)	(0.75)	(1.02)	(0.41)
NET ASSET VALUE, END OF PERIOD	\$ 12.82	\$ 12.76	\$ 14.06	\$ 14.40
Total Return	0.78%	(3.97%)	4.86%	3.24%

Ratios / Supplemental Data

Net assets, end of period (in thousands)	\$ 65,335	\$ 77,888	\$ 127,346	\$ 65,661
Ratio of expenses to average net assets	1.97% (a)	1.88%	1.54%	0.83% (a)
Ratio of expenses to average net asset excluding waiver	1.97% (a)	1.90%	1.72%	1.67% (a)
Ratio of net investment income to average net assets	6.58% (a)	6.21%	6.81%	7.53% (a)
Portfolio turnover rate	63% (a)	455%	102%	9%

</TABLE>

(a) Annualized.

\* Reflects operations for the period from April 29, 1992  
(commencement of operations), to September 30, 1992.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
FINANCIAL HIGHLIGHTS  
Class B Shares

<TABLE>

	MENTOR MUNICIPAL INCOME PORTFOLIO			
	SIX MONTHS ENDED 3/31/95 (UNAUDITED)	YEAR ENDED 9/30/94	YEAR ENDED 9/30/93	YEAR ENDED 9/30/1992*
<S>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE				
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.43	\$ 16.06	\$ 14.78	\$ 14.29
INCOME FROM INVESTMENT OPERATIONS				
Net investment income	0.42	0.74	0.82	0.29
Net realized and unrealized gain (loss) on investments	0.29	(1.54)	1.32	0.49
Total from investment operations	0.71	(0.80)	2.14	0.78

LESS DISTRIBUTIONS				
Dividends from income	(0.40)	(0.73)	(0.82)	(0.29)
Distributions from capital gains	-	(0.10)	-	-
Distributions in excess of net investment income	-	-	(0.04)	-
Total distributions	(0.40)	(0.83)	(0.86)	(0.29)
NET ASSET VALUE, END OF PERIOD	\$ 14.74	\$ 14.43	\$ 16.06	\$ 14.78
Total Return	4.92%	(5.34%)	15.27%	5.28%

Ratios / Supplemental Data

Net assets, end of period (in thousands)	\$ 42,638	\$ 46,157	\$ 50,976	\$ 24,265
Ratio of expenses to average net assets	1.91% (a)	1.74%	1.21%	0.50% (a)
Ratio of expenses to average net asset excluding waiver	1.91% (a)	1.86%	1.89%	1.76% (a)
Ratio of net investment income to average net assets	5.31% (a)	4.93%	5.42%	5.80% (a)
Portfolio turnover rate	64% (a)	87%	88%	0%

(a) Annualized.

\* Reflects operations for the period from April 29, 1992 (commencement of operations), to September 30, 1992.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
FINANCIAL HIGHLIGHTS  
Class B Shares

<TABLE>

MENTOR  
INCOME AND GROWTH PORTFOLIO

	SIX MONTHS ENDED 3/31/95 (UNAUDITED)	YEAR ENDED 9/30/94	YEAR ENDED 9/30/93**
<S>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE			
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 15.28	\$ 14.91	\$ 14.14
INCOME FROM INVESTMENT OPERATIONS			
Net investment income	0.19	0.21	0.05
Net realized and unrealized gain on investments	0.25	0.61	0.77
Total from investment operations	0.44	0.82	0.82
LESS DISTRIBUTIONS			
Dividends from income	(0.19)	(0.19)	(0.05)
Distributions from capital gains	(0.25)	(0.26)	-
Distributions in excess of net investment income	-	-	-
Total distributions	(0.44)	(0.45)	(0.05)
NET ASSET VALUE, END OF PERIOD	\$ 15.28	\$ 15.28	\$ 14.91
Total Return	2.88%	6.54%	5.54%

Ratios / Supplemental Data

Net assets, end of period (in thousands)	\$ 42,123	\$ 43,219	\$ 18,127
Ratio of expenses to average net assets	2.45% (a)	2.44%	2.31% (a)
Ratio of expenses to average net asset excluding waiver	2.45% (a)	2.44%	2.69% (a)
Ratio of net investment income to average net assets	1.96% (a)	1.51%	1.60% (a)
Portfolio turnover rate	73% (a)	78%	13%

(a) Annualized.

\*\* Reflects operations for the period from May 24, 1993 (commencement of operations), to September 30, 1993.

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
 FINANCIAL HIGHLIGHTS  
 Class B Shares

<TABLE>

	MENTOR PERPETUAL GLOBAL PORTFOLIO SIX MONTHS ENDED 3/31/95 (UNAUDITED)	YEAR ENDED 9/30/94 (B)
<S>	<C>	<C>
PER SHARE OPERATING PERFORMANCE		
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.15	\$ 14.18
INCOME FROM INVESTMENT OPERATIONS		
Net investment income (loss)	(0.13)	(0.04)
Net realized and unrealized gain (loss) on investments	(0.18)	0.01
Total from investment operations	(0.31)	(0.03)
LESS DISTRIBUTIONS		
Dividends from income	-	-
Distributions from capital gains	-	-
Distributions in excess of net investment income	-	-
Total distributions	-	-
NET ASSET VALUE, END OF PERIOD	\$ 13.84	\$ 14.15
 Total Return	 (2.19%)	 0.35%
Ratios / Supplemental Data		
Net assets, end of period (in thousands)	\$ 8,634	\$ 7,987
Ratio of expenses to average net assets	2.86% (a)	2.97% (a)
Ratio of expenses to average net asset excluding waiver	3.06% (a)	3.93% (a)
Ratio of net investment loss to average net assets	(1.18%) (a)	(0.82%) (a)
Portfolio turnover rate	37% (a)	2%

</TABLE>

(a) Annualized.

(b) Reflects operations for the period from March 29, 1994 (commencement of operations), to September 30, 1994

SEE NOTES TO FINANCIAL STATEMENTS.

THE MENTOR FUNDS  
 NOTES TO FINANCIAL STATEMENTS  
 MARCH 31, 1995 (UNAUDITED)

NOTE 1: ORGANIZATION

The Mentor Funds, formerly Cambridge Series Trust ("Trust"), is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. On April 12, 1995 the name of the Trust was changed to The Mentor Funds ("Mentor"). Mentor consists of six separate diversified portfolios (hereinafter each individually referred to as a "Portfolio" or collectively as the "Portfolios") at March 31, 1995, as follows:

Mentor/Cambridge Growth Portfolio (formerly Cambridge Growth Portfolio)

("Growth Portfolio")

Mentor Capital Growth Portfolio (formerly Cambridge Capital Growth Portfolio) ("Capital Growth Portfolio")

Mentor Quality Income Portfolio (formerly Cambridge Government Income Portfolio) ("Quality Income Portfolio")

Mentor Municipal Income Portfolio (formerly Cambridge Municipal Income Portfolio) ("Municipal Income Portfolio")

Mentor Income and Growth Portfolio (formerly Cambridge Income and Growth Portfolio) ("Income and Growth Portfolio")

Mentor Perpetual Global Portfolio (formerly  
Cambridge Global Portfolio)  
("Global Portfolio")

The assets of each Portfolio of Mentor are segregated and a shareholder's interest is limited to the Portfolio in which shares are held.

Each Portfolio provides two classes of shares (Class A and Class B). Class B shares are identical in all respects to Class A shares except that Class B shares are sold pursuant to a distribution plan (Plan) adopted in accordance with Investment Company Act Rule 12b-1 and are not subject to a sales load.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Portfolios:

(a) Valuation of Securities- Listed equity securities held by the Growth Portfolio, the Capital Growth Portfolio, the Income and Growth Portfolio and the Global Portfolio are valued at last sale prices reported on national securities exchanges. Listed equity securities in which there were no sales are valued at the mean between the bid and asked prices. Unlisted equity securities are valued at the latest mean price. Bonds and other fixed-income securities are valued at the last sale price on a national securities exchange, if available. Otherwise, they are valued on the basis of prices furnished by an independent pricing service. Short-term obligations are ordinarily valued at the mean between the bid and asked prices as furnished by an independent pricing service. However, short-term obligations with maturities of 60 days or less are valued at amortized cost, which approximates value.

U.S. government obligations, held by the Quality Income Portfolio and the Income and Growth Portfolio are valued at the mean between the over-the-counter bid and asked prices as furnished by an independent pricing service. U.S. government obligations and other short-term obligations maturing in 60 days or less are valued at amortized cost, which approximates value.

Debt securities held by the Quality Income Portfolio for which current market quotations are not readily available are valued at their fair value. An independent pricing service values such securities taking into consideration yield, stability, risk, quality, coupon, maturity, type of issue, trading characteristics, special circumstances of a security or trading market, and any other factors or market data it deems relevant in determining valuations for normal institutional size trading units of debt securities and does not rely exclusively on quoted prices. Any securities for which current market quotations are not readily available are valued at their fair value as determined in good faith under procedures established by and under the general supervision and responsibility of the Mentor's Board of Trustees.

Municipal bonds, held by the Municipal Income Portfolio, are valued at fair value. An independent pricing service values the Portfolio's municipal bonds taking into consideration yield, stability, risk, quality, coupon, maturity, type of issue, trading characteristics, special circumstances of a security or trading market, and any other factors or market data it deems relevant in determining valuations for normal institutional size trading units of debt securities and does not rely exclusively on quoted prices. The Board of Trustees has determined that the fair value of debt securities with remaining maturities of 60 days or less shall be their amortized cost value unless the particular circumstances of the security indicate otherwise.

(b) Repurchase Agreements- It is the policy of Mentor to require the custodian bank to take possession, to have legally segregated in the Federal Reserve Book entry system, or to have segregated within the custodian bank's vault all securities held as collateral in support of repurchase agreement investments. Additionally, procedures have been established by Mentor to monitor, on a daily basis, the market value of each repurchase agreement's underlying securities to ensure the existence of a proper level of collateral.

Mentor will only enter into repurchase agreements with banks and other recognized financial institutions such as broker/dealers which are deemed by the Mentor's adviser to be creditworthy pursuant to guidelines established by the Mentor's Trustees. Risks may arise from the potential inability of counterparties to honor the terms of the repurchase agreement. Accordingly, Mentor could receive less than the repurchase price on the sale of collateral securities.

(c) Borrowings- Each of the Portfolios (except for Municipal Income Portfolio) may, under certain circumstances, borrow money directly or through reverse repurchase agreements (arrangements in which the Portfolio sells a security for a percentage of its market value with an agreement to buy it back on a set date) or pledge securities. Each Portfolio may borrow up to one-third of the value of its net assets and pledge up to 10% of the value of those assets to secure such borrowings.

(d) Security Transactions and Investment Income-Security transactions for the Portfolios are accounted for on trade date. Dividend income is recorded on the ex-dividend date. Interest income (except for Municipal Income Portfolio) is recorded on the accrual basis. Interest income includes interest and discount earned (net of premium) on short-term obligations, and interest earned on all other debt securities including original issue discount as required by the Internal Revenue Code. Dividends to shareholders and capital gain distributions, if any, are recorded on the ex-dividend date.

Interest income for the Municipal Income Portfolio includes interest earned net of premium, and original issue discount as required by the Internal Revenue Code.

(e) Federal Taxes- No provision for federal income taxes has been made since it is each Portfolio's intent to comply with the provisions applicable to regulated investment companies under the Internal Revenue Code and to distribute to its shareholders within allowable time limit substantially all taxable income and realized capital gains.

Dividends paid by the Municipal Income Portfolio representing net interest received on tax-exempt municipal securities are not includable by shareholders as gross income for federal income tax purposes because the Portfolio intends to meet certain requirements of the Internal Revenue Code applicable to regulated investment companies which will enable the Portfolio to pay tax-exempt interest dividends. The portion of such interest, if any, earned on private purpose municipal bonds issued after August 7, 1986, may be considered a tax preference item to shareholders.

At September 30, 1994, Growth Portfolio for federal tax purposes, had a capital loss carryforward of approximately \$2,690,000. Pursuant to the Code, such capital loss carryforwards expire as follows: \$1,065,000 in 2001 and \$1,625,000 in 2002.

At September 30, 1994, Quality Income Portfolio for federal tax purposes, had a capital loss carryforward of approximately \$4,500,000. Pursuant to the Code, such capital loss carryforwards expire as follows: \$821,000 in 2001 and \$3,679,000 in 2002.

At September 30, 1994, Income and Growth Portfolio for federal tax purposes, had a capital loss carryforward of approximately \$92,000. Pursuant to the Code, such capital loss carryforwards will expire in 2002.

Such capital loss carryforwards will reduce the Portfolios' taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Internal Revenue Code, and thus will reduce the amount of the distributions to shareholders which would otherwise relieve the Portfolios of any liability for federal tax.

(f) When-Issued and Delayed Delivery Transactions- The Portfolios may engage in when-issued or delayed delivery transactions. To the extent the Portfolios engage in such transactions, they will do so for the purpose of acquiring portfolio securities consistent with their investment objectives and policies and not for the purpose of investment leverage. The Portfolios will record a when-issued security and the related liability on the trade date. Until the securities are received and paid for, the Portfolios will maintain security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the settlement date.

(g) In order to gain exposure to or protect against declines in security values, the Quality Income Portfolio and Municipal Income Portfolio may buy and sell futures contracts. The Portfolios may also buy or write put or call options on these futures contracts.

The Portfolios generally sell futures contracts to hedge against declines in the value of portfolio securities. The Portfolios may also purchase futures contracts to gain exposure to market changes as it may be more efficient or cost effective than actually buying securities. The Portfolios will segregate assets to cover its commitments under such speculative futures contracts.

Upon entering into a futures contract, the Portfolios are required to deposit either cash or securities in an amount (initial margin) equal to a certain percentage of the contract value. Subsequent payments (variation margin) are made or received by the Portfolios each day. The variation margin payments are equal to the daily changes in the contract value and are recorded as unrealized gains and losses. The Portfolios recognize a realized gain or loss when the contract is closed. For the six months ended March 31, 1995, the Quality Income Portfolio had a net realized gain of \$184,640 and Municipal Income Portfolio had a net realized loss of \$109,169 on closed futures contracts.

Risks of entering into futures contracts (and related options) include the possibility that there may be an illiquid market and that a change in the value of the contract or option may not correlate with changes in the value of the underlying securities. At March 31, 1995, the Quality Income Portfolio had open U.S. Treasury Note futures contracts with an aggregate notional value of \$7,400,000. The Portfolio recorded unrealized gains of \$24,281 on such futures contracts.

(h) In order to produce incremental earnings or protect against changes in the value of portfolio securities, the Quality Income Portfolio may buy and sell put and call options, write covered call options on portfolio securities and write cash-secured put options.

The Portfolio generally purchases put options or writes covered call options to hedge against adverse movements in the value of portfolio holdings. The Portfolio may also use options for speculative purposes, although it does not employ options for this at the present time. The Portfolio will segregate assets to cover its obligations under option contracts.

Options contracts are valued daily based upon the last sales price on the principal exchange on which the option is traded and unrealized appreciation or depreciation is recorded. The Portfolio will realize a gain or loss upon the expiration or closing of the option transaction. When an option is exercised, the proceeds on sales for a written call option, the purchase cost for a written put option, or the cost of the security for a purchased put or call option is adjusted by the amount of premium received or paid.

The risk in writing a call option is that the Portfolio gives up the opportunity for profit if the market price of the security increases and the option is exercised. The risk in writing a put option is that the Portfolio may incur a loss if the market price of the security decreases and the option is exercised. The risk in buying an option is that the Portfolio pays a premium whether or not the option is exercised. The Portfolio also has the additional risk of not being able to enter into a closing transaction if a liquid secondary market does not exist. The Portfolio may also write over-the-counter options where the completion of the obligation is dependent upon the credit standing of the counterparty. At March 31, 1995, Quality Income Portfolio had open Eurodollar Futures option contracts with an aggregate notional value of \$48,000,000. The Portfolio recorded unrealized gains of \$133,394 on such options contract.

(i) Deferred Expenses- Costs incurred by the Portfolios in connection with their initial share registration, other than organization expenses, were deferred and are being amortized on a straight-line basis through April 1997.

(j) Expenses- Expenses of the Portfolios (other than distribution services fees) and waivers and reimbursements, if any, are allocated to each class of shares based on their relative daily average net assets for the period. Expenses incurred by the Portfolios which do not specifically relate to an individual Portfolio are allocated among all Portfolios based on a Portfolio's relative net asset value size or as deemed appropriate by the administrator.

(k) Dollar Roll Transactions- The Quality Income Portfolio, Income and Growth Portfolio and Global Portfolio may enter into dollar roll transactions, with respect to mortgage securities issued by GNMA, FNMA, FHLMC, in which the Portfolios sell mortgage securities to financial institutions and simultaneously agree to repurchase substantially similar (same type, coupon and maturity) securities at a later date at an agreed upon price. During the period between the sale and repurchase, the Portfolios forego principal and interest paid on the mortgage security sold. The Portfolios are compensated by the interest earned on the cash proceeds of the initial sale and any additional fee income received on the sale.

(l) Currency Transactions- Foreign currency amounts are converted into U.S. dollars at the current rate of such currencies against U.S. dollars as follows: assets and liabilities at the rate of exchange at the end of the respective period; purchases and sales of securities and income and expenses at the rate of exchange prevailing on the dates of such transactions. It is not practicable to isolate that portion of the results of operations arising from changes in the exchange rates from the portion arising from changes in the market prices of investment securities.

(m) Distributions to shareholders are determined in accordance with income tax regulations. Distributions from taxable net investment income and net capital gains can

exceed book basis net investment income and net capital gains. Effective October 1, 1993, the Portfolios adopted statement of Position 93-2: Determination, Disclosure, and Financial Statement Presentation of Income, Capital Gain and Return of capital Distributions by Investment Companies. As a result of this statement, the Portfolios changed the financial statement

classification of distributions to shareholders to better disclose the differences between financial statement amounts and distributions determined in accordance with income tax regulations. Accordingly, the following Portfolios have made reclassifications as of September 31, 1993 to reflect the adoption of the statement. The Growth Portfolio reclassification resulted in an increase in undistributed net investment income of \$367,348 and a decrease in additional paid-in capital of \$367,348. The Capital Growth Portfolio reclassification resulted in an increase in undistributed net investment income of \$49,507 and a decrease in undistributed realized gain (loss) on investment transactions and additional paid-in capital of \$49,484 and \$23, respectively.

Differences between book basis investment income available for distribution and tax basis investment income available for distribution are primarily attributable to differences in the treatment on net operation losses.

NOTE 3: DIVIDENDS

Dividends will be declared daily and paid monthly to all shareholders invested in the Quality Income Portfolio and the Municipal Income Portfolio on the record date. Dividends are declared and paid semi-annually to all shareholders invested in the Capital Growth Portfolio on the record date, dividends are declared and paid annually to all shareholders invested in the Growth Portfolio and the Global Portfolio on the record date, and dividends are declared and paid quarterly to all shareholders invested in the Income and Growth Portfolio on the record date. Dividends will be reinvested in additional shares of the same class and Portfolio on payment dates at the ex-dividend date net asset value without a sales charge unless cash payments are requested by shareholders in writing to the Mentor. Capital gains realized by each Portfolio, if any, will be distributed at least once every 12 months.

NOTE 4: INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Commonwealth Advisors, Inc., (formerly Cambridge Investment Advisors, Inc.), the Portfolios' investment adviser (Investment Adviser), receives for its services an annual investment advisory fee not to exceed the following percentages of the average daily net assets of the particular Portfolio: Growth Portfolio, 0.80%; Capital Growth Portfolio, 0.80%; Quality Income Portfolio, 0.60%; Municipal Income Portfolio, 0.60%; Income and Growth Portfolio, 0.75%; and Global Portfolio, 1.10%. The Investment Adviser may, from time to time, voluntarily waive some or all of its investment advisory fee and may terminate any such voluntary waiver at any time at its sole discretion.

The Investment Adviser pays each sub-adviser an annual fee not to exceed the following percentage of Portfolio assets: Growth Portfolio, 0.40%, Capital Growth Portfolio, 0.40%; Quality Income Portfolio, 0.30%; and Municipal Income Portfolio, 0.30%. The sub-adviser to the Income and Growth Portfolio receives from the Investment Adviser an annual fee expressed as a percentage of that Portfolio's assets as follows: 0.325% on the first \$50 million in Portfolio assets, .0275% on the next \$150 million in assets, and 0.200% on assets over \$500 million. The sub-adviser to the Global Portfolio receives 0.55% on the first \$75 million in Portfolio assets and 0.50% over \$75 million. No performance or incentive fees are paid to the sub-advisers. Under certain Sub-Advisory Agreements, the particular sub-adviser may, from time to time, voluntarily waiver some or all of its sub-advisory fee charged to the Investment Adviser and may terminate any such voluntary waiver at any time in its sole discretion.

Effective April 12, 1995, Growth Portfolio, Capital Growth Portfolio, Quality Income Portfolio and Global Portfolio terminated their existing sub advisory agreements. Also, on April 12, 1995, the Board of Trustees approved new investment advisory agreements with Commonwealth Advisors, Inc. for the Growth Portfolio, Capital Growth Portfolio and with Mentor Perpetual Advisors, Inc. for the Global Portfolio, all of which are subject to shareholders approval.

For the six months ended March 31, 1995 the Investment Adviser and sub-advisers earned and voluntarily waived the following advisory fees:

<TABLE>

Portfolio	Adviser Fee Earned	Adviser Fee Voluntarily Waived	Sub Adviser Fee Earned	Sub-Adviser Fee Voluntarily Waiver
<S>	<C>	<C>	<C>	<C>
Growth	\$161,118	-	\$ 80,559	-
Capital Growth	240,136	-	120,068	-
Quality Income	298,013	-	149,007	-
Municipal Income	197,610	-	98,805	-
Income and Growth	225,134	-	112,567	-
Global	94,167	\$16,643	47,084	-

</TABLE>

Administrative personnel and services are provided by Mentor Investment Group, Inc. (formerly Investment Management Group, Inc.) at an annual rate of 0.125 of 1% on the first \$1.5 billion of average aggregate daily net assets of Mentor and 0.120 of 1% on average aggregate daily net assets in excess of \$1.5 billion. On April 12, 1995, Investment Management Group, Inc. changed its name to Mentor Investment Group, Inc. ("Mentor Group") and the Board of Trustees approved a new administration agreement at the annual rate of 0.10% of average daily net assets for each of the Portfolios. Mentor Group may voluntarily waive some or all of its fee.

For the six months ended March 31, 1995, Mentor Investment Group earned administrative fees of \$25,175 (Growth Portfolio), \$37,521 (Capital Growth Portfolio), \$62,086 (Quality Income Portfolio), \$41,169 (Municipal Income Portfolio), \$37,522 (Income and Growth Portfolio), and \$10,700 (Global Portfolio).

The Class B shares of the Portfolios have adopted a Distribution Plan (the Plan) pursuant to Rule 12b-1 under the Investment Company Act of 1940. Each Portfolio will reimburse Mentor Distributors, Inc. (formerly Cambridge Distributors, Inc.), from the assets of the Class B Shares of each Portfolio, for fees it paid which relate to the distribution and administration of each Portfolio's Class B Shares. The Plan provides that the Portfolio may incur distribution expenses up to 0.75% of 1% of the average daily net assets of the Class B shares for the Growth Portfolio, Capital Growth Portfolio, Income and Growth and Global Portfolio and 0.50% of 1% of the average daily net assets of the Class B shares for the Quality Income Portfolio and Municipal Income Portfolio. Effective April 12, 1995, Cambridge Distributors, Inc. changed its name to Mentor Distributors, Inc.

Mentor has adopted a Shareholder Servicing Plan (the Service Plan) with respect to Class A and Class B shares of each Portfolio. Under the Service Plan, financial institutions will enter into shareholder service agreements with the Portfolios to provide administrative support services to their customers who from time to time may be owners of record or beneficial owners of Class A or Class B shares of one or more Portfolios. In return for providing these support services, a financial institution may receive payments from one or more Portfolios at a rate not exceeding .25 of 1% of the average daily net assets of the Class A or Class B shares of the particular Portfolio or Portfolios beneficially owned by the financial institution's customers for whom it is holder of record or with whom it has a servicing relationship.

#### NOTE 5: INVESTMENT TRANSACTIONS

Purchases, and sales of investments (excluding short-term investment), for the six months ended March 31, 1995, were as follows:

Portfolio	Purchases	Sales
Growth	\$ 11,075,382	\$ 17,581,519
Capital Growth	29,106,291	33,116,584
Quality Income	33,460,927	79,556,113
Municipal Income	20,537,447	31,148,699
Income and Growth	20,573,272	21,044,934
Global	3,972,845	2,981,213

#### NOTE 6: UNREALIZED APPRECIATION AND DEPRECIATION OF INVESTMENTS

The cost of investments for federal income tax purposes, exclusive of investments in short-term securities, amounted to \$32,332,447 for the Growth Portfolio, \$47,502,612 for the Capital Growth, \$90,608,302 for the Quality Income Portfolio, \$61,665,681 for Municipal Income Portfolio, \$55,615,582 for the Income and Growth Portfolio, and \$16,689,711 for the Global Portfolio at March 31, 1995. Gross unrealized appreciation and depreciation of investments at March 31, 1995 were as follows:

Portfolio	Net		
	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Unrealized Appreciation Depreciation
Growth	\$5,528,931	\$ 518,444	\$ 5,010,487
Capital Growth	6,306,807	290,845	6,015,962
Quality Income	866,303	3,120,590	(2,254,287)
Municipal Income	2,251,179	755,067	1,496,112
Income and Growth	2,941,473	1,979,918	961,555
Global	1,060,104	1,017,215	42,889

#### NOTE 7: FORWARD CONTRACTS



In connection with portfolio purchases and sales of securities denominated in a foreign currency, the Growth Portfolio, the Capital Growth Portfolio, the Income and Growth Portfolio and the Global Portfolio may enter into forward foreign currency exchange contracts (contracts). Additionally, from time to time the Growth Portfolio, the Capital Growth Portfolio, the Income and Growth Portfolio and the Global Portfolio may enter into contracts to hedge certain foreign currency assets. Contracts are recorded at market value. Realized gains and losses arising from such transactions are included in net gain (loss) on investments and forward foreign currency exchange contracts. The Portfolios are subject to the credit risk that the other party will not complete the obligations of the contract. At March 31, 1995 the Growth Portfolio, the Capital Growth Portfolio and the Global Portfolio had net realized losses of \$1,572, \$3,633 and \$16, respectively on forward contracts.

NOTE 8: CAPITAL SHARES TRANSACTIONS

The Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest (without par value) for each class of shares. Transactions in Portfolio shares were as follows:

<TABLE>

	Mentor/Cambridge Growth Portfolio			
	Six Months		Year	
	Ended 3/31/95		Ended 9/30/94	
	Shares	Dollars	Shares	Dollars
<S>	<C>	<C>	<C>	<C>
CLASS A:				
Shares outstanding, beginning of period	993,054	\$14,384,001	1,180,695	\$ 17,187,308
Shares sold	37,706	549,904	220,548	3,512,282
Shares issued upon reinvestment of distributions	-	-	-	-
Shares redeemed	(191,502)	(2,821,272)	(408,189)	(6,315,589)
Shares outstanding, end of period	839,258	\$12,112,633	993,054	\$ 14,384,001
CLASS B:				
Shares outstanding, beginning of period	1,974,036	\$29,476,672	2,113,910	\$ 31,296,376
Shares sold	132,112	1,956,899	733,554	11,516,364
Shares issued upon reinvestment of distributions	-	-	-	-
Shares redeemed	(531,766)	(7,809,735)	(873,428)	(13,336,068)
Shares outstanding, end of period	1,574,382	\$23,623,836	1,974,036	\$ 29,476,672

</TABLE>

<TABLE>

	Mentor Capital Growth Portfolio			
	Six Months		Year	
	Ended 3/31/95		Ended 9/30/94	
	Shares	Dollars	Shares	Dollars
<S>	<C>	<C>	<C>	<C>
CLASS A:				
Shares outstanding, beginning of period	1,423,010	\$19,871,755	2,055,500	\$ 29,379,736
Shares sold	35,859	533,755	155,406	2,353,285
Shares issued upon reinvestment of distributions	30,563	441,634	21,385	320,355
Shares redeemed	(222,071)	(3,303,527)	(809,281)	(12,181,621)
Shares outstanding, end of period	1,267,361	\$17,543,617	1,423,010	\$ 19,871,755
CLASS B:				
Shares outstanding, beginning of period	2,778,026	\$39,640,479	3,744,511	\$ 54,154,730
Shares sold	122,104	1,784,420	484,356	7,254,585
Shares issued upon reinvestment of distributions	59,412	851,964	29,045	435,097
Shares redeemed	(456,169)	(6,759,774)	(1,479,886)	(22,203,933)
Shares outstanding, end of period	2,503,373	\$35,517,089	2,778,026	\$ 39,640,479

</TABLE>

<TABLE>

	Mentor Quality Income Portfolio			
	Six Months		Year	
	Ended 3/31/95		Ended 9/30/94	
	Shares	Dollars	Shares	Dollars
<S>	<C>	<C>	<C>	<C>
CLASS A:				
Shares outstanding, beginning of period	2,363,773	\$ 34,735,118	3,403,828	\$48,807,954
Shares sold	73,110	920,366	175,391	2,326,934
Shares issued upon reinvestment of distributions	47,222	594,580	104,113	1,395,612
Shares redeemed	(385,842)	(4,836,947)	(1,319,559)	(17,795,382)
Shares outstanding, end of period	2,098,263	\$ 31,413,117	2,363,773	\$34,735,118
CLASS B:				

</TABLE>

Shares outstanding, beginning of period	6,103,595	\$ 90,175,927	9,059,536	\$129,708,345
Shares sold	132,155	1,669,282	895,699	12,254,465
Shares issued upon reinvestment of distributions	117,900	1,485,765	290,900	3,906,462
Shares redeemed	(1,258,606)	(15,868,276)	(4,142,540)	(55,693,345)
Shares outstanding, end of period	5,095,044	\$ 77,462,698	6,103,595	\$90,175,927

<TABLE>

	Mentor Municipal Income Portfolio			
	Six Months		Year	
	Ended 3/31/95		Ended 9/30/94	
	Shares	Dollars	Shares	Dollars
<S>	<C>	<C>	<C>	<C>
CLASS A:				
Shares outstanding, beginning of period	1,738,078	\$25,481,099	1,822,030	\$ 26,713,229
Shares sold	43,260	608,782	192,548	2,946,139
Shares issued upon reinvestment of distributions	24,305	344,270	51,632	797,051
Shares redeemed	(316,580)	(4,449,896)	(328,132)	(4,975,320)
Shares outstanding, end of period	1,489,063	\$21,984,255	1,738,078	\$ 25,481,099

CLASS B:				
Shares outstanding, beginning of period	3,198,229	\$47,912,628	3,173,809	\$ 47,130,669
Shares sold	107,107	1,504,372	723,926	11,283,387
Shares issued upon reinvestment of distributions	53,335	756,696	109,721	1,694,171
Shares redeemed	(465,268)	(6,572,481)	(809,227)	(12,195,599)
Shares outstanding, end of period	2,893,403	\$43,601,215	3,198,229	\$ 47,912,628

</TABLE>

<TABLE>

	Mentor Income and Growth Portfolio			
	Six Months		Year	
	Ended 3/31/95		Ended 9/30/94	
	Shares	Dollars	Shares	Dollars
<S>	<C>	<C>	<C>	<C>
CLASS A:				
Shares outstanding, beginning of period	1,164,060	\$ 17,220,516	661,893	\$ 9,518,102
Shares sold	140,829	2,064,318	621,368	9,508,705
Shares issued upon reinvestment of distributions	38,628	560,297	31,362	474,885
Shares redeemed	(137,225)	(2,019,250)	(150,563)	(2,281,176)
Shares outstanding, end of period	1,206,292	\$ 17,825,881	1,164,060	\$17,220,516

CLASS B				
Shares outstanding, beginning of period	2,828,735	\$ 42,323,576	1,216,165	\$17,686,756
Shares sold	258,920	3,834,539	1,909,839	29,152,862
Shares issued upon reinvestment of distributions	81,468	1,177,260	59,116	895,345
Shares redeemed	(412,444)	(6,100,993)	(356,385)	(5,411,387)
Shares outstanding, end of period	2,756,679	\$ 41,234,382	2,828,735	\$42,323,576

</TABLE>

<TABLE>

	Mentor Perpetual Global Portfolio			
	Six Months		Year	
	Ended 3/31/95		Ended 9/30/94*	
	Shares	Dollars	Shares	Dollars
<S>	<C>	<C>	<C>	<C>
CLASS A:				
Shares outstanding, beginning of period	624,181	\$ 8,852,179	-	\$ -
Shares sold	57,358	797,810	713,962	10,133,334
Shares issued upon reinvestment of distributions	-	-	-	-
Shares redeemed	(97,448)	(1,330,310)	(89,781)	(1,281,155)
Shares outstanding, end of period	584,091	\$ 8,319,679	624,181	\$ 8,852,179

CLASS B:				
Shares outstanding, beginning of period	564,671	\$ 8,005,109	-	\$ -
Shares sold	128,977	1,756,750	593,033	8,409,160
Shares issued upon reinvestment of distributions	-	-	-	-
Shares redeemed	(69,701)	(950,483)	(28,362)	(404,051)
Shares outstanding, end of period	623,947	\$ 8,811,376	564,671	\$ 8,005,109

</TABLE>

\* For the period from March 29, 1994 (date of initial public investment) to September 30, 1994.

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Chairman and Chief Executive Officer  
Mentor Investment Group, Inc.

Arnold H. Dreyfuss, TRUSTEE  
Former Chairman and Chief Executive Officer  
Hamilton Beach/Proctor-Silex, Inc.

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Duke University

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Chairman and Chief Executive Officer  
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Peter J. Quinn, Jr., TRUSTEE  
Managing Director  
Mentor Investment Group, Inc.

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Michael A. Wade, ASSISTANT TREASURER  
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DISTRIBUTOR  
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901 East Byrd Street, Richmond, VA 23219

#### MENTOR FUNDS

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901 East Byrd Street  
Richmond, Virginia 23219  
1-800-382-0016

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