

SECURITIES AND EXCHANGE COMMISSION

FORM 485APOS

Post-effective amendments [Rule 485(a)]

Filing Date: **1994-01-11**
SEC Accession No. **0000881299-94-000001**

([HTML Version](#) on secdatabase.com)

FILER

BILTMORE FUNDS

CIK: **881299** | State of Incorpor.: **MA** | Fiscal Year End: **1231**
Type: **485APOS** | Act: **33** | File No.: **033-44590** | Film No.: **94500984**

Business Address
*FEDERATED INVESTORS
TWR
PITTSBURGH PA 15222
4122881900*

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 X

Pre-Effective Amendment No.

Post-Effective Amendment No. 10 X

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 X

Amendment No. 11 X

THE BILTMORE FUNDS

(Exact Name of Registrant as Specified in Charter)

Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779
(Address of Principal Executive Offices)

(412) 288-1900
(Registrant's Telephone Number)

John W. McGonigle, Esquire,
Federated Investors Tower,
Pittsburgh, Pennsylvania 15222-3779
(Name and Address of Agent for Service)

It is proposed that this filing will become effective:

immediately upon filing pursuant to paragraph (b)
on _____ pursuant to paragraph (b)
X 60 days after filing pursuant to paragraph (a)
on _____ pursuant to paragraph (a) of Rule 485.

Registrant has filed with the Securities and Exchange Commission a
declaration pursuant to Rule 24f-2 under the Investment Company Act of
1940, and:

filed the Notice required by that Rule on _____; or
X intends to file the Notice required by that Rule on or about
January 17, 1994; or
during the most recent fiscal year did not sell any securities pursuant
to Rule 24f-2 under the Investment Company Act of 1940, and, pursuant to
Rule 24f-2(b)(2), need not file the Notice.

Copies to:

Donald W. Smith, Esquire Kirkpatrick & Lockhart 1800 M. Street, N.W. Washington, D.C. 20036-5891	Alan C. Porter, Esquire Piper & Marbury 1200 Nineteenth Street, N.W. Washington, D.C. 20036-2430
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CROSS REFERENCE SHEET

This Amendment to the Registration Statement of THE BILTMORE FUNDS
which is comprised of eleven portfolios: (1) Biltmore Balanced Fund, (2)
Biltmore Equity Fund, (3) Biltmore Equity Index Fund, (4) Biltmore Fixed
Income Fund, (5) Biltmore Special Values Fund, (6) Biltmore Short-Term
Fixed Income Fund, (7) Biltmore Money Market Fund (Institutional and
Investment Shares); (8) Biltmore Tax-Free Money Market Fund (Institutional
and Investment Shares); (9) Biltmore U.S. Treasury Money Market Fund
(Institutional and Investment Shares), (10) Biltmore Prime Cash Management
Fund (Institutional Shares), and (11) Biltmore Quantitative Equity Fund,
relates only to one of the portfolios, Biltmore Quantitative Equity Fund,
and is comprised of the following:

PART A. INFORMATION REQUIRED IN A PROSPECTUS.

Prospectus Heading
(Rule 404(c) Cross Reference)

Item 1. Cover Page (1-11) Cover Page.

Item 2.	Synopsis	(1-11) Summary of Fund Expenses.
Item 3.	Condensed Financial Information	(1-10) Financial Highlights.
Item 4.	General Description of Registrant	(1-11) General Information; Investment Objective; Investment Policies; Investment Limitations; Regulatory Compliance; (7,8,10) Investment Risks; (1,2,4,5) Investment Considerations; (3,5) Debt Considerations; (1) Equity Investment Considerations; (11) Portfolio Turnover.
Item 5.	Management of the Fund	(1-11) The Biltmore Funds Information; Management of The Trust; Distribution of (Institutional/Investment) Shares; (7-9, Investment Shares only) Distribution Plan; (1-4,6,11) (7-10, Investment Shares only) Administrative Arrangements; (1-4, 6,11) Shareholder Servicing Arrangements; (1-11) Administration of the Fund; Legal Counsel; Independent Auditors; Expenses of the Fund (and Institutional/ Investment Shares).
Item 6.	Capital Stock and Other Securities	(1-11) Dividends; Capital Gains; Shareholder Information; Voting Rights; Massachusetts Partnership Law; Federal Income Tax; (8) State and Local Taxes; (1) Effect of Banking Laws; (7,8,9) Other Classes of Shares.
Item 7.	Purchase of Securities Being Offered	(1-11) Net Asset Value; Investing in (the Fund/Institutional/Investment) Shares; Share Purchases; (1-4,6,11) Through Wachovia Brokerage Service; By Mail; By Wire; Through the Trust Divisions of The Wachovia Banks; (5,7-10) Through The Wachovia Banks; (7-10) Via a Sweep Account; (1-11) Minimum Investment Required; What Shares Cost; (1-4,6,11) Sales Charge Reallowance, Reducing the Sales Charge, Quantity Discounts and Accumulated Purchases, Letter of Intent, Reinvestment Privilege, Concurrent Purchases, Systematic Investment Program; (1-6,11) Exchanging Securities for Fund Shares; Exchange Privilege; (1-11) Certificates and Confirmations; (7-10) Exchanges.
Item 8.	Redemption or Repurchase	(1-11) Redeeming (Institutional/Investment) Shares; By Telephone (1-4,6,11) (7-10, Investment Shares Only); Through Wachovia Brokerage Service; By Mail; Accounts With Low Balances; (7-10) Redemption In Kind;(1-11) Redemption Before Purchase Instruments Clear; (1-4,6,11) Systematic Withdrawal Program.
Item 9.	Pending Legal Proceedings	None.
PART B. INFORMATION REQUIRED IN A STATEMENT OF ADDITIONAL INFORMATION.		
Item 10.	Cover Page	(1-11) Cover Page.
Item 11.	Table of Contents	(1-11) Table of Contents.
Item 12.	General Information and History	(1-11) General Information About the Fund.
Item 13.	Investment Objectives and Policies	(1-11) Investment Objective and Policies; Investment Limitations; (8) Investment Risks.
Item 14.	Management of the Fund	(1-11) The Biltmore Funds Management.
Item 15.	Control Persons and Principal Holders of Securities	Not Applicable.
Item 16.	Investment Advisory and Other Services	(1-11) Investment Advisory Services; Administrative Services; (1-4,6,11) Administrative Arrangements.
Item 17.	Brokerage Allocation	(1-11) Brokerage Transactions.

Item 18.	Capital Stock and Other Securities	Not Applicable
Item 19.	Purchase, Redemption and Pricing of Securities Being Offered	(1-11) Purchasing (Fund)/ (Institutional/Investment) Shares; Determining Net Asset Value; Redeeming (Institutional/Investment) Shares; (1-6,11) Redemption in Kind; Determining Market Value of Securities.
Item 20.	Tax Status	(1-11) Tax Status.
Item 21.	Underwriters	(7,8,10, Investment Shares only) Distribution Plan.
Item 22.	Calculation of Performance Data	(1-10) Effective Yield; (1-11) Yield; (8) Tax-Equivalent Yield, (7,8,11) Total Return; (1-11) Performance Comparisons; (4,6) Duration; (11) Standard & Poor's Corporation.
Item 23.	Financial Statements	(1-6) Filed in Supplement to Prospectus dated 7/31/93; (7-10) Filed in Part A; (11) to be filed by amendment.

BILTMORE QUANTITATIVE EQUITY FUND
(A PORTFOLIO OF THE BILTMORE FUNDS)

PROSPECTUS

The shares of Biltmore Quantitative Equity Fund (the "Fund") offered by this prospectus represent interests in a diversified portfolio of securities, which is one of a series of investment portfolios in The Biltmore Funds (the "Trust"), an open-end management investment company (a mutual fund).

The investment objective of the Fund is to provide growth of principal and income. The Fund pursues this objective by investing in a professionally-managed and diversified portfolio consisting primarily of high quality large capitalization common stocks.

THE INVESTMENT COMPANY SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF, OR ENDORSED OR GUARANTEED BY, WACHOVIA BANK OF NORTH CAROLINA, N.A. OR ITS AFFILIATES OR SUBSIDIARIES, AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (THE "FDIC"), THE FEDERAL RESERVE BOARD, OR ANY OTHER GOVERNMENT AGENCY. INVESTMENT IN THESE SHARES INVOLVES INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

This prospectus contains the information you should read and know before you invest in the Fund. Keep this prospectus for future reference.

The Fund has also filed a Statement of Additional Information dated January __, 1994 with the Securities and Exchange Commission. The information contained in the Statement of Additional Information is incorporated by reference into this prospectus. To request a copy of the Statement of Additional Information free of charge, obtain other information, or make inquiries about the Fund, Trust customers of the Wachovia Banks (as defined herein) may write the Fund or call their Wachovia Bank Officer. Customers of Wachovia Brokerage Service may write the Fund or call 1-800-462-7538.

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

Prospectus dated January __, 1994

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SUMMARY OF FUND EXPENSES

<TABLE>		
<S>		<C>
	SHAREHOLDER TRANSACTION EXPENSES	
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....		4.50%
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price).....		None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds, as applicable).....		None
Redemption Fees (as a percentage of amount redeemed, if applicable).....		None
Exchange Fee.....		None
	ANNUAL FUND OPERATING EXPENSES*	
	(As a percentage of projected average net assets)	
Management Fee (after waiver) (1).....		%
12b-1 Fees.....		None
Other Expenses (after waiver).....		%
Shareholder Servicing Fees (2).....		0.00%
Total Fund Operating Expenses (after waiver) (3).....		%
</TABLE>		

- (1) The estimated management fee has been reduced to reflect the anticipated voluntary waiver of the investment advisory fee by the investment adviser. The adviser can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is 0.70%.
- (2) The Fund has no present intention of paying or accruing shareholder servicing agent fees during the fiscal year ending November 30, 1994. If the Fund were paying or accruing shareholder servicing agent fees, the Fund would be able to pay up to 0.25% of the Fund's average daily net assets for shareholder servicing agent fees. See "The Biltmore Funds Information."
- (3) Total Fund Operating Expenses are estimated to be at % absent the anticipated voluntary waiver by the investment adviser and after reflecting the payment of shareholder servicing agent fees.

* Since the Fund does not have an operating history, the percentages indicated as Annual Fund Operating Expenses are based on the Fund's projected fees and estimated expenses for the fiscal year ending November 30, 1994. The table should not be considered a representation of past or future expenses. Actual expenses may be greater or less than those shown in this table.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF THE FUND WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "THE BILTMORE FUNDS INFORMATION" AND "INVESTING IN THE FUND."

<TABLE>			
<CAPTION>			
EXAMPLE		1 year	3 years
<S>		<C>	<C>
You would pay the following expenses on a \$1,000 investment, assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Fund charges no redemption fees.....		\$	\$
</TABLE>			

THE ABOVE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN.

GENERAL INFORMATION

The Biltmore Funds was established as a Massachusetts business trust under a

Declaration of Trust dated November 19, 1991. The Declaration of Trust permits the Trust to offer separate series of shares of beneficial interest representing interests in separate portfolios of securities. This prospectus relates only to one portfolio, Biltmore Quantitative Equity Fund. The shares in any portfolio may be offered in separate classes. As of the date of this prospectus, the Board of Trustees (the "Trustees") has not established classes of shares of the Fund.

The Fund is designed for institutions, pension plans and individuals as a convenient means of accumulating an interest in a professionally-managed, diversified portfolio of common stocks. A minimum initial investment of \$250 is required. This amount may be waived from time to time. For further information, Trust customers of the Wachovia Banks may telephone their account officer and customers of Wachovia Brokerage Service may telephone a broker at 1-800-462-7538.

Except as otherwise noted in this prospectus, shares are currently sold at net asset value plus an applicable sales charge and are redeemed at net asset value.

The other portfolios in the Trust are: Biltmore Balanced Fund, Biltmore Equity Fund, Biltmore Equity Index Fund, Biltmore Fixed Income Fund, Biltmore Money Market Fund (Institutional Shares and Investment Shares), Biltmore Prime Cash Management Fund (Institutional Shares), Biltmore Short-Term Fixed Income Fund, Biltmore Special Values Fund, Biltmore Tax-Free Money Market Fund (Institutional Shares and Investment Shares), and Biltmore U.S. Treasury Money Market Fund (Institutional Shares and Investment Shares) (hereinafter referred to collectively as, the "Funds").

INVESTMENT INFORMATION

INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide growth of principal and income. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus. The investment objective cannot be changed without the approval of shareholders. Unless indicated otherwise, the investment policies described below may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material change in these policies becomes effective.

INVESTMENT POLICIES

The Fund pursues its investment objective by investing in a professionally-managed and diversified portfolio consisting primarily of high quality large capitalization common stocks. These securities will primarily be composed of issues of domestic companies. Under normal market conditions, the Fund intends to invest at least 65% of its total assets in equity securities.

INVESTMENT PROCESS. To select stocks for the Fund, the Fund's sub-adviser initially identifies a broad universe of approximately 900 common stocks. The common stocks in the Fund's universe represent those issues that are among the highest capitalized, most liquid and highly-traded stocks. In addition, each stock in the universe is traded on the New York or American Stock Exchanges or in the over-the-counter markets, and each is actively followed by a minimum of three industry analysts.

The Fund's sub-adviser then screens the stocks in the universe, using a quantitative computer valuation model, to evaluate the relative attractiveness of each stock. The sub-adviser's model focuses on two measurement factors: the relative value of the stocks (including their present and historical price-to-earnings and market price-to-book value ratios, and the present value of each stock's projected dividend income) and the stock's growth prospects and earnings momentum (including changes, over time, in analysts' earning forecasts, and positive or negative surprises in reported earnings). The Fund's sub-adviser will vary the importance placed on each factor, depending on market trends.

Using the valuation model described above, the Fund's investment adviser then ranks each stock in the universe by decile. The stocks are classified by industry group, based on industry categories and weightings found in the Standard & Poor's 500 Composite Stock Price Index (the "Index"). In managing the Fund, the adviser continuously monitors the rankings of the stocks in the universe and employs an active selling discipline, replacing less attractive stocks (as determined by the valuation model) with more attractive stocks to maintain a high average rank for the portfolio. In maintaining the diversification of the portfolio, the adviser gives consideration to the industry weightings found in the Index.

Although the Fund intends to hold a broadly diversified portfolio of common stocks that, in the aggregate, exhibit investment characteristics similar to the stocks found in the Index, the Fund will not limit its investments solely to

stocks represented in the Index. By investing in those common stocks that are included in the universe described above (a large number of which are not included in the Index), the Fund will seek to provide a higher rate of total return than the Index. There can be no assurance that the Fund's investment performance will match or exceed that of the Index.

The Index is an unmanaged, statistical measure of stock market performance. As such, it does not reflect the actual cost of investing in common stocks. By contrast, the Fund is actively managed and therefore incurs the normal costs of a mutual fund, including brokerage and execution costs, advisory fees, and administrative and custodial costs and expenses. Standard & Poor's Corporation ("S&P") selects the common stocks to be included in the Index solely on a statistical basis. Inclusion of a particular security in the Index in no way implies an opinion by S&P as to the stock's appropriateness as an investment. The Fund is not sponsored, endorsed, sold or promoted by, or affiliated with, S&P.

ACCEPTABLE INVESTMENTS. Although the Fund normally seeks to remain substantially fully invested in the common stocks in the universe identified by the Fund's investment adviser, the Fund may also invest in:

other common or preferred stocks of U.S. companies which are either listed on the New York or American Stock Exchange or traded in the over-the-counter markets and are considered by the Fund's investment adviser to have an established market;

convertible securities;

investments in American Depositary Receipts ("ADRs") of foreign companies traded on the New York Stock Exchange, American Stock Exchange or in the over-the-counter markets. The Fund may not invest more than 20% of its assets in ADRs. In addition, the Fund may invest up to 10% of its assets in other securities of foreign issuers ("Non-ADRs"). (See "Securities of Foreign Issuers.");

domestic issues of corporate debt obligations rated Aa or better by Moody's Investors Service, Inc. ("Moody's") or AA by S&P. (If a security's rating is reduced below the required minimum after the Fund has purchased it, the Fund is not required to sell the security, but may consider doing so.);

restricted and illiquid securities;

securities of other investment companies;

demand master notes; and

securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities.

In addition, the Fund may borrow money, lend portfolio securities, and engage in when-issued and delayed delivery transactions, and may also invest in put and call options, futures, and options on futures, for hedging purposes.

CORPORATE OBLIGATIONS. The Fund may invest in preferred stocks, bonds, notes, and debentures of corporate issuers. These obligations will be rated at the time of purchase in the top two rating categories, or, if unrated, will be of comparable quality as determined by the Fund's investment adviser. In addition, the Fund may invest in convertible securities, which are fixed income securities that may be exchanged or converted into a predetermined number of shares at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, units consisting of "usable" bonds and warrants or a combination of the features of several of these securities. The investment characteristics of each convertible security vary widely, which allows convertible securities to be employed for different investment objectives.

SECURITIES OF FOREIGN ISSUERS. The Fund may invest in the securities of foreign issuers. There may be certain risks associated with investing in foreign securities. These include risks of adverse political and economic developments (including possible governmental seizure or nationalization of assets), the possible imposition of exchange controls or other governmental restrictions, less uniformity in accounting and reporting requirements, and the possibility that there will be less information on such securities and their issuers available to the public. In addition, there are restrictions on foreign investments in other jurisdictions and there tends to be difficulty in obtaining judgments from abroad and affecting repatriation of capital invested abroad. Delays could occur in settlement of foreign transactions, which could adversely affect shareholder equity. Foreign securities may be subject to foreign taxes, which reduce yield, and may be

less marketable than comparable United States securities. Foreign securities may be denominated in foreign currencies. Therefore, the value in U.S. dollars of the Fund's assets and income may be affected by changes in exchange rates and regulations. As a matter of practice, the Fund will not invest in the securities of a foreign issuer if any risk identified above appears to the Fund's investment adviser to be substantial.

STOCK INDEX FUTURES AND OPTIONS. The Fund may utilize stock index futures contracts, options, and options on futures contracts, subject to the limitation that the value of these futures contracts and options will not exceed 20% of the Fund's total assets. Also, the Fund will not purchase options to the extent that more than 5% of the value of the Fund's total assets would be invested in premiums on open put option positions. These futures contracts and options will be used to handle cash flows into and out of the Fund and to potentially reduce transactional costs, since transactional costs associated with futures and options contracts can be lower than costs stemming from direct investment in stocks.

There are several risks accompanying the utilization of futures contracts to effectively anticipate market movements. First, positions in futures contracts may be closed only on an exchange or board of trade that furnishes a secondary market for such contracts. While the Fund plans to utilize futures contracts only if there exists an active market for such contracts, there is no guarantee that a liquid market will exist for the contracts at a specified time. Furthermore, because, by definition, futures contracts look to projected price levels in the future, and not to current levels of valuation, market circumstances may result in there being a discrepancy between the price of the stock index future and the movement in the corresponding stock index. The absence of a perfect price correlation between the futures contract and its underlying stock index could stem from investors choosing to close futures contracts by offsetting transactions rather than satisfying additional margin requirements. This could result in a distortion of the relationship between the index and the futures market. In addition, because the futures market imposes less burdensome margin requirements than the securities market, an increased amount of participation by speculators in the futures market could result in price fluctuations.

The effective use of futures and options as hedging techniques depends on the correlation between their prices and the behavior of the Fund's portfolio securities as well as the Fund's investment adviser's ability to accurately predict the direction of stock prices, interest rates and other relevant economic factors. In addition, daily limits on the fluctuation of futures and options prices could cause the Fund to be unable to timely liquidate its futures or options position and cause it to suffer greater losses than would otherwise be the case. In this regard, the Fund may be unable to anticipate the extent of its losses from futures transactions.

PUT AND CALL OPTIONS. The Fund may purchase put options on its portfolio securities. These options will be used only as a hedge to attempt to protect securities which the Fund holds against decreases in value. The Fund may purchase these put options as long as they are listed on a recognized options exchange and the underlying stocks are held in its portfolio. The Fund may also write call options on securities either held in its portfolio or which it has the right to obtain without payment of further consideration or for which it has segregated cash in the amount of any additional consideration. The call options which the Fund writes and sells must be listed on a recognized options exchange. Writing of calls by the Fund is intended to generate income for the Fund and thereby protect against price movements in particular securities in the Fund's portfolio.

Prior to exercise or expiration, an option position can only be terminated by entering into a closing purchase or sale transaction. This requires a secondary market on an exchange which may or may not exist for any particular call or put option at any specific time. The absence of a liquid secondary market also may limit the Fund's ability to dispose of the securities underlying an option. The inability to close options also could have an adverse impact on the Fund's ability to effectively hedge its portfolio.

RESTRICTED AND ILLIQUID SECURITIES. The Fund may invest in restricted securities. Restricted securities are any securities in which the Fund may otherwise invest pursuant to its investment objective and policies, but which are subject to restriction on resale under federal securities law. The Fund will limit investments in illiquid securities, including certain restricted securities not determined by the Trustees to be liquid, non-negotiable time deposits, over-the-counter options, and repurchase agreements providing for settlement in more than seven days after notice, to 15% of its net assets.

TEMPORARY INVESTMENTS. In such proportions as, in the judgment of the Fund's investment adviser, market conditions warrant, during periods of other than normal market conditions, the Fund may, for temporary defensive purposes, invest in:

certificates of deposit, demand and time deposits, savings shares, bankers' acceptances, and other instruments of domestic and foreign banks and savings and loans, which institutions have capital, surplus, and undivided profits over \$100 million, or if the principal amount of the instrument is insured in full by the Bank Insurance Fund ("BIF"), or by the Savings Association Insurance Fund ("SAIF"), both of which are administered by the FDIC;

securities issued and/or guaranteed as to payment of principal and interest by the U.S. government, its agencies, or instrumentalities;

commercial paper (including Canadian Commercial Paper and Europaper) rated A-1 or better by S&P or Prime-1 by Moody's, or, if unrated, of comparable quality as determined by the Fund's investment adviser; and

repurchase agreements.

REPURCHASE AGREEMENTS. The securities in which the Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or other securities to the Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price. To the extent that the original seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Fund may purchase securities on a when-issued or delayed delivery basis. These transactions are arrangements in which the Fund purchases securities with payment and delivery scheduled for a future time. In when-issued and delayed delivery transactions, the Fund relies on the seller to complete the transaction. The seller's failure to complete the transaction may cause the Fund to miss a price or yield considered to be advantageous.

LENDING OF PORTFOLIO SECURITIES. In order to generate additional income, the Fund may lend portfolio securities on a short-term or long-term basis, or both, to broker/dealers, banks, or other institutional borrowers of securities. The Fund will only enter into loan arrangements with broker/dealers, banks, or other institutions which the Fund's investment adviser has determined are creditworthy under guidelines established by the Trustees and will receive collateral in the form of cash or U.S. government securities equal to at least 102% of the value of the securities loaned.

PORTFOLIO TURNOVER. The Fund's investment adviser does not anticipate that the Fund's annual portfolio turnover rate will exceed 200% under normal market conditions. High portfolio turnover (i.e. over 100%) may involve correspondingly greater brokerage commissions and other transaction costs, which would be directly borne by the Fund. In addition, high portfolio turnover may result in increased short-term capital gains which, when distributed to shareholders, are treated as ordinary income. The portfolio turnover rate of the Fund may vary significantly from year to year, as a result of the presence or absence of defensive investment positions taken by the Fund's investment adviser.

INVESTMENT LIMITATIONS

The Fund will not:

borrow money directly or through reverse repurchase agreements (arrangements in which the Fund sells a portfolio instrument for a percentage of its cash value with an agreement to buy it back on a set date) or pledge securities except, under certain circumstances, the Fund may borrow up to one-third of the value of its total assets and pledge up to 15% of the value of those assets to secure such borrowings; nor

with respect to 75% of the value of its total assets, invest more than 5% of the value of its total assets in securities of any one issuer other than cash, cash items, or securities issued or guaranteed by the government of the United States or its agencies or instrumentalities, and repurchase agreements collateralized by such securities, or acquire more than 10% of the outstanding voting securities of any one issuer.

The above investment limitations cannot be changed without shareholder approval.

THE BILTMORE FUNDS INFORMATION

MANAGEMENT OF THE TRUST

BOARD OF TRUSTEES. The Trustees are responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders.

INVESTMENT ADVISER. Pursuant to an investment advisory contract with the Trust on behalf of the Fund, investment decisions for the Fund are made by Wachovia Investment Management Group (the "Adviser"), a business unit of Wachovia Bank of North Carolina, N.A., subject to direction by the Trustees. The Adviser continually conducts investment research and supervision of the investments for the Fund and is responsible for the purchase or sale of portfolio instruments, for which it receives an annual fee from the assets of the Fund.

ADVISORY FEES. The Fund's Adviser receives an annual investment advisory fee equal to 0.70 of 1% of the Fund's average daily net assets. The investment advisory contract provides that such fee shall be accrued and paid daily. The Adviser has undertaken to reimburse the Fund for operating expenses in excess of limitations established by certain states. The Adviser may voluntarily choose to waive a portion of its fee or reimburse the Fund for certain other expenses of the Fund but reserves the right to terminate such waiver or reimbursement at any time at its sole discretion.

ADVISER'S BACKGROUND. Wachovia Bank of North Carolina, N.A. is a direct, wholly-owned subsidiary of Wachovia Corporation, a registered bank holding company headquartered in Winston-Salem, North Carolina and Atlanta, Georgia. Through offices in eight states, Wachovia Corporation and its subsidiaries provide a broad range of financial services to individuals and businesses.

Wachovia Bank of North Carolina, N.A., a national banking association, offers financial services that include, but are not limited to, commercial and consumer loans, corporate, institutional, and personal trust services, demand and time deposit accounts, letters of credit and international financial services.

The Adviser employs an experienced staff of professional investment analysts, portfolio managers and traders. The Adviser uses fundamental analysis and other investment management disciplines to identify investment opportunities. Wachovia Bank of North Carolina, N.A., Wachovia Bank of Georgia, N.A., The South Carolina National Bank, and their affiliates (collectively, the "Wachovia Banks") have been managing trust assets for over 100 years, with approximately \$18 billion in managed assets as of September 30, 1993. Wachovia Bank of North Carolina, N.A. has served as investment adviser to The Biltmore Funds since February 24, 1992.

The Fund's portfolio manager is Cherry Stribling. Mr. Stribling is a Vice President of Wachovia Bank of North Carolina, N.A., and, as a Portfolio Investment Manager, managed the Wachovia Stock Fund, a bank collective investment fund with an investment objective similar to the Fund's. Mr. Stribling also manages individual and institutional accounts with the same portfolio management style as the Fund. Mr. Stribling has managed the Fund since its inception.

SUB-ADVISER. Pursuant to the terms of an investment sub-advisory agreement between the Adviser and Twin Capital Management, Inc. ("Twin Capital" or the "Sub-Adviser"), Twin Capital furnishes certain investment advisory services to the Adviser, including investment research, the quantitative analysis described in the "Investment Process" section of this prospectus, statistical and other factual information, and recommendations, based on Twin Capital's analysis, and assists the Adviser in identifying securities for potential purchase and/or sale on behalf of the Fund's portfolio. For the services provided and the expenses incurred by the Sub-Adviser pursuant to the sub-advisory agreement, Twin Capital receives a fee, payable by the Adviser, in quarterly installments. In no event shall the Fund be responsible for any fees due to the Sub-Adviser for its services to the Adviser. Twin Capital, which is located at 2414 Lytle Road, Pittsburgh, Pennsylvania, 15102-2704, provides investment counsel to both individuals and institutions, including banks, thrift institutions, and pension and profit-sharing plans. As of December 20, 1993, Twin Capital furnished services, substantially similar to the services it provides to the Adviser, to other accounts with assets in excess of \$1.4 billion. Twin Capital has not previously acted as an investment adviser to an investment company. The Sub-Adviser is controlled by Geoffrey Gerber, its President.

DISTRIBUTION OF SHARES

Federated Securities Corp. is the distributor (the "Distributor") for shares of the Fund. It is a Pennsylvania corporation organized on November 14, 1969, and is the distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors.

ADMINISTRATIVE ARRANGEMENTS

The Distributor may pay financial institutions and other financial service providers, such as banks, fiduciaries, custodians for public funds, investment advisers, and broker/dealers, a fee based upon the

average net asset value of shares of their customers for providing administrative services. This fee, if paid, will be reimbursed by the Adviser and not the Fund.

SHAREHOLDER SERVICING ARRANGEMENTS

Federated Administrative Services, a subsidiary of Federated Investors, is the Fund's shareholder servicing agent (the "Shareholder Servicing Agent"). The Fund may pay the Shareholder Servicing Agent a fee based on the average daily net asset value of shares for which it provides shareholder services. These shareholder services include, but are not limited to, distributing prospectuses and other information, providing shareholder assistance and communicating or facilitating purchases and redemptions of shares. This fee will be computed at an annual rate equal to 0.25 of 1% of the Fund's average daily net assets for which the Shareholder Servicing Agent provides services; however, the Shareholder Servicing Agent may choose voluntarily to waive all or a portion of its fee at any time or pay all or some of its fees to financial institutions or other financial service providers.

ADMINISTRATION OF THE FUND

ADMINISTRATIVE SERVICES. Federated Administrative Services, Pittsburgh, Pennsylvania, a subsidiary of Federated Investors, provides the Fund with certain administrative personnel and services necessary to operate the Fund. Such services include the preparation of filings with the Securities and Exchange Commission and other regulatory authorities, assistance with respect to meetings of the Trustees, shareholder servicing and accounting services, and other administrative services. Federated Administrative Services provides these services at an annual rate as specified below:

<TABLE> <CAPTION>	
MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATE DAILY NET ASSETS OF THE TRUST
<C>	<S>
0.150 of 1%	of the first \$250 million
0.125 of 1%	of the next \$250 million
0.100 of 1%	of the next \$250 million
0.075 of 1%	on assets in excess of \$750 million

The administrative fee received during any fiscal year shall aggregate at least \$75,000 for each Fund in the Trust.

Federated Administrative Services may choose voluntarily to waive or reimburse a portion of its fee at any time.

CUSTODIAN. Wachovia Bank of North Carolina, N.A., Winston-Salem, North Carolina, is custodian (the "Custodian") for the securities and cash of the Fund. Under the Custodian Agreement, the Custodian holds the Fund's portfolio securities in safekeeping and keeps all necessary records and documents relating to its duties. For the services to be provided to the Trust pursuant to the Custodian Agreement, the Trust pays the Custodian an annual fee calculated based upon the average daily net assets of each Fund in the Trust and payable monthly as follows:

<TABLE> <CAPTION>	
MAXIMUM CUSTODIAN FEE	AVERAGE AGGREGATE DAILY NET ASSETS OF THE FUND
<C>	<S>
0.02 of 1%	\$0 to \$250 million
0.015 of 1%	\$250 million to \$500 million
0.01 of 1%	over \$500 million

The Custodian will also charge transaction fees and out-of-pocket expenses.

TRANSFER AGENT, DIVIDEND DISBURSING AGENT AND PORTFOLIO ACCOUNTING SERVICES. Federated Services Company is transfer agent (the "Transfer Agent") for the shares of the Fund, and dividend disbursing agent for the Fund. Federated Services Company also provides certain accounting and recordkeeping services with respect to the Fund's portfolio investments.

LEGAL COUNSEL. Legal counsel for the Fund is provided by Kirkpatrick & Lockhart, Washington, D.C. Piper & Marbury, Washington, D.C., serves as counsel to the independent Trustees.

INDEPENDENT AUDITORS. The independent auditors are Ernst & Young, Pittsburgh, Pennsylvania.

BROKERAGE TRANSACTIONS

When selecting brokers and dealers to handle the purchase and sale of portfolio instruments, the Adviser looks for prompt execution of the order at a favorable price. In working with dealers, the Adviser will generally utilize those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. In selecting among firms believed to meet these criteria, the Adviser may give consideration to those firms which have sold or are selling shares of the Funds and other funds distributed by Federated Securities Corp. The Adviser makes decisions on portfolio transactions and selects brokers and dealers subject to review by the Trustees.

EXPENSES OF THE FUND

The Fund pays all of its own expenses and its allocable share of Trust expenses. These expenses include, but are not limited to, the costs of: organizing the Trust and continuing its existence; Trustees' fees; investment advisory and administrative services; printing prospectuses and other Fund documents for shareholders; registering the Trust, the Fund and shares of the Fund; taxes and commissions; issuing, purchasing, repurchasing, and redeeming shares; fees for custodian, transfer agent, dividend disbursing agent, shareholder servicing agents, and registrars; printing, mailing, auditing, accounting, and legal expenses; reports to shareholders and government agencies; meetings of Trustees and shareholders and proxy solicitations therefor; insurance premiums; association membership dues; and such nonrecurring and extraordinary items as may arise. However, the Adviser may voluntarily waive and/or reimburse some expenses.

NET ASSET VALUE

The Fund's net asset value per share fluctuates. It is determined by dividing the sum of the market value of all securities and other assets, less liabilities, by the number of shares outstanding.

INVESTING IN THE FUND

SHARE PURCHASES

Shares are sold on days on which the New York Stock Exchange and the Federal Reserve Wire System are open for business. Shares may be purchased through the Trust Division of the Wachovia Banks or Wachovia Brokerage Service and authorized broker/dealers. Purchase orders must be received by the Fund by 4:00 p.m. (Eastern time) in order for shares to be purchased at that day's public offering price. In connection with the sale of shares, the Distributor may from time to time offer certain items of nominal value to any shareholder or investor. The Fund and the Distributor reserve the right to reject any purchase request.

Texas residents must purchase, exchange, and redeem shares through Federated Securities Corp. at 1-800-618-8573.

THROUGH WACHOVIA BROKERAGE SERVICE. Customers of Wachovia Brokerage Service may place an order to purchase shares by telephoning 1-800-462-7538, sending written instructions, or placing an order in person. Payment may be made by check, by wire of federal funds (the customer's bank sends money to the Fund's bank through the Federal Reserve Wire System) or by debiting a customer's account at Wachovia Brokerage Service. Purchase orders must be communicated to Wachovia Brokerage Service before 4:00 p.m. (Eastern time). Wachovia Brokerage Service is a division of Wachovia Securities, Inc., a registered broker/dealer and member of the National Association of Securities Dealers, Inc. Wachovia Securities, Inc. is a wholly-owned subsidiary of Wachovia Corporation.

BY MAIL. To purchase shares of the Fund by mail, send a check made payable to Biltmore Quantitative Equity Fund to Wachovia Securities, Inc., P.O. Box 110, MC 32022, Winston-Salem, N.C. 27102. Orders by mail are considered received after payment by check is converted by Wachovia Brokerage Service into federal funds. This is normally the next business day after Wachovia Brokerage Service receives the check.

BY WIRE. To purchase shares of the Fund by wire, wire funds as follows:

Wachovia Securities, Inc.
ABA Number 0531-00494
Credit: 8735-001342
Further credit to: Biltmore Quantitative Equity Fund
Re: (Customer name and brokerage account number)

Shares of the Fund cannot be purchased by wire on any day on which Wachovia Bank of North Carolina, N.A., the New York Stock Exchange and the Federal Reserve Wire System are not open for business.

THROUGH THE TRUST DIVISIONS OF THE WACHOVIA BANKS. Trust customers of the Wachovia Banks may place an order to purchase shares of the Fund by telephoning, sending written instructions, or placing the order in person with their account officer in accordance with the procedures established by the Wachovia Banks and as set forth in the relevant account agreement.

Payment may be made to the Wachovia Banks by check, by wire of federal funds, or by debiting a customer's account with the Wachovia Banks. Orders are considered received after payment by check is converted into federal funds and received by the Wachovia Banks, which is normally the next business day. When payment is made with federal funds, the order is considered received when federal funds are received by the Wachovia Banks or available in the customer's account. Purchase orders must be communicated to the Wachovia Banks by 4:00 p.m. (Eastern time). Shares of the Fund cannot be purchased by wire on any day on which Wachovia Bank of North Carolina, N.A., the New York Stock Exchange and the Federal Reserve Wire System are not open for business.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in shares of the Fund is \$250. This amount may be waived from time to time.

WHAT SHARES COST

Fund shares are sold at their net asset value next determined after an order is received, plus a sales charge as follows:

<TABLE>

<CAPTION>

AMOUNT OF TRANSACTION <S>	SALES CHARGE AS A PERCENTAGE OF PUBLIC OFFERING PRICE <C>	SALES CHARGE AS A PERCENTAGE OF NET AMOUNT INVESTED <C>
Less than \$100,000	% 4.50	% 4.71
\$100,000 but less than \$250,000	% 3.75	% 3.90
\$250,000 but less than \$500,000	% 2.50	% 2.56
\$500,000 but less than \$750,000	% 2.00	% 2.04
\$750,000 but less than \$1 million	% 1.00	% 1.01
\$1 million or more	% 0.25	% 0.25

</TABLE>

The net asset value is determined at or after the close of the New York Stock Exchange, Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of the Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; or (iii) the following holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day and Christmas Day.

PURCHASES AT NET ASSET VALUE. Shares of the Fund may be purchased at net asset value, without a sales charge, by investment advisers registered under the Investment Advisers Act of 1940 purchasing on behalf of their clients, and by the Trust Division of the Wachovia Banks for funds which are held in a fiduciary, agency, custodial, or similar capacity. Trustees, officers, directors, employees and retired employees of the Fund and the Wachovia Banks, the spouses and children under the age 21 of such persons, and any trusts or pension profit-sharing plans operated for such persons may purchase shares of the Fund at net asset value. In addition, Trustees, officers, directors and employees of the Distributor and its affiliates, and any bank or investment dealer who has a sales agreement with the Distributor relating to the Fund, may also purchase shares at their net asset value.

SALES CHARGE REALLOWANCE. For sales of shares of the Fund, a broker/dealer will normally receive up to 90% of the applicable sales charge. Any portion of the sales charge which is not paid to a broker/dealer will be retained by the Distributor. However, the Distributor, at its sole discretion, may uniformly offer to pay all broker/dealers selling shares of the Fund, all or a portion of the sales charge it normally retains. If accepted by the broker/dealer, such additional payments will be predicated upon the amount of Fund shares sold. In addition, the Distributor may pay from its assets promotional incentives in the form of cash or other compensation to the broker/dealers that sell shares of the Fund.

The sales charge for shares sold other than through Wachovia Brokerage Service or registered broker/dealers will be retained by the Distributor. The Distributor may pay fees to banks out of the sales charge in exchange for sales and/or administrative services performed on behalf of Wachovia Brokerage Service's customers in connection with the initiation of customer accounts and

purchases of shares of the Fund.

REDUCING THE SALES CHARGE. The sales charge can be reduced on the purchase of shares of the Fund through:

- quantity discounts and accumulated purchases;
- signing a 13-month letter of intent;
- using the reinvestment privilege; or
- concurrent purchases.

QUANTITY DISCOUNTS AND ACCUMULATED PURCHASES. As shown in the table on the prior page, larger purchases reduce the sales charge paid. The Fund will combine purchases made on the same day by the investor, the investor's spouse, and the investor's children under age 21 when it calculates the sales charge.

If an additional purchase of shares of the Fund is made, the Fund will consider the previous purchases still invested in the Fund. For example, if a shareholder already owns shares having a current value at the public offering price of \$70,000 and then purchases \$40,000 more at the current public offering price, the sales charge of the additional purchase according to the schedule now in effect would be 3.75%, not 4.50%.

To receive the sales charge reduction, Wachovia Brokerage Service or the Distributor must be notified by the shareholder in writing at the time the purchase is made that Fund shares are already owned or that purchases are being combined. The Fund will reduce the sales charge after it confirms the purchase.

LETTER OF INTENT. If a shareholder intends to purchase shares of the Fund equal in value to at least \$100,000 over the next 13 months, the sales charge may be reduced by signing a letter of intent to that effect. This letter of intent includes a provision for a sales charge adjustment depending on the amount actually purchased within the 13-month period and a provision for the Custodian to hold 4.50% of the total amount intended to be purchased in escrow (in shares of the Fund) until such purchase is completed.

The 4.50% held in escrow will be applied to the shareholder's account at the end of the 13-month period, unless the amount specified in the letter of intent is not purchased. In this event, an appropriate number of escrowed shares may be redeemed in order to realize the difference in the sales charge.

This letter of intent will not obligate the shareholder to purchase shares, but if the shareholder does, each purchase during the period will be at the sales charge applicable to the total amount intended to be purchased. This letter may be dated as of a prior date to include any purchases made within the past 90 days.

REINVESTMENT PRIVILEGE. If shares in the Fund have been redeemed, the shareholder has a one-time right, within 90 days, to reinvest the redemption proceeds in that Fund at the next-determined net asset value without any sales charge. Wachovia Brokerage Service or the Distributor must be notified by the shareholder in writing or by his financial institution of the reinvestment in order to eliminate a sales charge. If the shareholder redeems his shares in the Fund, there may be tax consequences.

CONCURRENT PURCHASES. For purposes of qualifying for a sales charge reduction, a shareholder has the privilege of combining concurrent purchases of two or more of the Funds, the purchase price of which includes a sales charge. For example, if a shareholder concurrently invested \$70,000 in one of the other Funds with a sales charge, and \$40,000 in another fund of the Trust with a sales charge, the sales charge would be reduced.

To receive this sales charge reduction, Wachovia Brokerage Service or the Distributor must be notified by the agent placing the order at the time the concurrent purchases are made. The sales charge will be reduced after the purchase is confirmed.

SYSTEMATIC INVESTMENT PROGRAM

Once a Fund account has been opened, shareholders may add to their investment on a regular basis in a minimum amount of \$50. Under this program, funds may be automatically withdrawn periodically from the shareholder's checking account and invested in Fund shares at the net asset value next determined after an order is received by the Fund, plus the applicable sales charge. A shareholder may apply for participation in this program through Wachovia Brokerage Service or through the Distributor.

EXCHANGING SECURITIES FOR FUND SHARES

The Fund may accept securities in exchange for Fund shares. The Fund will allow such exchanges only upon the prior approval of the Fund and a determination by

the Fund and the Adviser that the securities to be exchanged are acceptable.

Any securities exchanged must meet the investment objective and policies of the Fund, must have a readily ascertainable market value, must be liquid and must not be subject to restrictions on resale. The market value of any securities exchanged in an initial investment, plus any cash, must be at least equal to the minimum investment in the Fund.

Securities accepted by the Fund will be valued in the same manner as the Fund values its assets. The basis of the exchange will depend upon the net asset value of Fund shares on the day the securities are valued. One share of the Fund will be issued for each equivalent amount of securities accepted.

Any interest earned on the securities prior to the exchange will be considered in valuing the securities. All interest, dividends, subscription or other rights attached to the securities become the property of the Fund, along with the securities.

If an exchange is permitted, it will be treated as a sale for federal income tax purposes. Depending upon the cost basis of the securities exchanged for Fund shares, a gain or loss may be realized by the investor.

CERTIFICATES AND CONFIRMATIONS

As the Transfer Agent, Federated Services Company maintains a share account for each shareholder of record. Share certificates are not issued.

Detailed confirmations of each purchase or redemption are sent to each shareholder of record. Quarterly statements are sent to report dividends paid during the quarter.

DIVIDENDS

Dividends are declared and paid quarterly to all shareholders invested in the Fund on the record date. Unless shareholders request cash payments by writing to the Fund, dividends are automatically reinvested in additional shares of the Fund on the payment dates at the ex-dividend date net asset value without a sales charge.

CAPITAL GAINS

Capital gains, when realized by the Fund, will be distributed at least once every 12 months.

EXCHANGE PRIVILEGE

All shareholders of the Fund are shareholders of the Trust. The Trust currently consists of the Funds, as previously defined in the "General Information" section of this prospectus. The Funds are advised by Wachovia Investment Management Group and distributed by Federated Securities Corp.

Shareholders of the Fund have easy access to the other Funds comprising the Trust, to portfolios comprising The Biltmore Municipal Funds, and to the International Equity Fund (a mutual fund advised by Fiduciary International, Inc.) (hereinafter collectively referred to as, the "Participating Funds") through a telephone exchange program. Shares of the Participating Funds may be exchanged for shares of the Fund at net asset value without a sales charge (if a sales charge was previously paid). The exchange privilege is available to shareholders residing in any state in which the shares being acquired may be legally sold. Prior to any exchange, the shareholder must receive a copy of the current prospectus of the Participating Fund into which an exchange is to be effected.

Shareholders using this privilege must exchange shares having a net asset value of at least equal to the minimum investment of the Participating Fund into which they are exchanging. Shareholders who desire to automatically exchange shares of a predetermined amount on a monthly, quarterly, or annual basis may take advantage of a systematic exchange privilege. A shareholder may obtain further information on these exchange privileges by calling the shareholder's Wachovia Bank Officer or Wachovia Brokerage Service, as appropriate.

Shares of the Participating Funds with a sales charge may be exchanged at net asset value for shares of other Participating Funds with an equal sales charge or no sales charge. Exchanges are made at net asset value, plus the difference between the sales charge already paid on the Fund's shares and any sales charge of the Participating Fund into which the shares are to be exchanged, if higher. Shares of Participating Funds with no sales charge acquired by direct purchase or reinvestment of dividends on such shares may be exchanged for shares of Participating Funds with a sales charge at net asset value plus the applicable sales charge.

Upon receipt of proper instructions and all necessary supporting documents, shares submitted for exchange will be redeemed at the next-determined net asset value. Written exchange instructions may require a signature guarantee. Exercise of this privilege is treated as a sale for federal income tax purposes and, depending on the circumstances, a short or long-term capital gain or loss may be realized. The exchange privilege may be modified or terminated at any time. Shareholders will be notified of the modification or termination of the exchange privilege.

EXCHANGE BY TELEPHONE. Instructions for exchanges between the Participating Funds may be given by telephone to Wachovia Brokerage Service. Trust customers should contact their account officer. Shares may be exchanged by telephone only between fund accounts having identical shareholder registrations. Exchange instructions given by telephone may be electronically recorded.

Telephone exchange instructions must be received before 4:00 p.m. (Eastern time) for shares to be exchanged the same day. The telephone exchange privilege may be modified or terminated at any time. Shareholders will be notified of such modification or termination. Shareholders may have difficulty in making exchanges by telephone through banks, brokers, and other financial institutions during times of drastic economic or market changes. If a shareholder cannot contact his bank, broker, or financial institution by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail. If reasonable procedures are not followed by the Fund, it may be liable for losses due to unauthorized or fraudulent telephone instructions.

REDEEMING SHARES

The Fund redeems shares at their net asset value next determined after the Trust Divisions of the Wachovia Banks or Wachovia Brokerage Service receives the redemption request. Redemptions will be made on days on which the Fund computes its net asset value. Requests for redemption can be made in person, by telephone, or by writing to the shareholder's account officer. If at any time the Fund shall determine it necessary to terminate or modify any of these methods of redemption, shareholders would be promptly notified.

BY TELEPHONE. A shareholder who is a customer of Wachovia Brokerage Service may redeem shares of the Fund by telephoning Wachovia Brokerage Service at 1-800-462-7538. Shareholders wishing to redeem by phone will be required to complete a telephone redemption authorization form available through Wachovia Brokerage Service.

A shareholder who is a customer of a Trust Division of the Wachovia Banks and whose account agreement with the Wachovia Banks permits telephone redemption may redeem shares of the Fund by telephoning his account officer. Shares will be redeemed at the net asset value next determined after the Fund receives the redemption request. Redemption requests must be received by 4:00 p.m. (Eastern time) in order for shares to be redeemed at that day's net asset value. In no event will proceeds be credited more than seven days after a proper request for redemption has been received. In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, another method of redemption, such as "By Mail," should be considered.

An authorization permitting a Trust Division of the Wachovia Banks to accept telephone requests is included as part of a shareholder's account agreement. Telephone redemption instructions may be recorded. If reasonable procedures are not followed by the Fund, it may be liable for losses due to unauthorized or fraudulent telephone instructions.

BY MAIL. A shareholder who is a customer of Wachovia Brokerage Service may redeem shares by sending a written request to Wachovia Brokerage Service. The written request should include the shareholder's name and address, the Fund name, the brokerage account number, and the share or dollar amount requested. Shareholders should call Wachovia Brokerage Service for assistance in redeeming by mail. Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper written redemption request.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption of any amount to be sent to an address other than that on record with the Fund, or a redemption payable other than to the shareholder of record, must have signatures on written redemption requests guaranteed by:

a trust company or commercial bank whose deposits are insured by the BIF;

a member firm of the New York, American, Boston, Midwest, or Pacific Stock Exchange;

a savings bank or savings and loan association whose deposits are insured by the SAIF; or

any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934.

The Fund does not accept signatures guaranteed by a notary public.

The Fund and the Transfer Agent have adopted standards for accepting signature guarantees from the above institutions. The Fund may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Fund and the Transfer Agent reserve the right to amend these standards at any time without notice.

SYSTEMATIC WITHDRAWAL PROGRAM

Shareholders who desire to receive payments of a predetermined amount may take advantage of the Systematic Withdrawal Program. Under this program, shares are redeemed to provide for monthly or quarterly withdrawal payments in an amount directed by the shareholder. Shareholders may redeem by periodic withdrawal payments in a minimum amount of \$100. Depending upon the amount of the withdrawal payments, the amount of dividends paid and capital gains distributions with respect to shares, and the fluctuation of net asset value of shares redeemed under this program, redemptions may reduce, and eventually deplete, the shareholder's investment in the Fund. For this reason, payments under this program should not be considered as yield or income on the shareholder's investment in the Fund. To be eligible to participate in this program, a shareholder must have an account value of at least \$10,000. A shareholder may apply for participation in this program through Wachovia Brokerage Service. Due to the fact that shares are sold with a sales charge, it is not advisable for shareholders to be purchasing shares while participating in this program.

ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Fund may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below the required minimum value of \$250 due to shareholder redemptions. This requirement does not apply, however, if the balance falls below \$250 because of changes in the Fund's net asset value. Before shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

SHAREHOLDER INFORMATION

VOTING RIGHTS

Each share of the Fund gives the shareholder one vote in Trustee elections and other matters submitted to shareholders for vote. All shares of each of the Funds in the Trust have equal voting rights, except that in matters affecting a particular fund, only shares of that fund are entitled to vote.

As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Trust's or the Fund's operation and for the election of Trustees under certain circumstances.

Trustees may be removed by the Trustees or shareholders at a special meeting. A special meeting of the shareholders shall be called by the Trustees upon the written request of shareholders owning at least 10% of the Trust's outstanding shares.

MASSACHUSETTS BUSINESS TRUSTS

Under certain circumstances, shareholders may be held personally liable under Massachusetts law for acts or obligations of the Trust. To protect shareholders, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders for such acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument the Trust or the Trustees enter into or sign on behalf of the Fund. In the unlikely event a shareholder is held personally liable for the Trust's obligations on behalf of the Fund, the Trust is required by its Declaration of Trust to use the property of the Fund to protect or compensate the shareholder. On request, the Trust will defend any claim made and pay any judgment against a shareholder of the Fund for any act or obligation of the Trust on behalf of the Fund. Therefore, financial loss resulting from liability as a shareholder of the Fund will occur only if the Trust cannot meet its obligations to indemnify shareholders and pay judgments against them from the assets of the Fund.

EFFECT OF BANKING LAWS

The Glass-Steagall Act and other banking laws and regulations presently prohibit a bank holding company registered under the Bank Holding Company Act of 1956 or any bank or non-bank affiliate thereof from sponsoring, organizing, controlling or distributing the shares of a registered, open-end investment company continuously engaged in the issuance of its shares, and prohibit banks generally from issuing, underwriting or distributing most securities. However, such banking laws and regulations do not prohibit such a holding company or its bank and non-bank affiliates generally from acting as investment adviser, transfer agent or custodian to such an investment company or from purchasing shares of such a company as agent for and upon the order of their customer. The Fund's investment adviser, Wachovia Investment Management Group, and its affiliate banks, are subject to such banking laws and regulations.

The Adviser believes, based on the advice of its counsel, that it may perform the services for the Fund contemplated by its investment advisory contract and the Custodian Agreement with the Trust without violation of the Glass-Steagall Act or other applicable banking laws or regulations. Changes in either federal or state statutes and regulations relating to the permissible activities of banks and their subsidiaries or affiliates, as well as further judicial or administrative decisions or interpretations of present or future statutes and regulations, could prevent the Adviser from continuing to perform all or a part of the above services for its customers and/or the Fund. If it were prohibited from engaging in these customer-related activities, the Trustees would consider alternative service providers and means of continuing available investment services. In such event, changes in the operation of the Fund may occur, including the possible termination of any automatic or other Fund share investment and redemption services then being provided by the Adviser. It is not expected that existing Fund shareholders would suffer any adverse financial consequences (if another adviser with equivalent abilities to the Adviser is found) as a result of any of these occurrences.

The Glass-Steagall Act prohibits a depository institution (such as a commercial bank or a savings and loan association) from being an underwriter or distributor of most securities. In the event the Glass-Steagall Act is deemed to prohibit depository institutions from acting in the administrative capacities described above, or should Congress relax current restrictions on depository institutions, the Trustees will consider appropriate changes in the services.

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

TAX INFORMATION

FEDERAL INCOME TAX

The Fund will pay no federal income tax because it expects to meet requirements of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies.

The Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by the Trust's other portfolios will not be combined for tax purposes with those realized by the Fund.

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions, including capital gains distributions, received. This applies whether dividends and distributions are received in cash or as additional shares. The Fund will provide detailed tax information for reporting purposes. Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

PERFORMANCE INFORMATION

From time to time the Fund advertises its total return and yield.

Total return represents the change, over a specified period of time, in the value of an investment in the Fund after reinvesting all income and capital gain distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

The yield of the Fund is calculated by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the Fund over a thirty-day period by the maximum offering price per share of the Fund on the last day of the period. This number is then annualized using semi-annual compounding. The yield does not necessarily reflect income actually earned by the Fund and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

The performance information reflects the effect of the maximum sales load which, if excluded, would increase the total return and yield.

From time to time, the Fund may advertise its performance using certain reporting services and/or compare its performance to certain indices.

ADDRESSES

<TABLE>		
<S>	<C>	<C>
	Biltmore Quantitative Equity Fund	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779

Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
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Investment Adviser	Wachovia Investment Management Group	301 North Main Street Winston-Salem, North Carolina 27150
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Custodian	Wachovia Bank of North Carolina, N.A.	Wachovia Trust Operations 301 North Main Street Winston-Salem, North Carolina 27150
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Transfer Agent, Dividend Disbursing Agent, and Portfolio Accounting Services	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
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Counsel to The Biltmore Funds	Kirkpatrick & Lockhart	1800 M Street, N.W. Washington, D.C. 20036-5891
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Counsel to the Independent Trustees	Piper & Marbury	1200 Nineteenth Street, N.W. Washington, D.C. 20036-2430
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Independent Auditors	Ernst & Young	One Oxford Center Pittsburgh, Pennsylvania 15219
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BILTMORE QUANTITATIVE EQUITY FUND
(A PORTFOLIO OF THE BILTMORE FUNDS)
STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information should be read with the prospectus of Biltmore Quantitative Equity Fund (the "Fund") of The Biltmore Funds (the "Trust") dated January , 1994. This Statement is not a prospectus itself. To receive a copy of the prospectus, Trust customers of the Wachovia Banks (as defined in the prospectus) may write the Fund or call their Wachovia Bank Officer. Customers of Wachovia Brokerage Service may write the Fund or call 1-800-462-7538.

FEDERATED INVESTORS TOWER
PITTSBURGH, PENNSYLVANIA 15222-3779

Statement dated January , 1994

[LOGO] FEDERATED SECURITIES CORP.

Distributor
A subsidiary of FEDERATED INVESTORS

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GENERAL INFORMATION ABOUT THE FUND	

The Fund is a portfolio in The Biltmore Funds (the "Trust"). The Trust was

established as a Massachusetts business trust under a Declaration of Trust dated November 19, 1991.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is to provide growth of principal and income. The investment objective cannot be changed without the approval of shareholders.

Unless otherwise indicated, the investment policies described below may be changed by the Board of Trustees (the "Trustees") without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

TYPES OF INVESTMENTS

As more fully described in the prospectus, the Fund invests in a professionally-managed and diversified portfolio consisting primarily of high quality large capitalization common stocks. The Fund's investment adviser seeks to identify undervalued stocks with improving prospects by utilizing a computer valuation model to capture both growth and value opportunities. Although the Fund may invest in other securities of these companies, in money market instruments, and in U.S. government obligations in such proportions as prevailing market conditions warrant in the judgment of the Fund's investment adviser, it is the Fund's policy under normal market conditions to invest at least 65% of its total assets in equity securities.

Set forth below are other securities in which the Fund may invest from time to time:

FUTURES AND OPTIONS TRANSACTIONS

As a means of reducing fluctuations in the net asset value of shares of the Fund, the Fund may attempt to hedge all or a portion of its portfolio by buying and selling financial futures contracts, buying put options on portfolio securities and listed put options on futures contracts, and writing call options on futures contracts. The Fund may also write covered call options on portfolio securities to attempt to increase its current income.

The Fund will maintain its positions in securities, options and segregated cash subject to puts and calls until the options are exercised, closed, or have expired. An option position on financial futures contracts may be closed out over-the-counter or on a nationally-recognized exchange which provides a secondary market for options of the same series.

In addition to purchasing put options and writing call options as described in the prospectus, the Fund may purchase and write over-the-counter options on portfolio securities in negotiated transactions with the buyers or writers of the options when options on the portfolio securities held by the Fund are not traded on an exchange. The Fund purchases and writes options only with investment dealers and other financial institutions (such as commercial banks or savings and loan associations) deemed creditworthy by the Fund's investment adviser.

Over-the-counter options are two party contracts with price and terms negotiated between buyer and seller. In contrast, exchange-traded options are third party contracts with standardized strike prices and expiration dates and are purchased from a clearing corporation. Exchange-traded options have a continuous liquid market while over-the-counter options may not.

The Fund may also write call options and purchase put options on financial futures and stock index futures contracts as a hedge to attempt to protect securities in its portfolio against decreases in value.

FINANCIAL FUTURES CONTRACTS

A futures contract is a firm commitment by two parties: the seller who agrees to make delivery of the specific type of security called for in the contract ("going short") and the buyer who agrees to take delivery of the security ("going long") at a certain time in the future.

A stock index futures contract is a bilateral agreement which obligates the seller to deliver (and the purchaser to take delivery of) an amount of cash equal to a specific dollar amount times the difference between the value of a specific stock index at the close of trading of the contract and the price at which the agreement is originally made. There is no physical delivery of the stocks constituting the index, and no price is paid upon entering into a futures contract. In general, contracts are closed out prior to their expiration.

PUT OPTIONS ON FINANCIAL FUTURES CONTRACTS

The Fund may purchase listed put options on financial futures contracts. Unlike entering directly into a futures contract, which requires the purchaser to buy a financial instrument on a set date at a specified price, the purchase of a put option on a futures contract entitles (but does not obligate) its purchaser to decide on or before a future date whether to assume a short position at the specified price.

Generally, if the hedged portfolio securities decrease in value during the term of an option, the related futures contracts will also decrease in value and the option will increase in value. In such an event, the Fund will normally close out its option by selling an identical option. If the hedge is successful, the proceeds received by the Fund upon the sale of the second option will be large enough to offset both the premium paid by the Fund for the original option plus the decrease in value of the hedged securities.

Alternatively, the Fund may exercise its put option to close out the position. To do so, it would simultaneously enter into a futures contract of the type underlying the option (for a price less than the strike price of the option) and exercise the option. The Fund would then deliver the futures contract in return for payment of the strike price. If the Fund neither closes out nor exercises an option, the option will expire on the date provided in the option contract, and only the premium paid for the contract will be lost.

CALL OPTIONS ON FINANCIAL FUTURES CONTRACTS

In addition to purchasing put options on futures, the Fund may write listed call options on futures contracts to hedge its portfolio. When the Fund writes a call option on a futures contract, it is undertaking the obligation of assuming a short futures position (selling a futures contract) at the fixed strike price at any time during the life of the option if the option is exercised. As stock prices fall, causing the prices of futures to go down, the Fund's obligation under a call option on a future (to sell a futures contract) costs less to fulfill, causing the value of the Fund's call option position to increase.

In other words, as the underlying futures price goes down below the strike price, the buyer of the option has no reason to exercise the call, so that the Fund keeps the premium received for the option. This premium can substantially offset the drop in value of the Fund's fixed income or indexed portfolio which is occurring as interest rates rise.

Prior to the expiration of a call written by the Fund, or exercise of it by the buyer, the Fund may close out the option by buying an identical option. If the hedge is successful, the cost of the second option will be less than the premium received by the Fund for the initial option. The net premium income of the Fund will then substantially offset the decrease in value of the hedged securities.

The Fund will not maintain open positions in futures contracts it has sold or call options it has written on futures contracts if, in the aggregate, the value of the open positions (marked to market) exceeds the current market value of its securities portfolio plus or minus the unrealized gain or loss on those open positions, adjusted for the correlation of volatility between the hedged securities and the futures contracts. If this limitation is exceeded at any time, the Fund will take prompt action to close out a sufficient number of open contracts to bring its open futures and options positions within this limitation.

"MARGIN" IN FUTURES TRANSACTIONS

Unlike the purchase or sale of a security, the Fund does not pay or receive money upon the purchase or sale of a futures contract. Rather, the Fund is required to deposit an amount of "initial margin" in cash or U.S. Treasury bills with its custodian (or the broker, if legally permitted). The nature of initial margin in futures transactions is different from that of margin in securities transactions in that initial margin in futures transactions does not involve the borrowing of funds by the Fund to finance the transactions. Initial margin is in the nature of a performance bond or good faith deposit on the contract which is returned to the Fund upon termination of the futures contract, assuming all contractual obligations have been satisfied.

A futures contract held by the Fund is valued daily at the official settlement price of the exchange on which it is traded. Each day the Fund pays or receives cash, called "variation margin," equal to the daily change in value of the futures contract. This process is known as "marking to market." Variation margin does not represent a borrowing or loan by the Fund but is instead settlement between the Fund and the broker of the amount one would owe the other if the futures contract

expired. In computing its daily net asset value, the Fund will mark to market its open futures positions.

The Fund is also required to deposit and maintain margin when it writes call options on futures contracts.

The Fund will comply with the following restrictions when purchasing and selling futures contracts. First, the Fund will not participate in futures transactions if the sum of its initial margin deposits on open contracts will exceed 5% of the market value of the Fund's total assets, after taking into account the unrealized profits and losses on those contracts it has entered into. Second, the Fund will not enter into these contracts for speculative purposes. Third, since the Fund does not constitute a commodity pool, it will not market itself as such, nor serve as a vehicle for trading in the commodities futures or commodity options markets. Connected with this, the Fund will disclose to all prospective investors the limitations on its futures and option transactions, and make clear that these transactions are entered into only for bona fide hedging purposes, or other permissible purposes pursuant to regulations promulgated by the Commodity Futures Trading Commission ("CFTC"). Finally, because the Fund will submit to the CFTC special calls for information, the Fund will not register as a commodities pool operator.

RESTRICTED AND ILLIQUID SECURITIES

The ability of the Trustees to determine the liquidity of certain restricted securities is permitted under a Securities and Exchange Commission staff position set forth in the adopting release for Rule 144A under the Securities Act of 1933 (the "Rule"). The Rule is a non-exclusive, safe-harbor for certain secondary market transactions involving securities subject to restrictions on resale under federal securities laws. The Rule provides an exemption from registration for resales of otherwise restricted securities to qualified institutional buyers. The Rule was expected to further enhance the liquidity of the secondary market for securities eligible for resale under the Rule. The Fund believes that the staff of the Securities and Exchange Commission has left the question of determining the liquidity of all restricted securities to the Trust's Board. The Board considers the following criteria in determining the liquidity of certain restricted securities:

_the frequency of trades and quotes for the security;

_the number of dealers willing to purchase or sell the security and the number of other potential buyers;

_dealer undertakings to make a market in the security; and

_the nature of the security and the nature of the marketplace trades.

OBLIGATIONS OF FOREIGN ISSUERS

Obligations of foreign issuers may include debt obligations of supranational entities, which include international organizations designed or supported by governmental entities to promote economic reconstruction or development, and international banking institutions and related government agencies. Examples of these include, but are not limited to, the International Bank for Reconstruction and Development (World Bank), European Investment Bank and InterAmerican Development Bank.

DEMAND MASTER NOTES

The Fund may invest in variable amount demand master notes. Demand notes are short-term borrowing arrangements between a corporation or government agency and an institutional lender (such as the Fund) payable upon demand by either party. The notice period for demand typically ranges from one to seven days, and the party may demand full or partial payment. Many master notes give the Fund the option of increasing or decreasing the principal amount of the master note on a daily or weekly basis within certain limits. Demand master notes usually provide for floating or variable rates of interest.

CONVERTIBLE SECURITIES

Convertible bonds and convertible preferred stocks are fixed income securities that generally retain the investment characteristics of fixed income securities until they have been converted but also react to movements in the underlying equity securities. The holder is entitled to receive the fixed income of a bond or the dividend preference of a preferred stock until the holder elects to exercise the conversion privilege. Usable bonds are corporate bonds that can be used in whole or in part, customarily at full face value, in lieu of cash to purchase the issuer's common stock. When owned as part of a unit along with warrants, which are options to buy the common stock, they function as convertible bonds, except that the warrants generally will expire before the bond's maturity. Convertible securities are senior to equity securities and,

therefore, have a claim to assets of the corporation prior to the holders of common stock in the case of liquidation. However, convertible securities are generally subordinated to similar nonconvertible securities of the same company. The interest income and dividends from convertible bonds and preferred stocks provide a stable stream of income with generally higher yields than common stocks, but lower than nonconvertible securities of similar quality.

The Fund will exchange or convert the convertible securities held in its portfolio into shares of the underlying common stock in instances in which, in the Fund's investment adviser's opinion, the investment characteristics of the underlying common shares will assist the Fund in achieving its investment objective. Otherwise, the Fund will hold or trade the convertible securities. In selecting convertible securities for the Fund, the Fund's investment adviser evaluates the investment characteristics of the convertible security as a fixed income instrument, and the investment potential of the underlying equity security for capital appreciation. In evaluating these matters with respect to a particular convertible security, the Fund's investment adviser considers numerous factors, including the economic and political outlook, the value of the security relative to other investment alternatives, trends in the determination of the issuer's profits, and the issuer's management capability and practices.

ZERO COUPON CONVERTIBLE SECURITIES

Zero coupon convertible securities are debt securities which are issued at a discount to their face amount and do not entitle the holder to any periodic payments of interest prior to maturity. Rather, interest earned on zero coupon convertible securities accretes at a stated yield until the security reaches its face amount at maturity. Zero coupon convertible securities are convertible into a specific number of shares of the issuer's common stock. In addition, zero coupon convertible securities usually have put features that provide the holder with the opportunity to put the bonds back to the issuer at a stated price before maturity. Generally, the prices of zero coupon convertible securities may be more sensitive to market interest rate fluctuations than conventional convertible securities.

REPURCHASE AGREEMENTS

The Fund requires its custodian to take possession of the securities subject to repurchase agreements, and these securities are marked to market daily. To the extent that the original seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities. In the event that such a defaulting seller filed for bankruptcy or became insolvent, disposition of such securities by the Fund might be delayed pending court action. The Fund believes that, under the regular procedures normally in effect for custody of the Fund's portfolio securities subject to repurchase agreements, a court of competent jurisdiction would rule in favor of the Fund and allow retention or disposition of such securities. The Fund will only enter into repurchase agreements with banks and other recognized financial institutions, such as broker/dealers, which are deemed by the Fund's investment adviser to be creditworthy pursuant to guidelines established by the Trustees.

REVERSE REPURCHASE AGREEMENTS

The Fund may also enter into reverse repurchase agreements. These transactions are similar to borrowing cash. In a reverse repurchase agreement, the Fund transfers possession of a portfolio instrument to another person, such as a financial institution, broker, or dealer, in return for a percentage of the instrument's market value in cash, and agrees that on a stipulated date in the future the Fund will repurchase the portfolio instrument by remitting the original consideration plus interest at an agreed upon rate. The use of reverse repurchase agreements may enable the Fund to avoid selling portfolio instruments at a time when a sale may be deemed to be disadvantageous, but the ability to enter into reverse repurchase agreements does not ensure that the Fund will be able to avoid selling portfolio instruments at a disadvantageous time.

When effecting reverse repurchase agreements, liquid assets of the Fund, in a dollar amount sufficient to make payment for the obligations to be purchased, are segregated at the trade date. These assets are marked to market daily and are maintained until the transaction has been settled.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

The Fund engages in when-issued and delayed delivery transactions only for the purpose of acquiring portfolio securities consistent with the Fund's investment objective and policies, and not for investment leverage.

These transactions are made to secure what is considered to be an advantageous price and yield for the Fund. Settlement dates may be a month or more after entering into these transactions and the market values of the securities purchased may vary from the purchase prices.

No fees or other expenses, other than normal transaction costs, are incurred.

However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated on the Fund's records at the trade date. These securities are marked to market daily and maintained until the transaction is settled. As a matter of policy, the Fund does not intend to engage in when-issued and delayed delivery transactions to an extent that would cause the segregation of more than 20% of the total value of its assets.

TEMPORARY INVESTMENTS

From time to time, during periods of other than normal market conditions, the Fund may also invest in temporary investments for defensive purposes.

U.S. GOVERNMENT OBLIGATIONS

The types of U.S. government obligations in which the Fund may invest generally include direct obligations of the U.S. Treasury (such as U.S. Treasury bills, notes, and bonds) and obligations issued or guaranteed by U.S. government agencies or instrumentalities. These securities are backed by:

the full faith and credit of the U.S. Treasury;

the issuer's right to borrow an amount limited to a specific line of credit from the U.S. Treasury;

the discretionary authority of the U.S. government to purchase certain obligations of agencies or instrumentalities; or

the credit of the agency or instrumentality issuing the obligations.

Examples of agencies and instrumentalities which are permissible investments which may not always receive financial support from the U.S. government are:

Federal Farm Credit Banks;

Federal Home Loan Banks;

Federal National Mortgage Association;

Student Loan Marketing Association; and

Federal Home Loan Mortgage Corporation.

LENDING OF PORTFOLIO SECURITIES

The collateral received when the Fund lends portfolio securities must be valued daily and, should the market value of the loaned securities increase, the borrower must furnish additional collateral to the Fund. During the time portfolio securities are on loan, the borrower pays the Fund any dividends or interest paid on such securities. Loans are subject to termination at the option of the Fund or the borrower. The Fund may pay reasonable administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash or equivalent collateral to the borrower or placing broker.

INVESTMENT LIMITATIONS

SELLING SHORT AND BUYING ON MARGIN

The Fund will not sell any securities short or purchase any securities on margin, other than in connection with buying stock index futures contracts, put options on stock index futures, put options on financial futures and portfolio securities, and writing covered call options, but may obtain such short-term credits as are necessary for the clearance of transactions.

The deposit or payment by the Fund of initial or variation margin in connection with financial futures contracts or related options transactions is not considered the purchase of a security on margin.

ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Fund will not issue senior securities, except that the Fund may borrow money and engage in reverse repurchase agreements in amounts up to one-third of the value of its total assets, including the amounts borrowed.

The Fund will not borrow money or engage in reverse repurchase agreements for investment leverage, but rather as a temporary, extraordinary, or emergency measure or to facilitate management of the portfolio by enabling the Fund to meet redemption requests when the liquidation of portfolio securities is deemed to be inconvenient or disadvantageous. The

Fund will not purchase any securities while borrowings in excess of 5% of the value of the Fund's total assets are outstanding.

PLEDGING ASSETS

The Fund will not mortgage, pledge, or hypothecate any assets except to secure permitted borrowings. In those cases, the Fund may mortgage, pledge or hypothecate assets to secure such borrowings having a market value not exceeding the lesser of the dollar amounts borrowed or 15% of the value of total assets at the time of the borrowing. For purposes of this limitation, the following are not deemed to be pledges: margin deposits for the purchase and sale of futures contracts and related options and segregation or collateral arrangements made in connection with options activities or the purchase of securities on a when-issued basis.

INVESTING IN REAL ESTATE

The Fund will not buy or sell real estate, including limited partnership interests, although it may invest in the securities of companies whose business involves the purchase or sale of real estate or in securities which are secured by real estate or interests in real estate.

INVESTING IN COMMODITIES

The Fund will not purchase or sell commodities, commodity contracts, or commodity futures contracts. However, the Fund may purchase put options on stock index futures, put options on financial futures, stock index futures contracts, and put options on portfolio securities, and may write covered call options.

UNDERWRITING

The Fund will not underwrite any issue of securities, except as it may be deemed to be an underwriter under the Securities Act of 1933 in connection with the sale of any securities which the Fund may purchase pursuant to its investment objective, policies and limitations.

DIVERSIFICATION OF INVESTMENTS

With respect to securities comprising 75% of the value of its total assets, the Fund will not purchase securities issued by any one issuer (other than cash, cash items or securities issued or guaranteed by the government of the United States or its agencies or instrumentalities, and repurchase agreements collateralized by such securities) if, as a result, more than 5% of the value of the Fund's total assets would be invested in the securities of that issuer or if the Fund would own more than 10% of the outstanding voting securities of that issuer. (For purposes of this limitation, the Fund considers instruments issued by a U.S. branch of a domestic bank having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of investment to be "cash items.")

CONCENTRATION OF INVESTMENTS

The Fund will not invest 25% or more of the value of its total assets in any one industry, except that the Fund may invest 25% or more of the value of its total assets in securities issued or guaranteed by the U.S. government, its agencies or instrumentalities, and repurchase agreements collateralized by such securities.

LENDING CASH OR SECURITIES

The Fund will not lend any of its assets except portfolio securities. This shall not prevent the Fund from purchasing or holding U.S. government obligations, money market instruments, demand master notes, bonds, debentures, notes, certificates of indebtedness, or other debt securities, entering into repurchase agreements, or engaging in other transactions where permitted by the Fund's investment objective, policies, and limitations.

The above investment limitations cannot be changed without shareholder approval. The following investment limitations, however, may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these limitations becomes effective.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund will limit its investment in other investment companies to not more than 3% of the total outstanding voting stock of any investment company, will invest no more than 5% of its total assets in any one investment company, and will invest no more than 10% of its total assets in investment companies in general. The Fund will purchase securities of

closed-end investment companies only in open market transactions involving customary brokers commissions. However, these limitations are not applicable if the securities are acquired in a merger, consolidation, reorganization, or acquisition of assets. While it is the policy of the Fund to waive investment advisory fees on Fund assets invested in securities of other open-end investment companies, it should be noted that investment companies incur certain expenses, such as custodian and transfer agent fees and, therefore, any investment by the Fund in shares of another investment company would be subject to such duplicate expenses. The Fund will invest in other investment companies primarily for the purpose of investing its short-term cash on a temporary basis. The Fund has a present intention of investing no more than 5% of its total assets in investment companies during the current fiscal year.

INVESTING IN RESTRICTED SECURITIES

The Fund will not invest more than 5% of its total assets in securities subject to restrictions on resale under the Securities Act of 1933, except for certain restricted securities which meet the criteria for liquidity as established by the Trustees.

INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 15% of its net assets in illiquid securities, including repurchase agreements providing for settlement in more than seven days after notice, over-the-counter options, certain securities not determined to be liquid under guidelines established by the Trustees, and non-negotiable fixed income time deposits with maturities over seven days.

INVESTING IN MINERALS

The Fund will not purchase interests in oil, gas, or other mineral exploration or development programs or leases, except that the Fund may purchase the securities of issuers which invest in or sponsor such programs.

INVESTING IN NEW ISSUERS

The Fund will not invest more than 5% of the value of its total assets in portfolio instruments of unseasoned issuers, including their predecessors, that have been in operation for less than three years.

INVESTING IN ISSUERS WHOSE SECURITIES ARE OWNED BY OFFICERS AND TRUSTEES OF THE TRUST

The Fund will not purchase or retain the securities of any issuer if the officers and Trustees of the Trust or the Fund's investment adviser, owning individually more than 1/2 of 1% of the issuer's securities, together own more than 5% of the issuer's securities.

INVESTING IN PUT OPTIONS

The Fund will not purchase put options on securities unless the securities are held in the Fund's portfolio and not more than 5% of the value of the Fund's total assets would be invested in premiums on open put option positions.

PURCHASING SECURITIES TO EXERCISE CONTROL

The Fund will not purchase securities of a company for purposes of exercising control or management.

INVESTING IN WARRANTS

The Fund will not invest more than 5% of its net assets in warrants, including those acquired in units or attached to other securities. To comply with certain state restrictions, the Fund will limit its investment in such warrants not listed on the New York or American Stock Exchange to 2% of its net assets. (If state restrictions change, this latter restriction may be revised without notice to shareholders.) For purposes of this investment restriction, warrants acquired by the Fund in units with or attached to securities may be deemed to be without value.

WRITING COVERED CALL OPTIONS

The Fund will not write call options on securities unless the securities are held in the Fund's portfolio or unless the Fund is entitled to them in deliverable form without further payment or after segregating cash in the amount of any further payment.

Except with respect to borrowing money, if a percentage limitation is adhered to at the time of investment, a later increase or decrease in percentage resulting

from any change in value or net assets will not result in a violation of such restriction.

The Fund does not intend to borrow money in excess of 5% of the value of its total assets during the current fiscal year.

THE BILTMORE FUNDS MANAGEMENT

OFFICERS AND TRUSTEES

Officers and Trustees of the Trust are listed with their principal occupations and present positions. Except as listed below, none of the Trustees or officers are affiliated with Wachovia Bank of North Carolina, N.A., Federated Investors, Federated Securities Corp., Federated Services Company or Federated Administrative Services.

<TABLE>
<CAPTION>

NAME <S>	POSITIONS WITH THE TRUST <C>	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS <C>
James A. Hanley	Trustee	Retired; Vice President and Treasurer, Abbott Laboratories (health care products) until 1992.
Malcolm T. Hopkins	Trustee	Private investor and consultant; Director, The Columbia Gas System, Inc. (integrated natural gas production, transmission and distribution); Director, MAPCO, Inc. (diversified energy); Director, Metropolitan Series Funds, Inc. (investment company); Director, Kinder-Care Learning Centers, Inc. (child care); and Director, Wangner Systems Corporation (manufacturer of fabrics for paper production).
Samuel E. Hudgins	Trustee	Principal, Lally, Percival & Company Inc.; Director, Atlantic American Corporation (insurance holding company); Director, Bankers Fidelity Life Insurance Company; Director and Vice Chairman, Leath Furniture, Inc. (retail furniture); President, Atlantic American Corporation until 1988; Director, Vice Chairman and Chief Executive Officer, Rhodes, Inc. (retail furniture) until 1988; Chairman and Director, Atlantic American Life Insurance Co., Georgia Casualty & Surety Company, and Bankers Fidelity Life Insurance until 1988.
J. Berkley Ingram, Jr.	Trustee	Real estate investor and partner; Director, VF Corporation (apparel company).
D. Dean Kaylor	Trustee	Retired; Executive Vice President and Chief Financial Officer, NBD Bank, N.A. and NBD Bancorp, Inc. (bank and bank-holding company) until 1990.
John W. McGonigle	President and Treasurer	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary, and Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; Executive Vice President, Secretary, and Trustee, Federated Administrative Services; Executive Vice President and Director, Federated Securities Corp.
Ronald M. Petnuch	Vice President and Assistant Treasurer	Vice President, Federated Administrative Services; formerly, Associate Corporate Counsel, Federated Investors; Vice President and Assistant Treasurer for certain funds for which Federated Securities Corp. is the principal distributor.
Joseph M. Huber	Secretary	Corporate Counsel, Federated Investors.

</TABLE>

The address of the Trustees and officers of the Trust is Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779.

FUND OWNERSHIP

Officers and Trustees own less than 1% of the Fund's outstanding shares.

TRUSTEE LIABILITY

The Trust's Declaration of Trust provides that the Trustees are not liable for errors of judgment or mistakes of fact or law. However, they are not protected against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of their office.

INVESTMENT ADVISORY SERVICES

ADVISER TO THE FUND AND SUB-ADVISER

The Fund's investment adviser is Wachovia Investment Management Group (the "Adviser"). The Adviser is a business unit of Wachovia Bank of North Carolina, N.A., which is a wholly-owned subsidiary of Wachovia Corporation.

The Adviser shall not be liable to the Trust, the Fund or any shareholder of the Fund for any losses that may be sustained in the purchase, holding, or sale of any security, or for anything done or omitted by it, except acts or omissions involving willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties imposed upon it by its contract with the Trust.

Twin Capital Management, Inc. (the "Sub-Adviser" or "Twin Capital") serves as the sub-adviser to the Adviser under the terms of an investment sub-advisory agreement between the Adviser and the Sub-Adviser. Twin Capital, incorporated as a Pennsylvania corporation in 1989, is a registered investment adviser under the Investment Advisers Act of 1940.

ADVISORY AND SUB-ADVISORY FEES

For its advisory services, the Adviser receives an annual investment advisory fee as described in the prospectus. For its services as Sub-Adviser, Twin Capital receives an annual sub-advisory fee, payable solely by the Adviser, as described in the prospectus.

STATE EXPENSE LIMITATIONS

The Adviser has undertaken to comply with the expense limitations established by certain states for investment companies whose shares are registered for sale in those states. If the Fund's normal operating expenses (including the investment advisory fee, but not including brokerage commissions, interest, taxes, and extraordinary expenses) exceed 2-1/2% per year of the first \$30 million of average net assets, 2% per year of the next \$70 million of average net assets, and 1-1/2% per year of the remaining average net assets, the Adviser will waive its fee or reimburse the Fund for its expenses over the limitation.

If the Fund's monthly projected operating expenses exceed this limitation, the investment advisory fee paid will be reduced by the amount of the excess, subject to an annual adjustment. If the expense limitation is exceeded, the amount to be reimbursed by the Adviser will be limited, in any single fiscal year, by the amount of the investment advisory fee.

ADMINISTRATIVE SERVICES

Federated Administrative Services, a subsidiary of Federated Investors, provides administrative personnel and services to the Fund for a fee as described in the prospectus.

BROKERAGE TRANSACTIONS

The Adviser may select brokers and dealers who offer brokerage and research services. These services may be furnished directly to the Fund or to the Adviser and may include:

- advice as to the advisability of investing in securities;
- security analysis and reports;
- economic studies;
- industry studies;
- receipt of quotations for portfolio evaluations; and
- similar services.

The Adviser and its affiliates exercise reasonable business judgment in selecting brokers who offer brokerage and research services to execute securities transactions. They determine in good faith that commissions charged by such persons are reasonable in relationship to the value of the brokerage and research services provided.

Research services provided by brokers and dealers may be used by the Adviser in advising the Fund and other accounts. To the extent that receipt of these services may supplant services for which the Adviser or its affiliates might otherwise have paid, it would tend to reduce expenses. The Fund has no obligation to deal with any broker or group of brokers in the execution of portfolio transactions.

Some of the Adviser's other clients have investment objectives and programs similar to that of the Fund. Occasionally, the Adviser may make recommendations to other clients which result in their purchasing or selling securities simultaneously with the Fund. Consequently, the demand for securities being purchased or the supply of securities being sold may increase, and this could have an adverse effect on the price of those securities. It is the Adviser's policy not to favor one client over another in making recommendations or in placing orders. If two or more of the Adviser's clients are purchasing a given security on the same day from the same broker or dealer, the Adviser may average the price of the transactions and allocate the average among the clients participating in the transaction.

PURCHASING FUND SHARES

Shares of the Fund are sold at net asset value plus an applicable sales charge on days on which the New York Stock Exchange and the Federal Reserve Wire System are open for business. The procedure for purchasing shares of the Fund is explained in the prospectus under "Investing in the Fund."

CONVERSION TO FEDERAL FUNDS

It is the Fund's policy to be as fully invested as possible so that maximum interest may be earned. To this end, all payments from shareholders must be in federal funds or be converted into federal funds. The Wachovia Banks (as defined in the prospectus) act as the shareholders' agent in depositing checks and converting them to federal funds.

EXCHANGING SECURITIES FOR FUND SHARES

The Fund may accept securities in exchange for Fund shares only upon the prior approval of the Fund and only upon a determination by the Fund and the Adviser that the securities to be exchanged are acceptable.

Any securities exchanged must meet the investment objective and policies of the Fund, must have a readily ascertainable market value, must be liquid and must not be subject to restrictions on resale. The market value of any securities exchanged in an initial investment, plus any cash, must be at least equal to the minimum investment requirement of the Fund. If shares are purchased in exchange for securities, those shares cannot be redeemed for ten days to allow time for the transfer to settle.

Securities accepted by the Fund will be valued in the same manner as the Fund values its assets. The basis of the exchange will depend upon the net asset value of Fund shares on the day the securities are valued. One share of the Fund will be issued for each equivalent amount of securities accepted.

Any interest earned on the securities prior to the exchange will be considered in valuing the securities. All interest, dividends, subscription or other rights attached to the securities become the property of the Fund, along with the securities.

DETERMINING NET ASSET VALUE

Net asset value generally changes each day. The days on which net asset value is calculated by the Fund are described in the prospectus.

DETERMINING MARKET VALUE OF SECURITIES

The market value of the Fund's portfolio securities is determined as follows:

for equity securities, according to the last sale price on a national securities exchange, if available;

in the absence of recorded sales for listed equity securities, according to the mean between the last closing bid and asked prices;

for unlisted equity securities, the latest bid prices;

for bonds and other fixed income securities, as determined by an independent pricing service;

for short-term obligations, according to the mean between bid and asked prices as furnished by an independent pricing service or for short-term obligations with maturities of less than 60 days, at amortized cost; or

for all other securities, at fair value as determined in good faith by the Trustees.

Prices provided by independent pricing services may be determined without

relying exclusively on quoted prices and may reflect: institutional trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data.

The Fund will value futures contracts, options and put options on financial futures at their market values established by the exchanges at the close of option trading on such exchanges, unless the Trustees determine in good faith that another method of valuing option positions is necessary.

REDEEMING FUND SHARES

The Fund redeems shares at the next computed net asset value after the Fund receives the redemption request. Redemption procedures are explained in the prospectus under "Redeeming Shares."

REDEMPTION IN KIND

Although the Fund intends to redeem shares in cash, it reserves the right under certain circumstances to pay the redemption price in whole or in part by a distribution of securities from the Fund's portfolio. To the extent available, such securities will be readily marketable.

Redemption in kind will be made in conformity with applicable Securities and Exchange Commission rules, taking such securities at the same value employed in determining net asset value and selecting the securities in a manner the Trustees determine to be fair and equitable.

Redemption in kind is not as liquid as a cash redemption. If redemption is made in kind, shareholders receiving their securities and selling them before their maturity could receive less than the redemption value of their securities and could incur transaction costs.

The Fund has elected to be governed by Rule 18f-1 under the Investment Company Act of 1940, which obligates the Fund to redeem shares for any one shareholder in cash only up to the lesser of \$250,000 or 1% of the Fund's net asset value during any 90-day period.

TAX STATUS

THE FUND'S TAX STATUS

The Fund will pay no federal income tax because it expects to meet the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. To qualify for this treatment, the Fund must, among other requirements:

derive at least 90% of its gross income from dividends, interest, and gains from the sale of securities;

derive less than 30% of its gross income from the sale of securities held less than three months;

invest in securities within certain statutory limits; and

distribute to its shareholders at least 90% of its net income earned during the year.

SHAREHOLDERS' TAX STATUS

Shareholders are subject to federal income tax on dividends received as cash or additional shares. The dividends received deduction for corporations will apply to ordinary income distributions to the extent the distribution represents amounts that would qualify for the dividends received deduction to the Fund if the Fund were a regular corporation, and to the extent designated by the Fund as so qualifying. These dividends, and any short-term capital gains, are taxable as ordinary income.

CAPITAL GAINS

Long-term capital gains distributed to shareholders will be treated as long-term capital gains regardless of how long shareholders have held shares.

TOTAL RETURN

The average annual total return for the Fund is the average compounded rate of return for a given period that would equate a \$1,000 initial investment to the ending redeemable value of that investment. The ending redeemable value is computed by multiplying the number of shares owned at the end of the period by the net asset value per share at the end of the period. The number of shares

owned at the end of the period is based on the number of shares purchased at the beginning of the period with \$1,000, less any applicable sales load, adjusted over the period by any additional shares, assuming the reinvestment of all dividends and distributions.

YIELD

The yield for the Fund is determined by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the Fund over a thirty-day period by the maximum offering price per share of the Fund on the last day of the period. This value is then annualized using semi-annual compounding. This means that the amount of income generated during the thirty-day period is assumed to be generated each month over a 12-month period and is reinvested every six months. The yield does not necessarily reflect income actually earned by the Fund because of certain adjustments required by the Securities and Exchange Commission and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

To the extent that financial institutions and broker/dealers charge fees in connection with services provided in conjunction with an investment in the Fund, the performance will be reduced for those shareholders paying those fees.

PERFORMANCE COMPARISONS

The Fund's performance depends upon such variables as:

stock market fluctuations;

portfolio quality;

average portfolio maturity;

type of instruments in which the portfolio is invested;

changes in interest rates and market value of portfolio securities;

changes in the Fund's expenses;

the relative amount of Fund cash flow; and

various other factors.

The Fund's performance fluctuates on a daily basis largely because net earnings and net asset value per share fluctuate daily. Both net earnings and net asset value per share are factors in the computation of yield and total return.

From time to time the Fund may advertise its performance compared to similar funds or portfolios using certain indices, reporting services, and financial publications. These may include the following:

LIPPER ANALYTICAL SERVICES, INC. ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all capital gains distributions and income dividends and takes into account any change in maximum offering price over a specific period of time.

DOW JONES INDUSTRIAL AVERAGE ("DJIA") represents share prices of selected blue-chip industrial corporations. The DJIA indicates daily changes in the average price of stock of these corporations. Because it represents the top corporations of America, the DJIA index is a leading economic indicator for the stock market as a whole.

STANDARD & POOR'S DAILY STOCK PRICE INDEX OF 500 COMMON STOCKS (THE "S&P INDEX"), is a composite index of common stocks in industry, transportation, and financial and public utility companies. In addition, the S&P Index assumes reinvestment of all dividends paid by stocks listed on the S&P Index. Taxes due on any of these distributions are not included, nor are brokerage or other fees calculated in the S&P Index figures.

MORNINGSTAR, INC., an independent rating service, is the publisher of the bi-weekly Mutual Fund Values. Mutual Fund Values rates more than 1,000 NASDAQ-listed mutual funds of all types, according to their risk-adjusted returns. The maximum rating is five stars, and ratings are effective for two weeks.

Investors may use such indices (or reporting services) in addition to the Fund's prospectus to obtain a more complete view of the Fund's performance before investing. Of course, when comparing each Fund's performance to any index, conditions such as composition of the index and prevailing market conditions

should be considered in assessing the significance of such comparisons.

When comparing funds using reporting services, or total return and yield, investors should take into consideration any relevant differences in funds such as permitted portfolio compositions and methods used to value portfolio securities and compute net asset value.

Advertisements and other sales literature for the Fund may quote total returns which are calculated on non-standardized base periods. These total returns also represent the historic change in the value of an investment in the Fund based on quarterly reinvestment of dividends over a specified period of time.

Advertisements may quote performance information which does not reflect the effect of the sales load.

STANDARD & POOR'S CORPORATION

Standard & Poor's Corporation ("S&P") makes no representation or warranty, express or implied, to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly or the ability of the Index (as defined in the prospectus) to track general stock market performance. S&P's only relationship to Federated Securities Corp., the Fund's distributor (the "Licensee") is the licensing of certain trademarks and trade names of S&P and of the Index which is determined, composed and calculated by S&P without regard to the Licensee or the Fund. S&P has no obligation to take the needs of the Licensee or the owners of the Fund into consideration in determining, composing or calculating the Index. S&P is not responsible for and has not participated in the determination of, the timing of, prices at, or quantities of the Fund to be issued or in the determination or calculation of the equation by which the Fund is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Fund.

S&P does not guarantee the accuracy and/or the completeness of the Index or any data included therein. S&P makes no warranty, express or implied, as to results to be obtained by the Licensee, owners of the Fund, or any other person or entity from the use of the Index or any data included therein in connection with the rights licensed hereunder or for any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

APPENDIX

STANDARD & POOR'S CORPORATION CORPORATE BOND RATINGS

AAA--Debt rated AAA has the highest rating assigned by S&P. Capacity to pay interest and repay principal is extremely strong.

AA--Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree.

A--Debt rated A has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

BBB--Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

NR--NR indicates that no public rating has been requested, that there is insufficient information on which to base a rating, or that S&P does not rate a particular type of obligation as a matter of policy. S&P may apply a plus (+) or minus (-) to the above rating classifications to show relative standing within the classifications.

MOODY'S INVESTORS SERVICE, INC. CORPORATE BOND RATINGS

Aaa--Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa--Bonds which are rated Aa are judged to be of high quality by all standards.

Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long term risks appear somewhat larger than in Aaa securities.

A--Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment some time in the future.

Baa--Bonds which are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

NR--Not rated by Moody's. Moody's applies numerical modifiers, 1, 2 and 3 in each generic rating classification from Aa through B in its corporate bond rating system. The modifier 1 indicates that the security ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

FITCH INVESTORS SERVICE, INC. LONG-TERM DEBT RATINGS

AAA--Bonds considered to be investment grade and of the highest credit quality. The obligor has an exceptionally strong ability to pay interest and repay principal, which is unlikely to be affected by reasonably foreseeable events.

AA--Bonds considered to be investment grade and of very high credit quality. The obligor's ability to pay interest and repay principal is very strong, although not quite as strong as bonds rated AAA. Because bonds rated in the AAA and AA categories are not significantly vulnerable to foreseeable future developments, short-term debt of these issuers is generally rated F-1+.

A--Bonds considered to be investment grade and of high credit quality. The obligor's ability to pay interest and repay principal is considered to be strong, but may be more vulnerable to adverse changes in economic conditions and circumstances than bonds with higher ratings.

BBB--Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

NR--NR indicates that Fitch does not rate the specific issue.

STANDARD & POOR'S CORPORATION COMMERCIAL PAPER RATINGS

A-1--This designation indicates that the degree of safety regarding timely payment is strong. Those issues determined to have extremely strong safety characteristics are denoted with a plus (+) sign.

A-2--Capacity for timely payment on issues with this designation is satisfactory. However, the relative degree of safety is not as high as for issues designated A-1.

MOODY'S INVESTORS SERVICE, INC. COMMERCIAL PAPER RATINGS

P-1--Issuers (or supporting institutions) rated Prime-1 (P-1) have a superior capacity for repayment of senior short-term promissory obligations. P-1 repayment capacity will often be evidenced by many of the following characteristics: leading market positions in well-established industries; high rates of return on funds employed; conservative capitalization structure with moderate reliance on debt and ample asset protection; broad margins in earnings coverage of fixed financial charges and high internal cash generation; or well-established access to a range of financial markets and assured sources of alternate liquidity.

P-2--Issuers (or supporting institutions) rated Prime-2 (P-2) have a strong capacity for repayment of senior short-term debt obligations. This will normally be evidenced by many of the characteristics cited above, but to a lesser degree. Earnings trends and coverage ratios, while sound, may be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

FITCH INVESTORS SERVICE, INC. COMMERCIAL PAPER RATINGS

FITCH-1--(Highest Grade) Commercial paper assigned this rating is regarded as having the strongest degree of assurance for timely payment.

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PART C. OTHER INFORMATION.

Item 24. Financial Statements and Exhibits:

- (a) Financial Statements (1-6) Filed in Supplement to Prospectus dated 7/31/93; (7-10) Filed in Part A; (11) to be filed by amendment.
- (b) Exhibits:
 - (1) Copy of Declaration of Trust of the Registrant;(1)
 - (i) Copy of the Amended and Restated Declaration of Trust;(2)
 - (ii) Copy of Amendment No. 1 to Declaration of Trust;(5)
 - (iii) Copy of Amendment No. 3 to Declaration of Trust;(6)
 - (iv) Copy of Amendment No. 4 to the Declaration of Trust; +
 - (v) Copy of Amendment No. 5 to the Declaration of Trust; +
 - (2) Copy of By-Laws of the Registrant;(1)
 - (i) Amended By-Laws of the Registrant;(2)
 - (3) Not applicable;
 - (4) Not Applicable;
 - (5) Copy of Investment Advisory Contract of the Registrant(2);
 - (i) Copy of Exhibit to Investment Advisory Contract of the Registrant;(3)
 - (ii) Conformed Copy of Exhibit to Investment Advisory Contract of the Registrant to add Biltmore Quantitative Equity Fund to the present Investment Advisory Contract; +
 - (iii) Conformed Copy of Sub-Advisory Agreement of the Registrant; +
 - (6) Copy of Distributor's Contract of the Registrant;(3)
 - (i) Copy of Administrative Agreement;(7)
 - (ii) Copy of Exhibit to Distributor's Contract of the Registrant;(3)
 - (iii) Copy of Exhibit to Distributor's Contract of the Registrant;(6)
 - (iv) Copy of Exhibit to Distribution Agreement of the Registrant;(7)
 - (v) Conformed Copy of Exhibit to Distributor's Contract; +
 - (7) Not applicable;

+ All exhibits have been electronically filed.

- (1) Response is incorporated by reference to Registrant's Initial Registration Statement on Form N-1A filed December 18, 1991. (File No. 33-44590)
- (2) Response is incorporated by reference to Registrant's Pre-Effective Amendment No. 1 on form N-1A filed March 6, 1992. (File No. 33-44590)
- (3) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 1 on Form N-1A filed May 12, 1992. (File No. 33-44590).
- (5) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 4 on form N-1A filed September 29, 1992. (File No. 33-44590)
- (6) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 5 on form N-1A filed December 2, 1992 (File No. 33-44590)
- (7) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 8 on form N-1A filed July 29, 1993 (File No. 33-44590)
 - (8) Copy of Custodian Agreement of the Registrant;(2)
 - (i) Copy of Exhibit to Custodian Agreement of the Registrant;(3)
 - (9) Copy of Transfer Agency and Service Agreement of the Registrant;(2)
 - (i) Copy of Exhibit to Transfer Agency and Service Agreement of the Registrant;(3)
 - (ii) Copy of Exhibit to Transfer Agency and Service Agreement of the Registrant;(7)
 - (iii) Copy of Sub-Transfer Agency and Service Agreement;(7)
 - (10) Copy of Opinion and Consent of Counsel as to legality of shares being registered;(2)

- (11) Not applicable;
- (12) Not applicable;
- (13) Copy of Initial Capital Understanding; (2)
- (14) Not applicable
- (15) (i) Copy of Distribution Plan; (2)
- (ii) Copy of Exhibit to Distribution Plan; (7)
- (iii) Copy of Dealer Agreement; (2)
- (iv) Copy of Exhibit to Dealer Agreement (6)
- (v) Copy of 12b-1 Agreement; (2)
- (vi) Copy of Exhibit to 12b-1 Agreement; (6)
- (vii) Copy of Shareholder Services Plan; (7)
- (viii) Conformed Copy of Exhibit to Shareholder Services Plan; +
- (ix) Copy of Shareholder Services Agreement; +
- (16) Not applicable
- (17) Power of Attorney; (2)
- (18) Not applicable.

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

None

+ All exhibits have been electronically filed.

- (2) Response is incorporated by reference to Registrant's Pre-Effective Amendment No. 1 on form N-1A filed March 6, 1992. (File No. 33-44590)
- (3) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 1 on Form N-1A filed May 12, 1992. (File No. 33-44590).
- (6) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 5 on form N-1A filed December 2, 1992 (File No. 33-44590)
- (7) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 8 on form N-1A filed July 29, 1993 (File No. 33-44590)

Item 26. Number of Holders of Securities:

Title of Class	Number of Record Holders as of November 16, 1993
Shares of beneficial interest (no par value)	
Biltmore Balanced Fund	160
Biltmore Equity Fund	140
Biltmore Equity Index Fund	131
Biltmore Fixed Income Fund	205
Biltmore Special Values Fund	30
Biltmore Short-Term Fixed Income Fund	197
Biltmore Money Market Fund (Investment Shares)	8
Biltmore Money Market Fund (Institutional Shares)	3
Biltmore Tax-Free Money Market Fund (Investment Shares)	7
Biltmore Tax-Free Money Market Fund (Institutional Shares)	3
Biltmore U.S. Treasury Money Market Fund (Investment Shares)	6
Biltmore U.S. Treasury Money Market Fund (Institutional Shares)	3
Biltmore Prime Cash Management Fund	0

Item 27. Indemnification: (2)

Item 28. Business and Other Connections of Investment Adviser:

- (a) For a description of the other business of the investment adviser, see the section entitled "The Biltmore Funds Information - Management of the Trust" in Part A. The Officers of the investment adviser are: Chairman of the Board, L. M. Baker, Jr.; President and Chief Executive Officer, J. Walter McDowell; Chief Financial Officer and Executive Vice President, Robert F. McCoy; Chief Loan Administration Officer and Executive Vice President, Robert L. Alphin; Executive Vice President, David L. Cotterill; Executive Vice President, Mickey W. Dry; Executive Vice President, Walter E. Leonard, Jr.; Executive Vice President, Robert P. Noble III; and Executive Vice President, Richard B. Roberts. The business address of each of the Officers of the investment adviser is Wachovia Bank of North Carolina, N.A., 310 North Main Street, Winston-Salem, N.C. 27150.

The Directors of the investment adviser are listed below with their occupations: L.M. Baker, Jr., President and Chief Executive Officer, Wachovia Corporation, Chairman, Wachovia Bank of North Carolina, N.A.; H.C. Bissell, Chairman of the Board and Chief Executive Officer, The Bissell Companies, Inc.; Felton J. Capel, Chairman of the Board and President, Century Associates of North Carolina; Richard L. Daugherty, North Carolina Senior Executive and Vice President, Entry Systems Division, IBM Corporation; Estell C. Lee, Chairman of

- (2) Response is incorporated by reference to Registrant's Pre-Effective Amendment No. 1 on form N-1A filed March 6, 1992. (File No. 33-44590) the Board and President, The Lee Company; John G. Medlin, Jr., Chairman of the Board, Wachovia Corporation; David J. Whichard II, Chairman, The Daily Reflector; John C. Whitaker, Jr., Chairman of the Board and Chief Executive Officer, Inmar Enterprises, Inc.; Herbert Brenner, President, Brenner Companies, Inc.; William Cavanaugh, III, President and Chief Operating Officer, Carolina Power and Light Company; J. Walter McDowell, President and Chief Executive Officer, Wachovia Bank of North Carolina, N.A.; Wyndham Robertson, Vice President for Communications, University of North Carolina.

Item 29. Principal Underwriters:

- (a) Federated Securities Corp., the Distributor for shares of the Registrant, also acts as principal underwriter for the following open-end investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; BayFunds; The Biltmore Funds; The Biltmore Municipal Funds; The Boulevard Funds; California Municipal Cash Trust; Cambridge Series Trust; Cash Trust Series, Inc.; Cash Trust Series II; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMs Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income Securities Trust; Federated Income Trust; Federated Index Trust; Federated Intermediate Government Trust; Federated Master Trust; Federated Municipal Trust; Federated Short-Intermediate Government Trust; Federated Short-Term U.S. Government Trust; Federated Stock Trust; Federated Tax-Free Trust; Federated U.S. Government Bond Fund; Financial Reserves Fund; First Priority Funds; First Union Funds; Fixed Income Securities, Inc.; Fortress Adjustable Rate U.S. Government Fund, Inc.; Fortress Municipal Income Fund, Inc.; Fortress Utility Fund, Inc.; Fountain Square Funds; Fund for U.S. Government Securities, Inc.; Government Income Securities, Inc.; High Yield Cash Trust; Independence One Mutual Funds; Insurance Management Series; Intermediate Municipal Trust; Investment Series Funds, Inc.; Investment Series Trust; Liberty Equity Income Fund, Inc.; Liberty High Income Bond Fund, Inc.; Liberty Municipal Securities Fund, Inc.; Liberty U.S. Government Money Market Trust; Liberty Utility Fund, Inc.; Liquid Cash Trust; Mark Twain Funds; Marshall Funds, Inc.; Money Market Management, Inc.; Money Market Obligations Trust; Money Market Trust; The Monitor Funds; Municipal Securities Income Trust; New York Municipal Cash Trust; 111 Corcoran Funds; The Planters Funds; Portage Funds; RIMCO Monument Funds; The Shawmut Funds; Short-Term Municipal Trust; Signet Select Funds; SouthTrust Vulcan Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Tower Mutual Funds; Trademark Funds; Trust for Financial Institutions; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; Trust for U.S. Treasury Obligations; Vision Fiduciary Funds, Inc.; and Vision Group of Funds, Inc.

Federated Securities Corp. also acts as principal underwriter for the following closed-end investment company: Liberty Term Trust, Inc.- 1999.

(b)

(1) Name and Principal Business Address	(2) Positions and Offices With Underwriter	(3) Positions and Offices With Registrant
Richard B. Fisher	Director, Chairman, Chief	--

Federated Investors Tower Pittsburgh, PA 15222-3779	Executive Officer, Chief Operating Officer, and Asst. Treasurer, Federated Securities Corp.	
Edward C. Gonzales Federated Investors Tower Pittsburgh, PA 15222-3779	Director, Executive Vice President, and Treasurer, Federated Securities Corp.	--
John W. McGonigle Federated Investors Tower Pittsburgh, PA 15222-3779	Director, Executive Vice President, and Assistant Secretary, Federated Securities Corp.	President and Treasurer
John A. Staley, IV Federated Investors Tower Pittsburgh, PA 15222-3779	Executive Vice President and Assistant Secretary, Federated Securities Corp.	--
John B. Fisher Federated Investors Tower Pittsburgh, PA 15222-3779	Senior Vice President, Federated Securities Corp.	--
James F. Getz Federated Investors Tower Pittsburgh, PA 15222-3779	President-Institutional Sales, Federated Securities Corp.	--
Mark. R. Gensheimer Federated Investors Tower Pittsburgh, PA 15222-3779	Executive Vice President Bank/Trust Federated Securities Corp.	--
James S. Hamilton Federated Investors Tower Pittsburgh, PA 15222-3779	Senior Vice President, Federated Securities Corp.	--
James R. Ball Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Mark W. Bloss Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Richard W. Boyd Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
(1) Name and Principal Business Address	(2) Positions and Offices With Underwriter	(3) Positions and Offices With Registrant
Mary J. Combs Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Laura M. Deger Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Jill Ehrenfeld Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Theodore Fadool, Jr. Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Bryant R. Fisher Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Mark D. Fisher Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President Federated Securities Corp.	--
Christopher T. Fives Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Joseph D. Gibbons Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--

James M. Heaton Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
William E. Kugler Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Dennis M. Laffey Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
J. Michael Miller Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
R. Jeffery Niss Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Keith Nixon Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--

(1)	(2)	(3)
Name and Principal Business Address	Positions and Offices With Underwriter	Positions and Offices With Registrant
Michael P. O'Brien Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Solon A. Person, IV Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Robert F. Phillips Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Timothy C. Pillion Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Eugene B. Reed Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Paul V. Riordan Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Charles A. Robison Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
David W. Spears Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Thomas E. Territ Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Richard B. Watts Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
R. Edmond Connell, Jr. Federated Investors Tower Pittsburgh, PA 15222-3779	Assistant Vice President, Federated Securities Corp.	--
Philip C. Hetzel Federated Investors Tower Pittsburgh, PA 15222-3779	Assistant Vice President, Federated Securities Corp.	--
H. Joseph Kennedy Federated Investors Tower Pittsburgh, PA 15222-3779	Assistant Vice President, Federated Securities Corp.	--
S. Elliott Cohan Federated Investors Tower Pittsburgh, PA 15222-3779	Secretary, Federated Securities Corp.	--

(c) Not applicable.

Item 30. Location of Accounts and Records: (1)

Item 31. Management Services: Not applicable.

Item 32. Undertakings:

Registrant hereby undertakes to comply with the provisions of Section 16(c) of the 1940 Act with respect to the removal of Trustees and the calling of special shareholder meetings by shareholders on behalf of each of its portfolios.

Registrant hereby undertakes to file a post-effective amendment on behalf of Biltmore Quantitative Equity Fund using financial statements for Biltmore Quantitative Equity Fund, which need not be certified, within four to six months from the date of Post-Effective Amendment No. 9.

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

(1) Response is incorporated by reference to Registrant's Initial Registration Statement on Form N-1A filed December 18, 1991. (File No. 33-44590)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant, THE BILTMORE FUNDS, has duly caused this Amendment to its Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Pittsburgh and Commonwealth of Pennsylvania, on the 11th day of January, 1994.

THE BILTMORE FUNDS

BY: /s/Mark A. Sheehan
Mark A. Sheehan, Assistant Secretary
Attorney in Fact for John W. McGonigle
January 11, 1994

Pursuant to the requirements of the Securities Act of 1933, this Amendment to its Registration Statement has been signed below by the following person in the capacity and on the date indicated:

NAME	TITLE	DATE
By: /s/Mark A. Sheehan Mark A. Sheehan ASSISTANT SECRETARY	Attorney In Fact For the Persons Listed Below	January 11, 1994
NAME	TITLE	
John W. McGonigle*	President and Treasurer	
James A. Hanley*	Trustee	
Malcolm T. Hopkins*	Trustee	
Samuel E. Hudgins*	Trustee	
J. Berkley Ingram, Jr.*	Trustee	
D. Dean Kaylor*	Trustee	

* By Power of Attorney

THE BILTMORE FUNDS

Amendment No. 4
to the
AMENDED AND RESTATED DECLARATION OF TRUST
dated February 24, 1992

THIS Declaration of Trust is amended as follows:

- A. Strike Section 5 of Article III from the Declaration of Trust and substitute in its place the following:

"Section 5. Establishment and Designation of Series or Class. Without limiting the authority of the Trustees set forth in Article XII, Section 8, inter alia, to establish and designate any additional Series or Class, or to modify the rights and preferences of any existing Series or Class, Biltmore U.S. Treasury Money Market Fund Institutional Shares, Investment Shares; Biltmore Tax-Free Money Market Fund Institutional Shares, Investment Shares; Biltmore Money Market Fund Institutional Shares, Investment Shares; Biltmore Prime Cash Management Fund Institutional Shares; Biltmore Balanced Fund; Biltmore Equity Fund; Biltmore Equity Index Fund; Biltmore Fixed Income Fund; Biltmore Special Values Fund; and Biltmore Short-Term Fixed Income Fund shall be, and are established and designated as, Series and Classes of the Trust."

The undersigned Secretary of The Biltmore Funds hereby certifies that the above-stated amendment is a true and correct Amendment to the Declaration of Trust, as adopted by the Board of Trustees on March 3, 1993.

WITNESS the due execution hereof this 25th day of March, 1993.

/s/ Peter J. Germain
Peter J. Germain
Secretary
THE BILTMORE FUNDS

Amendment No. 4

to the
AMENDED AND RESTATED DECLARATION OF TRUST
dated February 24, 1992

THIS Declaration of Trust is amended as follows:

- A. Strike Section 5 of Article III from the Declaration of Trust and substitute in its place the following:

"Section 5. Establishment and Designation of Series or Class. Without limiting the authority of the Trustees set forth in Article XII, Section 8, inter alia, to establish and designate any additional Series or Class, or to modify the rights and preferences of any existing Series or Class, Biltmore U.S. Treasury Money Market Fund Institutional Shares, Investment Shares; Biltmore Tax-Free Money Market Fund Institutional Shares, Investment Shares; Biltmore Money Market Fund Institutional Shares, Investment Shares; Biltmore Prime Cash Management Fund Institutional Shares; Biltmore Balanced Fund; Biltmore Equity Fund; Biltmore Equity Index Fund; Biltmore Fixed Income Fund; Biltmore Special Values Fund; and Biltmore Short-Term Fixed Income Fund shall be, and are established and designated as, Series and Classes of the Trust."

The undersigned Secretary of The Biltmore Funds hereby certifies that the above-stated amendment is a true and correct Amendment to the Declaration of Trust, as adopted by the Board of Trustees on March 3, 1993.

WITNESS the due execution hereof this 25th day of March, 1993.

Peter J. Germain
/s/Peter J. Germain
Secretary

3(b) (ii)

THE BILTMORE FUNDS
Amendment No. 5
to the
AMENDED AND RESTATED DECLARATION OF TRUST
dated February 24, 1992

THIS Declaration of Trust is amended as follows:

- A. Strike Section 5 of Article III from the Declaration of Trust and substitute in its place the following:

"Section 5. Establishment and Designation of Series or Class.

Without limiting the authority of the Trustees set forth in Article XII, Section 8, inter alia, to establish and designate any additional Series or Class, or to modify the rights and preferences of any existing Series or Class, Biltmore U.S. Treasury Money Market Fund Institutional Shares, Investment Shares; Biltmore Tax-Free Money Market Fund Institutional Shares, Investment Shares; Biltmore Money Market Fund Institutional Shares, Investment Shares; Biltmore Prime Cash Management Fund Institutional Shares; Biltmore Balanced Fund; Biltmore Equity Fund; Biltmore Equity Index Fund; Biltmore Fixed Income Fund; Biltmore Special Values Fund; Biltmore Short-Term Fixed Income Fund; and Biltmore Quantitative Equity Fund shall be, and are established and designated as, Series and Classes of the Trust."

The undersigned Assistant Secretary of The Biltmore Funds hereby certifies that the above-stated amendment is a true and correct Amendment to the Declaration of Trust, as adopted by the Board of Trustees on December 9, 1993.

WITNESS the due execution hereof this 13th day of December, 1993.

/s/ Mark A. Sheehan
Mark A. Sheehan
Assistant Secretary

EXHIBIT I
to the
Investment Advisory Contract

Biltmore Quantitative Equity Fund

For all services rendered by the Adviser hereunder, the above-named Portfolio of the Trust shall pay to the Adviser and the Adviser agrees to accept as full compensation for all services rendered hereunder, an annual investment advisory fee equal to 0.70% of the average daily net assets of the Portfolio.

The portion of the fees based upon the average daily net assets of the Portfolio shall be accrued daily at the annual rate of 0.70% applied to the daily net assets of the Portfolio.

The advisory fee so accrued shall be paid to the Adviser daily.

Witness the due execution hereof this 1st day of January, 1994.

Attest: Wachovia Bank of North
Carolina, N.A.

By: /s/ James G. Vanderberry
By: /s/ H. Vernon Winters
Secretary

Sr. Vice President

Attest: The Biltmore Funds

/s/ Joseph M. Huber
Secretary

By: /s/ Ronald M. Petnuch
Vice President

INVESTMENT SUB-ADVISORY AGREEMENT

Agreement made as of December 9, 1993, between Wachovia Bank of North Carolina, N.A. ("Adviser"), a national banking association organized under the laws of the United States, and Twin Capital Management, Inc. ("Sub-Adviser"), a corporation organized under the laws of the State of Pennsylvania.

WHEREAS, Adviser has entered into an Investment Advisory Contract ("Advisory Contract") dated March 9, 1992 with The Biltmore Funds ("Trust"), an open-end investment company registered under the Investment Company Act of 1940, as amended ("1940 Act"); and

WHEREAS, the Adviser wishes to retain the Sub-Adviser as sub-adviser to furnish certain investment advisory services to the Adviser in connection with the Adviser's management of the Biltmore Quantitative Equity Fund ("Fund"), a series of the Trust, and the Sub-Adviser is willing to furnish such services;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, it is agreed between the parties hereto as follows:

1. Appointment. Adviser hereby retains the Sub-Adviser as its investment sub-adviser with respect to the Fund for the period and on the terms set forth in this Agreement. The Sub-Adviser agrees to render the services to the Adviser herein set forth, for the compensation herein provided.

2. Duties as Sub-Adviser. The Sub-Adviser will provide for the duration of this Agreement investment research information and recommendations to the Adviser pursuant to a quantitative, multi-factor model. The Sub-Adviser shall have no authority or discretion with regard to the investment of assets of the Fund.

3. Compensation. For the services provided and the expenses assumed by the Sub-Adviser pursuant to this Agreement, the Sub-Adviser shall receive from the Adviser a management fee in the amount of \$55,000 per year, payable in quarterly installments. In no event, shall the Fund be responsible for any fees due to the Sub-Adviser under this Agreement.

4. Duration and Termination.

(a) As used in this Agreement, the terms "assignment" and

"vote of a majority of the outstanding voting securities" shall have the meanings given to them by Section 2(a)(4) and 2(a)(42), respectively, of the Investment Company Act of 1940, as amended. This Agreement shall terminate automatically in the event of its assignment, or upon termination of the Advisory Contract between the Trust and the Adviser with regard to the Fund. This agreement may be terminated at any time, without the payment of any penalty, (i) with respect to the Fund by the Trustees of the Trust or by vote of a majority of the outstanding voting securities of the Fund or by the Adviser on not less than thirty nor more than sixty days' written notice addressed to the Sub-Adviser at its principal place of business; and (ii) by the Sub-Adviser, without the payment of any penalty, on not less than thirty nor more than sixty days' written notice addressed to the Adviser at the Adviser's principal place of business.

(b) Unless sooner terminated as provided herein, this Agreement shall remain in full force and effect until December 9, 1995, and from year to year thereafter only so long as its continuance is approved in the manner required by the Investment Company Act of 1940, as from time to time amended.

5. Services Not Exclusive. The services furnished by the Sub-Adviser hereunder not to be deemed exclusive, and the Sub-Adviser shall be free to furnish similar services to others so long as its services under this Agreement are not impaired thereby.

6. Governing Law. This Agreement shall be construed in accordance with the laws of the State of North Carolina without giving effect to the conflicts of laws principles thereof and the 1940 Act. To the extent that the applicable laws of the State of North Carolina conflict with the applicable provisions of the 1940 Act, the latter shall control.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized signatories as of the date and year first above written.

WACHOVIA BANK OF NORTH CAROLINA, N.A.

Attest:

/s/ James G. Vanderberry By: /s/ H. Vernon Winters

TWIN CAPITAL MANAGEMENT, INC.

Attest:

By: /s/ Geoffrey Gerber

EXHIBIT G
to the
Distribution Agreement

Biltmore Quantitative Equity Fund

In consideration of the mutual covenants set forth in the Distribution Agreement (the "Agreement") dated March 9, 1992 between The Biltmore Funds and Federated Securities Corp. ("FSC"), The Biltmore Funds executes and delivers this Exhibit on behalf of the Portfolios first set forth in this Exhibit.

FSC shall retain the initial sales charge, if any, on purchases of shares of the above Portfolios as set forth in The Biltmore Funds' Registration Statement. FSC is authorized to collect the gross proceeds derived from the sale of such shares, remit the net asset value thereof to the applicable Portfolio upon receipt of the proceeds and retain the initial sales charge, if any.

FSC may reallocate any or all of the initial sales charges which it is paid under the Agreement to such brokers and other financial institutions as FSC may from time to time determine.

Witness the due execution hereof this 1st day of January, 1994.

Attest:

The Biltmore Funds

/s/ Joseph M. Huber

By: /s/ John W. McGonigle

Secretary

President

Attest:

Federated Securities Corp.

/s/ S. Elliott Cohan

By: /s/ Edward C. Gonzales

Secretary

Executive Vice President

Amendment No. 1
to
EXHIBIT A
of the
Shareholder Services Plan

THE BILTMORE FUNDS

Biltmore Balanced Fund
Biltmore Equity Fund
Biltmore Equity Index Fund
Biltmore Fixed Income Fund
Biltmore Short-Term Fixed Income Fund
Biltmore Quantitative Equity Fund

This Plan is adopted by The Biltmore Funds with respect to the Funds of the Trust set forth above.

In compensation for the services provided pursuant to this Plan, Providers will be paid a monthly fee computed at the annual rate not to exceed 0.25 of 1% of the average aggregate net asset value of the shares of each of the Funds listed above and held during the month.

Witness the due execution hereof this 1st day of January, 1994.

The Biltmore Funds

By: /s/ John W. McGonigle
President

EXHIBIT A
of the
Shareholder Services Agreement

THE BILTMORE FUNDS

Funds covered by this Agreement:

Biltmore Balanced Fund
Biltmore Equity Fund
Biltmore Equity Index Fund
Biltmore Fixed Income Fund
Biltmore Short-Term Fixed Income Fund
Biltmore Quantitative Equity Fund
(Collectively, the "Funds")

Shareholder Service Fees

1. During the term of this Agreement, the Funds will pay Provider a quarterly fee. This fee will be computed at the annual rate of .25% of the average net asset value of shares of the Funds held during the quarter in accounts for which the Provider provides Services under this Agreement, so long as the average net asset value of Shares in the Funds during the quarter equals or exceeds such minimum amount as the Funds shall from time to time determine and communicate in writing to the Provider.

2. For the quarterly period in which the Shareholder Services Agreement becomes effective or terminates, there shall be an appropriate proration of any fee payable on the basis of the number of days that this Agreement is in effect during the quarter.