

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

Filing Date: **1995-07-28**
SEC Accession No. **0000950124-95-002254**

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FILER

TAX EXEMPT NEW YORK MONEY MARKET FUND

CIK: **863420** | State of Incorpor.: **MA** | Fiscal Year End: **0331**
Type: **485BPOS** | Act: **33** | File No.: **033-34819** | Film No.: **95556972**

Mailing Address
*120 S. LASALLE STREET
CHICAGO IL 60603*

Business Address
*120 SOUTH LASALLE ST
CHICAGO IL 60603
3127811121*

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 28, 1995

1933 ACT REGISTRATION NO. 33-34819

1940 ACT REGISTRATION NO. 811-6108

 SECURITIES AND EXCHANGE COMMISSION
 Washington, D. C. 20549

FORM N-1A

<TABLE>

<CAPTION>

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933	/ /
<S>	<C>
Pre-Effective Amendment No.	/ /
Post-Effective Amendment No. 5	/X/
and/or	
REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940	/ /
Amendment No. 6	/X/

</TABLE>

(Check appropriate box or boxes)

TAX-EXEMPT NEW YORK

MONEY MARKET FUND

(Exact name of Registrant as Specified in Charter)

<TABLE>

<S>	<C>
120 South LaSalle Street, Chicago, Illinois	60603
(Address of Principal Executive Office)	(Zip Code)

</TABLE>

Registrant's Telephone Number, including Area Code: (312) 781-1121

<TABLE>

<S>	<C>
Philip J. Collora, Vice President and Secretary	With a copy to: Charles F. Custer
Tax-Exempt New York Money Market Fund	Vedder, Price, Kaufman & Kammholz
120 South LaSalle Street	222 North LaSalle Street
Chicago, Illinois 60603	Chicago, Illinois 60601
(Name and Address of Agent for Service)	

</TABLE>

Registrant has registered an indefinite number of its shares under the Securities Act of 1933 pursuant to Rule 24f-2 under the Investment Company Act of 1940. The Rule 24f-2 Notice for Registrant's fiscal year ended March 31, 1995 was filed on or about May 25, 1995.

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

/ / immediately upon filing pursuant to paragraph (b)

/X/ on July 31, 1995 pursuant to paragraph (b)

/ / 60 days after filing pursuant to paragraph (a) (1)

/ / on (date) pursuant to paragraph (a) (1)

/ / 75 days after filing pursuant to paragraph (a) (2)

/ / on (date) pursuant to paragraph (a) (2) of Rule 485

If appropriate, check the following box:

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

TAX-EXEMPT NEW YORK MONEY MARKET FUND

CROSS-REFERENCE SHEET
 BETWEEN ITEMS ENUMERATED IN PART A
 OF FORM N-1A AND PROSPECTUS

<TABLE>
 <CAPTION>

	ITEM NUMBER OF FORM N-1A	LOCATION IN PROSPECTUS
<S>	<C>	<C>
1.	Cover Page.....	Cover Page
2.	Synopsis.....	Summary; Summary of Expenses
3.	Condensed Financial Information.....	Financial Highlights; Performance
4.	General Description of Registrant.....	Capital Structure; Investment Objective and Policies; Municipal Securities and Investment Techniques
5.	Management of the Fund.....	Investment Manager and Services
5A.	Management's Discussion of Fund Performance.....	Inapplicable
6.	Capital Stock and Other Securities.....	Investment Objective and Policies; Dividends and Taxes; Purchase of Shares; Capital Structure
7.	Purchase of Securities Being Offered.....	Purchase of Shares; Investment Manager and Services; Net Asset Value; Special Features
8.	Redemption or Repurchase.....	Redemption of Shares
9.	Pending Legal Proceedings.....	Inapplicable

</TABLE>

TAX-EXEMPT NEW YORK MONEY MARKET FUND
 120 South LaSalle Street
 Chicago, Illinois 60603

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This Prospectus contains information about the Fund that a prospective investor

should know before investing and should be retained for future reference. A Statement of Additional Information dated July 31, 1995, has been filed with the Securities and Exchange Commission and is incorporated herein by reference. It is available upon request without charge from the Fund at the address or telephone number on this cover or the firm from which this prospectus was received.

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.

TAX-EXEMPT
NEW YORK
MONEY MARKET
FUND

PROSPECTUS July 31, 1995

TAX-EXEMPT NEW YORK MONEY MARKET
FUND

120 South LaSalle Street, Chicago, Illinois 60603 1-800-231-8568. The objective of the Fund is maximum current income that is exempt from federal, New York State and New York City income taxes to the extent consistent with stability of capital. The Fund pursues its objective primarily through a professionally managed, non-diversified portfolio of short-term, high quality New York Municipal Securities. The Fund currently is offered for sale only in New York, Connecticut, New Jersey and Pennsylvania.

AN INVESTMENT IN THE FUND IS NEITHER INSURED NOR GUARANTEED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER AGENCY AND IS NOT A DEPOSIT OR OBLIGATION OF, OR GUARANTEED OR ENDORSED BY, ANY BANK. THERE CAN BE NO ASSURANCE THAT THE FUND WILL BE ABLE TO MAINTAIN A STABLE NET ASSET VALUE OF \$1.00 PER SHARE.

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TAX-EXEMPT NEW YORK MONEY MARKET FUND

120 SOUTH LASALLE STREET, CHICAGO, ILLINOIS 60603, TELEPHONE 1-800-231-8568

SUMMARY

INVESTMENT OBJECTIVES. Tax-Exempt New York Money Market Fund (the "Fund") is an open-end, non-diversified management investment company. The Fund invests in a portfolio of short-term high quality municipal obligations issued by or on behalf of New York State, its political subdivisions, authorities and corporations, and territories and possessions of the United States and their political subdivisions, agencies and instrumentalities the interest from which is, in the opinion of bond counsel to the issuer, exempt from federal, New York State and New York City income taxes. The Fund seeks maximum current income that is exempt from federal, New York State and New York City personal income taxes to the extent consistent with stability of capital. The Fund seeks to maintain a net asset value of \$1.00 per share. There is no assurance that the objective of the Fund will be achieved or that the Fund will be able to maintain a net asset value of \$1.00 per share. See "Investment Objectives and Policies."

INVESTMENT MANAGER AND SERVICES. Kemper Financial Services, Inc. ("KFS") is the investment manager for the Fund and provides the Fund with continuous professional investment supervision. KFS is paid an annual investment management fee, payable monthly, on a graduated basis of .22 of 1% of the first \$500 million of average daily net assets, .20 of 1% of the next \$500 million, .175 of 1% of the next \$1 billion, .16 of 1% of the next \$1 billion and .15 of 1% of average daily net assets over \$3 billion. Kemper Distributors, Inc. ("KDI"), an affiliate of KFS, is the primary administrator, distributor and principal underwriter of the Fund and, as such, provides information and services for existing and potential shareholders and acts as agent of the Fund in the sale of its shares. KDI receives a distribution services fee, payable monthly, at an

annual rate of .50 of 1% of average daily net assets of the Fund. As distributor, KDI normally pays financial services firms that provide cash management and other services for their customers at a maximum annual rate of .50 of 1% of average daily net assets of those accounts that they maintain and service. See "Investment Manager and Services."

PURCHASES AND REDEMPTIONS. Shares of the Fund are available at net asset value through selected financial services firms. The minimum initial investment is \$1,000 and the minimum subsequent investment is \$100. See "Purchase of Shares." Shares may be redeemed at the net asset value next determined after receipt by the Fund's Shareholder Service Agent of a request to redeem in proper form. Shares may be redeemed by written request or by using one of the Fund's expedited redemption procedures. See "Redemption of Shares."

DIVIDENDS. Dividends are declared daily and paid monthly. Dividends are automatically reinvested in additional shares, unless the shareholder makes a different election. See "Dividends and Taxes."

GENERAL INFORMATION AND CAPITAL. The Fund is organized as a business trust under the laws of Massachusetts and may issue an unlimited number of shares of beneficial interest. Shares are fully paid and nonassessable when issued, are transferable without restriction and have no preemptive or conversion rights. The Fund is not required to hold annual shareholder meetings; but will hold special meetings as required or deemed desirable for such purposes as electing trustees, changing fundamental policies or approving an investment management agreement. See "Capital Structure."

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SUMMARY OF EXPENSES

<TABLE>	
<S>	<C>
SHAREHOLDER TRANSACTION EXPENSES (1).....	None
ANNUAL FUND OPERATING EXPENSES (after fee waiver and expense absorption) (as a percentage of average net assets)	
Management Fees.....	None
12b-1 Fees (2).....	.37 %
Other Expenses.....	.43 %

Total Operating Expenses.....	.80 %
	=====
</TABLE>	

- - - - -

(1) Investment dealers and other firms may independently charge shareholders additional fees.

(2) As a result of the accrual of 12b-1 fees, long-term shareholders may pay more than the economic equivalent of the maximum front-end sales charges permitted by the National Association of Securities Dealers.

EXAMPLE

<TABLE>
<CAPTION>

	1	3	5	10
	YEAR	YEARS	YEARS	YEARS
	---	----	-----	-----
<S>	<C>	<C>	<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:	\$ 8	\$ 26	\$ 44	\$ 99

</TABLE>

The purpose of the preceding table is to assist investors in understanding the various costs and expenses that an investor in the Fund will bear directly or indirectly. The Example assumes a 5% annual rate of return pursuant to requirements of the Securities and Exchange Commission. This hypothetical rate of return is not intended to be representative of past or future performance of the Fund. As discussed more fully under "Investment Manager and Services," KFS has agreed to temporarily waive its management fee and reimburse or pay operating expenses of the Fund to the extent, if any, that "Total Operating Expenses", as defined, exceed .80% of average daily net assets of the Fund. Without such waiver and expense reimbursement during the fiscal year ended March 31, 1995, "Management Fees" would have been .22%, "12b-1 Fees" would have been .50%, "Other Expenses" would have been .43% and "Total Operating Expenses" would have been 1.15%. The Example should not be considered to be a representation of past or future expenses. Actual expenses may be greater or lesser than those shown.

FINANCIAL HIGHLIGHTS

The table below shows financial information expressed in terms of one share outstanding throughout the period. The information in the table is covered by the report of the Fund's independent auditors. The report is contained in the Fund's Registration Statement and is available from the Fund. The financial statements contained in the Fund's 1995 Annual Report to Shareholders are incorporated herein by reference and may be obtained by writing or calling the Fund.

<TABLE>
<CAPTION>

	YEAR ENDED MARCH 31,				DECEMBER 13, 1990
	1995	1994	1993	1992	TO MARCH 31, 1991
<S>	<C>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE:					
Net asset value, beginning of year	\$1.00	1.00	1.00	1.00	1.00
Net investment income and dividends declared	.02	.02	.02	.04	.01
Net asset value, end of period	\$1.00	1.00	1.00	1.00	1.00
TOTAL RETURN (%):	2.40	1.63	1.90	3.77	.97
RATIOS TO AVERAGE NET ASSETS (%):					
Expenses after expense absorption	.80	.80	.80	.42	.54
Net investment income	2.44	1.61	1.88	3.52	3.77
OTHER RATIOS TO AVERAGE NET ASSETS (%):					
Expenses	1.15	1.25	1.53	1.45	1.00
Net investment income	2.09	1.16	1.15	2.49	3.31
SUPPLEMENTAL DATA:					
Net assets at end of period (in thousands)	\$14,090	10,762	8,424	8,243	2,108

</TABLE>

NOTE: KFS has agreed to temporarily waive its management fee and reimburse or pay certain operating expenses to the extent necessary to limit expenses to specific levels. The Other Ratios to Average Net Assets are computed without this expense absorption. Ratios have been determined on an annualized basis. Total return is not annualized.

INVESTMENT OBJECTIVE AND POLICIES

The investment objective of the Fund is maximum current income that is exempt from federal, New York State and New York City income taxes to the extent

consistent with stability of capital. The Fund pursues its objective primarily through a professionally managed, non-diversified portfolio of short-term high quality municipal obligations issued by or on behalf of New York State, its political subdivisions, authorities and corporations, and territories and possessions of the United States and their political subdivisions, agencies and instrumentalities the interest from which is, in the opinion of bond counsel to the issuer, exempt from federal, New York State and New York City income taxes ("New York Municipal Securities").

The Fund is a money market mutual fund that has been designed to provide investors with professional management of short-term investment dollars. The Fund pools individual and institutional investors' money which it uses to buy tax-exempt money market instruments. Because the Fund combines its shareholders' money, it can buy and sell large blocks of securities, which reduces transaction costs and increases yields. The Fund is managed by investment professionals who analyze market trends to take advantage of changing conditions. Its investments are subject to price fluctuations resulting from rising or declining interest rates and are subject to the ability of the issuers of such investments to make payment at maturity. Because of their short maturities, liquidity and high quality ratings, high quality money market instruments, such as those in which the Fund invests, are generally considered among the safest available. There can be no assurance that the Fund will achieve its objective or that it will maintain a net asset value of \$1.00 per share.

Dividends representing net interest income received by the Fund on New York Municipal Securities will be exempt from federal, New York State and New York City personal income taxes. Such dividend income may be subject to other state and local taxes. To the extent New York Municipal Securities are at any time unavailable or unattractive for investment by the Fund, it will invest in other debt securities the interest from which is exempt from federal income tax. Under normal market conditions, as a non-fundamental policy, the Fund will maintain at least 65% of its total assets in New York Municipal Securities. In addition, as a fundamental investment policy, the Fund will under normal market conditions maintain at least 80% of its investments in obligations issued by or on behalf of states, territories and possessions of the United States and the District of Columbia and their political subdivisions, agencies and instrumentalities, the income from which is exempt from federal income taxes ("Municipal Securities"). As indicated under "Dividends and Taxes," the Fund may invest in "private activity bonds." In compliance with the position of the staff of the Securities and Exchange Commission ("SEC"), the Fund does not consider "private activity" bonds as Municipal Securities for purposes of the 80% limitation. This is a fundamental policy so long as the SEC staff maintains its position, after which it would become non-fundamental. The Fund's assets will consist of Municipal Securities and temporary investments as described below and cash.

The Fund will invest only in Municipal Securities that at the time of purchase: (a) are rated within the two highest ratings of municipal securities (Aaa or Aa) assigned by Moody's Investors Service, Inc. ("Moody's"), or (AAA or AA) assigned by Standard & Poor's Corporation ("S&P"); (b) are guaranteed or insured by the U.S. Government as to the payment of principal and interest; (c) are fully collateralized by an escrow of U.S. Government securities; (d) have at the time of purchase a Moody's short-term municipal securities rating of MIG-2 or higher or a municipal commercial paper rating of P-2 or higher, or S&P's municipal commercial paper rating of A-2 or higher; (e) are unrated, if longer term municipal securities of that issuer are rated within the two highest rating categories by Moody's or S&P; or (f) are determined by the Board of Trustees or its delegate to be at least equal in quality to one or more of the above categories. In addition, the Fund limits its portfolio investments to securities that meet the quality requirements of Rule 2a-7 under the Investment Company Act of 1940. See "Net Asset Value."

Certain risks result from the financial condition of New York State, certain of its public bodies and municipalities and New York City. Beginning in early 1975, New York State, New York City and other related entities faced serious financial difficulties that jeopardized the credit standing and impaired the borrowing abilities of these entities and contributed to high interest rates on, and lower market prices for, debt obligations issued by them. A recurrence of such financial difficulties or a failure of certain financial recovery programs could result in defaults or declines in the

market values of various New York Municipal Securities in which the Fund may invest. If there were a default or other financial crisis relating to New York State, New York City, a State or City agency, or other municipality, the market value and marketability of Municipal Securities in the Fund's portfolio and the

interest income to the Fund could be adversely affected. Additional information concerning the risks associated with investment in New York Municipal Securities is set forth in the Statement of Additional Information under "Municipal Securities".

From time to time, as a defensive measure, including during periods when acceptable short-term Municipal Securities are not available, the Fund may invest in taxable "temporary investments" that include: obligations of the U.S. Government, its agencies or instrumentalities; debt securities rated within the two highest grades by Moody's or S&P; commercial paper rated in the two highest grades by either of such rating services; certificates of deposit of domestic banks with assets of \$1 billion or more; and any of the foregoing temporary investments subject to repurchase agreements. Under a repurchase agreement the Fund acquires ownership of a security from a broker-dealer or bank that agrees to repurchase the security at a mutually agreed upon time and price (which price is higher than the purchase price), thereby determining the yield during the Fund's holding period. Repurchase agreements with broker-dealer firms will be limited to obligations of the U.S. Government, its agencies or instrumentalities. Maturity of the securities subject to repurchase may exceed one year. Interest income from temporary investments is taxable to shareholders as ordinary income. Although the Fund is permitted to invest in taxable securities (limited under normal market conditions to 20% of the Fund's total assets), it is the Fund's primary intention to generate income dividends that are not subject to federal, New York State and New York City income taxes. See "Dividends and Taxes." For a description of the ratings, see "Appendix--Ratings of Investments" in the Statement of Additional Information.

The Fund may not borrow money except as a temporary measure for extraordinary or emergency purposes, and then only in an amount up to one-third of the value of its total assets, in order to meet redemption requests without immediately selling any portfolio securities. Any such borrowings under this provision will not be collateralized. The Fund will not borrow for leverage purposes. The Fund will not purchase illiquid securities, including repurchase agreements maturing in more than seven days, if, as a result thereof, more than 10% of the Fund's net assets valued at the time of the transaction would be invested in such securities. Up to 25% of the total assets of the Fund may be invested at any time in debt obligations of a single issuer or of issuers in a single industry, and the Fund may invest without limitation in Municipal Securities the income on which may be derived from projects of a single type.

The Fund has registered as a "non-diversified" investment company so that it will be able to invest more than 5% of its assets in the obligations of an issuer, subject to the diversification requirements of Subchapter M of the Internal Revenue Code applicable to the Fund. This allows the Fund, as to 50% of its assets, to invest more than 5% of its assets, but not more than 25%, in the securities of an individual issuer. Since the Fund may invest a relatively high percentage of its assets in the obligations of a limited number of issuers, the Fund may be more susceptible to any single economic, political or regulatory occurrence than a diversified investment company. See "Investment Restrictions" in the Statement of Additional Information.

The Fund has adopted certain investment restrictions that are presented in the Statement of Additional Information, and that, together with the investment objective and fundamental policies of the Fund, cannot be changed without approval by holders of a majority of its outstanding voting shares. As defined in the Investment Company Act of 1940, this means the lesser of the vote of (a) 67% of the shares of the Fund present at a meeting where more than 50% of the outstanding shares are present in person or by proxy; or (b) more than 50% of the outstanding shares of the Fund.

MUNICIPAL SECURITIES AND INVESTMENT TECHNIQUES

The two principal classifications of Municipal Securities consist of "general obligation" and "revenue" issues. General obligation bonds are secured by the issuer's pledge of its full faith, credit and taxing power for the payment of principal and interest. Revenue bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise tax or other specific revenue source such as

the user of the facility being financed. Industrial development bonds held by the Fund are in most cases revenue bonds and are not payable from the unrestricted revenues of the issuer. Among other types of instruments, the Fund may purchase tax-exempt commercial paper, warrants and short-term municipal

notes such as tax anticipation notes, bond anticipation notes, revenue anticipation notes, construction loan notes, warrants and other forms of short-term loans. Such notes are issued with a short-term maturity in anticipation of the receipt of tax payments, the proceeds of bond placements or other revenues. A more detailed discussion of Municipal Securities and the Moody's and S&P ratings outlined above under "Investment Objective and Policies" is contained in the Statement of Additional Information.

The Fund may purchase securities which provide for the right to resell them to an issuer, bank or dealer at an agreed upon price or yield within a specified period prior to the maturity date of such securities. Such a right to resell is referred to as a "Standby Commitment." Securities may cost more with Standby Commitments than without them. Standby Commitments will be entered into solely to facilitate portfolio liquidity. A Standby Commitment may be exercised before the maturity date of the related Municipal Security if the Fund's investment adviser revises its evaluation of the creditworthiness of the underlying security or of the entity issuing the Standby Commitment. The Fund's policy is to enter into Standby Commitments only with issuers, banks or dealers which are determined by the Fund's investment adviser to present minimal credit risks. If an issuer, bank or dealer should default on its obligation to repurchase an underlying security, the Fund might be unable to recover all or a portion of any loss sustained from having to sell the security elsewhere. For purposes of valuing the Fund's securities at amortized cost, the maturity of Municipal Securities will not be considered shortened by any Standby Commitment to which such security is subject.

The Fund may invest in certain Municipal Securities having rates of interest that are adjusted periodically or that "float" continuously according to formulae intended to minimize fluctuations in values of the instruments ("Variable Rate Notes"). The interest rate on Variable Rate Notes ordinarily is determined by reference to or is a percentage of a bank's prime rate, the 90 day U.S. Treasury bill rate, the rate of return on commercial paper or bank certificates of deposit, or some similar objective standard. Generally, the changes in the interest rate on Variable Rate Notes reduce the fluctuation in the market value of such notes. Accordingly, as interest rates decrease or increase, the potential for capital appreciation or capital depreciation is less than for fixed rate obligations. The Fund currently intends to invest a substantial portion of its assets in Variable Rate Notes. Variable Rate Demand Notes have a demand feature which entitles the purchaser to resell the securities at amortized cost. The rate of return on Variable Rate Demand Notes also varies according to some objective standard, such as an index of short-term tax-exempt rates. Variable rate instruments with a demand feature enable the Fund to purchase instruments with a stated maturity in excess of one year. The Fund determines the maturity of variable rate instruments in accordance with SEC rules which allow the Fund to consider certain of such instruments as having maturities shorter than the maturity date on the face of the instrument.

The Fund may purchase high quality Certificates of Participation in trusts that hold Municipal Securities. A Certificate of Participation gives the Fund an undivided interest in the Municipal Security in the proportion that the Fund's interest bears to the total principal amount of the Municipal Security. These Certificates of Participation may be variable rate or fixed rate with remaining maturities of one year or less. A Certificate of Participation may be backed by an irrevocable letter of credit or guarantee of a financial institution that satisfies rating agencies as to the credit quality of the Municipal Security supporting the payment of principal and interest on the Certificate of Participation. Payments of principal and interest would be dependent upon the underlying Municipal Security and may be guaranteed under a letter of credit to the extent of such credit. The quality rating by a rating service of an issue of Certificates of Participation is based primarily upon the rating of the Municipal Security held by the trust and the credit rating of the issuer of any letter of credit and of any other guarantor providing credit support to the issue. The Fund's investment manager considers these factors as well as others, such as any quality ratings issued by the rating services identified above, in reviewing the credit risk presented by a Certificate of Participation and in determining whether the Certificate of Participation is appropriate for investment by the Fund. It is anticipated by the Fund's investment manager that, for most publicly offered Certificates of Participation, there will be a liquid

secondary market or there may be demand features enabling the Fund to readily sell its Certificates of Participation prior to maturity to the issuer or a third party. As to those instruments with demand features, the Fund intends to exercise its right to demand payment from the issuer of the demand feature only

upon a default under the terms of the Municipal Security, as needed to provide liquidity to meet redemptions, or to maintain a high quality investment portfolio. While the Fund may invest without limit in Certificates of Participation, it is currently anticipated that such investments will not exceed 25% of the Fund's assets.

The Fund may purchase and sell Municipal Securities on a when-issued or delayed delivery basis. A when-issued or delayed delivery transaction arises when securities are bought or sold for future payment and delivery to secure what is considered to be an advantageous price and yield to the Fund at the time it enters into the transaction. In determining the maturity of portfolio securities purchased on a when-issued or delayed delivery basis, the Fund will consider them purchased on the date when it commits itself to the purchase.

A security purchased on a when-issued basis, like all securities held in the Fund's portfolio, is subject to changes in market value based upon changes in the level of interest rates and investors' perceptions of the creditworthiness of the issuer. Generally such securities will appreciate in value when interest rates decline and depreciate in value when interest rates rise. Therefore if, in order to achieve higher interest income, the Fund remains substantially fully invested at the same time that it has purchased securities on a when-issued basis, there will be a greater possibility that the net asset value of the Fund's shares will vary from \$1.00 per share, since the value of a when-issued security is subject to market fluctuation and no interest accrues to the purchaser prior to settlement of the transaction. See "Net Asset Value."

The Fund will only make commitments to purchase Municipal Securities on a when-issued or delayed delivery basis with the intention of actually acquiring the securities, but the Fund reserves the right to sell these securities before the settlement date if deemed advisable. The sale of securities may result in the realization of gains that are not exempt from federal, New York State and New York City income tax.

Yields on Municipal Securities are dependent on a variety of factors, including the general conditions of the money market and the municipal bond market, and the size, maturity and rating of the particular offering. The ratings of Moody's and S&P represent their opinions as to the quality of the Municipal Securities which they undertake to rate. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Consequently, Municipal Securities with the same maturity, coupon and rating may have different yields.

In seeking to achieve its investment objective, the Fund may invest all or any part of its assets in Municipal Securities that are industrial development bonds. Moreover, although the Fund does not currently intend to do so on a regular basis, it may invest more than 25% of its assets in Municipal Securities which are repayable out of revenue streams generated from economically related projects or facilities, if such investment is deemed necessary or appropriate by the Fund's investment manager. To the extent that the Fund's assets are concentrated in Municipal Securities payable from revenues on economically related projects and facilities, the Fund will be subject to the peculiar risks presented by such projects to a greater extent than it would be if the Fund's assets were not so concentrated.

NET ASSET VALUE

Fund shares are sold at their net asset value next determined after an order and payment are received in the form described under "Purchase of Shares." The net asset value of a Fund share is calculated by dividing the total assets of the Fund less its liabilities by the total number of shares outstanding. The net asset value per share of the Fund is determined on each day the New York Stock Exchange ("Exchange") is open for trading, at 11:00 a.m. and 3:00 p.m. Chicago time, and on each other day on which there is a sufficient degree of trading in the Fund's investments that its net asset value might be affected, except that the net asset value will not be computed on a day on which no orders to purchase shares were received and no shares were tendered for redemption. The Fund seeks to maintain a net asset value of \$1.00 per share.

The Fund values its portfolio instruments at amortized cost in accordance with Rule 2a-7 under the Investment Company Act of 1940, which means that they are valued at their acquisition cost, as adjusted for amortization of premium or accretion of discount, rather than at current market value. Calculations are made to compare the value of the Fund's investments, valued at amortized cost, with market-based values. Market-based valuations are obtained by using actual quotations provided by market makers, estimates of market value, or values

obtained from yield data relating to classes of money market instruments published by reputable sources at the mean between the bid and asked prices for the instruments. If a deviation of 1/2 of 1% or more were to occur between the net asset value per share calculated by reference to market-based values and the Fund's \$1.00 per share net asset value, or if there were any other deviation that the Board of Trustees of the Fund believed would result in a material dilution to shareholders or purchasers, the Board of Trustees would promptly consider what action, if any, should be initiated. In order to value its investments at amortized cost, the Fund purchases only securities with a maturity of 397 days or less and maintains a dollar-weighted average portfolio maturity of 90 days or less. In addition, the Fund limits its portfolio investments to securities that meet the quality requirements of Rule 2a-7. Under these requirements, the Fund may only purchase U.S. Dollar-denominated instruments that are determined to present minimal credit risks and that are at the time of acquisition "Eligible Securities" as defined in Rule 2a-7. "Eligible Securities" under Rule 2a-7 include only securities that are rated in the top two rating categories by the required number of nationally recognized statistical rating organizations (at least two or, if only one such organization has rated the security, that one organization) or, if unrated, are deemed comparable in quality.

PURCHASE OF SHARES

Shares are sold at net asset value with no sales charge through selected financial services firms, such as broker-dealers and banks ("firms"). The minimum initial investment is \$1,000 and the minimum subsequent investment is \$100 but such minimum amounts may be changed at any time in management's discretion. Firms offering Fund shares may set higher minimums for accounts they service and may change such minimums at their discretion.

The Fund seeks to be as fully invested as possible at all times in order to achieve maximum income. Since the Fund will be investing in instruments that normally require immediate payment in Federal Funds (monies credited to a bank's account with its regional Federal Reserve Bank), the Fund has adopted procedures for the convenience of its shareholders and to ensure that it receives investable funds. Orders for purchase of shares received by wire transfer in the form of Federal Funds will be effected at the next determined net asset value. Shares purchased by wire will receive that day's dividend if effected at or prior to the 11:00 a.m. Chicago time net asset value determination, otherwise such shares will receive the dividend for the next business day. Orders for purchase accompanied by a check or other negotiable bank draft will be accepted and effected as of 3:00 p.m. Chicago time on the next business day following receipt and such shares will receive the dividend for the next business day following the day when the purchase is effected. If an order is accompanied by a check drawn on a foreign bank, funds must normally be collected on such check before shares will be purchased. See "Purchase and Redemption of Shares" in the Statement of Additional Information.

If payment is wired in Federal Funds, the payment should be directed to State Street Bank and Trust Company, 225 Franklin Street, Boston, Massachusetts 02110, the sub-custodian for the Fund. If payment is to be wired, call the firm from which you received this prospectus for proper instructions.

CLIENTS OF FIRMS. Firms provide varying arrangements for their clients with respect to the purchase and redemption of Fund shares and the confirmation thereof. Such firms are responsible for the prompt transmission of purchase and redemption orders. Some firms may establish higher minimum investment requirements than set forth above. A firm may arrange with its clients for other investment or administrative services. Such firms may independently establish and charge additional amounts to their clients for such services, which charges would reduce the clients' yield or return. Firms may also hold Fund shares in nominee or street name as agent for and on behalf of their clients. In such instances, the Fund's transfer agent will have no information with respect to or control over the accounts of specific shareholders. Such shareholders may obtain access to their accounts and information about

their accounts only from their firm. Certain of these firms may receive compensation from the Fund's Shareholder Service Agent for recordkeeping and other expenses relating to these nominee accounts. In addition, certain privileges with respect to the purchase and redemption of shares (such as check writing redemptions) or the reinvestment of dividends may not be available through such firms or may only be available subject to conditions and

limitations. Some firms may participate in a program allowing them access to their clients' accounts for servicing including, without limitation, transfers of registration and dividend payee changes; and may perform functions such as generation of confirmation statements and disbursement of cash dividends. The prospectus should be read in connection with such firm's material regarding its fees and services.

OTHER INFORMATION. The Fund reserves the right to withdraw all or any part of the offering made by this prospectus or to reject purchase orders without prior notice. All orders to purchase shares are subject to acceptance by the Fund and are not binding until confirmed or accepted in writing. Any purchase that would result in total account balances for a single shareholder in excess of \$3 million is subject to prior approval by the Fund. Share certificates are issued only on request to the Fund. A \$10 service fee will be charged when a check for purchase of Fund shares is returned because of insufficient or uncollected funds or a stop payment order.

Shareholders should direct their inquiries to the firm from which this prospectus was obtained or to Kemper Service Company, the Fund's "Shareholder Service Agent," 811 Main Street, Kansas City, Missouri 64105-2005.

REDEMPTION OF SHARES

GENERAL. Upon receipt by the Shareholder Service Agent of a request in the form described below, shares will be redeemed by the Fund at the next determined net asset value. If processed at 3:00 p.m. Chicago time, the shareholder will receive that day's dividend. A shareholder may use either the regular or expedited redemption procedures. Shareholders who redeem all their shares of the Fund will receive the net asset value of such shares and all declared but unpaid dividends on such shares.

If shares of the Fund to be redeemed were purchased by check or through an Automated Clearing House ("ACH") transaction, the Fund may delay transmittal of redemption proceeds until it has determined that collected funds have been received for the purchase of such shares, which will be up to 15 days from receipt by the Fund of the purchase amount. Shareholders may not use expedited redemption procedures (wire transfer or Redemption Check) until the shares being redeemed have been owned for at least 15 days and shareholders may not use such procedures to redeem shares held in certificated form. There is no delay when shares being redeemed were purchased by wiring Federal Funds.

If shares being redeemed were acquired from an exchange of shares of a mutual fund that were offered subject to a contingent deferred sales charge as described in the prospectus for that other fund, the redemption of such shares by the Fund may be subject to a contingent deferred sales charge as explained in such prospectus.

Shareholders can request the following telephone privileges: expedited wire transfer redemptions, ACH transactions and exchange transactions for individual and institutional accounts and pre-authorized telephone redemption transactions for certain institutional accounts. Shareholders may choose these privileges on the account application or by contacting the Shareholder Service Agent for appropriate instructions. Please note that the telephone exchange privilege is automatic unless the shareholder refuses it on the account application. Neither the Fund nor its agents will be liable for any loss, expense or cost arising out of any telephone request pursuant to these privileges, including any fraudulent or unauthorized request, and THE SHAREHOLDER WILL BEAR THE RISK OF LOSS, so long as the Fund or its agent reasonably believes, based upon reasonable verification procedures, that the telephonic instructions are genuine. The verification procedures include recording instructions, requiring certain identifying information before acting upon instructions and sending written confirmations.

Because of the high cost of maintaining small accounts, the Fund reserves the right to redeem an account that falls below the minimum investment level, currently \$1,000. Thus, a shareholder who makes only the minimum initial investment and then redeems any portion thereof might have the account redeemed. A shareholder will be notified

in writing and will be allowed 60 days to make additional purchases to bring the account value up to the minimum investment level before the Fund redeems the shareholder account.

Firms provide varying arrangements for their clients to redeem Fund shares. Such firms may independently establish and charge amounts to their clients for such services.

REGULAR REDEMPTIONS. When shares are held for the account of a shareholder by the Fund's transfer agent, the shareholder may redeem them by sending a written request with signatures guaranteed to Kemper Service Company, P.O. Box 419153, Kansas City, Missouri 64141-6153. When certificates for shares have been issued, they must be mailed to or deposited with the Shareholder Service Agent, along with a duly endorsed stock power and accompanied by a written request for redemption. Redemption requests and a stock power must be endorsed by the account holder with signatures guaranteed by a commercial bank, trust company, savings and loan association, federal savings bank, member firm of a national securities exchange or other eligible financial institution. The redemption request and stock power must be signed exactly as the account is registered including any special capacity of the registered owner. Additional documentation may be requested, and a signature guarantee is normally required, from institutional and fiduciary account holders, such as corporations, custodians (e.g., under the Uniform Transfers to Minors Act), executors, administrators, trustees or guardians.

TELEPHONE REDEMPTIONS. If the proceeds of the redemption are \$50,000 or less and the proceeds are payable to the shareholder of record at the address of record, normally a telephone request or a written request by any one account holder without a signature guarantee is sufficient for redemptions by individual or joint account holders, and trust, executor and guardian account holders (excluding custodial accounts for gifts and transfers to minors) provided the trustee, executor or guardian is named in the account registration. Other institutional account holders and guardian account holders of custodial accounts for gifts and transfers to minors may exercise this special privilege of redeeming shares by telephone request or written request without signature guarantee subject to the same conditions as individual account holders and subject to the limitations on liability described under "General" above, provided that this privilege has been pre-authorized by the institutional account holder or guardian account holder by written instruction to the Shareholder Service Agent with signatures guaranteed. Telephone requests may be made by calling 1-800-231-8568. Shares purchased by check or through an ACH transaction may not be redeemed under this privilege of redeeming shares by telephone request until such shares have been owned for at least 15 days. This privilege of redeeming shares by telephone request or by written request without a signature guarantee may not be used to redeem shares held in certificated form and may not be used if the shareholder's account has had an address change within 30 days of the redemption request. During periods when it is difficult to contact the Shareholder Service Agent by telephone, it may be difficult to use the telephone redemption privilege, although investors can still redeem by mail. The Fund reserves the right to terminate or modify this privilege at any time.

EXPEDITED WIRE TRANSFER REDEMPTIONS. If the account holder has given authorization for expedited wire redemption to the account holder's brokerage or bank account, shares can be redeemed and proceeds sent by a federal wire transfer to a single previously designated account. Requests received by the Shareholder Service Agent prior to 11:00 a.m. Chicago time will result in shares being redeemed that day and normally the proceeds will be sent to the designated account that day. Once authorization is on file, the Shareholder Service Agent will honor requests by telephone at 1-800-231-8568 or in writing, subject to the limitations on liability described under "General" above. The Fund is not responsible for the efficiency of the federal wire system or the account holder's financial services firm or bank. The Fund currently does not charge the account holder for wire transfers. The account holder is responsible for any charges imposed by the account holder's firm or bank. There is a \$1,000 wire redemption minimum. To change the designated account to receive wire redemption proceeds, send a written request to the Shareholder Service Agent with signatures guaranteed as described above, or contact the firm through which shares of the Fund were purchased. Shares purchased by check or through an ACH transaction may not be redeemed by wire transfer until the shares have been owned for at least 15 days. Account holders may not use this procedure to redeem shares held in certificated form. During periods when it is difficult to contact the Shareholder

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Service Agent by telephone, it may be difficult to use the expedited redemption privilege. The Fund reserves the right to terminate or modify this privilege at any time.

EXPEDITED REDEMPTIONS BY DRAFT. Upon request, shareholders will be provided with drafts to be drawn on the Fund ("Redemption Checks"). These Redemption Checks may be made payable to the order of any person for not more than \$5 million. Shareholders should not write Redemption Checks in an amount less than \$250 since a \$10 service fee will be charged as described below. When a

Redemption Check is presented for payment, a sufficient number of full and fractional shares in the shareholder's account will be redeemed as of the next determined net asset value to cover the amount of the Redemption Check. This will enable the shareholder to continue earning dividends until the Fund receives the Redemption Check. A shareholder wishing to use this method of redemption must complete and file an Account Information Form which is available from the Fund or firms through which shares were purchased. Redemption Checks should not be used to close an account since the account normally includes accrued but unpaid dividends. The Fund reserves the right to terminate or modify this privilege at any time. This privilege may not be available through some firms that distribute shares of the Fund. In addition, firms may impose minimum balance requirements in order to obtain this feature. Firms may also impose fees to investors for this privilege or establish variations of minimum check amounts if approved by the Fund.

Unless one signer is authorized on the Account Information Form, Redemption Checks must be signed by all account holders. Any change in the signature authorization must be made by written notice to the Shareholder Service Agent. Shares purchased by check or through an ACH transaction may not be redeemed by Redemption Check until the shares have been on the Fund's books for at least 15 days. Shareholders may not use this procedure to redeem shares held in certificated form. The Fund reserves the right to terminate or modify this privilege at any time.

The Fund may refuse to honor Redemption Checks whenever the right of redemption has been suspended or postponed, or whenever the account is otherwise impaired. A \$10 service fee will be charged when a Redemption Check is presented to redeem Fund shares in excess of the value of a Fund account or in an amount less than \$250; when a Redemption Check is presented that would require redemption of shares that were purchased by check or ACH transaction within 15 days; or when "stop payment" of a Redemption Check is requested.

SPECIAL FEATURES

Certain firms that offer shares of the Fund also provide special redemption features through charge or debit cards and checks that redeem Fund shares. Various firms have different charges for their services. Shareholders should obtain information from their firm with respect to any special redemption features, applicable charges, minimum balance requirements and any special rules of the cash management program being offered.

Information about the following special features is contained in the Statement of Additional Information; and further information may be obtained without charge from KDI: Exchange Privilege; Systematic Withdrawal Program and Automated Clearing House Programs.

DIVIDENDS AND TAXES

DIVIDENDS. Dividends are declared daily and paid monthly. Shareholders may select one of the following ways to receive dividends:

1. REINVEST DIVIDENDS at net asset value into additional shares of the Fund. Dividends are normally reinvested on the 21st day of each month if a business day, otherwise on the next business day. Dividends will be reinvested unless the shareholder elects to receive them in cash.
2. RECEIVE DIVIDENDS IN CASH if so requested. Checks will be mailed monthly, within five business days of the reinvestment date, to the shareholder or any person designated by the shareholder.

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TAXES. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code (the "Code") and, if so qualified, will not be subject to federal income taxes to the extent its earnings are distributed. The Fund also intends to meet the requirements of the Code applicable to regulated investment companies distributing tax-exempt interest dividends and, therefore, dividends representing net interest received on Municipal Securities will not be includable by shareholders in their gross income for federal income tax purposes, except to the extent such interest is subject to the alternative minimum tax as discussed hereinafter. Dividends representing taxable net investment income (such as net interest income from temporary investments in obligations of the U.S. Government) and net short-term capital gains, if any, are taxable to shareholders as ordinary income.

Dividends declared in October, November or December to shareholders of record as of a date in one of those months and paid during the following January are treated as paid on December 31 of the calendar year in which declared for federal income tax purposes. The Fund may adjust its schedule for dividend reinvestment for the month of December to assist it in complying with reporting and minimum distribution requirements contained in the Code.

Net interest on certain "private activity bonds" issued on or after August 8, 1986 is treated as an item of tax preference and may, therefore, be subject to both the individual and corporate alternative minimum tax. To the extent provided by regulations to be issued by the Secretary of the Treasury, exempt-interest dividends from the Fund are to be treated as interest on private activity bonds in proportion to the interest the Fund receives from private activity bonds, reduced by allowable deductions.

Exempt-interest dividends, except to the extent of interest from "private activity bonds," are not treated as a tax preference item. For a corporate shareholder, however, such dividends will be included in determining such corporate shareholder's "adjusted current earnings." Seventy-five percent of the excess, if any, of "adjusted current earnings" over the corporate shareholder's other alternative minimum taxable income with certain adjustments will be a tax-preference item. Corporate shareholders are advised to consult their tax advisers with respect to alternative minimum tax consequences.

Shareholders will be required to disclose on their federal income tax returns the amount of tax-exempt interest earned during the year, including exempt-interest dividends received from the Fund.

Individuals whose modified income exceeds a base amount will be subject to federal income tax on up to 85% of their Social Security benefits. Modified income includes adjusted gross income, tax-exempt interest, including exempt-interest dividends from the Fund, and 50% of Social Security benefits.

The tax exemption for federal income tax purposes of dividends from the Fund does not necessarily result in exemption under the income or other tax laws of any state or local taxing authority. The laws of the several states and local taxing authorities vary with respect to the taxation of such income, and shareholders of the Fund are advised to consult their own tax advisers in that regard and as to the status of their accounts under state and local tax laws. Dividends paid by the Fund that represent net interest received on New York Municipal Securities will be exempt from New York State and New York City personal income taxes.

The Fund is required by law to withhold 31% of taxable dividends paid to certain shareholders who do not furnish a correct taxpayer identification number (in the case of individuals, a social security number) and in certain other circumstances.

Shareholders normally will receive monthly confirmations of dividends and of purchase and redemption transactions. Firms may provide varying arrangements with their clients with respect to confirmations. Tax information will be provided annually. Shareholders are encouraged to retain copies of their account confirmation statements or year-end statements for tax reporting purposes. However, those who have incomplete records may obtain historical account transaction information at a reasonable fee.

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INVESTMENT MANAGER AND SERVICES

INVESTMENT MANAGER. Kemper Financial Services, Inc. ("KFS"), 120 South LaSalle Street, Chicago, Illinois 60603, a wholly-owned subsidiary of Kemper Financial Companies, Inc. ("KFC"), is the investment manager of the Fund and provides the Fund with continuous professional investment supervision. KFS is one of the largest investment managers in the country and has been engaged in the management of investment funds for more than forty-five years. KFS and its affiliates provide investment advice and manage investment portfolios for the Kemper Funds, the Kemper insurance companies, Kemper Corporation and other corporate, pension, profit-sharing and individual accounts representing approximately \$60 billion under management including \$13 billion in money market fund assets and \$9 billion in tax-exempt assets. KFS acts as investment adviser for 24 open-end and seven closed-end investment companies, with 60 separate investment portfolios, representing more than 3 million shareholder accounts. KFC is a financial services holding company that is more than 99% owned by Kemper Corporation, a diversified insurance and financial services holding company.

Kemper Corporation has entered into a definitive agreement with an investor group led by Zurich Insurance Company ("Zurich") pursuant to which Kemper Corporation would be acquired by the investor group in a merger transaction. As part of the transaction, Zurich or an affiliate would purchase KFS. The Kemper Corporation and Zurich boards have approved the transaction.

Consummation of the transaction is subject to a number of contingencies, including approval by the stockholders of Kemper Corporation and regulatory approvals. Because the transaction would constitute an assignment of the Fund's investment management agreement with KFS, and potentially the Fund's Rule 12b-1 agreement, under the Investment Company Act of 1940, and therefore a termination of such agreement, KFS has received approval of the new agreements from the Fund's board and is seeking approval from the Fund's shareholders prior to the consummation of the transaction. The transaction is expected to close in the fourth quarter of 1995 or early in 1996.

Responsibility for overall management of the Fund rests with its Board of Trustees and officers. Professional investment supervision is provided by KFS. The investment management agreement provides that KFS shall act as the Fund's investment adviser, manage its investments and provide it with various services and facilities. For the services and facilities furnished, the Fund pays an annual investment management fee, payable monthly, on a graduated basis of .22 of 1% of the first \$500 million of average daily net assets, .20 of 1% of the next \$500 million, .175 of 1% of the next \$1 billion, .16 of 1% of the next \$1 billion and .15 of 1% of average daily net assets over \$3 billion. From March 20, 1991 to June 15, 1991, KFS temporarily waived its investment management fee and distribution services fee (described below) and absorbed all other operating expenses of the Fund. Thereafter, KFS gradually reinstated the investment management fee and distribution services fee and reduced its voluntary absorption of other Fund operating expenses at the aggregate rate (as a percentage of average daily net assets) of .02 of 1% each week. Effective April 23, 1992, KFS agreed to temporarily waive its management fee and absorb operating expenses of the Fund to the extent, if any, that such expenses, as defined below, exceed .80% of average daily net assets of the Fund. For this purpose, "operating expenses" of the Fund do not include taxes, interest, extraordinary expenses, brokerage commissions or transaction costs. Upon notice to the Fund, KFS may at any time terminate this waiver or absorption of operating expenses. In addition, from time to time, KFS may voluntarily absorb certain additional operating expenses of the Fund. The level of this voluntary expense absorption shall be in KFS' discretion and is in addition to KFS' agreement to absorb certain operating expenses of the Fund described above.

DISTRIBUTOR AND ADMINISTRATOR. Pursuant to an administration, shareholder services and distribution agreement ("distribution agreement"), Kemper Distributors, Inc. ("KDI"), 120 South LaSalle Street, Chicago, Illinois 60603, an affiliate of KFS, serves as distributor, administrator and principal underwriter of the Fund to provide information and administrative and distribution services for existing and potential shareholders. Before February 1, 1995, KFS was the distributor, administrator and principal underwriter for the Fund. The distribution agreement provides that KDI shall act as agent for the Fund for the sale of its shares and shall appoint various financial services firms ("firms"), such as broker-dealers and banks, to provide a cash management service for their customers or clients through the Fund. The firms are to provide such office space and equipment, telephone facilities, personnel and

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sales literature distribution as is necessary or appropriate for providing information and services to the firms' clients. For its services under the distribution agreement, the Fund pays KDI an annual distribution services fee, payable monthly, of .50 of 1% of average daily net assets of the Fund. The fee is accrued daily as an expense of the Fund.

KDI has related administrative services and selling group agreements with various broker-dealer firms to provide cash management and other services for Fund shareholders. KDI also has services agreements with banking firms to

provide such services, except for certain underwriting or distribution services which the banks may be prohibited from providing under the Glass-Steagall Act, for their clients who wish to invest in the Fund. If the Glass-Steagall Act should prevent banking firms from acting in any capacity or providing any of the described services, management will consider what action, if any, is appropriate. Management does not believe that termination of a relationship with a bank would result in any material adverse consequences to the Fund. Banks or other financial services firms may be subject to various state laws regarding the services described above and may be required to register as dealers pursuant to state law. KDI normally pays the firms at a maximum annual rate of .50 of 1% of average daily net assets of those accounts that they maintain and service. KDI may elect to keep a portion of the total distribution services fee to compensate itself for functions performed for the Fund or to pay for sales materials or other promotional activities. Since the distribution agreement provides for fees that are used by KDI to pay for distribution and administration services, the agreement along with the related administration services and selling group agreements and the plan contained therein are approved and reviewed in accordance with Rule 12b-1 under the Investment Company Act of 1940, which regulates the manner in which an investment company may, directly or indirectly, bear the expenses of distributing its shares.

Since the fee payable to KDI under the distribution agreement is based upon a percentage of the average daily net assets of the Fund and not upon the actual expenditures of KDI, the expenses of KDI (which may include overhead expense) may be more or less than the fees received by it under the distribution agreement. For example, during the fiscal year ended March 31, 1995, KDI (or KFS as predecessor to KDI) incurred expenses under the distribution agreement of approximately \$63,000, while it received an aggregate fee under the distribution agreement of \$60,000. If the distribution agreement is terminated in accordance with its terms, the obligation of the Fund to make payments to KDI pursuant to the distribution agreement will cease and the Fund will not be required to make any payments past the termination date. Thus, there is no legal obligation for the Fund to pay any excess expenses incurred by KDI over its fees under the distribution agreement if, for any reason, the distribution agreement is terminated in accordance with its terms. Any cumulative expenses incurred by KDI in excess of fees received may or may not be recovered through future fees under the distribution agreement.

CUSTODIAN AND SHAREHOLDER SERVICE AGENT. Investors Fiduciary Trust Company ("IFTC"), 127 West 10th Street, Kansas City, Missouri 64105, as custodian, and State Street Bank and Trust Company, 225 Franklin Street, Boston, Massachusetts 02110, as sub-custodian, have custody of all securities and cash of the Fund. They attend to the collection of principal and income, and payment for and collection of proceeds of securities bought and sold by the Fund. IFTC also is the Fund's transfer and dividend-paying agent. Pursuant to a services agreement with IFTC, Kemper Service Company, 811 Main Street, Kansas City, Missouri 64105, an affiliate of KFS, serves as Shareholder Service Agent of the Fund.

PERFORMANCE

From time to time, the Fund may advertise several types of performance information including "yield," "effective yield," and "tax equivalent yield." Each of these figures is based upon historical earnings and is not necessarily representative of the future performance of the Fund. The yield of the Fund refers to the net investment income generated by a hypothetical investment in the Fund over a specific seven-day period. This net investment income is then annualized, which means that the net investment income generated during the seven-day period is assumed to be generated each week over an annual period and is shown as a percentage of the investment. The effective yield is calculated similarly, but the net investment income earned by the investment is assumed to be compounded weekly when annualized. The effective yield will be slightly higher than the yield due to this compounding effect. Tax equivalent yield is the yield that a taxable investment must generate in order to equal the Fund's yield for an

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investor in a stated federal, New York State and New York City income tax bracket (normally assumed to be the maximum tax rate). Tax equivalent yield is based upon, and will be higher than, the portion of the Fund's yield that is tax-exempt.

The performance of the Fund may be compared to that of other money market mutual

funds or mutual fund indexes as reported by independent mutual fund reporting services such as Lipper Analytical Services, Inc. The Fund's performance and its relative size may be compared to other money market mutual funds as reported by IBC/Donoghue's Money Fund Report(R) or Money Market Insight(R), reporting services on money market funds. Investors may want to compare the Fund's performance on an after-tax basis to that of various bank products as reported by BANK RATE MONITOR(TM), a financial reporting service that weekly publishes average rates of bank and thrift institution money market deposit accounts and interest bearing checking accounts or various certificate of deposit indexes. The performance of the Fund also may be compared to that of U.S. Treasury bills and notes. Certain of these alternative investments may offer fixed rates of return and guaranteed principal and may be insured. In addition, investors may want to compare the Fund's performance to the Consumer Price Index either directly or by calculating its "real rate of return," which is adjusted for the effects of inflation.

The Fund may quote information from publications such as Morningstar, Inc., The Wall Street Journal, Money Magazine, Forbes, Barron's, Fortune, The Chicago Tribune, USA Today, Institutional Investor and Registered Representative. The Fund may depict the historical performance of the securities in which the Fund may invest over periods reflecting a variety of market or economic conditions either alone or in comparison with alternative investments, performance indexes of those investments or economic indicators. The Fund may also describe its portfolio holdings and depict its size or relative size compared to other mutual funds, the number and make-up of its shareholder base and other descriptive factors concerning the Fund.

The Fund's yield will fluctuate. Shares of the Fund are not insured. Additional information concerning the Fund's performance appears in the Statement of Additional Information.

CAPITAL STRUCTURE

The Fund is an open-end, non-diversified management investment company, organized as a business trust under the laws of Massachusetts on March 2, 1990. The Fund may issue an unlimited number of shares of beneficial interest in one or more series or "Portfolios," all having no par value, which may be divided by the Board of Trustees into classes of shares, subject to compliance with the Securities and Exchange Commission regulations permitting the creation of separate classes of shares. The Fund's shares are not currently divided into classes. While only shares of a single Portfolio are presently being offered, the Board of Trustees may authorize the issuance of additional Portfolios if deemed desirable, each with its own investment objective, policies and restrictions. Since the Fund may offer multiple Portfolios, it is known as a "series company." Shares of a Portfolio have equal noncumulative voting rights and equal rights with respect to dividends, assets and liquidation of such Portfolio subject to any preferences, rights or privileges of any classes of shares within the Portfolio. Generally each class of shares issued by a particular Portfolio would differ as to the allocation of certain expenses of the Portfolio such as distribution and administrative expenses, permitting, among other things, different levels of services or methods of distribution among various classes. Shares are fully paid and nonassessable when issued, are transferable without restriction and have no preemptive or conversion rights. The Fund is not required to hold annual shareholders' meetings, and does not intend to do so. However, it will hold special meetings as required or deemed desirable for such purposes as electing trustees, changing fundamental policies or approving an investment management agreement. Subject to the Agreement and Declaration of Trust of the Fund, shareholders may remove trustees. If shares of more than one Portfolio or class are outstanding, shareholders will vote by Portfolio and not in the aggregate or by class except when voting in the aggregate is required under the Investment Company Act of 1940, such as for the election of trustees, or when the Board of Trustees determines that voting by class is appropriate.

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Tax-Exempt
New York
Money Market
Fund
Prospectus

July 31, 1995

TAX-EXEMPT NEW YORK MONEY MARKET FUND

CROSS-REFERENCE SHEET
 BETWEEN ITEMS ENUMERATED IN PART B
 OF FORM N-1A AND STATEMENT OF ADDITIONAL INFORMATION

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11. Table of Contents.....	Table of Contents
12. General Information and History.....	Inapplicable
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19. Purchase, Redemption and Pricing of Securities Being Offered.....	Purchase and Redemption of Shares
20. Tax Status.....	Dividends, Net Asset Value and Taxes
21. Underwriters.....	Investment Manager and Services
22. Calculations of Performance Data.....	Performance
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STATEMENT OF ADDITIONAL INFORMATION

JULY 31, 1995

TAX-EXEMPT NEW YORK MONEY MARKET FUND
 120 SOUTH LASALLE STREET, CHICAGO, ILLINOIS 60603
 1-800-231-8568

This Statement of Additional Information is not a prospectus and should be read in conjunction with the prospectus of Tax-Exempt New York Money Market Fund (the "Fund") dated July 31, 1995. The prospectus may be obtained without charge from the Fund.

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The financial statements appearing in the Fund's 1995 Annual Report to Shareholders are incorporated herein by reference. The Fund's Annual Report accompanies this Statement of Additional Information.

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MUNICIPAL SECURITIES

Municipal Securities that the Fund may purchase include, without limitation, debt obligations issued to obtain funds for various public purposes, including the construction of a wide range of public facilities such as airports, bridges, highways, housing, hospitals, mass transportation, public utilities, schools, streets, and water and sewer works. Other public purposes for which Municipal Securities may be issued include refunding outstanding obligations, obtaining funds for general operating expenses and obtaining funds to loan to other public institutions and facilities.

Municipal Securities, such as industrial development bonds, are issued by or on behalf of public authorities to obtain funds for purposes including privately operated airports, housing, conventions, trade shows, ports, sports, parking or pollution control facilities or for facilities for water, gas, electricity or sewage and solid waste disposal. Such obligations, which may include lease arrangements, are included within the term Municipal Securities if the interest paid thereon qualifies as exempt from federal income tax. Other types of industrial development bonds, the proceeds of which are used for the construction, equipment, repair or improvement of privately operated industrial or commercial facilities, may constitute Municipal Securities, although the current federal tax laws place substantial limitations on the size of such issues.

Municipal Securities generally are classified as "general obligation" or "revenue." General obligation notes are secured by the issuer's pledge of its faith, credit and taxing power for the payment of principal and interest. Revenue notes are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source. Industrial development bonds which are Municipal Securities are in most cases revenue bonds and generally do not constitute the pledge of the credit of the issuer of such bonds.

Examples of Municipal Securities which are issued with original maturities of one year or less are short-term tax anticipation notes, bond anticipation notes, revenue anticipation notes, construction loan notes, pre-refunded municipal bonds, warrants and tax-free commercial paper.

Tax anticipation notes typically are sold to finance working capital needs of municipalities in anticipation of receiving property taxes on a future date. Bond anticipation notes are sold on an interim basis in anticipation of a municipality issuing a longer term bond in the future. Revenue anticipation notes are issued in expectation of receipt of other types of revenue such as those available under the Federal Revenue Sharing Program. Construction loan notes are instruments insured by the Federal Housing Administration with permanent financing by "Fannie Mae" (the Federal National Mortgage Association) or "Ginnie Mae" (the Government National Mortgage Association) at the end of the project construction period. Pre-refunded municipal bonds are bonds which are not yet refundable, but for which securities have been placed in escrow to refund an original municipal bond issue when it becomes refundable. Tax-free commercial paper is an unsecured promissory obligation issued or guaranteed by a municipal issuer. The Fund may purchase other Municipal Securities similar to the foregoing that are or may become available, including securities issued to pre-refund other outstanding obligations of municipal issuers.

The federal bankruptcy statutes relating to the adjustments of debts of political subdivisions and authorities of states of the United States provide that, in certain circumstances, such subdivisions or authorities may be

authorized to initiate bankruptcy proceedings without prior notice to or consent of creditors, which proceedings could result in material and adverse changes in the rights of holders of obligations issued by such subdivisions or authorities.

Litigation challenging the validity under state constitutions of present systems of financing public education has been initiated or adjudicated in a number of states, and legislation has been introduced to effect changes in public school finances in some states. In other instances there has been litigation challenging the issuance of pollution control revenue bonds or the validity of their issuance under state or federal law which litigation ultimately could affect the validity of those Municipal Securities or the tax-free nature of the interest thereon.

The following information as to certain risk factors is given to investors because the Fund concentrates its investments in New York Municipal Securities (as defined in the prospectus). Such information constitutes only a

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summary, does not purport to be a complete description and is based upon information from official statements relating to securities offerings of New York issuers. New York is sometimes referred to as the "State."

Numerous bonds issued by various State agencies and authorities are either guaranteed by the State or supported by the State through lease-purchase arrangements, other contractual obligations or moral obligation provisions. Moral obligation commitments by the State impose no immediate financial obligations on the State and require appropriations by the Legislature before any payments can be made. Failure of the State to appropriate necessary amounts or to take other action to permit the authorities and agencies to meet their obligations could result in their default. If a default were to occur, it would likely have a significant adverse effect on the market value of obligations of the State and its authorities and agencies. As of December 31, 1994, the principal amount of New York State general obligation bonds outstanding was \$5.4 billion and the principal amount of state-guaranteed and lease-purchase debt outstanding was \$21 billion. In addition, the State has committed itself on other debt, the outstanding amount of which is \$7 billion; much of this debt is self-supporting from outside revenue sources. The State has had to make large appropriations in recent years to enable State agencies to meet their financial obligations and, in some cases, prevent default. Additional assistance will probably be required in this and later years since certain localities and authorities, particularly the Metropolitan Transit Authority, continue to experience financial difficulties.

Certain other State agencies, such as the New York State Urban Development Corporation ("UDC"), the Battery Park City Authority and the Housing Finance Agency ("HFA") are also dependent upon State legislative appropriations in order to meet their bond obligations. In February, 1975, UDC defaulted on \$1 billion of its short-term notes and the State appropriated amounts to cure the default. HFA has a \$390 million mortgage on the Co-op City Project located in New York City. Co-op City has had difficulties in meeting its mortgage payments to HFA owing to rent strikes by tenants, disputes with the City of New York and other factors. Yonkers and Buffalo have also experienced financial difficulties, which have required State appropriations to meet the financial obligations of both cities. In the case of Yonkers, a State agency that has been monitoring finances since 1984 took control of all City spending in view of court fines and financial problems resulting from Yonkers' refusal and delay in implementing a Court ordered desegregation plan. In addition, counties and other localities on Long Island have financial problems, including those relating to the Long Island Lighting Company's construction of its Shoreham nuclear power facility, which could lead to requests for additional State assistance.

Since July 1990, New York has experienced a more severe economic downturn than most other states, leading to collections of State revenues that were significantly below projections. After implementing a deficit reduction program, the State experienced a fiscal year 1991 deficit in its General Fund of \$1 billion on a cash basis, which it met by issuing two series of tax and revenue anticipation notes. On a GAAP basis, the State has an accumulated General Fund deficit of \$6.3 billion at the end of its 1991 fiscal year to \$1.6 billion at the end of its 1994 fiscal year.

Constitutional challenges to State laws have limited the amount of taxes that political subdivisions can impose on real property. In 1979, the State's highest court declared unconstitutional a State law allowing localities and school districts to impose a special increase in real estate property taxes in order to

raise funds for pensions and other uses. Additional court actions have been brought against the State, certain agencies and municipalities relating to financings, amount of real estate tax, use of tax revenues and other matters including the validity of treaties by which Indian tribes transferred properties to the State, which could affect the ability of the State or its political subdivisions to pay their obligations. Final adverse decisions in such cases could require extraordinary appropriations or expenditure reductions, or both, and could have a material adverse effect upon the financial condition of the State and various of its agencies and subdivisions.

In 1975, New York City (the "City") suffered several financial crises. To help New York City out of its financial difficulties, the State legislature created the Municipal Assistance Corporation ("MAC") in 1975. MAC has the authority to issue bonds and notes and pay or lend the proceeds to the City. MAC also has the authority to exchange its obligations for City obligations. MAC bonds are payable out of certain State sales and use taxes imposed within the City, State stock transfer taxes and per capita State aid to the City. The State is not, however, obligated to

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continue these taxes, nor to continue appropriating revenues from these taxes, nor to continue the appropriation of per capita State aid to pay MAC obligations. MAC does not have taxing powers, and its bonds are not obligations enforceable against either the City or the State.

Since 1975, the City's financial condition has been subject to oversight and review by the New York State Financial Control Board (the "Control Board") and since 1978 its financial statements have been audited by independent accounting firms. To be eligible for guarantees and assistance, the City was required to submit annually to the Control Board a financial plan for the next four fiscal years covering the City and certain agencies showing balanced budgets determined in accordance with generally accepted accounting principles. Although the Control Board's powers of prior approval were suspended effective June 30, 1986 because the City had satisfied certain statutory conditions, the City continues to submit four year plans to the Control Board for its review. The City completed fiscal year 1994 with a balanced budget.

For decades the State economy has grown more slowly than that of the nation as a whole, although New York remains one of the country's wealthiest states. The causes of this decline are varied and complex and some causes reflect international and national trends beyond the control of the State and City. Some analysts feel that this long-term decline results from State and local tax levels, which are among the highest in the nation, and which may cause corporations to locate outside the State. The current high level of taxes limits the ability of the State and City to impose higher taxes in the event of future difficulties.

In March 1990, Standard & Poor's Corporation ("S&P") lowered its rating of New York State's general obligation debt from AA- to A. In addition, S&P and Moody's Investors Service, Inc. ("Moody's") lowered their ratings of New York State's short-term notes from SP-1+ to SP-1 and from MIG-1 to MIG-2, respectively. In its decision to lower New York State's rating, S&P cited the absence of a credible financial plan to reverse three years of negative financial results as a sign of New York State's failure to deal responsibly with its financial troubles. In February 1991, Moody's lowered its rating of New York City's general obligation debt from A to BAA1 citing uncertainties associated with many of the major factors that contribute to the City's long-term operating stability. In January 1992, Moody's lowered its rating of New York State legislative appropriations bonds from A to Baal and S&P lowered its rating of New York State legislative appropriations bonds from BBB+ to BBB and of New York State general obligation bonds from A to A-. In July 1995, S&P lowered its rating of New York City's general obligation debt from A- to BBB+.

INVESTMENT RESTRICTIONS

The Fund has adopted certain investment restrictions which cannot be changed without approval by holders of a majority of its outstanding voting shares. As defined in the Investment Company Act of 1940, this means the lesser of the vote of (a) 67% of the Fund's shares present at a meeting where more than 50% of the outstanding shares are present in person or by proxy; or (b) more than 50% of the Fund's shares.

The Fund may not:

(1) Purchase securities (other than securities of the United States Government, its agencies or instrumentalities or of a state or its political subdivisions) if as a result of such purchase more than 25% of the Fund's total assets would be invested in any one industry.

(2) Purchase securities of any issuer (other than obligations of, or guaranteed by, the United States Government, its agencies or instrumentalities) if, as a result, more than 5% of the Fund's total assets would be invested in securities of that issuer; except that, as to 50% of the value of the Fund's total assets, the Fund may invest up to 25% of its total assets in the securities of any one issuer. For purposes of this limitation, the Fund will regard as the issuer the entity that has the primary responsibility for the payment of interest and principal.

(3) Make loans to others (except through the purchase of debt obligations or repurchase agreements in accordance with its investment objective and policies).

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(4) Borrow money except as a temporary measure for extraordinary or emergency purposes and then only in an amount up to one-third of the value of its total assets, in order to meet redemption requests without immediately selling any money market instruments. (Any such borrowings under this section will not be collateralized.) If, for any reason, the current value of the Fund's total assets falls below an amount equal to three times the amount of its indebtedness from money borrowed, the Fund will, within three days (not including Sundays and holidays), reduce its indebtedness to the extent necessary. The Fund will not borrow for leverage purposes and will not purchase securities or make investments while borrowings are outstanding.

(5) Make short sales of securities or purchase securities on margin, except to obtain such short-term credits as may be necessary for the clearance of transactions.

(6) Write, purchase or sell puts, calls or combinations thereof, although the Fund may purchase Municipal Securities subject to Standby Commitments, Variable Rate Demand Notes or Repurchase Agreements in accordance with its investment objective and policies.

(7) Purchase or retain the securities of any issuer if any of the officers, trustees or directors of the Fund or its investment adviser owns beneficially more than 1/2 of 1% of the securities of such issuer and together own more than 5% of the securities of such issuer.

(8) Invest for the purpose of exercising control or management of another issuer.

(9) Invest in commodities or commodity futures contracts or in real estate (or real estate limited partnerships) except that the Fund may invest in Municipal Securities secured by real estate or interests therein and securities of issuers that invest or deal in real estate.

(10) Invest in interests in oil, gas or other mineral exploration or development programs or leases, although it may invest in Municipal Securities of issuers that invest in or sponsor such programs or leases.

(11) Underwrite securities issued by others except to the extent the Fund may be deemed to be an underwriter, under the federal securities laws, in connection with the disposition of portfolio securities.

(12) Issue senior securities as defined in the Investment Company Act of 1940.

If a percentage restriction is adhered to at the time of investment, a later increase or decrease in percentage beyond the specified limit resulting from a change in values or net assets will not be considered a violation. The Fund may invest more than 25% of its total assets in industrial development bonds. The Fund did not borrow money as permitted by investment restriction number 4 in the latest fiscal period, and it has no present intention of borrowing during the coming year. In addition, the Fund has agreed with certain state regulators that, so long as required by any state where the Fund's shares are offered for sale, the Fund, as a non-fundamental policy that may be changed without shareholder vote, may not:

(i) Invest more than 5% of the Fund's total assets in industrial development bonds sponsored by companies that with their predecessors have less than three years' continuous operation.

(ii) Invest more than 5% of the Fund's total assets in securities restricted as to disposition under the federal securities laws (except commercial paper issued under Section 4(2) of the Securities Act of 1933).

INVESTMENT MANAGER AND SERVICES

INVESTMENT MANAGER. Kemper Financial Services, Inc. ("KFS") is the Fund's investment manager. Pursuant to an investment management agreement, KFS acts as the Fund's investment adviser, manages its investments, administers its business affairs, furnishes office facilities and equipment, provides clerical, bookkeeping and administrative services, provides shareholder and information services and permits any of its officers or employees to serve without compensation as trustees or officers of the Fund if elected to such positions. The Fund pays the expenses of its operations, including the fees and expenses of independent auditors, counsel, custodian and transfer

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agent and the cost of share certificates, reports and notices to shareholders, costs of calculating net asset value, brokerage commissions or transaction costs, taxes, registration fees, the fees and expenses of qualifying the Fund and its shares for distribution under federal and state securities laws and membership dues in the Investment Company Institute or any similar organization.

The agreement provides that KFS shall not be liable for any error of judgment or of law, or for any loss suffered by the Fund in connection with the matters to which the agreement relates, except a loss resulting from willful misfeasance, bad faith or gross negligence on the part of KFS in the performance of its obligations and duties, or by reason of its reckless disregard of its obligations and duties under the agreement.

The investment management agreement continues in effect from year to year so long as its continuation is approved at least annually by a majority vote of the trustees who are not parties to such agreement or interested persons of any such party except in their capacity as trustees of the Fund, cast in person at a meeting called for such purpose, and by the shareholders or the Board of Trustees. It may be terminated at any time upon 60 days' notice by either party, or by a majority vote of the outstanding shares, and will terminate automatically upon assignment. If additional Fund Portfolios become subject to the investment management agreement, the provisions concerning continuation, amendment and termination shall be on a Portfolio by Portfolio basis and the management fee and the expense limitation shall be computed based upon the average daily net assets of all Portfolios subject to the agreement and shall be allocated among such Portfolios based upon the relative net assets of such Portfolios. Additional Portfolios may be subject to a different agreement.

For the services and facilities furnished, the Fund pays an annual investment management fee, payable monthly, on a graduated basis of .22 of 1% of the first \$500 million of average daily net assets, .20 of 1% of the next \$500 million, .175 of 1% of the next \$1 billion, .16 of 1% of the next \$1 billion and .15 of 1% of average daily net assets over \$3 billion. KFS has agreed to reimburse the Fund to the extent required by any applicable state expense limitations should all operating expenses of the Fund, including the investment management fee of KFS but excluding taxes, interest, the distribution services fees of KDI (described below), extraordinary expenses and brokerage commissions or transaction costs, exceed the applicable state expense limitations. The Fund believes that there are no state expense limitations currently applicable to the Fund. For the services and facilities furnished to the Fund pursuant to the investment management agreement, KFS received fees of \$26,000, \$20,000 and \$18,000 for the fiscal years ended March 31, 1995, 1994 and 1993, respectively, after the fee waivers noted below. In addition to the expense limitation described above, from March 20, 1991 to June 15, 1991, KFS temporarily waived its investment management fee and distribution services fee and absorbed all other operating expenses of the Fund. Thereafter, KFS gradually reinstated its investment management fee and distribution services fee and reduced its voluntary absorption of other Fund operating expenses at the aggregate rate (as a percentage of average daily net assets) of .02 of 1% each week. Effective April 23, 1992, KFS agreed to temporarily waive its management fee and absorb certain operating expenses of the Fund to the extent described in the prospectus. See "Investment Manager and Services" in the prospectus. During the fiscal years ended March 31, 1995, 1994 and 1993, KFS waived or absorbed \$41,000, \$41,000 and \$59,000, respectively, of the Fund's operating expenses.

Certain trustees or officers of the Fund are also directors or officers of KFS as indicated under "Officers and Trustees."

DISTRIBUTOR AND ADMINISTRATOR. Pursuant to an administration, shareholder services and distribution agreement ("distribution agreement"), Kemper Distributors, Inc. ("KDI") serves as distributor, administrator and principal underwriter to the Fund to provide information and services for existing and potential shareholders. Before February 1, 1995, KFS was the distributor, administrator and principal underwriter for the Fund. The distribution agreement provides that KDI shall act as agent for the Fund in the sale of its shares and shall appoint various firms to provide a cash management service for their customers or clients through the Fund. The firms are to provide such office space and equipment, telephone facilities, personnel and sales literature distribution as is necessary or appropriate for providing information and services to the firms' clients and prospective clients. The Fund pays for the prospectus and shareholder reports to be set in type and printed for existing shareholders and KDI pays for the

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printing and distribution of copies thereof used in connection with the continuous offering of shares to prospective investors. KDI pays for supplementary sales literature and advertising. For its services as distributor, the Fund pays KDI an annual distribution services fee, payable monthly, of .50 of 1% of average daily net assets of the Fund. The distribution agreement continues in effect from year to year so long as its continuation is approved at least annually by a majority of the trustees who are not parties to such agreement or interested persons of the Fund and who have no direct or indirect financial interest in the agreement or in any agreement related thereto. The agreement automatically terminates in the event of its assignment and may be terminated at any time without penalty by the Fund or by KDI upon six months notice. Termination by the Fund may be by vote of a majority of the Board of Trustees, or a majority of the Trustees who are not interested persons of the Fund and who have no direct or indirect financial interest in the agreement, or a majority vote of the outstanding shares. The fee payable pursuant to the distribution agreement may not be increased without shareholder approval and all material amendments must in any event be approved by the Board of Trustees in the manner described above with respect to the continuation of the agreement. If additional Portfolios are authorized by the Board of Trustees, the provisions concerning the continuation, amendment and termination of the distribution services agreement will be on a Portfolio by Portfolio basis and the distribution services fee would be charged to the Portfolios based upon their relative net assets, but the expenditures by KDI under the agreement need not be made on that same basis.

KDI has related administration services and selling group agreements with various broker-dealer firms to provide cash management and other services for the Fund shareholders. Such services and assistance may include, but are not limited to, establishing and maintaining shareholder accounts and records, processing purchase and redemption transactions, providing automatic investment in Fund shares of client account balances, answering routine inquiries regarding the Fund, assisting clients in changing account options, designations and addresses, and such other services as may be agreed upon from time to time and as may be permitted by applicable statute, rule or regulation. KDI also has services agreements with banking firms to provide the above listed services, except for certain distribution services that the banks may be prohibited from providing, for their clients who wish to invest in the Fund. KDI also may provide some of the above services for the Fund. KDI normally pays the firms at a maximum annual rate of .50 of 1% of average net assets of those accounts that they maintain and service. KDI may elect to keep a portion of the total administration fee to compensate itself for functions performed for the Fund or to pay for sales materials or other promotional activities.

Since the distribution agreement provides for fees which are used by KDI to pay for distribution and administration services, the agreement along with the related administrative services and selling group agreements are approved and renewed in accordance with Rule 12b-1 under the Investment Company Act of 1940 which regulates the manner in which an investment company may, directly or indirectly, bear expenses of distributing its shares.

During the fiscal year ended March 31, 1995, the Fund paid a distribution services fee of \$60,000. Pursuant to the related services agreements, KDI (or KFS as predecessor to KDI) remitted distribution services fees of \$60,000 to various firms, \$30,000 of which was paid to broker-dealer firms affiliated with

KDI. During the fiscal year ended March 31, 1995, KDI (or KFS as predecessor to KDI) incurred underwriting, distribution and administrative expenses in the approximate amounts noted: service fees to firms (\$60,000); advertising and literature (\$1,000); and marketing and sales expenses (\$2,000), for a total of \$63,000. A portion of the aforesaid marketing, sales and operating expenses could be considered overhead expense.

CUSTODIAN AND SHAREHOLDER SERVICE AGENT. Investors Fiduciary Trust Company ("IFTC"), 127 West 10th Street, Kansas City, Missouri 64105, as custodian, and State Street Bank and Trust Company, 225 Franklin Street, Boston, Massachusetts 02110, as sub-custodian, have custody of all securities and cash of the Fund. They attend to the collection of principal and income, and payment for and collection of proceeds of securities bought and sold by the Fund. IFTC is also the transfer agent of the Fund (see "Purchase of Shares" in the prospectus). Pursuant to a services agreement with IFTC, Kemper Service Company ("KSvC"), an affiliate of KFS, serves as "Shareholder Service Agent." IFTC receives an annual fee as custodian for the Fund, payable monthly, on a graduated basis ranging from \$.40 to \$.05 per \$1,000 of average monthly net assets of the Fund plus certain transaction charges and

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out-of-pocket expense reimbursement. (The effective custodian fee rate is based upon the average net assets of all Kemper Mutual Funds of the money market type for which IFTC serves as custodian.) IFTC receives, as transfer agent, and pays to KSvC annual account fees of a maximum of \$13 per year per account plus out-of-pocket expense reimbursement. During the fiscal year ended March 31, 1995, the Fund incurred custodian and transfer agent fees of \$16,000 (excluding related expenses) to IFTC and IFTC remitted shareholder service fees in the amount of \$14,000 to KSvC as Shareholder Service Agent.

INDEPENDENT AUDITORS AND REPORTS TO SHAREHOLDERS. The Fund's independent auditors, Ernst & Young LLP, 233 South Wacker Drive, Chicago, Illinois 60606, audit and report on the Fund's annual financial statements, review certain regulatory reports and the Fund's federal income tax return, and perform other professional accounting, auditing, tax and advisory services when engaged to do so by the Fund. Shareholders will receive annual audited financial statements and semi-annual unaudited financial statements.

PORTFOLIO TRANSACTIONS

Portfolio transactions are undertaken principally to pursue the Fund's investment objective in relation to movements in the general level of interest rates, to invest money obtained from the sale of Fund shares, to reinvest proceeds from maturing portfolio securities and to meet redemptions of Fund shares. These transactions may increase or decrease the yield of the Fund depending upon management's ability to correctly time and execute such transactions. Since the Fund's assets will be invested in short-term Municipal Securities, its portfolio will turn over several times a year. However, since securities with maturities of less than one year are excluded from required portfolio turnover rate calculations, the Fund's turnover rate for reporting purposes will be zero.

KFS is the investment manager for the Kemper Funds, and KFS and its affiliates also furnish investment management services to other clients including Kemper Corporation and the Kemper insurance companies. KFS is the sole shareholder of Kemper Asset Management Company and Kemper Investment Management Company Limited. These three entities share some common research and trading facilities. At times investment decisions may be made to purchase or sell the same investment security for the Fund and for one or more of the other clients of KFS. When two or more of such clients are simultaneously engaged in the purchase or sale of the same security, the transactions are allocated as to amount and price in a manner considered equitable to each. It is the opinion of the Board of Trustees that the benefits available because of the investment manager's organization outweigh any disadvantages that may arise from exposure to simultaneous transactions.

KFS, in effecting purchases and sales of portfolio securities for the account of the Fund, will implement the Fund's policy of seeking the best execution of orders, which includes best net prices. Consistent with this policy, orders for

portfolio transactions are placed with broker-dealer firms giving consideration to the quality, quantity and nature of the firm's professional services which include execution, clearance procedures, reliability and other factors. In selecting among the firms believed to meet the criteria for handling a particular transaction, KFS may give consideration to those firms that have sold or are selling shares of the Kemper Mutual Funds, as well as to those firms that provide market, statistical and other research information to the Fund and KFS, although KFS is not authorized to pay higher prices to firms that provide such services. Any research benefits derived are available for all clients including clients of affiliated companies. Since it is only supplemental to KFS' own research efforts and must be analyzed and reviewed by KFS' staff, the receipt of research information is not expected to materially reduce expenses. The Fund expects that purchases and sales of portfolio securities usually will be principal transactions. Portfolio securities will normally be purchased directly from the issuer or from an underwriter or market maker for the securities. There usually are no brokerage commissions paid by the Fund for such purchases. During the last three fiscal years the Fund paid no portfolio brokerage commissions. Purchases from underwriters will include a commission or concession paid by the issuer to the underwriter, and purchases from dealers serving as market makers will include the spread between the bid and asked prices.

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PURCHASE AND REDEMPTION OF SHARES

Fund shares are sold at their net asset value next determined after an order and payment are received in the form described in the prospectus. The minimum initial investment is \$1,000 and the minimum subsequent investment is \$100 but such minimum amounts may be changed at any time. The Fund may waive the minimum for purchases by trustees, directors, officers or employees of the Fund or KFS and its affiliates. An investor wishing to open an account should use the Account Information Form available from the Fund or financial services firms. Orders for the purchase of shares that are accompanied by a check drawn on a foreign bank (other than a check drawn on a Canadian bank in U.S. Dollars) will not be considered in proper form and will not be processed unless and until the Fund determines that it has received payment of the proceeds of the check. The time required for such a determination will vary and cannot be determined in advance.

The Fund may suspend the right of redemption or delay payment more than seven days (a) during any period when the New York Stock Exchange ("Exchange") is closed other than customary weekend and holiday closings or during any period in which trading on the Exchange is restricted, (b) during any period when an emergency exists as a result of which (i) disposal of the Fund's investments is not reasonably practicable, or (ii) it is not reasonably practicable for the Fund to determine the value of its net assets, or (c) for such other periods as the Securities and Exchange Commission may by order permit for the protection of the Fund's shareholders.

Although it is the Fund's present policy to redeem in cash, if the Board of Trustees determines that a material adverse effect would be experienced by the remaining shareholders if payment were made wholly in cash, the Fund will pay the redemption price in whole or in part by a distribution of portfolio securities in lieu of cash, in conformity with the applicable rules of the Securities and Exchange Commission, taking such securities at the same value used to determine net asset value, and selecting the securities in such manner as the Board of Trustees may deem fair and equitable. If such a distribution occurs, shareholders receiving securities and selling them could receive less than the redemption value of such securities and in addition would incur certain transaction costs. Such a redemption would not be as liquid as a redemption entirely in cash. The Fund has elected to be governed by Rule 18f-1 under the Investment Company Act of 1940 pursuant to which the Fund is obligated to redeem shares solely in cash up to the lesser of \$250,000 or 1% of the net assets of the Fund during any 90-day period for any one shareholder of record.

DIVIDENDS, NET ASSET VALUE AND TAXES

DIVIDENDS. Dividends are declared daily and paid monthly. Shareholders will receive dividends in additional shares unless they elect to receive cash. Dividends will be reinvested monthly in additional shares of the Fund normally on the twenty-first day of each month, if a business day, otherwise on the next business day. The Fund will pay shareholders who redeem their entire accounts all unpaid dividends at the time of redemption not later than the next dividend payment date. Upon written request to the Shareholder Service Agent, a shareholder may elect to have Fund dividends invested without sales charge in shares of another Kemper Mutual Fund offering this privilege at the net asset value of such other fund on the reinvestment date. See "Special

Features--Exchange Privilege" for a list of such other Kemper Mutual Funds. To use this privilege of investing Fund dividends in shares of another Kemper Mutual Fund, shareholders must maintain a minimum account value of \$10,000 in this Fund and must maintain a minimum account value of \$250 in the fund in which dividends are reinvested.

The Fund calculates its dividends based on its daily net investment income. For this purpose, net investment income consists of (a) accrued interest income plus or minus amortized original issue discount or premium, (b) plus or minus all short-term realized gains and losses on investments and (c) minus accrued expenses. Expenses of the Fund are accrued each day. Since the Fund's investments are valued at amortized cost, there will be no unrealized gains or losses on such investments. However, should the net asset value so computed deviate significantly from market value, the Board of Trustees could decide to value the investments at market value and then unrealized gains and losses would be included in net investment income above.

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Dividends are reinvested monthly and shareholders will receive monthly confirmation of dividends and of purchase and redemption transactions.

NET ASSET VALUE. As described in the prospectus, the Fund values its portfolio instruments at amortized cost, which does not take into account unrealized capital gains or losses. This involves initially valuing an instrument at its cost and thereafter assuming a constant amortization to maturity of any discount or premium, regardless of the effect of fluctuating interest rates on the market value of the instrument. While this method provides certainty in valuation, it may result in periods during which value, as determined by amortized cost, is higher or lower than the price the Fund would receive if it sold the instrument. Calculations are made to compare the value of the Fund's investments valued at amortized cost with market values. Market valuations are obtained by using actual quotations provided by market makers, estimates of market value, or values obtained from yield data relating to classes of money market instruments published by reputable sources at the mean between the bid and asked prices for the instruments. If a deviation of 1/2 of 1% or more were to occur between the net asset value per share calculated by reference to market values and the Fund's \$1.00 per share net asset value, or if there were any other deviation that the Board of Trustees of the Fund believed would result in a material dilution to shareholders or purchasers, the Board of Trustees would promptly consider what action, if any, should be initiated. If the Fund's net asset value per share (computed using market values) declined, or were expected to decline, below \$1.00 (computed using amortized cost), the Board of Trustees of the Fund might temporarily reduce or suspend dividend payments in an effort to maintain the net asset value at \$1.00 per share. As a result of such reduction or suspension of dividends or other action by the Board of Trustees, an investor would receive less income during a given period than if such a reduction or suspension had not taken place. Such action could result in investors receiving no dividend for the period during which they hold their shares and receiving, upon redemption, a price per share lower than that which they paid. On the other hand, if the Fund's net asset value per share (computed using market values) were to increase, or were anticipated to increase above \$1.00 (computed using amortized cost), the Board of Trustees of the Fund might supplement dividends in an effort to maintain the net asset value at \$1.00 per share.

TAXES. Interest on indebtedness which is incurred to purchase or carry shares of a mutual fund which distributes exempt-interest dividends during the year is not deductible for federal income tax purposes. Further, the Fund may not be an appropriate investment for persons who are "substantial users" of facilities financed by industrial development bonds held by the Fund or are "related persons" to such users; such persons should consult their tax advisers before investing in the Fund.

The "Superfund Act of 1986" (the "Superfund Act") imposes a separate tax on corporations at a rate of 0.12 percent of the excess of such corporation's "modified alternative minimum taxable income" over \$2 million. A portion of tax-exempt interest, including exempt-interest dividends from the Fund, may be includible in modified alternative minimum taxable income. Corporate shareholders are advised to consult their tax advisers with respect to the consequences of the Superfund Act.

PERFORMANCE

As reflected in the prospectus, historical performance calculations for the Fund may be shown in the form of "yield," "effective yield," and "tax equivalent yield." These various measures of performance are described below. KFS has agreed to absorb certain operating expenses of the Fund to the extent described in the prospectus. Without this expense absorption, the performance results noted herein would have been lower.

The Fund's yield is computed in accordance with a standardized method prescribed by rules of the Securities and Exchange Commission. Under that method, the yield quotation is based on a seven-day period and is computed as follows. The first calculation is net investment income per share, which is accrued interest on portfolio securities, plus or minus amortized original issue discount or premium, less accrued expenses. This number is then divided by the price per share (expected to remain constant at \$1.00) at the beginning of the period ("base period return").

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The result is then divided by 7 and multiplied by 365 and the resulting yield figure is carried to the nearest one-hundredth of one percent. Realized capital gains or losses and unrealized appreciation or depreciation of investments are not included in the calculation. For the seven day period ended March 31, 1995, the Fund's yield was 3.24%.

The Fund's effective yield is determined by taking the base period return (computed as described above) and calculating the effect of assumed compounding. The formula for the effective yield is: $(\text{base period return} + 1)^{365/7} - 1$. For the seven day period ended March 31, 1995, the Fund's effective yield was 3.29%.

The tax equivalent yield of the Fund is computed by dividing that portion of the Fund's yield (computed as described above) which is tax-exempt by (one minus the stated combined federal, State of New York and New York City income tax rate, as applicable) and adding the result to that portion, if any, of the yield of the Fund that is not tax-exempt. Based upon a marginal federal income tax rate of 37.1% and a combined federal, New York State and New York City income tax rate of 44.3% and the Fund's yield computed as described above for the seven day period ended March 31, 1995, the Fund's tax equivalent yield for that period was 5.82%. Based upon a marginal federal income tax rate of 37.1%, the Fund's tax equivalent yield for the seven day period ended March 31, 1995 was 5.15%. For additional information concerning tax-exempt yields, see "Tax-Exempt versus Taxable Yield" below.

The Fund's yield fluctuates, and the publication of an annualized yield quotation is not a representation as to what an investment in the Fund will actually yield for any given future period. Actual yields will depend not only on changes in interest rates on money market instruments during the period in which the investment in the Fund is held, but also on such matters as Fund expenses.

Investors have an extensive choice of money market funds and money market deposit accounts and the information below may be useful to investors who wish to compare the past performance of the Fund with that of its competitors. Past performance cannot be a guarantee of future results.

As indicated in the prospectus (see "Performance"), the Fund's performance may be compared to that of other mutual funds tracked by Lipper Analytical Services, Inc. ("Lipper"). Lipper performance calculations include the reinvestment of all capital gain and income dividends for the periods covered by the calculations. The Fund's performance also may be compared to other money market funds as reported by IBC/Donoghue's Money Fund Report(R) or Money Market Insight(R), reporting services on money market funds. As reported by IBC/Donoghue's, all investment results represent total return (annualized results for the period net of management fees and expenses) and one-year investment results would be effective annual yields assuming reinvestment of dividends.

The following investment comparisons are based upon information reported by Lipper and Donoghue's. In the comparison of the Fund's performance to IBC/Donoghue's Money Fund Averages(TM) All Taxable and to Lipper Money Market Instrument Funds Average, the performance of the Fund has been adjusted on a taxable equivalent basis assuming a marginal federal income tax rate of 31.0% and a combined federal, New York State and New York

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City income tax rate of 39.3% (see "Tax-Exempt versus Taxable Yield" below for more information concerning taxable equivalent performance).

<TABLE>
 <CAPTION>
 IBC/DONOGHUE'S

LIPPER ANALYTICAL SERVICES, INC.
 THESE RESULTS ARE NOT ANNUALIZED.

PERIOD	TAX-EXEMPT NEW YORK MONEY MARKET FUND	IBC/DONOGHUE'S MONEY FUND AVERAGES (TM) ALL TAX-FREE MONEY MARKET FUNDS	PERIOD	TAX-EXEMPT NEW YORK MONEY MARKET FUND	LIPPER NEW YORK TAX-EXEMPT MONEY MARKET FUNDS AVERAGE
<S>	<C>	<C>	<C>	<C>	<C>
7 Days Ended 3/27/95.....	3.16%	3.45%	1 Month Ended 3/31/95.....	.26%	.28%
1 Month Ended 3/31/95.....	3.02	3.36	3 Months Ended 3/31/95.....	.73	.77

</TABLE>

<TABLE>
 <CAPTION>

PERIOD	TAX-EXEMPT NEW YORK MONEY MARKET FUND TAXABLE EQUIVALENT BASIS*	IBC/DONOGHUE'S MONEY FUND AVERAGES (TM) ALL TAXABLE	PERIOD	TAX-EXEMPT NEW YORK MONEY MARKET FUND TAXABLE EQUIVALENT BASIS*	LIPPER MONEY MARKET INSTRUMENT FUNDS AVERAGE
<S>	<C>	<C>	<C>	<C>	<C>
7 Days Ended 3/27/95.....	5.21%	5.53%**	1 Month Ended 3/31/95.....	.43%	.44%
1 Month Ended 3/31/95.....	4.98	5.52	3 Months Ended 3/31/95.....	1.20	1.32

</TABLE>

* Source: KFS (not reported in Donoghue's or Lipper).

** As of 3/28/95.

The Fund's performance also may be compared on an after-tax basis to various bank products, including the average rate of bank and thrift institution money market deposit accounts or interest bearing checking accounts as reported in the BANK RATE MONITOR National Index(TM) of 100 leading bank and thrift institutions as published by BANK RATE MONITOR(TM), N. Palm Beach, Florida 33408. The rates published by the BANK RATE MONITOR National Index(TM) are averages of the personal account rates offered on the Wednesday prior to the date of publication by 100 of the leading bank and thrift institutions in the ten largest Consolidated Standard Metropolitan Statistical Areas. Account minimums range upward from \$2,000 in each institution and compounding methods vary. Interest bearing checking accounts generally offer unlimited check writing while money market deposit accounts generally restrict the number of checks that may be written. If more than one rate is offered, the lowest rate is used. Rates are determined by the financial institution and are subject to change at any time. Bank products represent a taxable alternative income producing product. Bank and thrift institution deposit accounts may be insured. Shareholder accounts in the Fund are not insured. Bank passbook savings accounts share some liquidity features with money market mutual fund accounts but they may not offer all the features available from a money market mutual fund, such as check writing. Bank passbook savings accounts normally offer a fixed rate of interest while the yield of the Fund fluctuates. Bank checking accounts normally do not pay interest but share some liquidity features with money market mutual fund accounts (e.g., the ability to write checks against the account). Bank certificates of deposit may offer fixed or variable rates for a set term. (Normally, a variety of terms are available.) Withdrawal of these deposits prior to maturity normally will be subject to a penalty. In contrast, shares of the Fund are redeemable at the net asset value (normally \$1.00 per share) next determined after a request is received, without charge.

Investors also may want to compare the Fund's performance on an after-tax basis

to that of U.S. Treasury bills or notes because such instruments represent alternative income producing products. Treasury obligations are issued in selected denominations. Rates of U.S. Treasury obligations are fixed at the time of issuance and payment of principal and interest is backed by the full faith and credit of the U.S. Treasury. The market value of such instruments generally will fluctuate inversely with interest rates prior to maturity and will equal par value at maturity. Generally, the value of obligations with shorter maturities will fluctuate less than those with longer maturities. The Fund's yield will fluctuate. Also, while the Fund seeks to maintain a net asset value per share of \$1.00, there is no assurance that it will be able to do so. Any such comparisons may be useful to investors who wish to compare the Fund's past performance with that of its competitors. Of course, past performance cannot be a guarantee of future results.

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The Fund's performance also may be compared to the Consumer Price Index, as published by the U.S. Bureau of Labor Statistics, which is an established measure of change over time in the prices of goods and services in major expenditure groups.

TAX-EXEMPT VERSUS TAXABLE YIELD. You may want to determine which investment--tax-exempt or taxable--will provide you with a higher after-tax return. To determine the taxable equivalent yield, simply divide the yield from the tax-exempt investment by the sum of [1 minus your marginal tax rate]. The tables below are provided for your convenience in making this calculation for selected tax-exempt yields and taxable income levels. These yields are presented for purposes of illustration only and are not representative of any yield that the Fund may generate. Both tables are based upon current law as to the 1995 tax rate schedules.

<TABLE>
<CAPTION>

TAXABLE EQUIVALENT YIELD TABLE FOR PERSONS WHOSE ADJUSTED GROSS INCOME IS UNDER \$114,700

SINGLE TAXABLE INCOME	JOINT	YOUR MARGINAL FEDERAL TAX RATE	A TAX-EXEMPT YIELD OF:					
			2%	3%	4%	5%	6%	7%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$23,350 - \$56,550	\$39,000 - \$94,250	28.0%	2.78	4.17	5.56	6.94	8.33	9.72
Over \$56,550	Over \$94,250	31.0	2.90	4.35	5.80	7.25	8.70	10.14

<CAPTION>

SINGLE TAXABLE INCOME	JOINT	COMBINED N.Y. CITY, N.Y. STATE AND FEDERAL TAX RATE	A TAX-EXEMPT YIELD OF:					
			2%	3%	4%	5%	6%	7%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$23,350 - \$56,550	\$39,000 - \$94,250	36.2%	3.14	4.71	6.27	7.84	9.41	10.98
Over \$56,550	Over \$94,250	38.9	3.28	4.91	6.55	8.19	9.83	11.46

</TABLE>

<TABLE>
<CAPTION>

TAXABLE EQUIVALENT YIELD TABLE FOR PERSONS WHOSE ADJUSTED GROSS INCOME IS OVER \$114,700*

SINGLE TAXABLE INCOME	JOINT	YOUR MARGINAL FEDERAL TAX RATE	A TAX-EXEMPT YIELD OF:					
			2%	3%	4%	5%	6%	7%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$56,550 - \$117,950	\$94,250 - \$143,600	31.9%	2.94	4.41	5.88	7.35	8.81	10.28
\$117,950 - \$256,500	\$143,600 - \$256,500	37.1	3.18	4.77	6.36	7.95	9.54	11.13

Over \$256,500	Over \$256,500	40.8	3.38	5.07	6.76	8.44	10.13	11.82
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<CAPTION>

SINGLE TAXABLE INCOME <S>	JOINT <C>	COMBINED N.Y. CITY, N.Y. STATE AND FEDERAL TAX RATE <C>	A TAX-EXEMPT YIELD OF:					
			2% <C>	3% <C>	4% <C>	5% <C>	6% <C>	7% <C>
\$117,950 - \$256,500	\$143,600 - \$256,500	44.3%	3.59	5.39	7.18	8.98	10.77	12.57
Over \$256,500	Over \$256,500	47.6	3.82	5.73	7.63	9.54	11.45	13.36

</TABLE>

* This table assumes at least \$3.75 of itemized deductions for each \$100 of adjusted gross income over \$114,700. For a married couple with adjusted gross income between \$172,050 and \$294,550 (single between \$114,700 and \$237,200), add 0.7% to the tax rate for each personal and dependency exemption. The taxable equivalent yield is the tax-exempt yield divided by: 100% minus the adjusted tax rate. For example, if the table tax rate is 47.6% and you are married with no dependents, the adjusted tax rate is 49% (47.6% + 0.7% + 0.7%). For a tax-exempt yield of 6%, the taxable equivalent yield is about 11.76% (6% / (100% - 49%)).

** The tables do not reflect the impact of the New York State Tax Table Benefit Recapture that is intended to eliminate the benefit of the graduated rate structure and applies to taxable income between \$100,000 and \$150,000.

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OFFICERS AND TRUSTEES

The officers and trustees of the Fund, their principal occupations and their affiliations, if any, with KFS and KDI, are as follows (The number following each person's title is the number of investment companies managed by KFS ("Kemper Managed Funds") for which he or she holds similar positions):

DAVID W. BELIN, Trustee (21), 2000 Financial Center, 7th and Walnut, Des Moines, Iowa; Member, Belin Harris Lamson McCormick, P.C. (attorneys).

LEWIS A. BURNHAM, Trustee (21), 16410 Avila Boulevard, Tampa, Florida; Partner, Business Resources Group; formerly, Executive Vice President, Anchor Glass Container Corporation.

DONALD L. DUNAWAY, Trustee (21), One Park Place, Milwaukee, Wisconsin; Retired; formerly, Executive Vice President, A. O. Smith Corporation (diversified manufacturer).

ROBERT B. HOFFMAN, Trustee (21), 800 North Lindbergh Boulevard, St. Louis, Missouri; Senior Vice President and Chief Financial Officer, Monsanto Company (chemical products); formerly, Vice President, FMC Corporation (manufacturer of machinery and chemicals); prior thereto, Director, Executive Vice President and Chief Financial Officer, Staley Continental, Inc. (food products).

DONALD R. JONES, Trustee (21), 1303 East Algonquin Road, Schaumburg, Illinois; Retired; Director, Motorola, Inc. (manufacturer of electronic equipment and components); formerly, Executive Vice President and Chief Financial Officer, Motorola, Inc.

DAVID B. MATHIS, Trustee (28), Kemper Center, Long Grove, Illinois; Chairman, Chief Executive Officer and Director of Kemper Corporation; Director, KFS, Kemper Financial Companies, Inc. ("KFC") several other Kemper Corporation subsidiaries, IMC Global Inc. and Lumbermans Mutual Casualty Company.

SHIRLEY D. PETERSON, Trustee (18), 401 Rosemont Avenue, Frederick, Maryland; President, Hood College; formerly, partner, Steptoe & Johnson (attorneys); prior thereto, Commissioner, Internal Revenue Service; prior thereto, Assistant Attorney General, U.S. Department of Justice.

WILLIAM P. SOMMERS, Trustee (21), 333 Ravenswood Avenue, Menlo Park, California; President and Chief Executive Officer, SRI International (research and development); prior thereto, Executive Vice President, Iameter (medical information and educational service provider); prior thereto, Senior Vice President and Director, Booz, Allen & Hamilton Inc. (management consulting firm) (retired); Director, Rohr, Inc., Therapeutic Discovery Corp. and Litton Industries.

STEPHEN B. TIMBERS, President and Trustee*(31), 120 S. LaSalle Street, Chicago, Illinois; President, Chief Operating Officer and Director, Kemper Corporation; Chairman, Chief Executive Officer, Chief Investment Officer and Director, KFS; Director, KFC, KDI and several other Kemper Corporation subsidiaries, Gillett Holdings, Inc. and LTV Corporation.

J. PATRICK BEIMFORD, JR., Vice President*(24), 120 South LaSalle Street, Chicago, Illinois; Executive Vice President/Director of Fixed Income Investments, KFS.

PHILIP J. COLLORA, Vice President and Secretary*(31), 120 South LaSalle Street, Chicago, Illinois; Attorney, Senior Vice President and Assistant Secretary, KFS.

CHARLES F. CUSTER, Vice President and Assistant Secretary*(31), 222 North LaSalle Street, Chicago, Illinois; Partner, Vedder, Price, Kaufman & Kammholz (attorneys), Legal Counsel to the Fund.

JEROME L. DUFFY, Treasurer*(31), 120 South LaSalle Street, Chicago, Illinois; Senior Vice President, KFS.

JOHN E. PETERS, Vice President*(31), 120 South LaSalle Street, Chicago, Illinois; Director and Senior Executive Vice President, KFS; Director and President, KDI.

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FRANK J. RACHWALSKI, JR., Vice President*(9), 120 South LaSalle Street, Chicago, Illinois; Senior Vice President, KFS.

ELIZABETH C. WERTH, Assistant Secretary*(23), 120 South LaSalle Street, Chicago, Illinois; Vice President and Director of State Registrations, KFS and KDI.

*Interested persons as defined in the Investment Company Act of 1940.

The trustees and officers who are "interested persons" as designated above receive no compensation from the Fund, except that Mr. Custer's law firm receives fees from the Fund as counsel to the Fund. The table below shows

amounts paid or accrued to those trustees who are not designated "interested persons" during the Fund's fiscal year ended April 30, 1995 and the total compensation that Kemper Managed Funds paid to each trustee during the calendar year 1994.

<TABLE>
<CAPTION>

NAME OF TRUSTEE -----	AGGREGATE COMPENSATION FROM FUND -----	PENSION OR RETIREMENT BENEFITS ACCRUED AS PART OF FUND EXPENSES -----	TOTAL COMPENSATION KEMPER MANAGED FUNDS PAID TO TRUSTEES(3) -----
<S>	<C>	<C>	<C>
David W. Belin(1).....	\$600	\$ 0	\$112,200
Lewis A. Burnham.....	500	0	90,100
Donald L. Dunaway(1).....	600	0	115,400
Robert B. Hoffman.....	500	0	87,400
Donald R. Jones.....	600	0	94,300
Shirley D. Peterson(2).....	0	0	0
William P. Sommers.....	500	0	84,100

</TABLE>

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(1) Includes deferred fees and interest thereon pursuant to deferred compensation agreements with the Fund. Deferred amounts accrue interest monthly at a rate approximate to the yield of Kemper Money Market Fund-Money Market Portfolio.

(2) Appointed to the Board on June 15, 1995.

(3) Includes compensation for service on the Boards of 23 Kemper funds (including two Kemper funds no longer in existence). Also includes amounts for new portfolios estimated as if they had existed at the beginning of the year.

On July 14, 1995, the trustees and officers as a group owned less than 1% of the then outstanding shares of the Fund. On that same date, Kemper Clearing Corp., Omnibus Account, 111 Kilbourn Avenue, Milwaukee, WI and J.B. Hanauer & Company, Omnibus Account, Gatehall Corporate Center, 4 Gatehall Drive, Parsippany, N.J. owned of record 42.67% and 47.16%, respectively, of the outstanding shares of the Fund.

SPECIAL FEATURES

EXCHANGE PRIVILEGE. Subject to the limitations described below, Class A Shares (or the equivalent) of the following Kemper Mutual Funds may be exchanged for each other at their relative net asset values: Kemper Technology Fund, Kemper Total Return Fund, Kemper Growth Fund, Kemper Small Capitalization Equity Fund, Kemper Income and Capital Preservation Fund, Kemper Municipal Bond Fund, Kemper Diversified Income Fund, Kemper High Yield Fund, Kemper U.S. Government Securities Fund, Kemper International Fund, Kemper State Tax-Free Income Series, Kemper Adjustable Rate U.S. Government Fund, Kemper Blue Chip Fund, Kemper Global Income Fund, Kemper Target Equity Fund (series are subject to a limited offering period), Kemper Intermediate Municipal Bond Fund, Kemper Cash Reserves Fund (available only upon exchange or conversion from Class A Shares of another Kemper Mutual Fund), Kemper U.S. Mortgage Fund and Kemper Short-Intermediate Government Fund ("Kemper Mutual Funds") and certain "Money Market Funds" (Kemper Money Market Fund, Cash Equivalent Fund, Tax-Exempt California Money Market Fund, Cash Account Trust, Tax-Exempt New York Money Market Fund and

Investors Cash Trust). Shares of Money Market Funds that were acquired by purchase (not including shares acquired by dividend reinvestment) are subject to the applicable sales charge on exchange. Shares purchased by check or through an

ACH transaction may not be exchanged until they have been owned for at least 15 days. In addition, shares of Kemper Funds, other than a Money Market Fund, acquired by exchange from another Fund may not be exchanged thereafter until they have been owned for 15 days. A series of Kemper Target Equity Fund will be available on exchange only during the Offering Period for such series as described in the prospectus for such series. Cash Equivalent Fund, Tax-Exempt California Money Market Fund, Cash Account Trust, Tax-Exempt New York Money Market Fund and Investors Cash Trust are available on exchange but only through a financial services firm having a services agreement with KDI with respect to such funds. Exchanges may only be made for funds that are available for sale in the shareholder's state of residence. Currently, Tax-Exempt California Money Market Fund is available for sale only in California and Tax-Exempt New York Money Market Fund is available for sale only in New York, Connecticut, New Jersey and Pennsylvania.

The total value of shares being exchanged must at least equal the minimum investment requirement of the fund into which they are being exchanged. Exchanges are made based on relative dollar values of the shares involved in the exchange. There is no service fee for an exchange; however, financial services firms may charge for their services in expediting exchange transactions. Exchanges will be effected by redemption of shares of the fund held and purchase of shares of the other fund. For federal income tax purposes, any such exchange constitutes a sale upon which a gain or loss may be realized, depending upon whether the value of the shares being exchanged is more or less than the shareholder's adjusted cost basis. Shareholders interested in exercising the exchange privilege may obtain an exchange form and prospectuses of the other funds from firms or KDI. Exchanges also may be authorized by telephone if the shareholder has given authorization. Once the authorization is on file, the Shareholder Service Agent will honor requests by telephone at 1-800-231-8568 or in writing subject to the limitations on liability described in the prospectus. Any share certificates must be deposited prior to any exchange of such shares. During periods when it is difficult to contact the Shareholder Service Agent by telephone, it may be difficult to use the telephone exchange privilege. The exchange privilege is not a right and may be suspended, terminated or modified at any time. Except as otherwise permitted by applicable regulation, 60 days' prior written notice of any termination or material change will be provided.

SYSTEMATIC WITHDRAWAL PROGRAM. The owner of \$5,000 or more of the Fund's shares may provide for the payment from the owner's account of any requested dollar amount to be paid to the owner or the owner's designated payee monthly, quarterly, semi-annually or annually. The minimum periodic payment is \$100. Shares are redeemed so that the payee will receive payment approximately the first of the month. Dividend distributions will be automatically reinvested at net asset value. A sufficient number of full and fractional shares will be redeemed to make the designated payment. Depending upon the size of the payments requested, redemptions for the purpose of making such payments may reduce or even exhaust the account. The right is reserved to amend the systematic withdrawal program on 30 days' notice. The program may be terminated at any time by the shareholder or the Fund. Firms provide varying arrangements for their clients to redeem Fund shares on a periodic basis. Such firms may independently establish minimums for such services.

ELECTRONIC FUNDS TRANSFER PROGRAMS. For your convenience, the Fund has established several investment and redemption programs using electronic funds transfer via the Automated Clearing House (ACH). There is currently no charge by the Fund for these programs. To use these features, your financial institution must be affiliated with an Automated Clearing House (ACH). This ACH affiliation permits the Shareholder Service Agent to electronically transfer money between your bank account, or employer's payroll bank in the case of Direct Deposit, and your Fund account. Your bank's crediting policies of these transferred funds may vary. These features may be amended or terminated at any time by the Fund. Shareholders should contact KDI at 1-800-231-8568 or the firm through which their account was established for more information. These programs may not be available through some firms that distribute shares of the Fund.

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SHAREHOLDER RIGHTS

The Fund generally is not required to hold meetings of its shareholders. Under the Agreement and Declaration of Trust of the Fund ("Declaration of Trust"), however, shareholder meetings will be held in connection with the following matters: (a) the election or removal of trustees if a meeting is called for such purpose; (b) the adoption of any contract for which shareholder approval is

required by the Investment Company Act of 1940 ("1940 Act"); (c) any termination of the Fund to the extent and as provided in the Declaration of Trust; (d) any amendment of the Declaration of Trust (other than amendments changing the name of the Fund or any Portfolio, establishing a Portfolio, supplying any omission, curing any ambiguity or curing, correcting or supplementing any defective or inconsistent provision thereof); and (e) such additional matters as may be required by law, the Declaration of Trust, the By-laws of the Fund, or any registration of the Fund with the Securities and Exchange Commission or any state, or as the trustees may consider necessary or desirable. The shareholders also would vote upon changes in fundamental investment objectives, policies or restrictions.

Each trustee serves until the next meeting of shareholders, if any, called for the purpose of electing trustees and until the election and qualification of a successor or until such trustee sooner dies, resigns, retires or is removed by a majority vote of the shares entitled to vote (as described below) or a majority of the trustees. In accordance with the 1940 Act (a) the Fund will hold a shareholder meeting for the election of trustees at such time as less than a majority of the trustees have been elected by shareholders, and (b) if, as a result of a vacancy on the Board of Trustees, less than two-thirds of the trustees have been elected by the shareholders, that vacancy will be filled only by a vote of the shareholders.

Trustees may be removed from office by a vote of the holders of a majority of the outstanding shares at a meeting called for that purpose, which meeting shall be held upon the written request of the holders of not less than 10% of the outstanding shares. Upon the written request of ten or more shareholders who have been such for at least six months and who hold shares constituting at least 1% of the outstanding shares of the Fund stating that such shareholders wish to communicate with the other shareholders for the purpose of obtaining the signatures necessary to demand a meeting to consider removal of a trustee, the Fund has undertaken to disseminate appropriate materials at the expense of the requesting shareholders.

The Declaration of Trust provides that the presence at a shareholder meeting in person or by proxy of at least 30% of the shares entitled to vote on a matter shall constitute a quorum. Thus, a meeting of shareholders of the Fund could take place even if less than a majority of the shareholders were represented on its scheduled date. Shareholders would in such a case be permitted to take action which does not require a larger vote than a majority of a quorum, such as the election of trustees and ratification of the selection of auditors. Some matters requiring a larger vote under the Declaration of Trust, such as termination or reorganization of the Fund and certain amendments of the Declaration of Trust, would not be affected by this provision; nor would matters which under the 1940 Act require the vote of a "majority of the outstanding voting securities" as defined in the 1940 Act.

The Declaration of Trust specifically authorizes the Board of Trustees to terminate the Fund (or any Portfolio or class) by notice to the shareholders without shareholder approval.

Under Massachusetts law, shareholders of a Massachusetts business trust could, under certain circumstances, be held personally liable for obligations of the Fund. The Declaration of Trust, however, disclaims shareholder liability for acts or obligations of the Fund and requires that notice of such disclaimer be given in each agreement, obligation, or instrument entered into or executed by the Fund or the trustees. Moreover, the Declaration of Trust provides for indemnification out of Fund property for all losses and expenses of any shareholder held personally liable for the obligations of the Fund and the Fund will be covered by insurance which the trustees consider adequate to cover foreseeable tort claims. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is considered by KFS remote and not material, since it is limited to circumstances in which a disclaimer is inoperative and the Fund itself is unable to meet its obligations.

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APPENDIX--RATINGS OF INVESTMENTS

The two highest ratings of Moody's Investors Service, Inc. ("Moody's") for Municipal Securities are Aaa and Aa. Municipal Securities rated Aaa are judged to be of the "best quality." The rating of Aa is assigned to Municipal Securities which are of "high quality by all standards," but as to which margins of protection or other elements make long-term risks appear somewhat larger than Aaa rated Municipal Securities. The Aaa and Aa rated Municipal Securities comprise what are generally known as "high grade."

The two highest ratings of Standard & Poor's Corporation ("S&P") for Municipal Securities are AAA (Prime) and AA (High Grade). Municipal Securities rated AAA

are "obligations of the highest quality." The rating of AA is accorded issues with investment characteristics "only slightly less marked than those of the prime quality issues."

Moody's ratings for state and municipal notes and other short-term loans will be designated Moody's Investment Grade (MIG). This distinction is in recognition of the differences between short-term credit risk and long-term risk. Factors affecting the liquidity of the borrower are uppermost in importance in short-term borrowing, while various factors of the first importance in bond risk are of lesser importance in the short run. Loans designated MIG-1 are of the best quality, enjoying strong protection from established cash flows of funds for their servicing or from established and broad-based access to the market for refinancing, or both. Loans designated MIG-2 are of high quality, with margins of protection ample although not so large as in the preceding group.

An S&P municipal and corporate commercial paper rating is a current assessment of the likelihood of timely payment of debt having an original maturity of no more than 365 days. Ratings are graded into four categories, ranging from "A" for the highest quality obligations to "D" for the lowest. Issues assigned this highest rating are regarded as having the greatest capacity for timely payment. The designation A-1 indicates that the degree of safety regarding timely payment is very strong. The designation A-2 indicates the capacity for timely payment is strong. However, the relative degree of safety is not as overwhelming as for issues designated "A-1."

The "other debt securities" included in the definition of temporary investments are corporate (as opposed to municipal) debt obligations rated AAA or AA by S&P or Aaa or Aa by Moody's. Corporate debt obligations rated AAA by S&P are "highest grade obligations." Obligations bearing the rating of AA also qualify as "high grade obligations" and "in the majority of instances differ from AAA issues only in small degree." The Moody's corporate debt ratings of Aaa and Aa do not differ materially from those set forth above for Municipal Securities.

The ratings Prime-1 and Prime-2 are the two highest commercial paper ratings assigned by Moody's. Among the factors considered by them in assigning ratings are the following: (1) evaluation of the management of the issuer; (2) economic evaluation of the issuer's industry or industries and an appraisal of speculative-type risks which may be inherent in certain areas; (3) evaluation of the issuer's products in relation to competition and customer acceptance; (4) liquidity; (5) amount and quality of long-term debt; (6) trend of earnings over a period of ten years; (7) financial strength of a parent company and the relationships which exist with the issuer; and (8) recognition by the management of obligations which may be present or may arise as a result of public interest questions and preparations to meet such obligations. Relative strength or weakness of the above factors determines whether the issuer's commercial paper is rated Prime-1, 2 or 3.

After its purchase by the Fund, an issue of Municipal Securities or a temporary investment may cease to be rated or its rating may be reduced below the minimum required for purchase by the Fund. Neither event requires the elimination of such obligation from the Fund's portfolio, but the Fund's investment adviser will consider such an event in its determination of whether the Fund should continue to hold such obligation in its portfolio. To the extent that the ratings accorded by S&P or Moody's for Municipal Securities or temporary investments may change as a result of changes in such organizations, or changes in their rating systems, the Fund will attempt to use comparable ratings as standards for its investments in Municipal Securities or temporary investments in accordance with the investment policies contained herein.

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Tax-Exempt New York Money Market Fund
 PORTFOLIO OF INVESTMENTS
 March 31, 1995
 (Value in thousands)

<TABLE>
 <CAPTION>

	Value
(a) Variable Rate Demand Securities	
<S>	<C>
Albany	
Industrial Development Agency	
4.88%	\$ 400

Babylon	
Industrial Development Agency	
4.00%	500

Dutchess County		
Industrial Development Agency	4.40%	100

Erie County		
Water Authority	3.95%	400

Franklin County		
Industrial Development Agency	3.80%	300

Metropolitan Transportation Authority	3.90%	400

New York City		
General Obligation	4.33%	1,600
Housing Development Corporation--		
Columbus Gardens	4.10%	400
East 96th Street	3.95%	300
James Tower Development	3.95%	200
Queenswood Apartments	4.10%	300
Tribeca Towers	4.00%	400
Industrial Development Agency	4.40%	100
Trust for Cultural Resources--		
American Museum of Natural History	3.90%	300
Carnegie Hall	3.85%	300
Museum of Broadcasting	4.10%	200

New York State		
Housing Finance Agency--		
Liberty View Apartments	3.80%	300
Mt. Sinai School of Medicine	3.80%	100

</TABLE>

(2)

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Tax-Exempt New York Money Market Fund
PORTFOLIO OF INVESTMENTS
March 31, 1995
(Value in thousands)

<TABLE>		
<S>		
Housing Finance Agency--		
Normandie Court I	4.05%	\$ 500
Trackside Homes Phase III	4.10%	200
Job Development Authority	3.80%	1,005
Local Government Assistance Corporation	3.85%	400
Medical Care Facilities Finance Agency--		
Lenox Hill Hospital	3.70%	400
Pooled Equipment Loan Program	4.10%	300
New York and New Jersey Port Authority	4.10%	300

Schenectady County		
Industrial Development Agency	3.95%	100

Suffolk County		

Industrial Development Agency	4.05%	50

Total Variable Rate Demand Securities - 69.9%	(average maturity: 5 days)	9,855

Other Securities		
Nassau County		
Revenue and Tax Anticipation Notes	3.60% - 5.10%, 4/14/95 - 9/28/95	400

New York City		
Municipal Water Finance Authority	3.90% - 4.30%, 4/13/95 - 5/23/95	800
Revenue Anticipation Notes	4.10%, 6/30/95	401

New York State		
Dormitory Authority--		
Memorial Sloan-Kettering Cancer Center	4.20%, 4/28/95	400
Second Short-Term Revenue Note	3.90%, 5/10/95	597
Energy Research and Development Authority--		
Electric and Gas Corporation	3.55% - 4.60%, 4/12/95 - 12/01/95	600
Long Island Lighting Company	4.70%, 3/01/96	500
General Obligation	4.00%, 4/12/95	200
Mortgage Agency	4.05%, 4/01/95	400

</TABLE>

(3)

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Tax-Exempt New York Money Market Fund
PORTFOLIO OF INVESTMENTS
March 31, 1995
(Value in thousands)

<TABLE>	
<S>	<C>
Total Other Securities - 30.5%	
(average maturity: 89 days)	\$ 4,298

Total Investments - 100.4%	
(average maturity: 31 days)	14,153

Liabilities, Less Other Assets - (.4%)	(63)

Net Assets - 100%	\$14,090

</TABLE>

NOTES TO PORTFOLIO OF INVESTMENTS

Interest rates represent annualized yield to date of maturity, except for variable rate demand securities described in Note (a). For each security, cost (for financial reporting and federal income tax purposes) and carrying value are the same. Likewise, carrying value approximates principal amount.

(a) Variable rate demand securities are payable within five business days. These securities are backed by credit support agreements from banks or insurance institutions. The rates shown are the current rates at March 31, 1995.

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Tax-Exempt New York Money Market Fund

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees and Shareholders
Tax-Exempt New York Money Market Fund

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Tax-Exempt New York Money Market Fund as of March 31, 1995, the related statements of operations for the year then ended and changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the fiscal period then ended, and the financial highlights for each of the fiscal periods since 1991. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of investments owned as of March 31, 1995, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Tax-Exempt New York Money Market Fund at March 31, 1995, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the fiscal periods since 1991, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Chicago, Illinois
April 28, 1995

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Tax-Exempt New York Money Market Fund

STATEMENT OF ASSETS AND LIABILITIES

March 31, 1995

(in thousands)

<TABLE>

<S>	<C>
ASSETS	
-----	-----
Investments, at amortized cost	\$14,153
-----	-----
Interest receivable	84
-----	-----
Total assets	14,237

 LIABILITIES AND NET ASSETS

Cash overdraft	103
Payable for:	
Dividends	13
Shares of the Fund redeemed	9
Distribution fee	3
Custodian and transfer agent fees and related expenses	4
Other	15
Total liabilities	147
Net assets applicable to shares outstanding	\$14,090

 THE PRICING OF SHARES

Shares outstanding, no par value (unlimited shares authorized)	14,090
Net asset value and redemption price per share	\$1.00

</TABLE>

See accompanying Notes to Financial Statements.

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Tax-Exempt New York Money Market Fund

STATEMENT OF OPERATIONS
 Year Ended March 31, 1995
 (in thousands)

<TABLE>

<S>	<C>
Interest income	\$388
Expenses:	
Management fee	26
Distribution fee	60
Custodian and transfer agent fees and related expenses	19
Registration costs	3
Professional fees	16
Reports to shareholders	9
Trustees' fees and other	4
	137
Less expenses absorbed by the investment manager	(41)
Total expenses absorbed by the Fund	96

Net investment income \$292

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS
Years Ended March 31, 1995 and 1994

<TABLE>
<CAPTION>

	1995	1994

	(in thousands)	
<S>	<C>	<C>
Operations:		
Net investment income	\$ 292	147

Dividends to shareholders from net investment income	(292)	(147)

Capital share transactions (dollar amounts and number of shares are the same):		
Shares sold	77,096	42,888

Shares issued in reinvestment of dividends	282	142

	77,378	43,030

Less shares redeemed	74,050	40,692

Net increase from capital share transactions and total increase in net assets	3,328	2,338

Net assets:		
Beginning of year	10,762	8,424

End of year	\$14,090	10,762
=====		

</TABLE>

See accompanying Notes to Financial Statements.

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Tax-Exempt New York Money Market Fund

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

INVESTMENT VALUATION

Investments are stated at amortized cost, which approximates market value. In the event that a deviation of 1/2 of 1% or more exists between the Fund's \$1.00 per share net asset value, calculated at amortized cost, and the net asset value calculated by reference to market-based values, or if there is any other deviation that the Board of Trustees believes would result in a material dilution to shareholders or purchasers, the Board of Trustees will promptly consider what action should be initiated.

INVESTMENT TRANSACTIONS AND INTEREST INCOME

Investment transactions are accounted for on the trade date (date the order to buy or sell is executed). Interest income is recorded on the accrual basis and includes amortization of premium on investments.

FUND SHARE VALUATION AND DIVIDENDS TO SHAREHOLDERS

Fund shares are sold and redeemed on a continuous basis at net asset value. On each day that the New York Stock Exchange is open for trading, the Fund determines its net asset value per share at 11:00 a.m. and 3:00 p.m. Chicago time by dividing the total value of the Fund's investments and other assets, less liabilities, by the number of Fund shares outstanding. The Fund declares a daily dividend, equal to its net investment income for that day, payable monthly. Net investment income consists of all interest income plus (minus) all realized gains (losses) on portfolio securities, minus all expenses of the Fund.

FEDERAL INCOME TAXES

The Fund has complied with the special provisions of the Internal Revenue Code available to investment companies and therefore no federal income tax provision is required.

2. TRANSACTIONS WITH AFFILIATES

MANAGEMENT AGREEMENT

The Fund has a management agreement with Kemper Financial Services, Inc. (KFS). For management services and facilities furnished, the Fund pays a fee on a graduated annual basis ranging from .22 of 1% on the first \$500 million of average daily net assets to .15 of 1% of average daily net assets in excess of \$3 billion. During the year ended March 31, 1995, the Fund incurred a management fee of \$26,000.

DISTRIBUTION AGREEMENT

The Fund also has an administration, shareholder services and distribution agreement (distribution agreement) with Kemper Distributors, Inc. (KDI). (Before February 1, 1995, KFS was the distributor.) For its services as distributor, the Fund pays KDI an annual fee of .50 to 1% of average daily net assets of the Fund. KDI has related service agreements with various firms to provide cash management and other services for Fund shareholders. Under these agreements, KDI pays such firms at an annual rate of .50 of 1% of the average daily net assets of those accounts that they maintain and service. During the year ended March 31, 1995, the Fund incurred a distribution fee of \$60,000, all of which KDI (and KFS as predecessor to KDI) remitted to various firms pursuant to the related service agreements, including \$30,000 to dealers affiliated with KDI.

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Tax-Exempt New York Money Market Fund

CUSTODIAN AND TRANSFER AGENT AGREEMENTS

The Fund has a custodian and a transfer agent agreement with Investors Fiduciary Trust Company (IFTC), which was 50% owned by KFS until January 31, 1995 when KFS completed the sale of IFTC to a third party. For the year ended March 31, 1995, the Fund incurred custodian transfer agent fees of \$16,000 (excluding related expenses). Pursuant to a services agreement with IFTC, Kemper Service Company (KSvC), an affiliate of KFS, is the Shareholder Service Agent of the Fund. For the year ended March 31, 1995, IFTC remitted shareholder service fees of \$14,000 to KSvC.

Kemper Clearing Corp. (KCC), an affiliate of KFS, pursuant to an agreement with KSvC, performs bookkeeping, data processing and shareholder services for KCC clients who are Fund shareholders. During the year ended March 31, 1995, KCC earned \$5,000 from KSvC for account maintenance fees.

OFFICERS AND TRUSTEES

Certain officers or trustees of the Fund are also officers or directors of KFS. During the year ended March 31, 1995, the Fund made no payments to its officers and incurred trustees' fees of \$3,000 to independent trustees.

EXPENSE ABSORPTION

KFS has agreed to temporarily absorb certain operating expenses to the extent they exceed .80 of 1% of average daily net assets of the Fund. Under this agreement, KFS absorbed \$41,000 of expenses during the year ended March 31, 1995.

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Tax-Exempt New York Money Market Fund

FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

	1995	Year ended March 31,			Dec. 13, 1990 to March 31, 1991
		1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE:					
Net asset value, beginning of year	\$ 1.00	1.00	1.00	1.00	1.00

Net investment income and dividends declared	.02	.02	.02	.04	.01
Net asset value, end of year	\$ 1.00	1.00	1.00	1.00	1.00
Total Return (%):	2.40	1.63	1.90	3.77	.97
RATIOS TO AVERAGE NET ASSETS (%):					
Expenses after expense absorption	.80	.80	.80	.42	.54
Net investment income	2.44	1.61	1.88	3.52	3.77
OTHER RATIOS TO AVERAGE NET ASSETS (%):					
Expenses	1.15	1.25	1.53	1.45	1.00
Net investment income	2.09	1.16	1.15	2.49	3.31
SUPPLEMENTAL DATA:					
Net assets at end of year (in thousands)	\$14,090	10,762	8,424	8,243	2,108

</TABLE>

NOTE:

KFS has agreed to temporarily absorb certain operating expenses. The Other Ratios to Average Net Assets are computed without this expense absorption. Ratios have been determined on an annualized basis. Total return is not annualized.

FEDERAL TAX STATUS OF 1995 DIVIDENDS

All of the dividends constitute tax-exempt interest which is not taxable for federal income tax purposes; however, a portion of the dividends paid may be includable in the alternative minimum tax calculation.

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TAX-EXEMPT NEW YORK MONEY MARKET FUND

PART C.

OTHER INFORMATION

ITEM 24. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements

- (i) Financial statements included in Part A of the Registration Statement:

Financial Highlights.

- (ii) Financial statements included in Part B of the Registration Statement:

Statement of assets and liabilities--March 31, 1995.

Statement of operations for the year ended March 31, 1995.

Statement of changes in net assets for each of the two years in the period ended March 31, 1995.

Portfolio of investments--March 31, 1995.

Notes to financial statements.

Schedules II, III, IV, V, VI and VII have been omitted as the required information is not present.

Schedule I has been omitted as the required information is presented in the portfolio of investments at March 31, 1995.

(b) Exhibits

<TABLE>

<S>	<C>
99.b1.	Amended and Restated Agreement and Declaration of Trust.
99.b2.	By-Laws.
99.b3.	Inapplicable.
99.b4.	Text of Share Certificate.
99.b5.	Investment Management Agreement.
99.b6.(a)	Administration, Shareholder Services and Distribution Agreement.
99.b6.(b)	Form of Selling Group Agreement.
99.b6.(c)	Assignment and Assumption Agreement.
99.b7.	Inapplicable.
99.b8.	Custody Agreement.
99.b9.(a)	Agency Agreement.
99.b9.(b)	Supplement to Agency Agreement.
99.b10.	Inapplicable.
99.b11.	Consent of Independent Auditors.
99.b12.	Inapplicable.
99.b13.	Inapplicable.
99.b14.	Inapplicable.
99.b15.	See 99.b6.(a) above.
99.b16.	Performance Calculations.
99.b24.	Power of Attorney.
99.b485(b)	Representation of Counsel (Rule 485(b)).
27.	Financial Data Schedule.

</TABLE>

ITEM 25. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT

Not Applicable.

ITEM 26. NUMBER OF HOLDERS OF SECURITIES

As of July 14, 1995, there were 624 holders of record of the sole series of shares of Registrant.

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ITEM 27. INDEMNIFICATION

Article VIII of the Registrant's Agreement and Declaration of Trust (Exhibit 1 hereto, which is incorporated herein by reference) provides in effect that the Registrant will indemnify its officers and trustees under certain circumstances. However, in accordance with Section 17(h) and 17(i) of the Investment Company Act of 1940 and its own terms, said Article of the Agreement and Declaration of Trust does not protect any person against any liability to the Registrant or its shareholders to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to trustees, officers, and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a trustee, officer, or controlling person of the Registrant in the successful defense of any action, suit, or proceeding) is asserted by such trustee, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question as to whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Information pertaining to business and other connections of the Registrant's investment adviser is hereby incorporated by reference to the section of the Prospectus captioned "Investment Manager and Services," and to the section of the Statement of Additional Information captioned "Investment Manager and Services."

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Kemper Financial Services, Inc., investment adviser of the Registrant, is investment adviser of the following:

Kemper Mutual Funds:

Kemper Technology Fund
Kemper Total Return Fund
Kemper Growth Fund
Kemper Small Capitalization Equity Fund
Kemper Income and Capital Preservation Fund
Kemper Money Market Fund

National Tax-Free Income Series

Kemper Diversified Income Fund
Kemper High Yield Fund
Cash Equivalent Fund
Kemper U.S. Government Securities Fund
Kemper International Fund
Kemper Portfolios
Kemper State Tax-Free Income Series
Tax-Exempt California Money Market Fund
Kemper Adjustable Rate U.S. Government Fund
Kemper Blue Chip Fund
Kemper Global Income Fund
Kemper Target Equity Fund

Cash Account Trust

Investors Cash Trust
Tax-Exempt New York Money Market Fund

Kemper Closed-End Funds:

Kemper High Income Trust
Kemper Intermediate Government Trust
Kemper Municipal Income Trust
Kemper Multi-Market Income Trust
Kemper Strategic Municipal Income Trust
The Growth Fund of Spain, Inc.
Kemper Strategic Income Fund

Kemper Financial Services, Inc. also furnishes investment advice to and manages investment portfolios for other clients including Kemper Investors Fund, Sterling Funds and Kemper International Bond Fund.

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Item 28(b) Business and Other Connections of Officers and Directors of Kemper Financial Services Inc., the Investment Advisor

BORIS, JAMES R.

Director, Kemper Financial Services, Inc.
Director, INVEST Financial Corporation
Director, INVEST Financial Corporation Holding Company
Executive Vice President, Kemper Corporation
Director, Executive Vice President, Kemper Financial Companies, Inc.
Director, Kemper Investors Life Insurance Company
Director, Kemper Sales Company
Director, Chairman and CEO, Kemper Securities, Inc.

MATHIS, DAVID B.

Director, Kemper Financial Services, Inc.
Director, Federal Kemper Life Assurance Company
Director, Fidelity Life Association
Director, Chairman and Chief Executive Officer, Kemper Corporation
Director, Kemper Financial Companies, Inc.
Director, Kemper Investors Life Insurance Company
Director, Kemper Securities Holdings, Inc.
Director, Kemper Securities, Inc.
Director, IMC Global, Inc.
Trustee, Kemper Mutual Funds
Trustee, Kemper Closed-End Funds
Trustee, Kemper International Bond Fund

TIMBERS, STEPHEN B.

Director, Chairman, Chief Executive Officer and Chief Investment Officer,
Kemper Financial Services, Inc.
Director, Kemper Advisors, Inc.
Director, Vice President, Kemper Asset Holdings, Inc.
Director, Kemper Distributors, Inc.
Director, Chairman, Kemper Asset Management Company
Director, Chairman, Kemper Service Company
Director, Federal Kemper Life Assurance Company
Director, Vice President, FKLA Loire Court, Inc.
Director, Vice President, FKLA Realty Corporation
Director, President, Galaxy Offshore, Inc.
Director, Vice President, FLA First Nationwide, Inc.
Director, Vice President, FLA Plate Building, Inc.
Director, Vice President, FLA Realty Corp.
Trustee and President, Kemper Closed-End Funds
Director, President and Chief Operating Officer, Kemper
Corporation
Director, Chairman, President and Chief Executive Officer, Kemper Financial
Companies, Inc.
Director, President, Kemper International Management, Inc.
Trustee and Vice President, Kemper Investors Fund
Director, Kemper Investors Life Insurance Company

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Trustee and President, Kemper Mutual Funds
Director, Vice President, Kemper Portfolio Corp.
Director, Vice President, Kemper Real Estate, Inc.
Director, Kemper Securities, Inc.
Director, Kemper Securities Holdings, Inc.
Director, Vice President, Kemper/Cymrot Management, Inc.
Director, Vice President, Kemper/Cymrot, Inc.
Director, Vice President, KFC Portfolio Corp.
Director, Vice President, KI Aaron Rents, Inc.
Director, Vice President, KI Arnold Industrial, Inc.
Director, Vice President, KI Canyon Park, Inc.
Director, Vice President, KI Dublin Boulevard, Inc.
Director, Vice President, KI LaFiesta Square, Inc.
Director, Vice President, KI Monterey Research, Inc.
Director, Vice President, KI Olive Street, Inc.
Director, Vice President, KI Sutter Street, Inc.
Director, Vice President, KI Thornton Boulevard, Inc.
Director, Vice President, KILICO Realty Corporation
Director, Vice President, KR 77 Fitness Center, Inc.
Director, Vice President, KR Avondale Redmond, Inc.
Director, Vice President, KR Black Mountain, Inc.
Director, Vice President, KR Brannan Resources, Inc.
Director, Vice President, KR Clay Capital, Inc.
Director, Vice President, KR Cranbury, Inc.
Director, Vice President, KR Delta Wetlands, Inc.
Director, Vice President, KR Gainesville, Inc.
Director, Vice President, KR Hotels, Inc.
Director, Vice President, KR Lafayette Apartments, Inc.
Director, Vice President, KR Lafayette BART, Inc.
Director, Vice President, KR Palm Plaza, Inc.
Director, Vice President, KR Red Hill Associates, Inc.
Director, Vice President, KR Seagate/Gateway North, Inc.
Director, Vice President, KR Venture Way, Inc.
Director, Vice President, KR Walnut Creek, Inc.
Trustee, Vice President, Sterling Funds
Director, The LTV Corporation
Director, Gillett Holdings, Inc.
Director, Investment Analysts Society of Chicago

NEAL, JOHN E.

Director, President and Chief Operating Officer, Kemper Financial Services, Inc.
Director, President, Kemper Advisors, Inc.
Director, President, Kemper Service Company
Director, Kemper Distributors, Inc.
Director, Kemper Asset Management Company
Director, Supervised Service Company
Director, Ardenwood Financial Corporation
Director, Avondale Redmond, Inc.
Director, Bedford Holding Company
Director, Black Mountain, Inc.
Director, Brannan Resources, Inc.
Director, Butterfield Financial Corporation
Director, Camelot Financial Corporation

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Director, Clay Capital, Inc.
Director, Concord Aviation, Inc.
Director, Coast Broadcasting Company
Director, Crow Canyon, Inc.
Director, Hawaii Kai Development Company
Director, Kacor Gateway, Inc.
Director, Kailua Associates, Inc.
Director, Kacor Trust Deed Company
Director, Community Investment Corporation
Director, Continental Community Development Corporation
Director, President, FKLA Loire Court, Inc.
Director, President, FKLA Realty Corporation
Director, President, FLA First Nationwide, Inc.
Director, President, FLA Plate Building, Inc.
Director, President, FLA Realty Corporation
Director, Kemper/Lumbermens Properties, Inc.
Director, Senior Vice President, Kemper Real Estate Management Company
Director, KRDC, Inc.
Director, Lafayette Apartments
Director, Lafayette Hills, Inc.
Director, Margarita Village Retirement Community
Director, Mesa Homes
Director, Mesa Homes Brokerage Company
Director, Mount Doloroes Corporation
Director, Montgomery Gallery, Inc.
Director, Monterey Research Park, Inc.
Director, One Business Centre
Director, Pacific Homes, Inc.
Director, Palomar Triad, Inc.
Director, Pine/Battery Properties, Inc.
Director, Rancho and Industrial Property Brokerage, Inc.
Director, Rancho California, Inc.
Director, Rancho Regional Shopping Center, Inc.
Director, Red Hill Associates, Inc.
Director, Seagate Associates, Inc.
Director, Seattle Gateway, Inc.
Director, Sutter Street, Inc.
Director, Technology Way, Inc.
Director, Time DC, Inc.
Director, Tourelle, Inc.
Director, Two Corporate Center
Director, Venture Way, Inc.
Director, President, Kemper Portfolio Corporation
Director, President, KFC Portfolio Corporation
Director, President, KILICO Realty Corporation
Director, President, KI Arnold Industrial, Inc.
Director, President, KI Canyon Park, Inc.
Director, President, KI Dublin Boulevard, Inc.
Director, President, KI LaFiesta Square, Inc.
Director, President, KI Lafayette BART, Inc.
Director, President, KI Monterey Research, Inc.
Director, President, KI Olive Street, Inc.
Director, President, KI Thornton Boulevard, Inc.

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Director, President, KI Sutter Street, Inc.
 Director, President, KR 77 Fitness Center, Inc.
 Director, President, KR Avondale Redmond, Inc.
 Director, President, KR Black Mountain, Inc.
 Director, President, KR Brannan Resources, Inc.
 Director, President, KR Clay Capital, Inc.
 Director, President, KR Cranbury, Inc.
 Director, President, KR Delta Wetlands, Inc.
 Director, President, KR Gainesville, Inc.
 Director, President, KR Hotels, Inc.
 Director, President, KR Lafayette Apartments, Inc.
 Director, President, KR Palm Plaza, Inc.
 Director, President, KR Red Hill Associates, Inc.
 Director, President, KR Seagate/Gateway North, Inc.
 Director, President, KR Venture Way, Inc.
 Director, President, KR Walnut Creek, Inc.
 Director, K-P Greenway, Inc.
 Director, K-P Enterprise Centers, Inc.
 Director, K-P Plaza Dallas, Inc.
 Director, Kemper/Prime Acquisition Fund, Inc.
 Director, KRDC, Inc.
 Director, RespiteCare
 Director, President, SMS Realty Corp.
 Director, Urban Shopping Centers, Inc.

PETERS, JOHN E.

Director, Senior Executive Vice President, Kemper Financial Services, Inc.
 Director, Senior Vice President, Kemper Advisors, Inc.
 Director, President, Kemper Distributors, Inc.
 Director, President, Kemper Sales Company
 Vice President, Kemper Asset Management Company
 Vice President, Kemper Closed-End Funds
 Vice President, Kemper International Bond Fund
 Vice President, Kemper Investors Fund
 Vice President, Kemper Mutual Funds
 Vice President, Kemper Target Equity Fund
 Director, Kemper Service Company
 Vice President, Sterling Funds

FITZPATRICK, JOHN H.

Director, Chief Financial Officer, Kemper Financial Services, Inc.
 Director, Ardenwood Financial Corporation
 Director, Camelot Financial Corporation
 Director, Crow Canyon, Inc.
 Director, Hawaii Kai Development Company
 Director, Kacor Gateway, Inc.
 Director, Kacor Trust Deed Company
 Director, Senior Vice President and Chief Financial Officer, Federal Kemper Life Assurance Company
 Senior Vice President, Chief Financial Officer, Fidelity Life Association
 Director, Vice President, FKLA Loire Court, Inc.

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Director, Vice President, FLA First Nationwide, Inc.
 Director, Vice President, FLA Plate Building, Inc.
 Director, Executive Vice President and Chief Financial Officer, Kemper Corporation
 Director, Executive Vice President and Chief Financial Officer, Kemper Financial Companies, Inc.
 Senior Vice President, Kemper Investors Life Insurance Company
 Director, Senior Vice President, Kemper Real Estate Management Company
 Director, Vice President, Kemper/Cymrot Management, Inc.
 Director, Vice President, Kemper/Cymrot, Inc.
 Director, Vice President, Kemper/Lumbermens Properties, Inc.
 Director, Senior Vice President, Kemper Real Estate Management Company
 Director, KRDC, Inc.
 Director, Margarita Retirement Community, Inc.
 Director, Mesa Homes
 Director, Mesa Homes Brokerage Company
 Director, Montgomery Gallery, Inc.
 Director, One Corporate Centre, Inc.

Director, Pacific Homes, Inc.
Director, Palomar Triad, Inc.
Director, Pine/Battery Property, Inc.
Director, Rancho and Industrial Property Brokerage, Inc.
Director, Rancho California, Inc.
Director, Rancho Regional Shopping Center, Inc.
Director, Seattle Gateway, Inc.
Director, SMS Realty Corporation
Director, Sutter Street, Inc.
Director, Time DC, Inc.
Director, Two Corporate Center
Director, Vice President, KFC Portfolio Corp.
Director, Vice President, KI Aaron Rents, Inc.
Director, Vice President, KI Arnold Industrial, Inc.
Director, Vice President, KI Canyon Park, Inc.
Director, Vice President, KI Dublin Boulevard, Inc.
Director, Vice President, KI Lafayette BART, Inc.
Director, Vice President, KI LaFiesta Square, Inc.
Director, Vice President, KI Monterey Research, Inc.
Director, Vice President, KI Olive Street, Inc.
Director, Vice President, KI Thornton Boulevard, Inc.
Director, Vice President, KILICO Realty Corporation
Director, Vice President, KR 77 Fitness Center, Inc.
Director, Vice President, KR Avondale Redmond, Inc.
Director, Vice President, KR Black Mountain, Inc.
Director, Vice President, KR Brannan Resources, Inc.
Director, Vice President, KR Clay Capital, Inc.
Director, Vice President, KR Cranbury, Inc.
Director, Vice President, KR Delta Wetlands, Inc.
Director, Vice President, KR Gainesville, Inc.
Director, Vice President, KR Hotels, Inc.
Director, Vice President, KR Lafayette Apartments, Inc.
Director, Vice President, KR Palm Plaza, Inc.
Director, Vice President, KR Red Hill Associates, Inc.

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Director, Vice President, KR Seagate/Gateway North, Inc.
Director, Vice President, KR Venture Way, Inc.
Director, Vice President, KR Walnut Creek, Inc.

BEIMFORD, JR., JOSEPH P.

Executive Vice President, Kemper Financial Services, Inc.
Vice President, Cash Account Trust
Vice President, Cash Equivalent Fund
Vice President, Galaxy Offshore, Inc.
Vice President, Investors Cash Trust
Vice President, Kemper Adjustable Rate U.S. Government Fund
Vice President, Kemper Diversified Income Fund
Vice President, Kemper Global Income Fund
Vice President, Kemper High Income Trust
Vice President, Kemper High Yield Fund
Vice President, Kemper Income and Capital Preservation Fund
Vice President, Kemper Intermediate Government Trust
Vice President, Kemper International Bond Fund
Vice President, Kemper Investors Fund
Vice President, Kemper Money Market Fund
Vice President, Kemper Multi-Market Income Trust
Vice President, Kemper Municipal Income Trust
Vice President, Kemper National Tax-Free Income Series
Vice President, Kemper Portfolios
Vice President, Kemper State Tax-Free Income Series
Vice President, Kemper Strategic Income Fund
Vice President, Kemper Strategic Municipal Income Trust
Vice President, Kemper U.S. Government Securities Fund
Vice President, Sterling Funds
Vice President, Tax-Exempt California Money Market Fund
Vice President, Tax-Exempt New York Money Market Fund

CHAPMAN II, WILLIAM E.

Executive Vice President, Kemper Financial Services, Inc.
Director, Executive Vice President, Kemper Distributors, Inc.

COTNER, C. BETH

Executive Vice President, Kemper Financial Services, Inc.
Trustee, Kemper Financial Services, Inc., Profit Sharing Plan

Vice President, Kemper Blue Chip Fund
Vice President, Kemper Growth Fund
Vice President, Kemper Investors Fund
Vice President, Kemper Small Capitalization Equity Fund
Vice President, Kemper Target Equity Fund
Vice President, Kemper Technology Fund
Vice President, Kemper Total Return Fund
Vice President, Sterling Funds

COXON, JAMES H.

Executive Vice President, Kemper Financial Services, Inc.
Director, Vice President, Galaxy Offshore, Inc.
Executive Vice President, Kemper Asset Management Company

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FERRO, DENNIS H.

Executive Vice President, Kemper Financial Services, Inc.
Vice President, Kemper International Fund
Director, Managing Director-Equities, Kemper Investment Management Company Limited
Vice President, Kemper Investors Fund
Vice President, Kemper Target Equity Fund
Vice President, The Growth Fund of Spain, Inc.

GREENAWALT, JAMES L.

Executive Vice President, Kemper Financial Services, Inc.
Director, Executive Vice President, Kemper Distributors, Inc.
Director, Kemper Sales Company

JOHNS, GORDON K.

Executive Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Global Income Fund
Vice President, Kemper Diversified Income Fund
Vice President, Kemper International Bond Fund
Vice President, Kemper International Management, Inc.
Managing Director and Joint Secretary, Kemper Investment Management Company Limited
Vice President, Kemper Multi-Market Income Trust
Director, Thames Heritage Parade Limited

LANGBAUM, GARY A.

Executive Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Total Return Fund
Vice President, Kemper Investors Fund

SILIGMUELLER, DALE S.

Executive Vice President, Kemper Financial Services, Inc.
Director, Executive Vice President, Kemper Service Company
Director, Executive Vice President, Supervised Service Company, Inc.
Director, Kemper Advisors, Inc.

BUKOWSKI, DANIEL J.

Senior Vice President, Kemper Financial Services, Inc.

BUTLER, DAVID H.

Senior Vice President, Kemper Financial Services, Inc.

CERVONE, DAVID M.

Senior Vice President, Kemper Financial Services, Inc.

CESSINE, ROBERT S.

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Income and Capital Preservation Fund
Vice President, Kemper Diversified Income Fund

CHESTER, TRACY McCORMICK

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Blue Chip Fund

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Vice President, Kemper Target Equity Fund

COLLECCHIA, FRANK E.

Senior Vice President, Kemper Financial Services, Inc.
Senior Investment Officer, Federal Kemper Life Assurance Company
Senior Investment Officer, Fidelity Life Association
Vice President, FKLA Loire Court, Inc.
Vice President, FLA First Nationwide, Inc.
Vice President, FLA Plate Building, Inc.
Vice President, Galaxy Offshore, Inc.
Senior Investment Officer, Kemper Investors Life Insurance Company
Vice President, KI Aaron Rents, Inc.
Vice President, KI Arnold Industrial, Inc.
Vice President, KI Canyon Park, Inc.
Vice President, KI Dublin Boulevard, Inc.
Vice President, KI Lafayette BART, Inc.
Vice President, KI LaFiesta Square, Inc.
Vice President, KI Monterey Research, Inc.
Vice President, KI Olive Street, Inc.
Vice President, KI Thornton Boulevard, Inc.
Vice President, KR 77 Fitness Center, Inc.
Vice President, KR Avondale Redmond, Inc.
Vice President, KR Black Mountain, Inc.
Vice President, KR Brannan Resources, Inc.
Vice President, KR Clay Capital, Inc.
Vice President, KR Cranbury, Inc.
Vice President, KR Delta Wetlands, Inc.
Vice President, KR Gainesville, Inc.
Vice President, KR Gulf Coast Factory Shops, Inc.
Vice President, KR Halawa Associates, Inc.
Vice President, KR Hotels, Inc.
Vice President, KR Lafayette Apartments, Inc.
Vice President, KR Palm Plaza, Inc.
Vice President, KR Red Hill Associates, Inc.
Vice President, KR Seagate/Gateway North, Inc.
Vice President, KR Venture Way, Inc.
Vice President, KR Walnut Creek, Inc.

COLLORA, PHILIP J.

Senior Vice President and Assistant Secretary, Kemper Financial Services, Inc.
Vice President and Secretary, Kemper Closed-End Funds
Assistant Secretary, Kemper International Management, Inc.
Vice President and Secretary, Kemper Investors Fund
Vice President and Secretary, Kemper Mutual Funds
Vice President and Secretary, Kemper Target Equity Fund
Vice President and Secretary, Sterling Funds
Vice President and Secretary, Kemper International Bond Fund

DIERENFELDT, DAVID F.

Senior Vice President, Associate General Counsel,
Assistant Secretary and Compliance Officer, Kemper Financial

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Services, Inc.
Secretary, Kemper Advisors, Inc.
Vice President and Secretary, Kemper Distributors, Inc.
Assistant Secretary, Galaxy Offshore, Inc.
Director, Secretary, INVEST Financial Corporation
Secretary, INVEST Financial Corporation Holding Company
Assistant Secretary, Investors Brokerage Services Insurance Agency, Inc.
Assistant Secretary, Investors Brokerage Services, Inc.
Secretary, Kemper Asset Management Company
Assistant Secretary, Kemper International Management, Inc.
Assistant Secretary, Kemper Investment Management Company Limited
Vice President and Assistant Secretary, Kemper Investors Fund
Secretary, Kemper Sales Company
Secretary, Kemper Service Company
Secretary, Supervised Service Company, Inc.

DUDASIK, PATRICK H.

Senior Vice President, Kemper Financial Services, Inc.

Treasurer, Kemper Advisors, Inc.
Vice President and Treasurer, Kemper Asset Management Company
Treasurer and Chief Financial Officer, Kemper Distributors, Inc.
Director, Treasurer and Chief Financial Officer, Kemper Sales Company
Treasurer and Chief Financial Officer, Kemper Service Company
Treasurer and Chief Financial Officer, Supervised Service Company,
Inc.
Director and Treasurer, Kemper Investment Management Company
Limited

DUFFY, JEROME L.

Senior Vice President, Kemper Financial Services, Inc.
Treasurer, Kemper Closed-End Funds
Treasurer, Kemper International Bond Fund
Treasurer, Kemper Investors Fund
Treasurer, Kemper Mutual Funds
Treasurer, Kemper Target Equity Fund
Treasurer, Sterling Funds

GLASSMAN, HARVEY

Senior Vice President, Kemper Financial Services, Inc.

GOERS, RICHARD A.

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Technology Fund

GUENTHER, HAROLD E.

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Galaxy Offshore, Inc.

HUSSEY, KAREN A.

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Investors Fund

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Vice President, Kemper Small Capitalization Equity Fund

INNES, BRUCE D.

Vice President, Kemper Financial Services, Inc.
Co-President, International Association of Corporate and
Professional Recruiters

KLEIN, GEORGE

Senior Vice President, Kemper Financial Services, Inc.
Director, Executive Vice President, Kemper Asset Management
Company

KORTH, FRANK D.

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Technology Fund

McNAMARA, MICHAEL A.

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Diversified Income Fund
Vice President, Kemper High Income Trust
Vice President, Kemper High Yield Fund
Vice President, Kemper Investors Fund

MIER, CHRISTOPHER J.

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Kemper National Tax-Free Income Series
Vice President, Kemper Municipal Income Trust
Vice President, Kemper State Tax-Free Income Series
Vice President, Kemper Strategic Municipal Income Trust
Vice President, Sterling Funds

MURRIHY, MAURA J.

Senior Vice President, Kemper Financial Services, Inc.

NATHANSON, IRA

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Corporation

NEEL, JAMES R.

Senior Vice President, Kemper Financial Services, Inc.
Executive Vice President, Kemper Asset Management Company

RACHWALSKI, JR. FRANK J.

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Cash Account Trust
Vice President, Cash Equivalent Fund
Vice President, Investors Cash Trust
Vice President, Kemper Investors Fund
Vice President, Kemper Money Market Fund
Vice President, Kemper Portfolios
Vice President, Sterling Funds
Vice President, Tax-Exempt California Money Market Fund
Vice President, Tax-Exempt New York Money Market Fund

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REGNER, THOMAS M.

Senior Vice President, Kemper Financial Services, Inc.

RESIS, JR., HARRY E.

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Diversified Income Fund
Vice President, Kemper High Income Trust
Vice President, Kemper High Yield Fund
Vice President, Kemper Investors Fund

SCHUMACHER, ROBERT T.

Senior Vice President, Kemper Financial Services, Inc.

SLOAN, PAUL F.

Senior Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Investors Fund
Vice President, Kemper Intermediate Government Trust
Vice President, Kemper Multi-Market Income Trust
Vice President, Kemper Strategic Income Fund
Vice President, Kemper Diversified Income Fund
Vice President, Kemper Portfolios
Vice President, Kemper U.S. Government Securities Fund
Vice President, Kemper Adjustable Rate U.S. Government Fund

BURROW, DALE R.

First Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Strategic Municipal Income Trust

BYRNES, ELIZABETH A.

First Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Adjustable Rate U.S. Government Fund
Vice President, Kemper Intermediate Government Trust

CHIEN, CHRISTINE

First Vice President, Kemper Financial Services, Inc.

DeMAIO, CHRIS C.

First Vice President, Kemper Financial Services, Inc.
Vice President and Chief Accounting Officer, Kemper Service Company
Vice President and Chief Accounting Officer, Supervised Service Company, Inc.

DEXTER, STEPHEN P.

First Vice President, Kemper Financial Services, Inc.

DOYLE, DANIEL J.

First Vice President, Kemper Financial Services, Inc.

FENGER, JAMES E.

First Vice President, Kemper Financial Services, Inc.

FISHER, REMY M.

First Vice President, Kemper Financial Services, Inc.

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HALE, DAVID D.
First Vice President, Kemper Financial Services, Inc.

HARRINGTON, MICHAEL E.
First Vice President, Kemper Financial Services, Inc.

HORTON, ROBERT J.
First Vice President, Kemper Financial Services, Inc.

JACOBS, PETER M.
First Vice President, Kemper Financial Services, Inc.

KEELEY, MICHELLE M.
First Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Intermediate Government Trust
Vice President, Kemper Portfolios

KIEL, CAROL L.
First Vice President, Kemper Financial Services, Inc.

LAUGHLIN, ANN M.
First Vice President, Kemper Financial Services, Inc.

LENTZ, MAUREEN P.
First Vice President, Kemper Financial Services, Inc.

MCCRINDLE-PETRARCA, SUSAN
First Vice President, Kemper Financial Services, Inc.

PAYNE, III, ROBERT D.
First Vice President, Kemper Financial Services, Inc.

PANOZZO, ROBERTA L.
First Vice President, Kemper Financial Services, Inc.

RATEKIN, DIANE E.
First Vice President, Assistant General Counsel and Assistant Secretary,
Kemper Financial Services, Inc.
Assistant Secretary, Kemper Distributors, Inc.

SILVIA, JOHN E.
First Vice President, Kemper Financial Services, Inc.

STUEBE, JOHN W.
First Vice President, Kemper Financial Services, Inc.
Vice President, Cash Account Trust
Vice President, Cash Equivalent Fund

THOUIN-LEERKAMP, EDITH A.
First Vice President, Kemper Financial Services, Inc.
Director-European Equities, Kemper Investment Management Company
Limited

TRUTTER, JONATHAN W.

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First Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Diversified Income Fund
Vice President, Kemper Multi-Market Income Trust
Vice President, Kemper Strategic Income Fund

VINCENT, CHRISTOPHER T.
First Vice President, Kemper Financial Services, Inc.
First Vice President, Kemper Asset Management Company

WILLSON, STEPHEN R.
First Vice President, Kemper Financial Services, Inc.
Vice President, Kemper Strategic Municipal Income Trust

WITTNEBEL, MARK E.
First Vice President, Kemper Financial Services, Inc.

CARNEY, ANNE T.
Vice President, Kemper Financial Services, Inc.

COHEN, JERRI I.
Vice President, Kemper Financial Services, Inc.

GERACI, AUGUST L.
Vice President, Kemper Financial Services, Inc.

GERICKE, KATHLEEN E.
Vice President, Kemper Financial Services, Inc.

GOLAN, JAMES S.
Vice President, Kemper Financial Services, Inc.

HESS, THOMAS L.
Vice President, Kemper Financial Services, Inc.

HUOT, LISA L.
Vice President, Kemper Financial Services, Inc.

KARWOWSKI, KENNETH F.
Vice President, Kemper Financial Services, Inc.

KNAPP, WILLIAM M.
Vice President, Kemper Financial Services, Inc.

KOCH, DEBORAH L.
Vice President, Kemper Financial Services, Inc.

KOVACS, WILLIAM P.
Vice President and Assistant Secretary, Kemper Financial Services, Inc.

KRANZ, KATHY J.
Vice President, Kemper Financial Services, Inc.

KRUEGER, PAMELA D.

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Vice President, Kemper Financial Services, Inc.

LeFEBVRE, THOMAS J.
Vice President, Kemper Financial Services, Inc.

MANGIPUDI, V. RAO
Vice President, Kemper Financial Services, Inc.

McGOVERN, KAREN B.
Vice President, Kemper Financial Services, Inc.

MILLER, MAUREEN A.
Vice President, Kemper Financial Services, Inc.

MINER, EDWARD
Vice President, Kemper Financial Services, Inc.

MITCHELL, KATHERINE H.
Vice President, Kemper Financial Services, Inc.

PANOZZO, ALBERT R.
Vice President, Kemper Financial Services, Inc.

PONTECORE, SUSAN E.
Vice President, Kemper Financial Services, Inc.

QUADRINI, LISA L.
Vice President, Kemper Financial Services, Inc.

RADIS, STEVE A.
Vice President, Kemper Financial Services, Inc.

ROKOSZ, PAUL A.
Vice President, Kemper Financial Services, Inc.

SMITH, ROBERT G.
Vice President, Kemper Financial Services, Inc.

TEPPER, SHARYN A.
Vice President, Kemper Financial Services, Inc.

WERTH, ELIZABETH C.
 Vice President, Kemper Financial Services, Inc.
 Vice President, Kemper Distributors, Inc.
 Assistant Secretary, Kemper Mutual Funds
 Assistant Secretary, Kemper International Bond Fund
 Assistant Secretary, Kemper Target Equity Fund
 Assistant Secretary, Sterling Funds

WIZER, BARBARA K.
 Vice President, Kemper Financial Services, Inc.

ZURAWSKI, CATHERINE N.
 Vice President, Kemper Financial Services, Inc.

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ITEM 29. PRINCIPAL UNDERWRITERS

(a) Kemper Distributors, Inc. acts as principal underwriter and distributor of the Registrant's shares and acts as principal underwriter of the Kemper Mutual Funds, Kemper Investors Fund, Sterling Funds and Kemper International Bond Fund.

(b) Information on the officers and directors of Kemper Distributors, Inc., principal underwriter for the Registrant is set forth below. The principal business address is 120 South LaSalle Street, Chicago, Illinois 60603.

<TABLE>
 <CAPTION>

NAME	POSITIONS AND OFFICES WITH UNDERWRITER	POSITIONS AND OFFICES WITH REGISTRANT
<S>	<C>	<C>
John E. Peters.....	Principal, President	Vice President
William E. Chapman, II.....	Director, Executive Vice President	None
James L. Greenawalt.....	Director, Executive Vice President	None
John E. Neal.....	Director	None
Stephen B. Timbers.....	Director	President, Trustee
Patrick H. Dudasik.....	Financial Principal, Treasurer and Chief Financial Officer	None
Linda A. Bercher.....	Senior Vice President	None
Terry Cunningham.....	Senior Vice President	None
Daniel T. O'Lear.....	Senior Vice President	None
John H. Robison, Jr.	Senior Vice President	None
Henry J. Schulthesz.....	Senior Vice President	None
David F. Dierenfeldt.....	Vice President, Secretary	None
Thomas V. Bruns.....	Vice President	None
Carlene D. Merold.....	Vice President	None
Jeff M. Warland.....	Vice President	None
Elizabeth C. Werth.....	Vice President	Assistant Secretary
Kathleen A. Gallichio.....	Assistant Secretary	None
Diane E. Ratekin.....	Assistant Secretary	None

</TABLE>

(c) Not applicable.

ITEM 30. LOCATION OF ACCOUNTS AND RECORDS

Accounts, books and other documents are maintained at the offices of the Registrant, the offices of Registrant's investment adviser, Kemper Financial Services, Inc., 120 South LaSalle Street, Chicago, Illinois 60603, at the offices of the Registrant's principal underwriter, Kemper Distributors, Inc., 120 South LaSalle Street, Chicago, Illinois 60603 or, in the case of records concerning custodial functions, at the offices of the custodian, Investors Fiduciary Trust Company ("IFTC"), 127 West 10th Street, Kansas City, Missouri 64105 or, in the case of records concerning transfer agency functions, at the offices of IFTC and of the shareholder service agent, Kemper Service Company, 811 Main Street, Kansas City, Missouri 64105.

ITEM 31. MANAGEMENT SERVICES

Not applicable.

ITEM 32. UNDERTAKINGS

(a) Not applicable.

(b) Not applicable.

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

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for effectiveness of this Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago and State of Illinois, on the 24th day of July, 1995.

TAX-EXEMPT NEW YORK MONEY MARKET FUND

By: /s/ STEPHEN B. TIMBERS

Stephen B. Timbers, President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below on July 24, 1995 on behalf of the following persons in the capacities indicated.

<TABLE>

<CAPTION>

SIGNATURE -----	TITLE -----
<S> /s/ STEPHEN B. TIMBERS ----- Stephen B. Timbers	<C> President (Principal Executive Officer) and Trustee
/s/ DAVID W. BELIN* -----	Trustee
/s/ LEWIS A. BURNHAM* -----	Trustee
/s/ DONALD L. DUNAWAY* -----	Trustee
/s/ ROBERT B. HOFFMAN* -----	Trustee

/s/ DONALD R. JONES*

Trustee

/s/ DAVID B. MATHIS*

Trustee

/s/ SHIRLEY D. PETERSON*

Trustee

/s/ WILLIAM P. SOMMERS*

Trustee

/s/ JEROME L. DUFFY

Treasurer

(Principal Financial and Accounting Officer)

Jerome L. Duffy

</TABLE>

* Philip J. Collora signs this document pursuant to powers of attorney filed herewith.

/s/ PHILIP J. COLLORA

Philip J. Collora

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INDEX TO EXHIBITS

<TABLE>

<CAPTION>

Exhibits

<S>	<C>
99.b1.	Amended and Restated Agreement and Declaration of Trust.
99.b2.	By-Laws.
99.b3.	Inapplicable.
99.b4.	Text of Share Certificate.
99.b5.	Investment Management Agreement.
99.b6. (a)	Administration, Shareholder Services and Distribution Agreement.
99.b6. (b)	Form of Selling Group Agreement.
99.b6. (c)	Assignment and Assumption Agreement.
99.b7.	Inapplicable.
99.b8.	Custody Agreement.
99.b9. (a)	Agency Agreement.
99.b9. (b)	Supplement to Agency Agreement.
99.b10.	Inapplicable.
99.b11.	Consent of Independent Auditors.
99.b12.	Inapplicable.
99.b13.	Inapplicable.
99.b14.	Inapplicable.
99.b15.	See 99.b6. (a) above.
99.b16.	Performance Calculations.
99.b24.	Power of Attorney.
99.b485 (b)	Representation of Counsel (Rule 485 (b)).
27.	Financial Data Schedule.

</TABLE>

KEMPER TRUST #12

AMENDED AND RESTATED
 AGREEMENT AND DECLARATION OF TRUST

WHEREAS, Article IX, Section 4 of the Agreement and Declaration of Trust of Kemper Trust #12 dated March 2, 1990 provides that the Agreement and Declaration of Trust may be amended at any time by an instrument in writing signed by a majority of the then Trustees when authorized so to do by vote of Shareholders holding a majority of the Shares entitled to vote; and

WHEREAS, the holders of a majority of the Shares entitled to vote have authorized this Amendment and Restatement of said Agreement and Declaration of Trust;

NOW, THEREFORE, said Agreement and Declaration of Trust is amended and restated to read in its entirety as follows:

WITNESSETH

WHEREAS, this Trust has been formed for the purposes of carrying on the business of a management investment company; and

WHEREAS, in furtherance of such purposes, the Trustees have acquired and may hereafter acquire assets and properties, to hold and manage as trustees of a Massachusetts voluntary association with transferable shares in accordance with the provisions hereinafter set forth;

NOW, THEREFORE, the Trustees hereby declare that they will hold all cash, securities and other assets and properties which they may from time to time acquire in any manner as Trustees hereunder IN TRUST to manage and dispose of the same upon the following terms and conditions for the pro rata benefit of the holders from time to time of shares in this Trust as hereinafter set forth.

ARTICLE I

Name and Definitions

Name and Registered Agent

Section 1. This Trust shall be known as Tax-Exempt New York Money Market Fund and the Trustees shall conduct the business of the Trust under that name or any other name as they may from time to time determine. The registered agent for the Trust in Massachusetts shall be CT Corporation System whose address is 2 Oliver Street, Boston, Massachusetts or such other person as the Trustees may from time to time designate.

Definitions

Section 2. Whenever used herein, unless otherwise required by the context or specifically provided:

(a) The "Trust" refers to the Massachusetts voluntary association established by this Agreement and Declaration of Trust, as amended from time to time, pursuant to Massachusetts General Laws, Chapter 182;

(b) "Trustees" refers to the Trustees of the Trust named herein or elected in accordance with Article IV and then in office;

(c) "Shares" mean the equal proportionate transferable units of interest into which the beneficial interest in the Trust shall be divided from time to time or, if more than one series or class of shares is authorized under or pursuant to Article III, the equal proportionate transferable units of interest into which each such series or class shall be divided from time to time;

(d) "Shareholder" means a record owner of Shares;

(e) The "1940 Act" refers to the Investment Company Act of 1940 (and any successor statute) and the Rules and Regulations thereunder, all as amended from time to time;

(f) The terms "Affiliated Person", "Assignment", "Commission", "Interested Person", "Principal Underwriter" and "vote of a majority of the outstanding voting securities" shall have the meanings given them in the 1940 Act;

(g) "Declaration of Trust" shall mean this Agreement and Declaration of Trust as amended or restated from time to time;

(h) "By-Laws" shall mean the By-Laws of the Trust as amended from time to time;

(i) "Net asset value" shall have the meaning set forth in Section 6 of Article VI hereof;

(j) The terms "series" or "series of Shares" refers to the one or more separate investment portfolios of the Trust authorized under or pursuant to Article III into which the assets and liabilities of the Trust may be divided and the Shares of the Trust representing the beneficial interest of Shareholders in such respective portfolios; and

(k) The terms "class" or "class of Shares" refers to the division of Shares representing any series into two or more classes authorized under or pursuant to Article III.

ARTICLE II

Nature and Purpose

The Trust is a voluntary association (commonly known as a business trust) of the type referred to in Chapter 182 of the General Laws of the Commonwealth of Massachusetts. The Trust is not intended to be, shall not be treated as, a general or a limited partnership, joint venture, corporation or joint stock company, nor shall the Trustees or Shareholders or any of them for any purpose be deemed to be, or be treated in any way whatsoever as though they were, liable or responsible hereunder as partners or joint venturers. The purpose of the Trust is to engage in, operate and carry on the business of an open-end management investment company and to do any and all acts or things as are necessary, convenient, appropriate, incidental or customary in connection therewith.

ARTICLE III

Shares

Division of Beneficial Interest

Section 1. The Shares of the Trust shall be issued in one or more series as the Trustees may, without Shareholder approval, authorize from time to time. Each series shall be preferred over all other series in respect of the assets allocated to that series as hereinafter provided. The beneficial interest in each series shall at all times be divided into Shares (without par value) of such series, each of which shall, except as provided in the following sentence, represent an equal proportionate interest in such series with each other Share of the same series, none having priority or preference over another Share of the same series. The Trustees may, without Shareholder approval, divide the Shares of any series into two or more classes, Shares of each such class having such preferences and special or relative rights or privileges (including conversion rights, if any) as the Trustees may determine. The number of Shares authorized shall be unlimited, and the Shares so authorized may be represented in part by fractional Shares. The Trustees may from time to time divide or combine the shares of any series or class into a greater or lesser number without thereby changing the proportionate beneficial interests in the series or class. Without limiting the authority of the Trustees set forth in this Section 1 to establish and designate any further series or class, the Trustees hereby establish and designate one series of Shares to be known as the "Initial Portfolio." The establishment and designation of any series or class of Shares in addition to the foregoing shall be effective upon the execution by a majority of the then Trustees of an instrument setting forth such establishment and designation and the relative rights and preferences of such series or class. As provided in Article IX, Section 1 hereof, any series or class of Shares (whether or not there shall then be Shares outstanding of said series or class) may be terminated by the Trustees by written notice to the Shareholders of such series or class or by the vote of the Shareholders of such series or class entitled to vote more

than fifty percent (50%) of the votes entitled to be cast on the matter. In the event of any such termination, a majority of the then Trustees shall execute an instrument setting forth the termination of such series or class.

Ownership of Shares

Section 2. The ownership and transfer of Shares shall be recorded on the books of the Trust or its transfer or similar agent. No certificates certifying the ownership of Shares shall be issued except as the Trustees may otherwise determine from time to time. The Trustees may make such rules as they consider appropriate for the issuance of Share certificates, the transfer of Shares and similar matters. The record books of the Trust as kept by the Trust or any transfer or similar agent of the Trust, as the case may be, shall be conclusive as to who are the Shareholders of each series or class and as to the number of Shares of each series or class held from time to time by each Shareholder.

Investment in the Trust; Assets of a Series

Section 3. The Trustees may issue Shares of the Trust to such persons and on such terms and, subject to any requirements of law, for such consideration, which may consist of cash or tangible or intangible property or a combination thereof, as they may from time to time authorize.

All consideration received by the Trust for the issue or sale of Shares of a particular series, together with all income, earnings, profits, and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation thereof, and any funds or payments derived from any reinvestment of such proceeds in whatever form the same may be, shall, irrevocably belong to such series of Shares for all purposes, subject only to the rights of creditors, and shall be so handled upon the books of account of the Trust and are herein referred to as "assets of" such series. Any allocation of the assets of a series among any classes of Shares of such series shall be made in a manner consistent with the preferences and special or relative rights or privileges of such classes.

Right to Refuse Orders

Section 4. The Trust by action of its Trustees shall have the right to refuse to accept any subscription for its Shares at any time without any cause or reason therefore whatsoever. Without limiting the foregoing, the Trust shall have the right not to accept subscriptions under circumstances or in amounts as the Trustees in their sole discretion consider to be disadvantageous to existing Shareholders and the Trust may from time to time set minimum

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and/or maximum amounts which may be invested in Shares by a subscriber.

Order in Proper Form

Section 5. The criteria for determining what constitutes an order in proper form and the time of receipt of such an order by the Trust shall be prescribed by resolution of the Trustees.

When Shares Become Outstanding

Section 6. Shares subscribed for and for which an order in proper form has been received shall be deemed to be outstanding as of the time of acceptance of the order therefor and the determination of the net price thereof, which price shall be then deemed to be an asset of the Trust.

Merger or Consolidation

Section 7. In connection with the acquisition of all or substantially all the assets or stock of another investment company, investment trust, or of a company classified as a personal holding company under Federal Income Tax laws, the Trustees may issue or cause to be issued Shares of a series or class and accept in payment therefor, in lieu of cash, such assets at their market value, or such stock at the market value of the assets held by such investment company or investment trust, either with or without adjustment for

contingent costs or liabilities.

No Preemptive Rights, Etc.

Section 8. Shareholders shall have no preemptive or other right to receive, purchase or subscribe for any additional Shares or other securities issued by the Trust. The Shareholders shall have no appraisal rights with respect to their Shares and, except as otherwise determined by the Trustees in their sole discretion, shall have no exchange or conversion rights with respect to their Shares.

Status of Shares and Limitation of Personal Liability

Section 9. Shares shall be deemed to be personal property giving only the rights provided in this instrument. Every Shareholder by virtue of having become a Shareholder shall be held to have expressly assented and agreed to the

terms of the Declaration of Trust and to have become a party thereto. The death of a Shareholder during the continuance of the Trust shall not operate to terminate the same nor entitle the representative of any deceased Shareholder to an accounting or to take any action in court or elsewhere against the Trust or the Trustees, but only to the rights of said decedent under this Trust. Ownership of Shares shall not entitle the Shareholder to any title in or to the whole or any part of the Trust property or right to call for a partition or division of the same or for an accounting, nor shall the ownership of Shares constitute the Shareholders partners. Neither the Trust nor the Trustees, nor any officer, employee or agent of the Trust shall have any power to bind personally any Shareholder, nor except as specifically provided herein to call upon any Shareholder for the payment of any sum of money or assessment whatsoever other than such as the Shareholder may at any time personally agree to pay.

Shareholder Inspection Rights

Section 10. Any Shareholder or his agent may inspect and copy during normal business hours any of the following

documents of the Trust: By-Laws, minutes of the proceedings of the Shareholders and annual financial statements of the Trust, including a balance sheet and financial statements of operations. The foregoing rights of inspection of Shareholders of the Trust are the exclusive and sole rights of the Shareholders with respect thereto and no Shareholder of the Trust shall have, as a Shareholder, the right to inspect or copy any of the books, records or other documents of the Trust except as specifically provided in this Section 10 of this Article III or except as otherwise determined by the Trustees.

ARTICLE IV

The Trustees

Number, Designation, Election, Term, Etc.

Section 1.

(a) Initial Trustee. Upon his execution of this Declaration of Trust or a counterpart hereof or some other writing in which he accepts such Trusteeship and agrees to

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the provisions hereof, Robert J. Engling shall become a Trustee hereof.

(b) Number. The Trustees serving as such, whether named above or hereafter becoming Trustees, may increase or decrease the number of Trustees to a number other than the number theretofore determined which number shall not be less than three nor more than fifteen except during the period that the initial Trustee named above is sole Trustee. No decrease in the number of Trustees shall have the effect of removing any Trustee from office prior to the expiration of his term, but the number of Trustees may be decreased in conjunction with the removal of a Trustee pursuant to subsection (e) of this Section 1.

(c) Term and Election. Each Trustee, whether named

above or hereafter becoming a Trustee, shall serve as a Trustee until the next meeting of Shareholders, if any, called for the purpose of considering the election or re-election of such Trustee or of a successor to such Trustee, and until the election and qualification of his successor, if any, elected at such meeting, or until such Trustee sooner dies, resigns, retires or is removed. Upon the election and qualification of a new Trustee, the Trust estate shall vest in the new Trustee (together with the continuing or other new Trustees) without any further act or conveyance. Prior to any sale of Shares pursuant to any public offering, the initial Trustee named above shall have the right to appoint other persons as Trustees each to serve as Trustees as aforesaid until the first meeting of Shareholders called for the purpose of the election or re-election of such Trustee or of a successor to such Trustee.

(d) Resignation and Retirement. Any Trustee may resign his trust or retire as a Trustee, by written instrument signed by him and delivered to the other Trustees or to the Chairman of the Board, if any, the President or the Secretary of the Trust, and such resignation or retirement shall take effect upon such delivery or upon such later date as is specified in such instrument.

(e) Removal. Any Trustee may be removed for cause at any time by written instrument, signed by at least a majority of the number of Trustees prior to such removal, specifying the date upon which such removal shall become effective. Any Trustee may be removed with or without cause (i) by the vote of the Shareholders entitled to vote more than fifty percent (50%) of the votes entitled to be cast on the matter voting together without regard to series or class at any meeting called for such purpose, or (ii) by a written consent filed with the custodian of the Trust's portfolio securities and

executed by the Shareholders entitled to vote more than fifty percent (50%) of the votes entitled to be cast on the matter voting together without regard to series or class.

Whenever ten or more Shareholders of record who have been such for at least six months preceding the date of application, and who hold in the aggregate Shares constituting at least one percent of the outstanding Shares

of the Trust, shall apply to the Trustees in writing, stating that they wish to communicate with other Shareholders with a view to obtaining signatures to a request for a meeting to consider removal of a Trustee and accompanied by a form of communication and request that they wish to transmit, the Trustees shall within five business days after receipt of such application inform such applicants as to the approximate cost of mailing to the Shareholders of record the proposed communication and form of request. Upon the written request of such applicants, accompanied by a tender of the material to be mailed and of the reasonable expenses of mailing, the Trustees shall, within reasonable promptness, mail such material to all Shareholders of record at their addresses as recorded on the books of the Trust. Notwithstanding the foregoing, the Trustees may refuse to mail such material on the basis and in accordance with the procedures set forth in the last two paragraphs of Section 16(c) of the 1940 Act.

(f) Vacancies. Any vacancy or anticipated vacancy resulting from any reason, including without limitation the death, resignation, retirement, removal or incapacity of any of the Trustees, or resulting from an increase in the number of Trustees by the other Trustees may (but so long as there are at least three remaining Trustees, need not unless required by the 1940 Act) be filled either by a majority of the remaining Trustees, even if less than a quorum, through the appointment in writing of such other person as such remaining Trustees in their discretion shall determine or, whenever deemed appropriate by the remaining Trustees, by the election by the Shareholders, at a meeting called for such purpose, of a person to fill such vacancy. Upon the appointment or election and qualification of a new Trustee as aforesaid, the Trust estate shall vest in the new Trustee, together with the continuing Trustees, without any further act or conveyance, except that any such appointment or election in anticipation of a vacancy to occur by reason of retirement, resignation, or increase in number of Trustees to be effective at a later date shall become effective only at or after the effective date of said retirement, resignation, or increase in number of Trustees.

(g) Mandatory Election by Shareholders. Notwithstanding the foregoing provisions of this Section 1, the Trustees shall call a meeting of the Shareholders for the

election of one or more Trustees at such time or times as may be required in order that the provisions of the 1940 Act may

be complied with, and the authority hereinabove provided for the Trustees to appoint any successor Trustee or Trustees shall be restricted if such appointment would result in failure of the Trust to comply with any provision of the 1940 Act.

(h) Effect of Death, Resignation, Etc. The death, resignation, retirement, removal or incapacity of the Trustees, or any one of them, shall not operate to annul or terminate the Trust or to revoke or terminate any existing agency or contract created or entered into pursuant to the terms of this Declaration of Trust.

(i) No Accounting. Except under circumstances which would justify his removal for cause, no person ceasing to be a Trustee as a result of his death, resignation, retirement, removal or incapacity (nor the estate of any such person) shall be required to make an accounting to the Shareholders or remaining Trustees upon such cessation.

Powers

Section 2. The Trustees, subject only to the specific limitations contained in this Declaration of Trust or otherwise imposed by the 1940 Act or other applicable law, shall have, without further or other authorization and free from any power or control of the Shareholders, full, absolute and exclusive power, control and authority over the Trust assets and the business and affairs of the Trust to the same extent as if the Trustees were the sole and absolute owners thereof in their own right and to do all such acts and things as in their sole judgment and discretion are necessary and incidental to, or desirable for the carrying out of any of the purposes of the Trust or conducting the business of the Trust. Any determination made in good faith by the Trustees of the purposes of the Trust or the existence of any power or authority hereunder shall be conclusive. In construing the provisions of this Declaration of Trust, there shall be a presumption in favor of the grant of power and authority to the Trustees. Without limiting the foregoing, the Trustees may adopt By-Laws not inconsistent with this Declaration of Trust containing provisions relating to the business of the Trust, the conduct of its affairs, its rights or powers and the rights or powers of its Shareholders, Trustees, officers, employees and other agents and may amend and repeal them to the extent that such By-Laws do not reserve that right to the Shareholders; fill vacancies in their number, including vacancies resulting from increases in their number, unless a vote of the Trust's Shareholders is required to fill such

vacancies pursuant to the 1940 Act; elect and remove such officers and appoint and terminate such agents as they consider appropriate; appoint from their own number, and terminate, any one or more committees consisting of two or more Trustees, including an executive committee which may, when the Trustees are not in session, exercise some or all of the powers and authority of the Trustees as the Trustees may determine; appoint an advisory board, the members of which shall not be Trustees and need not be Shareholders; employ one or more investment advisers or managers as provided in Section 6 of this Article IV; employ one or more custodians of the assets of the Trust and authorize such custodians to employ subcustodians and to deposit all or any part of such assets in a system or systems for the central handling of securities; retain a transfer agent or a Shareholder services agent, or both; provide for the distribution of Shares by the Trust, through one or more principal underwriters or otherwise; set record dates for the determination of Shareholders with respect to various matters; and in general delegate such authority as they consider desirable to any officer of the Trust, to any committee of the Trustees and to any agent or employee of the Trust or to any such custodian or underwriter.

In furtherance of and not in limitation of the foregoing, the Trustees shall have power and authority:

(a) To invest and reinvest in, to buy or otherwise acquire, to hold, for investment or otherwise, to sell or otherwise dispose of, to lend or to pledge, to trade in or deal in securities or interests of all kinds, however evidenced, or obligations of all kinds, however evidenced, or rights, warrants, or contracts to acquire such securities, interests, or obligations, of any private or public company, corporation, association, general or limited partnership, trust or other enterprise or organization, foreign or domestic, or issued or guaranteed by any national or state government, foreign or domestic, or their agencies, instrumentalities or subdivisions (including but not limited to, bonds, debentures, bills, time notes and all other evidences of indebtedness); negotiable or non-negotiable instruments; any and all futures contracts; government securities and money market instruments (including but not limited to, bank certificates of deposit, finance paper, commercial paper, bankers acceptances, and all kinds of repurchase agreements);

(b) To invest and reinvest in, to buy or otherwise acquire, to hold, for investment or otherwise, to sell or otherwise dispose of foreign currencies, and funds and exchanges, and make deposits in banks, savings banks, trust

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companies, and savings and loan associations, foreign or domestic;

(c) To acquire (by purchase, lease or otherwise) and to hold, use, maintain, develop, and dispose of (by sale or otherwise) any property, real or personal, and any interest therein;

(d) To sell, exchange, lend, pledge, mortgage, hypothecate, write options on and lease any or all of the assets of the Trust;

(e) To vote or give assent, or exercise any rights of ownership, with respect to stock or other securities or property; and to execute and deliver proxies or powers of attorney to such person or persons as the Trustees shall deem proper, granting to such person or persons such power and discretion with relation to securities or property as the Trustees shall deem proper;

(f) To exercise powers and rights of subscription or otherwise which in any manner arise out of ownership of securities;

(g) To hold any security or property in a form not indicating any trust, whether in bearer, unregistered or other negotiable form, or in the name of the Trustees or of the Trust or in the name of a custodian, subcustodian or other depositary or a nominee or nominees or otherwise;

(h) Subject to the provisions of Article III, to allocate assets, liabilities and expenses of the Trust to a particular series of Shares or to apportion the same among two or more series, provided that any liabilities or expenses incurred by a particular series shall be payable solely out of the assets of that series; and to the extent necessary or appropriate to give effect to the preferences and special or relative rights or privileges of any classes of Shares, to allocate assets, liabilities, income and expenses of a series to a particular class of Shares of that series or to

apportion the same among two or more classes of Shares of that series;

(i) To consent to or participate in any plan for the reorganization, consolidation or merger of any corporation or issuer, any security or property of which is or was held in the Trust; to consent to any contract, lease, mortgage, purchase or sale of property by such corporation or issuer, and to pay calls or subscriptions with respect to any security held in the Trust;

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(j) To join with other security holders in acting through a committee, depositary, voting trustee or otherwise, and in that connection to deposit any security with, or transfer any security to, any such committee, depositary or trustee, and to delegate to them such power and authority with relation to any security (whether or not so deposited or transferred) as the Trustees shall deem proper, and to agree to pay, and to pay, such portion of the expenses and compensation of such committee, depositary or trustee as the Trustees shall deem proper;

(k) To compromise, arbitrate or otherwise adjust claims in favor of or against the Trust or any matter in controversy, including but not limited to claims for taxes;

(l) To enter into joint ventures, general or limited partnerships and any other combinations or associations;

(m) To borrow funds;

(n) To endorse or guarantee the payment of any notes or other obligations of any person; to make contracts of guaranty or suretyship, or otherwise assume liability for payment thereof; and to mortgage and pledge the Trust property or any part thereof to secure any of or all such obligations;

(o) To purchase and pay for entirely out of Trust property such insurance as they may deem necessary or appropriate for the conduct of the business, including, without limitation, insurance policies insuring the assets of the Trust and payment of distribution and principal on its portfolio investments, and insurance policies insuring the

Shareholders, Trustees, officers, employees, agents, investment advisers or managers, principal underwriters, or independent contractors of the Trust individually against all claims and liabilities of every nature arising by reason of holding, being or having held any such office or position, or by reason of any action alleged to have been taken or omitted by any such person as Shareholder, Trustee, officer, employee, agent, investment adviser or manager, principal underwriter, or independent contractor, including any action taken or omitted that may be determined to constitute negligence, whether or not the Trust would have the power to indemnify such person against such liability; and

(p) To pay pensions for faithful service, as deemed appropriate by the Trustees, and to adopt, establish and carry out pension, profit-sharing, share bonus, share purchase, savings, thrift and other retirement, incentive and benefit plans, trusts and provisions, including the purchasing of life insurance and annuity contracts as a means

of providing such retirement and other benefits, for any or all of the Trustees, officers, employees and agents of the Trust.

The Trustees shall not in any way be bound or limited by any present or future law or custom in regard to investments by trustees of common law trusts. Except as otherwise provided herein or from time to time in the By-Laws, any action to be taken by the Trustees may be taken by a majority of the Trustees present at a meeting of Trustees (if a quorum by present), within or without Massachusetts, including any meeting held by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other simultaneously and participation by such means shall constitute presence in person at a meeting, or by written consents of a majority of the Trustees then in office.

Payment of Expenses, Allocation of Liabilities

Section 3. The Trustees are authorized to pay or to cause to be paid out of the principal or income of the Trust, or partly out of principal and partly out of income, as they deem fair, all expenses, fees, charges, taxes and liabilities incurred or arising in connection with the Trust, or in

connection with the management thereof, including, but not limited to, the Trustees' compensation and such expenses and charges for the services of the Trust's officers, employees, investment adviser or manager, principal underwriter, auditor, counsel, custodian, transfer agent, shareholder servicing agent, and such other agents or independent contractors and such other expenses and charges as the Trustees may deem necessary or proper to incur.

The assets of a particular series of Shares shall be charged with the liabilities (including, in the discretion of the Trustees or their delegate, accrued expenses and reserves) incurred in respect of such series (but not with liabilities incurred in respect of any other series) and such series shall also be charged with its share of any other liabilities. Any allocation of the liabilities of a series among classes of Shares of that series shall be done in a manner consistent with the preferences and special or relative rights or privileges of such classes. The determination of the Trustees shall be final and conclusive as to the amount of liabilities to be charged to one or more particular series or class. The Trustees may delegate from time to time the power to make such allocation to one or more Trustees or to an agent of the Trust appointed for such purpose. The liabilities with which a series is so charged are herein referred to as the "liabilities of" such series.

Section 4. The Trustees shall have the power, as frequently as they may determine, to cause each Shareholder to pay directly, in advance or arrears, for charges for the Trust's custodian or transfer or shareholder service or similar agent, an amount fixed from time to time by the Trustees, by setting off such charges due from such Shareholder from declared but unpaid dividends owed such Shareholder and/or by reducing the number of Shares in the account of such Shareholder by that number of full and/or fractional Shares which represents the outstanding amount of such charges due from such Shareholder.

Ownership of Assets of the Trust

Section 5. Title to all of the assets of each series of the Trust and of the Trust shall at all times be considered as vested in the Trustees.

Section 6. Subject to a favorable vote of a majority of the outstanding voting securities of a series of the Trust, the Trustees may on behalf of such series, at any time and from time to time, contract for exclusive or nonexclusive advisory and/or management services for such series with a corporation, trust, association or other organization, every such contract to comply with such requirements and restrictions as may be set forth in the By-Laws; and any such contract may contain such other terms interpretive of or in addition to said requirements and restrictions as the Trustees may determine, including, without limitation, authority to determine from time to time what investments shall be purchased, held, sold or exchanged and what portion, if any, of the assets of such series shall be held uninvested and to make changes in such series' investments. The Trustees may also, at any time and from time to time, contract with a corporation, trust, association or other organization, appointing it exclusive or nonexclusive distributor or principal underwriter for the Shares, every such contract to comply with such requirements and restrictions as may be set forth in the By-Laws; and any such contract may contain such other terms interpretive of or in addition to said requirements and restrictions as the Trustees may determine.

The fact that:

(a) any of the Shareholders, Trustees or officers of the Trust is a shareholder, director, officer, partner, trustee, employee, manager, advisor, principal

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underwriter, or distributor or agent of or for any corporation, trust, association, or other organization, or of or for any parent or affiliate of any organization, with which an advisory or management or principal underwriter's or distributor's contract, or transfer, shareholder services or other agency contract may have been or may hereafter be made, or that any such organization, or any parent or affiliate thereof, is a Shareholder or has an interest in the Trust, or that

(b) any corporation, trust, association or other organization with which an advisory or management or

principal underwriter's or distributor's contract, or transfer, shareholder services or other agency contract may have been or may hereafter be made also has an advisory or management contract, or principal underwriter's or distributor's contract, or transfer, shareholder services or other agency contract with one or more other corporations, trusts, associations, or other organizations, or has other businesses or interests shall not affect the validity of any such contract or disqualify any Shareholder, Trustee or officer of the Trust from voting upon or executing the same or create any liability or accountability to the Trust or its Shareholders.

ARTICLE V

Shareholders' Voting Powers and Meetings

Voting Powers

Section 1. Subject to the voting provisions of one or more classes of Shares, the Shareholders shall have power to vote only: (a) for the election or removal of Trustees as provided in Article IV, Section 1; (b) with respect to any investment advisor or manager as provided in Article IV, Section 6; (c) with respect to any termination or reorganization of the Trust or any series or class thereof to the extent and as provided in Article IX, Section 1; (d) with respect to any amendment of this Declaration of Trust to the extent and as provided in Article IX, Section 4; and (e) with respect to such additional matters relating to the Trust as may be required by law, the 1940 Act, this Declaration of Trust, the By-Laws or any registration of the Trust with the Securities and Exchange Commission (or any successor agency) or any state, or as the Trustees may consider necessary or desirable.

Each whole Share shall be entitled to one vote as to any matter on which it is entitled to vote and each fractional Share shall be entitled to a proportionate fractional vote. Notwithstanding any other provision of the Declaration of

Trust, on any matter submitted to a vote of Shareholders all Shares of the Trust then entitled to vote shall, except to the extent otherwise required or permitted by the preferences and special or relative rights or privileges of any classes of Shares, be voted by individual series and not in the aggregate or by class, except (a) when required by the 1940 Act, Shares shall be voted in the aggregate and not by individual series; and (b) when the Trustees have determined that the matter affects only the interests of one or more series or classes, then only Shareholders of such series or class shall be entitled to vote thereon. There shall be no cumulative voting in the election of Trustees. Shares may be voted in person or by proxy.

A proxy with respect to Shares held in the name of two or more persons shall be valid if executed by any one of them unless at or prior to the exercise of the proxy the Trust receives a specific written notice to the contrary from any one of them. A proxy purporting to be executed by or on behalf of a Shareholder shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger.

Until Shares of any series or class are issued, the Trustees may exercise all rights of Shareholders and may take any action required by law, this Declaration of Trust or the By-Laws to be taken by Shareholders of such series or class.

Shareholder Meetings

Section 2. Meetings of Shareholders (including meetings involving only one or more but less than all series or classes) may be called and held from time to time for the purpose of taking action upon any matter requiring the vote or authority of the Shareholders as herein provided or upon any other matter deemed by the Trustees to be necessary or desirable. Such meetings shall be held at the principal office of the Trust as set forth in the By-Laws of the Trust, or at any such other place within the United States as may be designated in the call thereof, which call shall be made by the Trustees or the President of the Trust. Meetings of Shareholders may be called by the Trustees or such other person or persons as may be specified in the By-Laws upon written application by Shareholders holding at least twenty-five percent (25%) (or ten percent (10%) if the purpose of the meeting is to determine if a Trustee is to be removed from office) of the Shares then outstanding of all

series and classes entitled to vote at such meeting requesting a meeting be called for a purpose requiring action by the Shareholders as provided herein or in the By-Laws which purpose shall be specified in any such written application.

Shareholders shall be entitled to at least seven days' written notice of any meeting of the Shareholders.

Quorum and Required Vote

Section 3. The presence at a meeting of Shareholders in person or by proxy of Shareholders entitled to vote at least thirty percent (30%) of all votes entitled to be cast at the meeting of each series or class entitled to vote as a series or class shall be a quorum for the transaction of business at a Shareholders' meeting, except that where any provision of law of this Declaration of Trust permits or requires that the holders of Shares shall vote in the aggregate and not as a series or class, then the presence in person or by proxy of Shareholders entitled to vote at least thirty percent (30%) of all votes entitled to be cast at the meeting (without regard to series or class) shall constitute a quorum. Any lesser number, however, shall be sufficient for adjournments. Any adjourned session or sessions may be held within a reasonable time after the date set for the original meeting without the necessity of further notice.

Except when a larger vote is required by any provisions of the 1940 Act, this Declaration of Trust or the By-Laws, a majority of the Shares of each series or class voted on the matter shall decide that matter insofar as that series or class is concerned, provided that where any provision of law, this Declaration of Trust or the By-Laws permits or requires that the holders of Shares vote in the aggregate and not as a series or class, then a majority of the Shares voted on any matter (without regard to series or class) shall decide such matter and a plurality shall elect a Trustee.

Action by Written Consent

Section 4. Any action taken by Shareholders may be taken without a meeting if Shareholders entitled to vote more than fifty percent (50%) of the votes entitled to be cast on the matter of each series or class or, where any provision of law, this Declaration of Trust or the By-Laws permits or requires that the holders of Shares vote in the aggregate and not as a series or class, if Shareholders entitled to vote

more than fifty percent (50%) of the votes entitled to be cast thereon (without regard to series or class) (or in

either case such larger vote as shall be required by any provision of this Declaration of Trust or the By-Laws) consent to the action in writing and such written consents are filed with the records of the meetings of Shareholders. Such consent shall be treated for all purposes as a vote taken at a meeting of Shareholders.

Additional Provisions

Section 5. The By-Laws may include further provisions for Shareholders' votes and meetings and related matters not inconsistent with the provisions hereof.

ARTICLE VI

Distributions, Redemptions and Repurchases,
and Determination of Net Asset Value

Distributions

Section 1. The Trustees may in their sole discretion from time to time distribute to the Shareholders of any series such income and gains, accrued or realized, as the Trustees may determine, after providing for actual and accrued expenses and liabilities of such series (including such reserves as the Trustees may establish) determined in accordance with this Declaration of Trust and good accounting practices. The Trustees shall have full discretion to determine which items shall be treated as income and which items as capital and their determination shall be binding upon the Shareholders. Distributions to any series, if any be made, shall be in Shares of such series, in cash or otherwise and on a date or dates determined by the Trustees. At any time and from time to time in their discretion, the Trustees may distribute to the Shareholders of any series as of a record date or dates determined by the Trustees, in Shares of such series, in cash or otherwise, all or part of any gains realized on the sale or disposition of property of

the series or otherwise, or all or part of any other principal of the Trust attributable to the series. Except to the extent otherwise required or permitted by the preferences and special or relative rights or privileges of any classes of Shares of that series, each distribution pursuant to this Section 1 shall be made ratably according to the number of Shares of the series held by the several Shareholders on the applicable record date thereof, provided that distributions from assets of a series may only be made to the holders of the Shares of such series and provided that no distributions

need be made on Shares purchased pursuant to orders received, or for which payment is made, after such time or times as the Trustees may determine. Any distribution to the Shareholders of a particular class of Shares shall be made to such Shareholders prorata in proportion to the numbers of Shares of such class held by each of them. Any distribution paid in Shares will be paid at the net asset value thereof as determined in accordance with this Declaration of Trust. The Trustees have the power, in their discretion, to distribute for any year amounts sufficient to enable the Trust to qualify as a "regulated investment company" under the Internal Revenue Code as amended (or any successor thereto) to avoid any liability for federal income tax in respect of that year.

Redemptions and Repurchases

Section 2. Any holder of Shares of the Trust may, by presentation of a request in proper form, together with his certificates, if any, for such Shares, in proper form for transfer to the Trust or duly authorized agent of the Trust, request redemption of his shares for the net asset value thereof determined and computed in accordance with the provisions of this Section 2 and the provisions of Section 6 of this Article VI.

Upon receipt by the Trust or its duly authorized agent, as the case may be, of such a request for redemption of Shares in proper form, such Shares shall be redeemed at the net asset value per share of the particular series or class next determined after such request is received or determined as of such other time fixed by the Trustees as may be permitted or required by the 1940 Act. The criteria for determining what constitutes a request for redemption in

proper form and the time of receipt of such request shall be fixed by the Trustees.

The obligation of the Trust to redeem its Shares as set forth above in this Section 2 shall be subject to the condition that such obligation may be suspended by the Trust by or under authority of the Trustees during any period or periods when and to the extent permissible under the 1940 Act. If there is such a suspension, any Shareholder may withdraw any request for redemption which has been received by the Trust during any such period and the applicable net asset value with respect to which would but for such suspension be calculated as of a time during such period. Upon such withdrawal, the Trust shall return to the Shareholder the certificates therefor, if any.

The Trust may also purchase, repurchase or redeem Shares in accordance with such other methods, upon such other terms and subject to such other conditions as the Trustee may from time to time authorize at a price not exceeding the net asset value of such Shares in effect when the purchase or repurchase or any contract to purchase or repurchase is made. Shares redeemed or repurchased by the Trust hereunder shall be cancelled upon such redemption or repurchase without further action by the Trust or the Trustees and the number of issued and outstanding Shares of the relevant series and class shall thereupon be reduced by such amount.

Payment for Shares Redeemed

Section 3. Payment of the redemption price for Shares redeemed pursuant to this Article VI shall be made by the Trust or its duly authorized agent after receipt by the Trust or its duly authorized agent of a request for redemption in proper form (together with any certificates for such Shares as provided in Section 2 above) in accordance with procedures and subject to conditions prescribed by the Trustees; provided, however, that payment may be postponed during the period in which the redemption of Shares is suspended under Section 2 above. Subject to any generally applicable limitation imposed by the Trustees, any payment on redemption, purchase or repurchase by the Trust of Shares may, if authorized by the Trustees, be made wholly or partly

in kind, instead of in cash. Such payment in kind shall be made by distributing securities or other property, constituting, in the opinion of the Trustees, a fair representation of the various types of securities and other property then held by the series of Shares being redeemed, purchased or repurchased (but not necessarily involving a portion of each of the series' holdings) and taken at their value used in determining the net asset value of the Shares in respect of which payment is made.

Redemptions at the Option of the Trust

Section 4. The Trust shall have the right at its option and at any time and from time to time to redeem Shares of any Shareholder at the net asset value thereof as determined in accordance with Section 6 of this Article VI, if at such time such Shareholder owns fewer Shares of a series or class than, or Shares of a series or class having an aggregate net asset value of less than, an amount determined from time to time by the Trustees. Any such redemption at the option of the Trust shall be made in accordance with such other criteria and procedures for determining the Shares to be redeemed, the

redemption date and the means of effecting such redemption as the Trustees may from time to time authorize.

Additional Provisions Relating to Dividends, Redemptions and

Repurchases

Section 5. The completion of redemption, purchase or repurchase of Shares shall constitute a full discharge of the Trust and the Trustees with respect to such Shares. No dividend or distribution (including, without limitation, any distribution paid upon termination of the Trust or of any series or class) with respect to, nor any redemption or repurchase of, the Shares of any series or class shall be effected by the Trust other than from the assets of such series.

Determination of Net Asset Value

Section 6. The term "net asset value" of each Share of a series or class as of any particular time shall be the quotient obtained by dividing the value, as at such time, of the net assets of such series or class (i.e., the value of the assets of such series or class less the liabilities of such series or class, exclusive of liabilities represented by the Shares of such series or class) by the total number of Shares of such series or class outstanding at such time, all determined and computed in accordance with the Trust's current prospectus.

The Trustees, or any officer, or officers or agent of the Trust designated for the purpose by the Trustees shall determine the net asset value of the Shares of each series or class, and the Trustees shall fix the time or times as of which the net asset value of the Shares of each series or class shall be determined and shall fix the periods during which any such net asset value shall be effective as to sales, redemptions and repurchases of, and other transactions in, the Shares of such series or class, except as such times and periods for any such transaction may be fixed by other provisions of this Declaration of Trust or by the By-Laws.

Determinations in accordance with this Section 6 made in good faith shall be binding on all parties concerned.

How Long Shares are Outstanding

Section 7. Shares of the Trust surrendered to the Trust for redemption by it pursuant to the provisions of Section 2

of this Article VI shall be deemed to be outstanding until the redemption price thereof is determined pursuant to this Article VI and, thereupon and until paid, the redemption price thereof shall be deemed to be a liability of the Trust. Shares of the Trust purchased by the Trust in the open market shall be deemed to be outstanding until confirmation of purchase thereof by the Trust and, thereupon and until paid, the purchase price thereof shall be deemed to be a liability of the Trust. Shares of the Trust redeemed by the Trust pursuant to Section 4 of this Article VI shall be deemed to be outstanding until said Shares are deemed to be redeemed in accordance with procedures adopted by the Trustees pursuant to said Section 4.

ARTICLE VII

Compensation and Limitation of Liability of Trustees and

Shareholders

Section 1. The Trustees as such shall be entitled to reasonable compensation from the Trust if the rate thereof is prescribed by such Trustees. Nothing herein shall in any way prevent the employment of any Trustee for advisory, management, legal, accounting, investment banking or other services and payment for the same by the Trust, it being recognized that such employment may result in such Trustee being considered an Affiliated Person or an Interested Person.

Limitation of Liability

Section 2. The Trustees shall not be responsible or liable in any event for any neglect or wrongdoing of any officer, agent, employee, investment advisor or manager, principal underwriter or custodian, nor shall any Trustee be responsible for the act or omission of any other Trustee. Nothing in this Declaration of Trust shall protect any Trustee against any liability to which such Trustee would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of the office of Trustee.

Every note, bond, contract, instrument, certificate, Share or undertaking and every other act or thing whatsoever executed or done by or on behalf of the Trust or the Trustee or any of them in connection with the Trust shall be

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conclusively deemed to have been executed or done only in or with respect to their or his capacity as Trustees or Trustee and neither such Trustees or Trustee nor the Shareholders shall be personally liable thereon.

Every note, bond, contract, instrument, certificate or

undertaking made or issued by the Trustees or by any officers or officer shall give notice that this Declaration of Trust is on file with the Secretary of State of The Commonwealth of Massachusetts and shall recite that the same was executed or made by or on behalf of the Trust by them as Trustees or Trustee or as officers or officer and not individually and that the obligations of such instrument are not binding upon any of them or the Shareholders individually but are binding only upon the assets and property of the Trust or a particular series of Shares, and may contain such further recital as he or they may deem appropriate, but the omission thereof shall not operate to bind any Trustees or Trustee or officers or officer or Shareholders or Shareholder individually.

All persons extending credit to, contracting with or having any claim against the Trust or a particular series of Shares shall look only to the assets of the Trust or the assets of that particular series of Shares, as the case may be, for payment under such credit, contract or claim; and neither the Shareholders nor the Trustees, nor any of the Trust's officers, employees or agents, whether past, present or future, shall be personally liable therefor.

Trustees' Good Faith Action, Expert Advice, No Bond or Surety

Section 3. The exercise by the Trustees of their powers and discretions hereunder shall be binding upon everyone interested. A Trustee shall be liable only for his own willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of the office of Trustee, and for nothing else, and shall not be liable for errors of judgment or mistakes of fact or law. The Trustees may take advice of counsel or other experts with respect to the meaning and operation of this Declaration of Trust and their duties as Trustees hereunder, and shall be under no liability for any act or omission in accordance with such advice or for failing to follow such advice. In discharging their duties, the Trustees, when acting in good faith, shall be entitled to rely upon the books of account of the Trust and upon written reports made to the Trustees by any officer appointed by them, any independent public accountant and (with respect to the subject matter of the contract involved) any officer, partner or responsible employee of any other party to any contract entered into pursuant to Section 2 of

Article IV. The Trustees shall not be required to give any bond as such, nor any surety if a bond is required.

Liability of Third Persons Dealing With Trustees

Section 4. No person dealing with the Trustees shall be bound to make any inquiry concerning the validity of any transaction made or to be made by the Trustees or to see to the application of any payments made or property transferred to the Trust or upon its order.

ARTICLE VIII

Indemnification

Subject to the exceptions and limitations contained in this Article, every person who is, or has been, a Trustee or officer of the Trust (including persons who serve at the request of the Trust as directors, officers or trustees of another organization in which the Trust has an interest as a shareholder, creditor or otherwise) hereinafter referred to as a "Covered Person", shall be indemnified by the Trust to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been such a Trustee, director or officer and against amounts paid or incurred by him in settlement thereof.

No indemnification shall be provided hereunder to a Covered Person:

(a) against any liability to the Trust or its Shareholders by reason of a final adjudication by the court or other body before which the proceeding was brought that he engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office;

(b) with respect to any matter as to which he shall have been finally adjudicated not to have acted in good faith in the reasonable belief that his action was in the best interest of the Trust; or

(c) in the event of a settlement or other disposition not involving a final adjudication (as

provided in paragraph (a) or (b)) and resulting in a payment by a Covered Person, unless there has been either

a determination that such Covered Person did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office by the court or other body approving the settlement or other disposition or a reasonable determination, based on a review of readily available facts (as opposed to a full trial-type inquiry) that he did not engage in such conduct:

(i) by a vote of a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter); or

(ii) by written opinion of independent legal counsel.

The rights of indemnification herein provided may be insured against by policies maintained by the Trust, shall be severable, shall not affect any other rights to which any Covered Person may now or hereafter be entitled, shall continue as to a person who has ceased to be such a Covered Person and shall inure to the benefit of the heirs, executors and administrators of such a person. Nothing contained herein shall affect any rights to indemnification to which Trust personnel other than Covered Persons may be entitled by contract or otherwise under law.

Expenses of preparation and presentation of a defense to any claim, action, suit or proceeding subject to a claim for indemnification under this Article shall be advanced by the Trust prior to final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Article, provided that either:

(a) such undertaking is secured by a surety bond or some other appropriate security or the Trust shall be insured against losses arising out of any such advances; or

(b) a majority of the Disinterested Trustees

acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter) or independent legal counsel in a written opinion shall determine, based upon a review of the readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the recipient ultimately will be found entitled to indemnification.

As used in this Article, a "Disinterested Trustee" is one (a) who is not an "interested person" of the Trust, as

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defined in the 1940 Act (including anyone who has been exempted from being an "interested person" by any rule, regulation or order of the Commission), and (b) against whom none of such actions, suits or other proceedings or another action, suit or other proceeding on the same or similar grounds is then or has been pending.

As used in this Article, the words "claim", "action", "suit" or "proceeding" shall apply to all claims, actions, suits or proceedings (civil, criminal or other, including appeals), actual or threatened; and the words "liability" and "expenses" shall include without limitation, attorneys' fees, cost, judgments, amounts paid in settlement, fines, penalties and other liabilities.

In case any Shareholder or former Shareholder shall be held to be personally liable solely by reason of his or her being or having been a Shareholder and not because of his or her acts or omissions or for some other reason, the Shareholder or former Shareholder (or his or her heirs, executors, administrators or other legal representatives or in the case of a corporation or other entity, its corporate or other general successor) shall be entitled to be held harmless from and indemnified against all loss and expense arising from such liability but only out of the assets of the particular series of Shares of which he or she is or was a Shareholder; provided, however, there shall be no liability or obligation of the Trust arising hereunder to reimburse any Shareholder for taxes paid by reason of such Shareholder's ownership of Shares or for losses suffered by reason of any changes in value of any Trust assets.

ARTICLE IX

Miscellaneous

Duration, Termination and Reorganization of Trust

Section 1. Unless terminated as provided herein, the Trust shall continue without limitation of time. The Trust may be terminated at any time by the Trustees by written notice to the Shareholders without a vote of the Shareholders of the Trust or by the vote of the Shareholders entitled to vote more than fifty percent (50%) of the votes of each series or class entitled to be cast on the matter. Any series or class of Shares may be terminated at any time by the Trustees by written notice to the Shareholders of such series or class without a vote of the Shareholders of such series or class or by the vote of the Shareholders of such

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series or class entitled to vote more than fifty percent (50%) of the votes entitled to be cast on the matter.

Upon termination of the Trust or of any one or more series or classes of Shares, after paying or otherwise providing for all charges, taxes, expenses and liabilities, whether due or accrued or anticipated, of the particular series or class as may be determined by the Trustees, the Trust shall in accordance with such procedures as the Trustees consider appropriate reduce to the extent necessary the remaining assets of the particular series to distributable form in cash or other securities, or any combination thereof, and distribute the proceeds to the Shareholders of the series or class involved, ratably according the number of Shares of such series or class held by the several Shareholders of such series or class on the date of termination. Any such distributions with respect to any series which has one or more classes of Shares outstanding shall be made ratably to such classes in the same proportion as the numbers of Shares of each class bears to the total number of Shares of the series, except to the extent otherwise required or permitted by the preferences and special or relative rights or privileges of any classes of Shares of any such series.

At any time by the affirmative vote of the Shareholders of the affected series entitled to vote more than fifty percent (50%) of the votes entitled to be cast on the matter,

the Trustees may sell, convey and transfer the assets of the Trust, or the assets belonging to any one or more series, to another trust, partnership, association or corporation organized under the laws of any state of the United States, or to the Trust to be held as assets belonging to another series of the Trust, in exchange for cash, shares or other securities (including, in the case of a transfer to another series of the Trust, Shares of such other series) with such transfer being made subject to, or with the assumption by the transferee of, the liabilities belonging to each series the assets of which are so distributed. Following such transfer, the Trustees shall distribute such cash, shares or other securities (giving due effect to the assets and liabilities belonging to and any other differences among the various series the assets belonging to which have so been transferred) among the Shareholders of the series the assets belonging to which have been so transferred; and if all the assets of the Trust have been so distributed, the Trust shall be terminated.

Filing of Copies, References, Headings

Section 2. The original or a copy of this instrument and of each amendment hereto shall be kept at the office of the Trust where it may be inspected by any Shareholder. A copy of this instrument and of each amendment hereto shall be filed by the Trust with the Secretary of State of The Commonwealth of Massachusetts and with the Boston City Clerk, as well as any other governmental office where such filing may from time to time be required. Anyone dealing with the Trust may rely on a certificate by any officer of the Trust as to whether or not any such amendments have been made and as to any matters in connection with the Trust hereunder; and, with the same effect as if it were the original, may rely on a copy certified by an officer of the Trust to be a copy of this instrument or of any such amendments. In this instrument and in any such amendment, references to this instrument, and all expressions like "herein", "hereof", and "hereunder", shall be deemed to refer to this instrument as

amended from time to time. Headings are placed herein for convenience of reference only and shall not be taken as a part hereof or control or affect the meaning, construction or effect of this instrument. This instrument may be executed in any number of counterparts each of which shall be deemed an original.

Applicable Law

Section 3. This Declaration of Trust is made in The Commonwealth of Massachusetts, and it is created under and is to be governed by and construed and administered according to the laws of said Commonwealth. The Trust shall be of the type commonly called a Massachusetts business trust, and without limiting the provisions hereof, the Trust may exercise all powers which are ordinarily exercised by such a trust.

Amendments

Section 4. This Declaration of Trust may be amended at any time by an instrument in writing signed by a majority of the then Trustees when authorized so to do by vote of Shareholders holding more than fifty percent (50%) of the Shares of each series entitled to vote, except that an amendment which shall affect the holders of one or more series or classes of Shares but not the holders of all outstanding series and classes shall be authorized by vote of the Shareholders holding more than fifty percent (50%) of the Shares entitled to vote of each series or class affected and

no vote of Shareholders of a series or class not affected shall be required. Amendments having the purpose of changing the name of the Trust or any series or class or of supplying any omission, curing any ambiguity or curing, correcting or supplementing any provision which is defective or inconsistent with the 1940 Act or with the requirements of the Internal Revenue Code and the regulations thereunder for the Trust's obtaining the most favorable treatment thereunder available to regulated investment companies shall not require authorization by Shareholder vote.

BY-LAWS OF
TAX-EXEMPT NEW YORK MONEY MARKET FUND

Section 1. Agreement and Declaration of

Trust and Principal Office

1.1 Agreement and Declaration of Trust. These By-Laws shall be subject to the Agreement and Declaration of Trust, as from time to time in effect (the "Declaration of Trust"), of TAX-EXEMPT NEW YORK MONEY MARKET FUND, the Massachusetts business trust established by the Declaration of Trust (the "Trust").

1.2 Principal Office of the Trust; Resident Agent. The principal office of the Trust shall be located in Chicago, Illinois. Its resident agent in Massachusetts shall be CT Corporation System, 2 Oliver Street, Boston, Massachusetts or such other person as the Trustees may from time to time select.

Section 2. Shareholders

2.1 Shareholder Meetings. Meetings of the shareholders may be called at any time by the Trustees, by the President or, if the Trustees and the President shall fail to call any meeting of shareholders for a period of 30 days after written application of one or more shareholders who hold at least 25% of all shares issued and outstanding and entitled to vote at the meeting (or 10% if the purpose of the meeting is to determine if a Trustee shall be removed from office), then such shareholders may call such meeting. Each call of a meeting shall state the place, date, hour and purposes of the meeting.

2.2 Place of Meetings. All meetings of the shareholders shall be held at the principal office of the Trust, or, to the extent permitted by the Declaration of Trust, at such other place within the United States as shall be designated by the Trustees or the President of the Trust.

2.3 Notice of Meetings. A written notice of each meeting of shareholders, stating the place, date and hour and the purposes of the meeting, shall be given at least seven days before the meeting to each shareholder entitled to vote thereat by leaving

such notice with him or at his residence or usual place of business or by mailing it, postage prepaid, and addressed to such shareholder at his address as it appears in the records of the Trust. Such notice shall be given by the Secretary or an

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Assistant Secretary or by an officer designated by the Trustees. No notice of any meeting of shareholders need be given to a shareholder if a written waiver of notice, executed before or after the meeting by such shareholder or his attorney thereunto duly authorized, is filed with the records of the meeting.

2.4 Ballots. No ballot shall be required for any election unless requested by a shareholder present or represented at the meeting and entitled to vote in the election.

2.5 Proxies and Voting. Shareholders entitled to vote may vote either in person or by proxy in writing dated not more than six months before the meeting named therein, which proxies shall be filed with the Secretary or other person responsible to record the proceedings of the meeting before being voted. Unless otherwise specifically limited by their terms, such proxies shall entitle the holders thereof to vote at any adjournment of such meeting but shall not be valid after the final adjournment of such meeting. At all meetings of shareholders, unless the voting is conducted by inspectors, all questions relating to the qualification of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by the chairman of the meeting.

Section 3. Trustees

3.1 Committees and Advisory Board. The Trustees may appoint from their number an executive committee and other committees. Any such committee may be abolished and reconstituted at any time and from time to time by the Trustees. Except as the Trustees may otherwise determine, any such committee may make rules for the conduct of its business. The Trustees may appoint an advisory board to consist of not less than two nor more than five members. The members of the advisory board shall be compensated in such manner as the Trustees may determine and shall confer with and advise the Trustees regarding the investments and other affairs of the Trust. Each member of the advisory board shall hold office until the first meeting of the Trustees following the meeting of the shareholders, if any, next following his appointment and until his successor is appointed and qualified, or until he sooner dies, resigns, is removed, or becomes

disqualified, or until the advisory board is sooner abolished by the Trustees.

3.2 Regular Meetings. Regular meetings of the Trustees may be held without call or notice at such places and at such times as the Trustees may from time to time determine, provided that notice of the first regular meeting following any such determination shall be given to absent Trustees. A regular meeting of the Trustees may be held without call or notice

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immediately after and at the same place as any meeting of the shareholders.

3.3 Special Meetings. Special meetings of the Trustees may be held at any time and at any place designated in the call of the meeting, when called by the Chairman of the Board or by two or more Trustees, sufficient notice thereof being given to each Trustee by the Secretary or an Assistant Secretary or by the officer or one of the Trustees calling the meeting.

3.4 Notice. It shall be sufficient notice to a Trustee to send notice by mail at least three days or by telegram at least twenty-four hours before the meeting addressed to the Trustee at his or her usual or last known business or residence address or to give notice to him or her in person or by telephone at least twenty-four hours before the meeting. Notice of a meeting need not be given to any Trustee if a written waiver of notice, executed by him or her before or after the meeting, is filed with the records of the meeting, or to any Trustee who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him or her. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.

3.5 Quorum. At any meeting of the Trustees, one-third of the Trustees then in office shall constitute a quorum; provided, however, a quorum (unless the Board of Trustees consists of two or fewer persons) shall not be less than two. Any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

Section 4. Officers and Agents

4.1 Enumeration; Qualification. The officers of the Trust shall

be a President, a Treasurer, a Secretary and such other officers, if any, as the Trustees from time to time may in their discretion elect or appoint. The Trust may also have such agents, if any, as the Trustees from time to time may in their discretion appoint. Any officer may be but none need be a Trustee or shareholder. Any two or more offices may be held by the same person.

4.2 Powers. Subject to the other provisions of these By-Laws, each officer shall have, in addition to the duties and powers herein and in the Declaration of Trust set forth, such duties and powers as are commonly incident to his or her office as if the Trust were organized as a Massachusetts business corporation and such other duties and powers as the Trustees may from time to time designate.

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4.3 Election. The President, the Treasurer and the Secretary shall be elected annually by the Trustees at their first meeting in each calendar year or at such later meeting in such year as the Trustees shall determine. Other officers or agents, if any, may be elected or appointed by the Trustees at said meeting or at any other time.

4.4 Tenure. The President, Treasurer and Secretary shall hold office until the first meeting of Trustees in each calendar year and until their respective successors are chosen and qualified, or in each case until he or she sooner dies, resigns, is removed or becomes disqualified. Each other officer shall hold office and each agent shall retain his or her authority at the pleasure of the Trustees.

4.5 Chairman of the Board. The Chairman of the Board of Trustees, if one is so appointed, shall be chosen from among the Trustees and may hold office only so long as he continues to be a Trustee. The Chairman of the Board, if any is so appointed, shall preside at all meetings of the shareholders and of the Trustees at which he is present; and shall have such other duties and powers as specified herein and as may be assigned to him by the Trustee.

4.6 President and Vice Presidents. The President shall be the chief executive officer of the Trust. The President shall, subject to the control of the Trustees, have general charge and supervision of the Trust and shall perform such other duties and have such other powers as the Trustees shall prescribe from time

to time. Any Vice President shall at the request or in the absence or disability of the President exercise the powers of the President and perform such other duties and have such other powers as shall be designated from time to time by the Trustees.

4.7 Treasurer and Controller. The Treasurer shall be the chief financial officer of the Trust and, subject to any arrangement made by the Trustees with a bank or trust company or other organization as custodian or transfer or shareholder services agent, shall be in charge of its valuable papers and shall have such other duties and powers as may be designated from time to time by the Trustees or by the President. If at any time there shall be no Controller, the Treasurer shall also be the chief accounting officer of the Trust and shall have the duties and power prescribed herein for the Controller. Any Assistant Treasurer shall have such duties and powers as shall be designated from time to time by the Trustees.

The Controller, if any be elected, shall be the chief accounting officer of the Trust and shall be in charge of its books of account and accounting records. The Controller shall be responsible for preparation of financial statements of the Trust

and shall have such other duties and powers as may be designated from time to time by the Trustees or the President.

4.8 Secretary and Assistant Secretaries. The Secretary shall record all proceedings of the shareholders and the Trustees in books to be kept therefor, which books shall be kept at the principal office of the Trust. In the absence of the Secretary from any meeting of shareholders or Trustees, an Assistant Secretary, or if there be none or if he or she is absent, a temporary clerk chosen at the meeting shall record the proceedings thereof in the aforesaid books.

Section 5. Resignations and Removal

Any Trustee may resign his trust or retire as a Trustee in accordance with procedures set forth in the Declaration of Trust. Any officer or advisory board member may resign at any time by delivering his or her resignation in writing to the Chairman of the Board, the President or the Secretary or to a meeting of the Trustees. The Trustees may remove any officer or advisory board member elected or appointed by them with or without cause by the

vote of a majority of the Trustees then in office. Except to the extent expressly provided in a written agreement with the Trust, no Trustee, officer, or advisory board member resigning, and no officer or advisory board member removed, shall have any right to any compensation for any period following his or her resignation or removal, or any right to damages on account of such removal.

Section 6. Vacancies

A vacancy in the office of Trustee shall be filled in accordance with the Declaration of Trust. Vacancies resulting from the death, resignation, incapacity or removal of any officer may be filled by the Trustees. Each successor of any such officer shall hold office for the unexpired term, and in the case of the President, the Treasurer and the Secretary, until his or her successor is chosen and qualified, or in each case until he or she sooner dies, resigns, is removed or becomes disqualified.

Section 7. Shares of Beneficial Interest

7.1 Share Certificates. No certificates certifying the ownership of shares shall be issued except as the Trustees may otherwise authorize. In the event that the Trustees authorize the issuance of share certificates, subject to the provisions of Section 7.3, each shareholder shall be entitled to a certificate

stating the number of shares owned by him or her, in such form as shall be prescribed from time to time by the Trustees. Such certificate shall be signed by the President or a Vice President and by the Treasurer, Assistant Treasurer, Secretary or Assistant Secretary. Such signatures may be facsimiles if the certificate is signed by a transfer or shareholder services agent or by a registrar, other than a Trustee, officer or employee of the Trust. In case any officer who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Trust with the same effect as if he or she were such officer at the time of its issue.

In lieu of issuing certificates for shares, the Trustees or the transfer or shareholder services agent may either issue receipts therefor or may keep accounts upon the books of the Trust for the record holders of such shares, who shall in either case be

deemed, for all purposes hereunder, to be the holders of certificates for such shares as if they had accepted such certificates and shall be held to have expressly assented and agreed to the terms hereof.

7.2 Loss of Certificates. In the case of the alleged loss or destruction or the mutilation of a share certificate, a duplicate certificate may be issued in place thereof, upon such terms as the Trustees may prescribe.

7.3 Discontinuance of Issuance of Certificates. The Trustees may at any time discontinue the issuance of share certificates and may, by written notice to each shareholder, require the surrender of share certificates to the Trust for cancellation. Such surrender and cancellation shall not affect the ownership of shares in the Trust.

Section 8. Record Date

The Trustees may fix in advance a time, which shall not be more than 90 days before the date of any meeting of shareholders or the date for the payment of any dividend or making of any other distribution to shareholders, as the record date for determining the shareholders having the right to notice and to vote at such meeting and any adjournment thereof or the right to receive such dividend or distribution, and in such case only shareholders of record on such record date shall have such right, notwithstanding any transfer of shares on the books of the Trust after the record date.

Section 9. Seal

The seal of the Trust shall, subject to alteration by the Trustees, consist of a flat-faced circular die with the word "Massachusetts" together with the name of the Trust, cut or engraved thereon; but, unless otherwise required by the Trustees, the seal shall not be necessary to be placed on, and its absence shall not impair the validity of, any document, instrument, or other paper executed and delivered by or on behalf of the Trust.

Section 10. Execution of Papers

Except as the Trustees may generally or in particular cases authorize the execution thereof in some other manner, all deeds, leases, transfers, contracts, bonds, notes, checks, drafts and other obligations made, accepted or endorsed by the Trust shall be signed, and any transfers of securities standing in the name of the Trust shall be executed, by the President or by one of the Vice Presidents or by the Treasurer or by whomsoever else shall be designated for that purpose by the vote of the Trustees and need not bear the seal of the Trust.

Section 11. Fiscal Year

The fiscal year of the Trust shall end on such date in each year as the Trustees shall from time to time determine.

Section 12. Amendments

These By-Laws may be amended or repealed, in whole or in part, by a majority of the Trustees then in office at any meeting of the Trustees, or by one or more writings signed by such majority.

TEXT OF SHARE CERTIFICATE

[Name]
is the owner of [number] shares
of beneficial interest in the above noted Fund (the "FUND"), of
the series and class, if any, specified, fully paid and
nonassessable, the said shares being issued and held subject to
the provisions of the Agreement and Declaration of Trust of the
Fund, and all amendments thereto, copies of which are on file
with the Secretary of The Commonwealth of Massachusetts. The
said owner by accepting this certificate agrees to and is bound
by all of the said provisions. The shares represented hereby are
transferable in writing by the owner thereof in person or by
attorney upon surrender of this certificate to the Fund properly
endorsed for transfer. This certificate is executed on behalf of
the Trustees of the Fund as Trustees and not individually and the
obligations hereof are not binding upon any of the Trustees,
officers or shareholders individually but are binding only upon
the assets and property of the Fund or, if applicable, the
specified series of the Fund. The shares may be subject to a
contingent deferred sales charge. This certificate is not valid
unless countersigned by the Transfer Agent.

INVESTMENT MANAGEMENT AGREEMENT

AGREEMENT made this 18th day of October, 1990, by and between TAX-EXEMPT NEW YORK MONEY MARKET FUND, a Massachusetts business trust (the "Fund"), and KEMPER FINANCIAL SERVICES, INC., a Delaware corporation (the "Adviser").

WHEREAS, the Fund is an open-end, diversified management investment company registered under the Investment Company Act of 1940, the shares of beneficial interest ("Shares") of which are registered under the Securities Act of 1933;

WHEREAS, the Fund is authorized to issue Shares in separate series or portfolios with each representing the interests in a separate portfolio of securities and other assets;

WHEREAS, the Fund intends initially to offer Shares in one portfolio, the Initial Portfolio, together with any other Fund portfolios which may be established later and served by the Adviser hereunder, being herein referred to collectively as the "Portfolios" and individually referred to as a "Portfolio"; and

WHEREAS, the Fund desires at this time to retain the Adviser to render investment advisory and management services to the Initial Portfolio, and the Adviser is willing to render such services;

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

1. The Fund hereby employs the Adviser to act as the investment adviser for the Initial Portfolio and other Portfolios hereunder and to manage the investment and reinvestment of the assets of each such Portfolio in accordance with the applicable investment objectives and policies and limitations, and to administer the affairs of each such Portfolio to the extent requested by and subject to the supervision of the Board of Trustees of the Fund for the period and upon the terms herein set forth. The investment of funds shall be subject to all applicable restrictions of the Agreement and Declaration of Trust and By-Laws of the Fund as may from time to time be in force.

The Adviser accepts such employment and agrees during such period to render such services, to furnish office

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facilities and equipment and clerical, bookkeeping and administrative services for the Fund, to permit any of its officers or employees to serve without compensation as trustees or officers of the Fund if elected to such positions and to assume the obligations herein set forth for the compensation herein provided. The Adviser shall for all purposes herein provided be deemed to be an independent contractor and, unless otherwise expressly provided or authorized, shall have no authority to act for or represent the Fund in any way or otherwise be deemed an agent of the Fund. It is understood and agreed that the Adviser, by separate agreements with the Fund, may also serve the Fund in other capacities.

2. In the event that the Fund establishes one or more portfolios other than the Initial Portfolio with respect to which it desires to retain the Adviser to render investment advisory and management services hereunder, it shall notify the Adviser in writing. If the Adviser is willing to render such services, it shall notify the Fund in writing whereupon such portfolio or portfolios shall become a Portfolio or Portfolios hereunder.

3. For the services and facilities described in Section 1, the Fund will pay to the Adviser at the end of each calendar month, an investment management fee computed at an annual rate of .22 of 1% of the first \$500,000,000 of average daily net assets of all Portfolios subject to this Agreement, .20 of 1% of the next \$500,000,000, .175 of 1% of the next \$1 billion, .16 of 1% of the next \$1 billion and .15 of 1% of average daily net assets of all Portfolios subject to this Agreement over \$3 billion. The fee as computed above shall be allocated as an expense of each Portfolio based upon the relative daily net assets of such Portfolios. For the month and year in which this Agreement becomes effective or terminates, there shall be an appropriate proration on the basis of the number of days that the Agreement is in effect during the month and year, respectively.

4. The services of the Adviser to the Fund under this Agreement are not to be deemed exclusive, and the Adviser shall be free to render similar services or other services to others so long as its services hereunder are not impaired thereby.

5. In addition to the fee of the Adviser, the Fund shall assume and pay any expenses for services rendered by a custodian for the safekeeping of the Fund's securities or other property, for keeping its books of account, for any other charges of the custodian, and for calculating the net asset value of the Fund as provided in the prospectus of the Fund. The Adviser shall not be required to pay and the Fund

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shall assume and pay the charges and expenses of its operations, including compensation of the trustees (other than those affiliated with the Adviser), charges and expenses of independent auditors, of legal counsel, of any transfer or dividend disbursing agent, and of any registrar of the Fund, costs of acquiring and disposing of portfolio securities, interest, if any, on obligations incurred by the Fund, costs of share certificates and of reports, membership dues in the Investment Company Institute or any similar organization, costs of reports and notices to shareholders, other like miscellaneous expenses and all taxes and fees payable to federal, state or other governmental agencies on account of the registration of securities issued by the Fund, filing of trust documents or otherwise. The Fund shall not pay or incur any obligation for any expenses for which the Fund intends to seek reimbursement from the Adviser as herein provided without first obtaining the written approval of the Adviser. The Adviser shall arrange, if desired by the Fund, for officers or employees of the Adviser to serve, without compensation from the Fund, as trustees, officers or agents of the Fund if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law.

If expenses borne by the Fund for those Portfolios which the Adviser manages in any fiscal year (including the Adviser's fee, but excluding interest, taxes, fees incurred in acquiring and disposing of portfolio securities, distribution services fees, extraordinary expenses and any other expenses excludable under state securities law limitations) exceed any applicable limitation arising under state securities laws, the Adviser will reduce its fee or reimburse the Fund for any excess to the extent required by such state securities laws. The expense limitation guarantee shall be allocated to each such Portfolio upon a fee reduction or reimbursement based upon the relative average daily net assets of each such Portfolio. If for any month

the expenses of the Fund properly chargeable to the income account shall exceed 1/12 of the percentage of average net assets allowable as expenses, the payment to the Adviser for that month shall be reduced and if necessary the Adviser shall make a refund payment to the Fund so that the total net expense will not exceed such percentage. As of the end of the Fund's fiscal year, however, the foregoing computations and payments shall be readjusted so that the aggregate compensation payable to the Adviser for the year is equal to the percentage set forth in Section 3 hereof of the average net asset value as determined as described herein throughout the fiscal year, diminished to the extent necessary so that the total of the aforementioned expense items of the Fund shall not exceed the expense limitation. The aggregate of repayments, if any, by the Adviser to the Fund for the year

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shall be the amount necessary to limit the said net expense to said percentage in accordance with the foregoing.

The net asset value for each Portfolio shall be calculated in accordance with the provisions of the Fund's prospectus or at such other time or times as the trustees may determine in accordance with the provisions of the Investment Company Act of 1940. On each day when net asset value is not calculated, the net asset value of a share of a Portfolio shall be deemed to be the net asset value of such a share as of the close of business on the last day on which such calculation was made for the purpose of the foregoing computations.

6. Subject to applicable statutes and regulations, it is understood that trustees, officers or agents of the Fund are or may be interested in the Adviser as officers, directors, agents, shareholders or otherwise, and that the officers, directors, shareholders and agents of the Adviser may be interested in the Fund otherwise than as a trustee, officer or agent.

7. The Adviser shall not be liable for any error of judgment or of law or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, except loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Adviser in the performance of its obligations and duties or by reason of its reckless disregard of its obligations and duties under this Agreement.

8. This Agreement shall become effective with respect to the Initial Portfolio on the date hereof and shall remain in full force until December 1, 1991, unless sooner terminated as hereinafter provided. This Agreement shall continue in force from year to year thereafter with respect to each Portfolio, but only as long as such continuance is specifically approved for each Portfolio at least annually in the manner required by the Investment Company Act of 1940 and the rules and regulations thereunder; provided, however, that if the continuation of this Agreement is not approved for a Portfolio, the Adviser may continue to serve in such capacity for such Portfolio in the manner and to the extent permitted by the Investment Company Act of 1940 and the rules and regulations thereunder.

This Agreement shall automatically terminate in the event of its assignment and may be terminated at any time without the payment of any penalty by the Fund or by the Adviser on sixty (60) days written notice to the other party. The Fund may effect termination with respect to any Portfolio by action of the Board of Trustees or by vote of a majority of the outstanding voting securities of such Portfolio.

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This Agreement may be terminated with respect to any Portfolio at any time without the payment of any penalty by the Board of Trustees or by vote of a majority of the outstanding voting securities of such Portfolio in the event that it shall have been established by a court of competent jurisdiction that the Adviser or any officer or director of the Adviser has taken any action which results in a breach of the covenants of the Adviser set forth herein.

The terms "assignment" and "vote of a majority of the outstanding voting securities" shall have the meanings set forth in the Investment Company Act of 1940 and the rules and regulations thereunder.

Termination of this Agreement shall not affect the right of the Adviser to receive payments on any unpaid balance of the compensation described in Section 3 earned prior to such termination.

9. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder shall not be thereby affected.

10. Any notice under this Agreement shall be in writing,

addressed and delivered or mailed, postage prepaid, to the other party at such address as such other party may designate for the receipt of such notice.

11. All parties hereto are expressly put on notice of the Fund's Agreement and Declaration of Trust and all amendments thereto, all of which are on file with the Secretary of The Commonwealth of Massachusetts, and the limitation of shareholder and trustee liability contained therein. This Agreement has been executed by and on behalf of the Fund by its representatives as such representatives and not individually, and the obligations of the Fund hereunder are not binding upon any of the trustees, officers, or shareholders of the Fund individually but are binding upon only the assets and property of the Fund. With respect to any claim by the Adviser for recovery of that portion of the investment management fee (or any other liability of the Fund arising hereunder) allocated to a particular Portfolio, whether in accordance with the express terms hereof or otherwise, the Adviser shall have recourse solely against the assets of that Portfolio to satisfy such claim and shall have no recourse against the assets of any other Portfolio for such purpose.

12. This Agreement shall be construed in accordance with applicable federal law and (except as to Section 11 hereof which shall be construed in accordance with the laws of The

Commonwealth of Massachusetts) the laws of the State of Illinois.

IN WITNESS WHEREOF, the Fund and the Adviser have caused this Agreement to be executed as of the day and year first above written.

TAX-EXEMPT NEW YORK MONEY MARKET FUND

By: /s/ Gerald M. Cole

Title: Vice President

ATTEST:

/s/ Philip J. Collora

Title: Asst. Secy

KEMPER FINANCIAL SERVICES, INC.

By: /s/ Robert Jackson

Title: CFO

ATTEST:

/s/ Robert J. Engling

Title: Secy

ADMINISTRATION, SHAREHOLDER SERVICES AND
DISTRIBUTION AGREEMENT

AGREEMENT made this 25th day of March, 1991, by and between TAX-EXEMPT NEW YORK MONEY MARKET FUND, a Massachusetts business trust (the "Fund"), and KEMPER FINANCIAL SERVICES, INC., a Delaware corporation ("KFS").

In consideration of the mutual covenants hereinafter contained, it is hereby agreed by and between the parties hereto as follows:

1. The Fund hereby appoints KFS to act as administrator, distributor and principal underwriter for the distribution of shares of beneficial interest (hereinafter called "shares") of the Fund in jurisdictions wherein shares of the Fund may legally be offered for sale; provided, however, that the Fund in its absolute discretion may (a) issue or sell shares directly to holders of shares of the Fund upon such terms and conditions and for such consideration, if any, as it may determine, whether in connection with the distribution of subscription or purchase rights, the payment or reinvestment of dividends or distributions, or otherwise; or (b) issue or sell shares at net asset value to the shareholders of any other investment company, for which KFS shall act as exclusive distributor, who wish to exchange all or a portion of their investment in shares of such other investment company for shares of the Fund.

KFS shall appoint various broker-dealers and other financial services firms ("Firms") to provide a cash management service for their clients through the Fund. The Firms shall provide such office space and equipment, telephone facilities, personnel, literature distribution, advertising and promotion as is necessary or beneficial for providing information and services to potential and existing shareholders of the Fund and to assist the Fund's shareholder service agent in servicing accounts of the Firm's clients who own Fund shares ("clients"). Such services and assistance may include, but are not limited to, establishment and maintenance of shareholder accounts and records, processing purchase and redemption transactions, automatic investment in Fund shares of client account cash balances, answering

routine client inquiries regarding the Fund, assistance to clients in changing dividend options, account designations and addresses, and such other services as the Fund or KFS may

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reasonably request. KFS may also provide some of the above services for the Fund directly.

KFS accepts such appointment and agrees during the term hereof to render such services and to assume the obligations herein set forth for the compensation herein provided. KFS shall for all purposes herein provided be deemed to be an independent contractor and, unless otherwise expressly provided or authorized, shall have no authority to act for or represent the Fund in any way or otherwise be deemed an agent of the Fund. It is understood and agreed that KFS, by separate agreement with the Fund, may also serve the Fund in other capacities. The services of KFS to the Fund under this Agreement are not to be deemed exclusive, and KFS shall be free to render similar services or other services to others.

In carrying out its duties and responsibilities hereunder, KFS will, pursuant to separate administration services and selling group agreements ("services agreements"), appoint various Firms to provide administrative, distribution and other services contemplated hereunder directly to or for the benefit of existing and potential shareholders who may be clients of such Firms. Such Firms shall at all times be deemed to be independent contractors retained by KFS and not the Fund. KFS and not the Fund will be responsible for the payment of compensation to such Firms for such services. The services agreements between KFS and such Firms shall be substantially in the form attached hereto as Appendix I. The fee schedule in the services agreement in effect for any specific Firm may be varied from that set forth in the attached Appendix in the discretion of KFS.

KFS will use its best efforts with reasonable promptness to sell such part of the authorized shares of the Fund remaining unissued as from time to time shall be effectively registered under the Securities Act of 1933 ("Securities Act"), at prices determined as hereinafter provided and on terms hereinafter set forth, all subject to applicable Federal and state laws and regulations and to the Agreement and Declaration of Trust of the Fund. The price the Fund shall receive for all shares purchased from the Fund shall be the net asset value used in determining the public offering price applicable to the sale of such shares.

2. KFS shall sell shares of the Fund to or through qualified Firms in such manner, not inconsistent with the provisions hereof and the then effective registration statement of the Fund under the Securities Act (and related prospectus), as KFS may determine from time to time, provided that no Firm or other person shall be appointed or authorized to act as agent of the Fund without the prior consent of the

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Fund. In addition to sales made by it as agent of the Fund, KFS may, in its discretion, also sell shares of the Fund as principal to persons with whom it does not have services agreements.

Shares of the Fund offered for sale or sold by KFS shall be so offered or sold at a price per share determined in accordance with the then current prospectus relating to the sale of such shares except as departure from such prices shall be permitted by the rules and regulations of the Securities and Exchange Commission; provided, however, that any public offering price for shares of the Fund shall be the net asset value per share. The net asset value per share of the Fund shall be determined in the manner and at the times set forth in the then current prospectus of the Fund relating to such shares.

KFS will require each Firm to conform to the provisions hereof and the Registration Statement (and related prospectus) at the time in effect under the Securities Act with respect to the public offering price of the Fund's shares, and neither KFS nor any such Firms shall withhold the placing of purchase orders so as to make a profit thereby.

3. The Fund will use its best efforts to keep effectively registered under the Securities Act for sale as herein contemplated such shares as KFS shall reasonably request and as the Securities and Exchange Commission shall permit to be so registered. Notwithstanding any other provision hereof, the Fund may terminate, suspend or withdraw the offering of shares whenever, in its sole discretion, it deems such action to be desirable.

4. The Fund will execute any and all documents and furnish any and all information which may be reasonably necessary in connection with the qualification of its shares

for sale (including the qualification of the Fund as a dealer where necessary or advisable) in such states as KFS may reasonably request (it being understood that the Fund shall not be required without its consent to comply with any requirement which in its opinion is unduly burdensome). The Fund will furnish to KFS from time to time such information with respect to the Fund and its shares as KFS may reasonably request for use in connection with the sale of shares of the Fund.

5. KFS shall issue and deliver or shall arrange for various Firms to issue and deliver on behalf of the Fund such confirmations of sales made by it as agent pursuant to this Agreement as may be required. At or prior to the time of issuance of shares, KFS will pay or cause to be paid to the Fund the amount due the Fund for the sale of such shares.

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Certificates shall be issued or shares registered on the transfer books of the Fund in such names and denominations as KFS may specify.

6. KFS shall order shares of the Fund from the Fund only to the extent that it shall have received purchase orders therefor. KFS will not make, or authorize any Firms or others to make, any short sales of shares of the Fund. KFS, as agent of and for the account of the Fund, may repurchase the shares of the Fund at such prices and upon such terms and conditions as shall be specified in the current prospectus of the Fund. In selling or reacquiring shares of the Fund for the account of the Fund, KFS will in all respects conform to the requirements of all state and Federal laws and the Rules of Fair Practice of the National Association of Securities Dealers, Inc., relating to such sale or reacquisition, as the case may be, and will indemnify and save harmless the Fund from any damage or expense on account of any wrongful act by KFS or any employee, representative or agent of KFS. KFS will observe and be bound by all the provisions of the Agreement and Declaration of Trust of the Fund (and of any fundamental policies adopted by the Fund pursuant to the Investment Company Act of 1940, notice of which shall have been given to KFS) which at the time in any way require, limit, restrict or prohibit or otherwise regulate any action on the part of KFS.

7. The Fund shall assume and pay all charges and expenses of its operations not specifically assumed or

otherwise to be provided by KFS under this Agreement. The Fund will pay or cause to be paid expenses (including the fees and disbursements of its own counsel) and all taxes and fees payable to the Federal, state or other governmental agencies on account of the registration or qualification of securities issued by the Fund or otherwise. The Fund will also pay or cause to be paid expenses incident to the issuance of shares of beneficial interest, such as the cost of share certificates, issue taxes, and fees of the transfer agent. KFS will pay all expenses (other than expenses which one or more Firms may bear pursuant to any agreement with KFS) incident to the sale and distribution of the shares issued or sold hereunder including, without limiting the generality of the foregoing, all expenses of printing and distributing any prospectus and of preparing, printing and distributing or disseminating any other literature, advertising and selling aids in connection with the offering of the shares for sale (except that such expenses need not include expenses incurred by the Fund in connection with the preparation, typesetting, printing and distribution of any registration statement, prospectus or report or other communication to shareholders in their capacity as such) and expenses of advertising in connection with such offering.

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8. For the services and facilities described herein, the Fund will pay to KFS at the end of each calendar month an administration services fee computed at an annual rate of 0.50 of 1% of the average daily net assets of the Fund. For the month and year in which this Agreement becomes effective or terminates, there shall be an appropriate proration on the basis of the number of days that the Agreement is in effect during the month and year, respectively.

The net asset value of each series of shares of the Fund ("Portfolio") shall be calculated in accordance with the provisions of the Fund's current prospectus. On each day when net asset value is not calculated, the net asset value of a share of any Portfolio shall be deemed to be the net asset value of such a share as of the close of business on the last day on which such calculation was made for the purpose of the foregoing computations.

9. KFS shall prepare reports for the Board of Trustees of the Fund on a quarterly basis showing amounts paid to the various Firms, the basis for any discretionary payments made to such Firms and such other information as from time to time

shall be reasonably requested by the Board of Trustees.

This Agreement shall become effective with respect to the Initial Portfolio on the date hereof and shall continue until December 1, 1991 and shall continue from year to year thereafter with respect to each Portfolio, but only so long as such continuance is specifically approved for each Portfolio at least annually by a vote of the Board of Trustees of the Fund including the trustees who are not interested persons of the Fund and who have no direct or indirect financial interest in this Agreement or in any agreement related to this Agreement.

This Agreement may not be amended to increase the amount to be paid to KFS for services hereunder without the vote of a majority of the outstanding voting securities of each Portfolio of the Fund. All material amendments to this Agreement must in any event be approved by a vote of the Board of Trustees of the Fund including the trustees who are not interested persons of the Fund and who have no direct or indirect financial interest in this Agreement or in any agreement related to this Agreement, cast in person at a meeting called for such purpose.

10. This Agreement shall automatically terminate in the event of its assignment and may be terminated at any time without the payment of any penalty by the Fund or by KFS on sixty (60) days written notice to the other party. The Fund may effect termination with respect to any Portfolio by a vote of (i) a majority of the Board of Trustees, (ii) a

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majority of the trustees who are not interested persons of the Fund and who have no direct or indirect financial interest in this Agreement or in any agreement related to this Agreement, or (iii) a majority of the outstanding voting securities of a Portfolio.

The terms "assignment", "interested" and "vote of a majority of the outstanding voting securities" shall have the meanings set forth in the Investment Company Act of 1940 and the rules and regulations thereunder.

Termination of this Agreement shall not affect the right of KFS to receive payments on any unpaid balance of the compensation described in Section 8 earned prior to such termination.

11. KFS will not use or distribute or authorize the use, distribution or dissemination by Firms or others in connection with the sale of the shares any statements, other than those contained in the Fund's current prospectus, except such supplemental literature or advertising as shall be lawful under Federal and state securities laws and regulations, and will furnish the Fund with copies of all such material.

12. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder shall not be thereby affected.

13. Any notice under this Agreement shall be in writing, addressed and delivered or mailed, postage prepaid, to the other party at such address as such other party may designate for the receipt of such notice.

14. All parties hereto are expressly put on notice of the Fund's Agreement and Declaration of Trust and all amendments thereto, all of which are on file with the Secretary of The Commonwealth of Massachusetts, and the limitation of shareholder and trustee liability contained therein. This Agreement has been executed by and on behalf of the Fund by its representatives as such representatives and not individually, and the obligations of the Fund hereunder are not binding upon any of the trustees, officers or shareholders of the Fund individually but are binding upon only the assets and property of the Fund. With respect to any claim by KFS for recovery of that portion of the distribution services fees (or any other liability of the Fund arising hereunder) allocated to a particular Portfolio, whether in accordance with the express terms hereof or otherwise, KFS shall have recourse solely against the assets of that Portfolio to satisfy such claim and shall have no

recourse against the assets of any other Portfolio for such purpose.

15. This Agreement shall be construed in accordance with applicable federal law and (except as to Section 14 hereof which shall be construed in accordance with the laws of The Commonwealth of Massachusetts) the laws of the State of Illinois.

16. This Agreement is the entire contract between the parties relating to the subject matter hereof and supersedes all prior agreements between the parties relating to the subject matter hereof.

IN WITNESS WHEREOF, the Fund and KFS have caused this Agreement to be executed as of the day and year first above written.

TAX-EXEMPT NEW YORK MONEY MARKET FUND

By: /s/ Gerald M. Cole

Title: Vice President

ATTEST:

/s/ Robert J. Engling

Title: Vice President and Secretary

KEMPER FINANCIAL SERVICES, INC.

By: /s/ Robert T. Jackson

Title: CFO and Senior Executive
Vice President

ATTEST:

/s/ Philip J. Collora

Title: Assistant Secretary

AGREEMENT made this day of
between KEMPER FINANCIAL SERVICES, INC. ("KFS"), as
administrator, distributor and principal underwriter for
TAX-EXEMPT NEW YORK MONEY MARKET FUND (the "Fund") pursuant
to the Administration, Shareholder Services and Distribution
Agreement ("Administration Agreement") and
(the "Firm").

In consideration of the mutual covenants hereinafter
contained, the parties agree as follows:

1. KFS hereby appoints the Firm to provide
administration, distribution and other services with respect
to shares of the Fund but only in those states in which
shares of the Fund may legally be sold. The Firm shall
provide a cash management service for its clients through the
Fund. The Firm shall provide such office space and
equipment, telephone facilities, personnel, literature
distribution, advertising and promotion as is necessary or
beneficial for providing information and services to existing
and potential shareholders of the Fund, and to assist the
Fund's shareholder services agent in servicing accounts of
the Firm's clients who own Fund shares ("clients"). Such
services and assistance may include, but are not limited to,
establishment and maintenance of shareholder accounts and
records, processing purchase and redemption transactions,
automatic investment in Fund shares of client account cash
balances, answering routine client inquiries regarding the
Fund, assistance to clients in changing dividend options,
account designations and addresses, and such other services
as KFS may reasonably request.

The Firm shall provide such security as is necessary to
prevent unauthorized use of any on-line computer facilities.
The Firm agrees to release, indemnify and hold harmless the
Fund and KFS, and their respective agents and
representatives, from any and all direct or indirect
liabilities or losses resulting from requests, directions,
actions or inactions of or by the Firm, its officers,
employees or agents regarding the purchase, redemption,
transfer or registration of Fund shares for accounts of the
Firm, its clients and other shareholders. Principals of the
Firm will be available to consult from time to time with KFS
concerning the administration of, and the performance of the
services contemplated by, this Agreement.

The Firm accepts such appointment and agrees during such
period to render such services and to assume the obligations

herein set forth for the compensation herein provided. The Firm shall for all purposes herein provided be deemed to be an independent contractor and, unless otherwise expressly provided or authorized, shall have no authority to act for or represent the Fund or KFS in any way or otherwise be deemed an agent of the Fund or KFS.

2. As exclusive agent of the Fund, KFS offers to sell shares of the Fund ("shares") to the Firm on the terms herein set forth. In all sales of shares to the public, the Firm shall act as dealer for its own account, and in no transaction shall it have any authority to act as agent for the issuer, for KFS or for any representative or agent of either the Fund or KFS.

3. Orders received from the Firm will be accepted by KFS only at the public offering price applicable to each order as established by the then current Prospectus of the Fund. All orders are subject to acceptance or rejection by KFS in its sole discretion.

4. The Firm may offer and sell shares to its customers only at the public offering price which is the net asset value per share as described in the Fund's Prospectus.

5. By accepting this Agreement, the Firm agrees:

- (a) To purchase shares only from KFS or from the Firm's customers.
- (b) That the Firm will purchase shares from KFS only to cover purchase orders already received from the Firm's customers, or for its own bona fide investment.
- (c) That the Firm will not purchase shares from its customers at a price lower than the price then quoted by or for the Fund. The Firm may sell shares for the account of its customer to the Fund, or to KFS as agent for the Fund, at the price currently quoted by or for the Fund.
- (d) That the Firm will not withhold placing with KFS orders received from its customers so as to profit itself as a result of such withholding.

6. KFS will not accept from the Firm any conditional orders for shares.

7. Shares sold to the Firm hereunder shall be available against payment in the manner described in the Fund's Prospectus unless other instructions have been given.

8. No person is authorized to make any representations concerning shares of the Fund except those contained in the

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current Prospectus of the Fund and in printed information subsequently issued by the Fund or by KFS as information supplemental to such Prospectus.

9. All sales will be made subject to receipt by KFS of shares from the Fund. KFS reserves the right, in its discretion, without notice, to suspend sales or withdraw the offering of shares entirely, or to modify, cancel or change the terms of this Agreement.

10. The Firm's acceptance of this Agreement constitutes a representation (i) that it is a registered security dealer and a member in good standing of the National Association of Securities Dealers, Inc. ("NASD") and that it agrees to comply with all applicable state and federal laws, rules and regulations applicable to transactions hereunder and to the Rules of Fair Practice of the NASD, including specifically Section 26, Article III thereof, or (ii) if it is offering and selling shares of the Fund only in jurisdictions outside of the several states, territories and possessions of the United States and is not otherwise required to be a member of the NASD, that it nevertheless agrees to conduct its business in accordance with the spirit of the Rules of Fair Practice of the NASD, and to observe the laws and regulations of the applicable jurisdiction. The Firm likewise agrees that it will not offer or sell shares of the Fund in any state or other jurisdiction in which they may not lawfully be offered for sale.

11. For the services and facilities described in this Agreement, KFS will pay a fee to the Firm after the end of each month at an annual rate of .50 of 1% of the average aggregate daily net asset value of Fund shares in the accounts for which the Firm provides services. In computing the Firm's fee, one-twelfth of the applicable fee rate set forth above shall be applied to the average aggregate daily net asset value of shares of the Fund in accounts for which the firm provides services for the month in question. Each month's fee shall be determined independently of every other

Firm's Address:

ADMINISTRATION SERVICES AND SELLING GROUP AGREEMENT

AGREEMENT made this _____ day of _____ between KEMPER DISTRIBUTORS, INC. ("KDI"), as administrator, distributor and principal underwriter for the "Fund" specified in the Agreement (see attached exhibit), pursuant to the Administration, Shareholder Services and Distribution Agreement ("Administration Agreement") and _____ (the "Firm").

In consideration of the mutual covenants hereinafter contained, the parties agree as follows:

1. KDI hereby appoints the Firm to provide administration, distribution and other services with respect to shares of the Fund but only in those states in which shares of the Fund may legally be sold. The Firm shall provide a cash management service for its clients through the Fund. The Firm shall provide such office space and equipment, telephone facilities, personnel, literature distribution, advertising and promotion as is necessary or beneficial for providing information and services to existing and potential shareholders of the Fund, and to assist the Fund's shareholder services agent in servicing accounts of the Firm's clients who own Fund shares ("clients"). Such services and assistance may include, but are not limited to, establishment and maintenance of shareholder accounts and records, processing purchase and redemption transactions, automatic investment in Fund shares of client account cash balances, answering routine client inquiries regarding the Fund, assistance to clients in changing dividend options, account designations and addresses, and such other services as KDI may reasonably request.

The Firm shall provide such security as is necessary to prevent unauthorized use of any on-line computer facilities. The Firm agrees to release, indemnify and hold harmless the Fund and KDI, and their respective agents and representatives, from any and all direct or indirect liabilities or losses resulting from requests, directions, actions or inactions of or by the Firm, its officers, employees or agents regarding the purchase, redemption, transfer or registration of Fund shares for accounts of the Firm, its clients and other shareholders. Principals of the Firm will be available to consult from time to time with KDI concerning the administration of, and the performance of the services contemplated by, this Agreement.

The Firm accepts such appointment and agrees during such period to render such services and to assume the obligations herein set forth for the compensation herein provided. The Firm

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shall for all purposes herein provided be deemed to be an independent contractor and, unless otherwise expressly provided or authorized, shall have no authority to act for or represent the Fund or KDI in any way or otherwise be deemed an agent of the Fund or KDI.

2. As exclusive agent of the Fund, KDI offers to sell shares of the Fund ("shares") to the Firm on the terms herein set forth. In all sales of shares to the public, the Firm shall act as dealer for its own account, and in no transaction shall it have any authority to act as agent for the issuer, for KDI or for any representative or agent of either the Fund or KDI.

3. Orders received from the Firm will be accepted by KDI only at the public offering price applicable to each order as established by the then current Prospectus of the Fund. All orders are subject to acceptance or rejection by KDI in its sole discretion.

4. The Firm may offer and sell shares to its customers only at the public offering price which is the net asset value per share as described in the Fund's Prospectus.

5. By accepting this Agreement, the Firm agrees:

- (a) To purchase shares only from KDI or from the Firm's customers.
- (b) That the Firm will purchase shares from KDI only to cover purchase orders already received from the Firm's customers, or for its own bona fide investment.
- (c) That the Firm will not purchase shares from its customers at a price lower than the price then quoted by or for the Fund. The Firm may sell shares for the account of its customer to the Fund, or to KDI as agent for the Fund, at the price currently quoted by or for the Fund.
- (d) That the Firm will not withhold placing with KDI orders received from its customers so as to profit itself as a result of such withholding.

6. KDI will not accept from the Firm any conditional orders for shares.

7. Shares sold to the Firm hereunder shall be available against payment in the manner described in the Fund's Prospectus unless other instructions have been given.

8. No person is authorized to make any representations concerning shares of the Fund except those contained in the current Prospectus of the Fund and in printed information

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subsequently issued by the Fund or by KDI as information supplemental to such Prospectus.

9. All sales will be made subject to receipt by KDI of shares from the Fund. KDI reserves the right, in its discretion, without notice, to suspend sales or withdraw the offering of shares entirely, or to modify, cancel or change the terms of this Agreement.

10. The Firm's acceptance of this Agreement constitutes a representation (i) that it is a registered security dealer and a member in good standing of the National Association of Securities Dealers, Inc. ("NASD") and that it agrees to comply with all applicable state and federal laws, rules and regulations applicable to transactions hereunder and to the Rules of Fair Practice of the NASD, including specifically Section 26, Article III thereof, or (ii) if it is offering and selling shares of the Fund only in jurisdictions outside of the several states, territories and possessions of the United States and is not otherwise required to be a member of the NASD, that it nevertheless agrees to conduct its business in accordance with the spirit of the Rules of Fair Practice of the NASD, and to observe the laws and regulations of the applicable jurisdiction. The Firm likewise agrees that it will not offer or sell shares of the Fund in any state or other jurisdiction in which they may not lawfully be offered for sale.

11. For the services and facilities described in this Agreement, KDI will pay a fee to the Firm after the end of each month at the annual rate applicable to the average aggregate daily net asset value of the Fund shares in the accounts for which the Firm provides services in accordance with the attached schedule.

12. The Firm shall prepare such quarterly reports for KDI

as shall reasonably be requested by KDI.

13. This Agreement shall become effective on the date hereof and shall continue in effect until terminated. This Agreement shall automatically terminate in the event of its assignment and upon any termination of the Administration Agreement. It may be terminated at any time by the Firm or by KDI on thirty (30) days written notice.

14. The Firm acknowledges that KDI may enter into similar agreements with others without the consent of the Firm.

15. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder shall not be affected thereby.

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16. All communications to KDI should be sent to 120 South LaSalle Street, Chicago, Illinois 60603. Any notice to the Firm shall be duly given if mailed or telegraphed to the address specified below. This Agreement shall be construed in accordance with the laws of Illinois.

The Firm

Kemper Distributors, Inc.

By: _____

By: _____

Title: _____

Title: _____

Firm's Address: _____

Exhibit #__ of __

FUND: Tax-Exempt New York Money Market Fund

<TABLE>
<CAPTION>

FEE SCHEDULE

Applicable Fee <S>	Rate (Annualized) <C>
Portfolio.....	.50 of 1%

</TABLE>

In computing the Firm's fee, one-twelfth of the applicable fee rate set forth above shall be applied to the average aggregate daily net asset value of shares of the applicable Portfolio of the Fund in accounts for which the Firm provides services for the month in question. Each month's fee shall be determined independently of every other month's fee. For the month in which this Agreement becomes effective or terminates, there shall be an appropriate proration on the basis of the number of days that the Agreement is in effect during the month. The fee schedule may be modified or supplemented from time to time by KDI by notice to the Firm.

ASSIGNMENT AND ASSUMPTION

ASSIGNMENT AND ASSUMPTION ("Assignment and Assumption") made and entered into as of February 1, 1995 by and between Kemper Financial Services, Inc., a Delaware corporation ("Assignor"), and Kemper Distributors, Inc., a Delaware corporation ("Assignee").

WHEREAS, Assignor serves as principal underwriter for Tax-Exempt New York Money Market Fund, a Massachusetts business trust (the "Fund"), pursuant to that certain Administration, Shareholder Services and Distribution Agreement dated March 25, 1991 by and between Assignor and the Fund (the "Agreement");

WHEREAS, Assignee is a wholly-owned subsidiary of Assignor;

WHEREAS, It has been proposed that the rights, duties and responsibilities of Assignor under the Agreement be transferred to and assumed by Assignee;

WHEREAS, The Fund has determined that such transfer of rights, duties and responsibilities is reasonable and in the best interests of the Fund and the Fund's shareholders; and

NOW, THEREFORE, in consideration of the covenants hereinafter contained, it is hereby agreed by and between the parties hereto as follows:

1. Assignment and Assumption. Assignor assigns and transfers to Assignee all of Assignor's rights, interests, liabilities, duties and obligations under the Agreement ("Assigned Rights and Obligations"). Assignee accepts the foregoing assignment and transfer of the Assigned Rights and Obligations and agrees to assume, pay, perform and otherwise be fully responsible for the same.

2. Further Assurances. From time to time, at the request of either party, the other party will execute and deliver such further instruments of assignment, transfer and assumption and take such further action as may be required to assign, transfer and assume the Assigned Rights and Obligations.

3. Applicable Law. This Assignment and Assumption shall be governed by the laws of the State of Illinois.

4. Amendments. This Assignment and Assumption may only be amended by the written agreement of the parties.

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IN WITNESS WHEREOF, the parties have each caused this Assignment and Assumption to be executed on its behalf by a duly authorized officer as of the date first written above.

KEMPER FINANCIAL SERVICES, INC.

By: /s/ Patrick H. Dudasik

Its: Senior Vice President

KEMPER DISTRIBUTORS, INC.

By: /s/ James L. Greenawalt

Its: Executive Vice President

The undersigned hereby acknowledges and consents to the foregoing Assignment and Assumption as of February 1, 1995.

TAX-EXEMPT NEW YORK MONEY MARKET FUND

By: /s/ John E. Peters

Its: Vice President

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CUSTODY AGREEMENT

AGREEMENT, made the 1st day of March, 1995 by and between Tax-Exempt New York Money Market Fund, a Massachusetts business trust having its principal place of business at 120 South LaSalle Street, Chicago, Illinois 60603 ("Fund") and Investors Fiduciary Trust Company, a trust company organized and existing under the laws of Missouri, having its principal place of business at Kansas City, Missouri ("Custodian").

WHEREAS, Fund wants to appoint Investors Fiduciary Trust Company as Custodian to have custody of the Fund's portfolio securities and monies pursuant to this Agreement; and

WHEREAS, Investors Fiduciary Trust Company wants to accept such appointment;

NOW, THEREFORE, for and in consideration of the mutual promises contained herein, the parties hereto, intending to be legally bound, mutually covenant and agree as follows:

1. APPOINTMENT OF CUSTODIAN.

Fund hereby constitutes and appoints Investors Fiduciary Trust Company as Custodian of Fund which is to include:

A. Custody of the securities and monies at any time owned by Fund; and

B. Performing certain accounting and record keeping functions relating to its function as Custodian for Fund and each of its Portfolios.

2. DELIVERY OF CORPORATE DOCUMENTS.

Fund has delivered or will deliver to Custodian prior to the effective date of this Agreement, copies of the following documents and all amendments or supplements thereto, properly certified or authenticated:

A. Resolutions of the Board of Trustees of Fund appointing Investors Fiduciary Trust Company as Custodian hereunder and approving the form of this Agreement; and

B. Resolutions of the Board of Trustees of Fund authorizing certain persons to give instructions on behalf of Fund to Custodian and authorizing Custodian to rely upon written instructions over their signatures.

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3. DUTIES AND RESPONSIBILITIES OF CUSTODIAN.

A. Delivery of Assets

Fund will deliver or cause to be delivered to Custodian on the effective date of this Agreement, or as soon thereafter as practicable, and from time to time thereafter, all portfolio securities acquired by it and monies then owned by it except as permitted by the Investment Company Act of 1940 ("1940 Act") or from time to time coming into its possession during the time this Agreement shall continue in effect. Custodian shall have no responsibility or liability whatsoever for or on account of securities or monies not so delivered. All securities so delivered to Custodian (other than bearer securities) shall be registered in the name of Fund or its nominee, or of a nominee of Custodian, or shall be properly endorsed and in form for transfer satisfactory to Custodian.

B. Safekeeping

Custodian will receive delivery of and keep safely the assets of Fund delivered to it from time to time. Custodian will not deliver any such assets to any person except as permitted by the provisions of this Agreement or any agreement executed by it according to the terms of this Agreement. Custodian shall be responsible only for the monies and securities of Fund held directly by it or its nominees or sub-custodian under this Agreement; provided that Custodian's responsibility for any sub-custodian appointed at the Fund's direction for purposes of (i) effecting third-party repurchase transactions with banks, brokers, dealers, or other entities through the use of a common custodian or sub-custodian; or (ii) providing depository and clearing agency services with respect to certain variable rate demand note securities ("special sub-custodian") shall be further limited as set forth in this Agreement. Custodian may participate directly or indirectly through a sub-custodian in the Depository Trust Company, the Treasury/Federal Reserve Book Entry System, the Participants Trust Company and any other securities depository approved by the Board of Trustees of the Fund, subject to compliance

with the provisions of Rule 17f-4 under the 1940 Act including, without limitation, the specific provisions of subsections (a) (1) through (d) (4) thereof.

C. Registration of Securities

Custodian will hold stocks and other registerable portfolio securities of Fund registered in the name of Fund or in the name of any nominee of Custodian for whose fidelity and liabilities Custodian shall be fully

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responsible, or in street certificate form, so-called, with or without any indication of fiduciary capacity. Unless otherwise instructed, Custodian will register all such portfolio securities in the name of its authorized nominee.

D. Exchange of Securities

Upon receipt of instructions, Custodian will exchange, or cause to be exchanged, portfolio securities held by it for the account of Fund for other securities or cash issued or paid in connection with any reorganization, recapitalization, merger, consolidation, split-up of shares, change of par value, conversion or otherwise, and will deposit any such securities in accordance with the terms of any reorganization or protective plan. Without instructions, Custodian is authorized to exchange securities held by it in temporary form for securities in definitive form, to effect an exchange of shares when the par value of the stock is changed, and, upon receiving payment therefore, to surrender bonds or other securities held by it at maturity or when advised of earlier call for redemption, except that Custodian shall receive instructions prior to surrendering any convertible security.

E. Purchases or Sales of Investments of Fund

Fund shall, on each business day on which a purchase or sale of a portfolio security shall be made by it, deliver to Custodian instructions which shall specify with respect to each such transaction:

- (1) The name of the issuer and description of the security;
- (2) The number of shares or the principal amount purchased or sold, and accrued interest, if any;

- (3) The trade date;
- (4) The settlement date;
- (5) The date when the securities sold were purchased by Fund or other information identifying the securities sold and to be delivered;
- (6) The price per unit and the brokerage commission, taxes and other expenses in connection with the transaction;
- (7) The total amount payable or receivable upon such transaction; and
- (8) The name of the person from whom or the broker or dealer through whom the transaction was made.

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In accordance with such purchase instructions, Custodian shall pay for out of monies held for the account of Fund, but only insofar as monies are available therein for such purpose, and receive the portfolio securities so purchased by or for the account of Fund. Such payment shall be made only upon receipt by Custodian of the securities so purchased in form for transfer satisfactory to Custodian.

In accordance with such sales instructions, Custodian will deliver or cause to be delivered the securities thus designated as sold for the account of Fund to the broker or other person specified in the instructions relating to such sale, such delivery to be made only upon receipt of payment therefor in such form as shall be satisfactory to Custodian, with the understanding that Custodian may deliver or cause to be delivered securities for payment in accordance with the customs prevailing among dealers in securities.

F. Purchases or Sales of Options and Futures Transactions

Fund will, on each business day on which a purchase or sale of the following options and/or futures shall be made by it, deliver to Custodian instructions which shall specify with respect to each such purchase or sale:

- (1) Securities Options

- (a) The underlying security;
- (b) The price at which purchased or sold;
- (c) The expiration date;
- (d) The number of contracts;
- (e) The exercise price;
- (f) Whether opening, exercising, expiring or closing the transaction;
- (g) Whether the transaction involves a put or call;
- (h) Whether the option is written or purchased;
- (i) Market on which option traded; and
- (j) Name and address of the broker or dealer through whom the sale or purchase was made.

(2) Options on Indices

- (a) The index;
- (b) The price at which purchased or sold;
- (c) The exercise price;
- (d) The premium;
- (e) The multiple;
- (f) The expiration date;
- (g) Whether the transaction is an opening, exercising, expiring or closing transaction;
- (h) Whether the transaction involves a put or call;

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- (i) Whether the option is written or purchased; and
- (j) Name and address of the broker or dealer through whom the sale or purchase was made.

(3) Securities Index Futures Transactions

- (a) The last trading date specified in the contract and, when available, the closing level, thereof;
- (b) The index level on the date the contract is entered into;
- (c) The multiple;
- (d) Any margin requirements;
- (e) The need for a segregated margin account (in addition to instructions; and, if not already in the possession of Custodian, Fund shall deliver a substantially complete and executed custodial safekeeping account and procedural agreement which shall be incorporated into this Custody Agreement); and

- (f) The name and address of the futures commission merchant through whom the sale or purchase was made.

(4) Options on Index Futures Contracts

- (a) The underlying index futures contract;
- (b) The premium;
- (c) The expiration date;
- (d) The number of options;
- (e) The exercise price;
- (f) Whether the transaction involves an opening, exercising, expiring or closing transaction;
- (g) Whether the transaction involves a put or call;
- (h) Whether the option is written or purchased; and
- (i) The market on which the option is traded.

G. Securities Pledged to Secure Loans

(1) Upon receipt of instructions, Custodian will release or cause to be released securities held in custody to the pledgee designated in such instructions by way of pledge or hypothecation to secure any loan incurred by Fund; provided, however, that the securities shall be released only upon payment to Custodian of the monies borrowed, except that in cases where additional collateral is required to secure a borrowing already made, further securities may be released or caused to be released for that purpose upon receipt of instructions. Upon receipt of instructions, Custodian will pay, but only from funds available for such purpose, any such loan upon redelivery to it of the securities pledged or hypothecated therefor and upon surrender of the note or notes evidencing such loan.

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(2) Upon receipt of instructions, Custodian will release securities held in custody to the borrower designated in such instructions; provided, however, that the securities shall be released only upon deposit with Custodian of full cash collateral as specified in such instructions, and that Fund will retain the right to any dividends, interest or distribution on such loaned securities. Upon receipt of instructions and the loaned securities, Custodian will release the cash collateral to the borrower.

H. Routine Matters

Custodian will, in general, attend to all routine and mechanical matters in connection with the sale, exchange, substitution, purchase, transfer, or other dealings with securities or other property of Fund except as may be otherwise provided in this Agreement or directed from time to time by the Board of Trustees of Fund.

I. Demand Deposit Account

Custodian will open and maintain a demand deposit account or accounts in the name of Custodian, subject only to draft or order by Custodian upon receipt of instructions. All monies received by Custodian from or for the account of Fund shall be deposited in said account or accounts.

When properly authorized by a resolution of the Board of Trustees of Fund, Custodian may open and maintain an additional demand deposit account or accounts in such other banks or trust companies as may be designated in such resolution, such accounts, however, to be in the name of Custodian and subject only to its draft or order.

J. Income and Other Payments to Fund

Custodian will:

(1) collect, claim and receive and deposit for the account of Fund all income and other payments which become due and payable on or after the effective date of this Agreement with respect to the securities deposited under this Agreement, and credit the account of Fund with such income on the payable date;

(2) execute ownership and other certificates and affidavits for all federal, state and local tax purposes in connection with the collection of bond and note coupons; and

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(3) take such other action as may be necessary or proper in connection with:

(a) the collection, receipt and deposit of such income

and other payments, including but not limited to the presentation for payment of:

- (1) all coupons and other income items requiring presentation;
 - (2) all other securities which may mature or be called, redeemed, retired or otherwise become payable and regarding which the Custodian has actual knowledge, or notice of which is contained in publications of the type to which it normally subscribes for such purpose; and
- (b) the endorsement for collection, in the name of Fund, of all checks, drafts or other negotiable instruments.

Custodian, however, shall not be required to institute suit or take other extraordinary action to enforce collection except upon receipt of instructions and upon being indemnified to its satisfaction against the costs and expenses of such suit or other actions. Custodian will receive, claim and collect all stock dividends, rights and other similar items and deal with the same pursuant to instructions. Unless prior instructions have been received to the contrary, Custodian will, without further instructions, sell any rights held for the account of Fund on the last trade date prior to the date of expiration of such rights.

K. Payment of Dividends and Other Distributions

On the declaration of any dividend or other distribution on the shares of beneficial interest of any Portfolio ("Portfolio Shares") by the Board of Trustees of Fund, Fund shall deliver to Custodian instructions with respect thereto, including a copy of the Resolution of said Board of Trustees certified by the Secretary or an Assistant Secretary of Fund wherein there shall be set forth the record date as of which shareholders are entitled to receive such dividend or distribution, and the amount payable per share on such dividend or distribution.

On the date specified in such Resolution for the payment of such dividend or other distribution, Custodian shall pay out of the monies held for the account of Fund, insofar as the same shall be available for such purposes, and credit to the account of the Dividend Disbursing Agent

for Fund, such amount as may be necessary to pay the amount per share payable in cash on Portfolio Shares issued and outstanding on the record date established by such Resolution.

L. Portfolio Shares Purchased by Fund

Whenever any Portfolio Shares are purchased by Fund, Fund or its agent shall advise Custodian of the aggregate dollar amount to be paid for such shares and shall confirm such advice in writing. Upon receipt of such advice, Custodian shall charge such aggregate dollar amount to the custody account of Fund and either deposit the same in the account maintained for the purpose of paying for the purchase of Portfolio Shares or deliver the same in accordance with such advice.

M. Portfolio Shares Purchased from Fund

Whenever Portfolio Shares are purchased from Fund, Fund will deposit or cause to be deposited with Custodian the amount received for such shares. Custodian shall not have any duty or responsibility to determine that Fund Shares purchased from Fund have been added to the proper shareholder account or accounts or that the proper number of such shares have been added to the shareholder records.

N. Proxies and Notices

Custodian will promptly deliver or mail to Fund all proxies properly signed, all notices of meetings, all proxy statements and other notices, requests or announcements affecting or relating to securities held by Custodian for Fund and will, upon receipt of instructions, execute and deliver or cause its nominee to execute and deliver such proxies or other authorizations as may be required. Except as provided by this Agreement or pursuant to instructions hereafter received by Custodian, neither it nor its nominee shall exercise any power inherent in any such securities, including any power to vote the same, or execute any proxy, power of attorney, or other similar instrument voting any of such securities, or give any consent, approval or waiver with respect thereto, or take any other similar action.

O. Disbursements

Custodian will pay or cause to be paid insofar as funds are available for the purpose, bills, statements and other

obligations of Fund (including but not limited to obligations in connection with the conversion, exchange or surrender of securities owned by Fund, interest charges, variation margin, dividend disbursements, taxes, management

fees, administration-distribution fees, custodian fees, legal fees, auditors' fees, transfer agents' fees, brokerage commissions, compensation to personnel, and other operating expenses of Fund) pursuant to instructions of Fund setting forth the name of the person to whom payment is to be made, the amount of the payment, and the purpose of the payment.

P. Books, Records and Accounts

Custodian acknowledges that all the records it shall prepare and maintain pursuant to this Agreement shall be the property of Fund and that upon request of Fund it shall make Fund's records available to it, along with such other information and data as are reasonably requested by Fund, for inspection, audit or copying, or turn said records over to Fund.

Custodian shall, within a reasonable time, render to Fund as of the close of business on each day, a detailed statement of the amounts received or paid and of securities received or delivered for the account of Fund during said day. Custodian shall, from time to time, upon request by Fund, render a detailed statement of the securities and monies held for Fund under this Agreement, and Custodian shall maintain such books and records as are necessary to enable it do so and shall permit such persons as are authorized by Fund, including Fund's independent public accountants, to examine such records or to confirm the contents of such records; and, if demanded, shall permit federal and state regulatory agencies to examine said securities, books and records. Upon the written instructions of Fund or as demanded by federal or state regulatory agencies, Custodian shall instruct any sub-custodian to permit such persons as are authorized by Fund to examine the books, records and securities held by such sub-custodian which relate to Fund.

Q. Appointment of Sub-Custodian

Notwithstanding any other provisions of this Agreement,

all or any of the monies or securities of Fund may be held in Custodian's own custody or in the custody of one or more other banks or trust companies acting as sub-custodians as may be approved by resolutions of Fund's Board of Trustees, evidenced by a copy thereof certified by the Secretary or Assistant Secretary of Fund. Any sub-custodian must have the qualifications required for custodians under the 1940 Act unless exempted therefrom. Any sub-custodian may participate directly or indirectly in the Depository Trust Company, the Treasury/Reserve Book Entry System, the Participants Trust Company and any other securities depository approved by the Board of Trustees of the Fund to

the same extent and subject to the same conditions as provided hereunder. Neither Custodian nor sub-custodian shall be entitled to reimbursement by Fund for any fees or expenses of any sub-custodian; provided that Custodian shall not be liable for, and Fund shall hold Custodian harmless from, the expenses of any special sub-custodian. The appointment of a sub-custodian shall not relieve Custodian of any of its obligations hereunder; provided that Custodian shall be responsible to Fund for any loss, damage, or expense suffered or incurred by Fund resulting from the actions or omissions of a special sub-custodian only to the extent the special sub-custodian is liable to Custodian.

R. Multiple Portfolios

If Fund shall issue shares of more than one Portfolio during the term hereof, Custodian agrees that all securities and other assets of Fund shall be segregated by Portfolio and all books and records, account values or actions shall be maintained, held, made or taken, as the case may be, separately for each Portfolio.

4. INSTRUCTIONS.

A. The term "instructions", as used herein, means written or oral instructions to Custodian from an authorized person of Fund. Certified copies of resolutions of the Board of Trustees of Fund naming one or more persons authorized to give instructions in the name and on behalf of Fund may be received and accepted by Custodian as conclusive evidence of the authority of any person so to act and may be considered to be in full force and effect (and Custodian

shall be fully protected in acting in reliance thereon) until receipt by Custodian of notice to the contrary. Unless the resolution authorizing any person to give instructions specifically requires that the approval of anyone else shall first have been obtained, Custodian shall be under no obligation to inquire into the right of the person giving such instructions to do so. Notwithstanding any of the foregoing provisions of this Section 4, no authorizations or instructions received by Custodian from Fund shall be deemed to authorize or permit any trustee, officer, employee, or agent of Fund to withdraw any of the securities or monies of Fund upon the mere receipt of instructions from such trustee, officer, employee or agent.

B. No later than the next business day immediately following each oral instruction referred to herein, Fund shall give Custodian written confirmation of each such oral instruction. Either party may electronically record any oral instruction whether given in person or via telephone.

5. LIMITATION OF LIABILITY OF CUSTODIAN

A. Custodian shall hold harmless and indemnify Fund from and against any loss or liability arising out of Custodian's failure to comply with the terms of this Agreement or arising out of Custodian's negligence, willful misconduct, or bad faith. Custodian may request and obtain the advice and opinion of counsel for Fund or of its own counsel with respect to questions or matters of law, and it shall be without liability to Fund for any action taken or omitted by it in good faith, in conformity with such advice or opinion.

B. If Fund requires Custodian in any capacity to take, with respect to any securities, any action which involves the payment of money by it, or which in Custodian's opinion might make it or its nominee liable for payment of monies or in any other way, Custodian shall be and be kept indemnified by Fund in an amount and form satisfactory to Custodian against any liability on account of such action.

C. Custodian shall be entitled to receive, and Fund agrees to pay to Custodian, on demand, reimbursement for such cash disbursements, costs and expenses as may be agreed

upon from time to time by Custodian and Fund.

D. Custodian shall be protected in acting as custodian hereunder upon any instructions, advice, notice, request, consent, certificate or other instrument or paper reasonably appearing to it to be genuine and to have been properly executed and shall, unless otherwise specifically provided herein, be entitled to receive as conclusive proof of any fact or matter required to be ascertained from Fund hereunder, a certificate signed by Fund's President, or other officer specifically authorized for such purpose.

E. Without limiting the generality of the foregoing, Custodian shall be under no duty or obligation to inquire into, and shall not be liable for:

(1) The validity of the issue of any securities purchased by or for Fund, the legality of the purchase thereof or evidence of ownership required by Fund to be received by Custodian, or the propriety of the decision to purchase or amount paid therefor;

(2) The legality of the sales of any securities by or for Fund, or the propriety of the amount paid therefor;

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(3) The legality of the issue or sale of any shares of Fund, or the sufficiency of the amount to be received therefor;

(4) The legality of the purchase of any shares of Fund, or the propriety of the amount to be paid therefor; or

(5) The legality of the declaration of any dividend by Fund, or the legality of the issue of any shares of Fund in payment of any share dividend.

F. Custodian shall not be liable for, or considered to be the custodian of, any money represented by any check, draft, wire transfer, clearing house funds, uncollected funds, or instrument for the payment of money received by it on behalf of Fund, until Custodian actually receives such money, provided only that it shall advise Fund promptly if

it fails to receive any such money in the ordinary course of business, and use its best efforts and cooperate with Fund toward the end that such money shall be received.

G. Subject to the obligations of Custodian under Section 3.B. hereof, Custodian shall not be responsible for loss occasioned by the acts, neglects, defaults or insolvency of any broker, bank, trust company, or any other person with whom Custodian may deal in the absence of negligence, misconduct or bad faith on the part of Custodian.

H. Custodian or any sub-custodian shall provide Fund for its approval by its Board of Trustees agreements with banks or trust companies which will act as sub-custodian for Fund pursuant to this Agreement; and, as set forth in Section 3.B hereof, Custodian shall be responsible for the monies and securities of the Fund held by it or its nominees or sub-custodians under this Agreement, but not for monies and securities of the Fund held by any special sub-custodian except to the extent the special sub-custodian is liable to Custodian.

6. COMPENSATION.

Fund shall pay to Custodian such compensation at such times as may from time to time be agreed upon in writing by Custodian and Fund. Custodian may charge such compensation against monies held by it for the account of Fund. Custodian shall also be entitled, notwithstanding the provisions of Sections 5B or 5C hereof, to charge against any monies held by it for the account of Fund the amount of any loss, damage, liability or expense for which it shall be entitled to reimbursement under the provisions of this Agreement. Custodian shall not be entitled to reimbursement by Fund for any loss or expenses of any sub-

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custodian; provided that Custodian shall not be liable for, and Fund shall hold Custodian harmless from, the expenses of any special sub-custodian.

7. TERMINATION.

Either party to this Agreement may terminate the same by notice in writing, delivered or mailed, postage prepaid, to the other party hereto and received not less than sixty (60) days prior to the date upon which such termination shall take effect.

Upon termination of this Agreement, Fund shall pay to Custodian such compensation for its reimbursable disbursements, costs and expenses paid or incurred to such date and Fund shall use its best efforts to obtain a successor custodian. Unless the holders of a majority of the outstanding shares of Fund vote to have the securities, funds and other properties held under this Agreement delivered and paid over to some other person, firm or corporation specified in the vote, having not less than Two Million Dollars (\$2,000,000) aggregate capital, surplus and undivided profits, as shown by its last published report, and meeting such other qualifications for custodian as set forth in the Bylaws of Fund, the Board of Trustees of Fund shall, forthwith upon giving or receiving notice of termination of this Agreement, appoint as successor custodian a bank or trust company having such qualifications. Custodian shall, upon termination of this Agreement, deliver to the successor custodian so specified or appointed, at custodian's office, all securities then held by Custodian hereunder, duly endorsed and in form for transfer, and all funds and other properties of Fund deposited with or held by Custodian hereunder, and shall cooperate in effecting changes in book-entries at the Depository Trust Company, the Treasury/Federal Reserve Book-Entry System, the Participants Trust Company and any other securities depository holding assets of the Fund. In the event no such vote has been adopted by the shareholders of Fund and no written order designating a successor custodian shall have been delivered to Custodian on or before the date when such termination shall become effective, then Custodian shall deliver the securities, funds and properties of Fund to a bank or trust company at the selection of Custodian and meeting the qualifications for custodian, if any, set forth in the Bylaws of Fund and having not less than Two Million Dollars (\$2,000,000) aggregate capital, surplus and undivided profits, as shown by its last published report. Upon either such delivery to a successor custodian, Custodian shall have no further obligations or liabilities under this Agreement. Thereafter such bank or trust company shall be the successor custodian under this Agreement and shall be entitled to reasonable compensation for its services. In the event that no such successor custodian can be found, Fund will submit to its shareholders, before permitting delivery of the cash and securities owned by Fund to anyone other than a successor custodian, the question of whether Fund shall be liquidated or shall function without a custodian. Not-

withstanding the foregoing requirement as to delivery upon termination of this Agreement, Custodian may make any other

delivery of the securities, funds and property of Fund which shall be permitted by the 1940 Act and Fund's Agreement and Declaration of Trust and Bylaws then in effect. Except as otherwise provided herein, neither this Agreement nor any portion thereof may be assigned by Custodian without the consent of Fund, authorized or approved by a resolution of its Board of Trustees.

8. NOTICES.

Notices, requests, instructions and other writings received by Fund at 120 South LaSalle Street, Chicago, Illinois 60603 or at such other address as Fund may have designated by certified resolution of the Board of Trustees to Custodian and notices, requests, instructions and other writings received by Custodian at its offices at 21 West 10th Street, Kansas City, Missouri 64105, or to such other address as it may have designated to Fund in writing, shall be deemed to have been properly given hereunder.

9. MISCELLANEOUS.

A. This Agreement is executed and delivered in the State of Missouri and shall be governed by the laws of the State of Missouri (except as to Section 9.H. hereof which shall be governed in accordance with the laws of The Commonwealth of Massachusetts).

B. All the terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the respective successors and assigns of the parties hereto.

C. No provisions of the Agreement may be amended or modified in any manner except by a written agreement properly authorized and executed by both parties hereto.

D. The captions in this Agreement are included for convenience of reference only, and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect.

E. This Agreement shall become effective at the close of business on the date hereof.

F. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

G. If any part, term or provision of this Agreement is by the courts held to be illegal, in conflict with any law or otherwise invalid, the remaining portion or portions shall be considered severable and not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term or provision held to be illegal or invalid.

H. All parties hereto are expressly put on notice of Fund's Agreement and Declaration of Trust, which is on file with the Secretary of The Commonwealth of Massachusetts, and the limitation of shareholder and trustee liability contained therein. This Agreement has been executed by and on behalf of Fund by its representatives as such representatives and not individually, and the obligations of Fund hereunder are not binding upon any of the Trustees, officers or shareholders of Fund individually but are binding upon only the assets and property of Fund. With respect to any claim by Custodian for recovery of that portion of the compensation (or any other liability of Fund arising hereunder) allocated to a particular Portfolio, whether in accordance with the express terms hereof or otherwise, Custodian shall have recourse solely against the assets of that Portfolio to satisfy such claim and shall have no recourse against the assets of any other Portfolio for such purpose.

I. This Agreement, together with the Fee Schedule, is the entire contract between the parties relating to the subject matter hereof and supersedes all prior agreements.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective authorized officers.

TAX-EXEMPT NEW YORK MONEY

MARKET FUND

By: /s/ John E. Peters

Title: Vice President

Attest: /s/ Philip J. Collora

Title: Secretary

INVESTORS FIDUCIARY TRUST COMPANY

By: /s/ Joseph F. Smith

Title: E. V. P.

Attest: /s/ Marvin Rau

Title: Secretary

AGENCY AGREEMENT

AGREEMENT dated the 18th day of October, 1990, by and between TAX-EXEMPT NEW YORK MONEY MARKET FUND, a Massachusetts business trust having its principal place of business at 120 South LaSalle Street, Chicago, IL 60603 ("Fund"), and INVESTORS FIDUCIARY TRUST COMPANY, a state chartered trust company organized and existing under the laws of the State of Missouri having its principal place of business at 127 West 10th Street, Kansas City, Missouri 64105 ("IFTC").

WHEREAS, Fund wants to appoint IFTC as Transfer Agent and Dividend Disbursing Agent, and IFTC wants to accept such appointment;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. Documents to be Filed with Appointment.

In connection with the appointment of IFTC as Transfer Agent and Dividend Disbursing Agent for Fund, there will be filed with IFTC the following documents:

- A. A certified copy of the resolutions of the Board of Trustees of Fund appointing IFTC as Transfer Agent and Dividend Disbursing Agent, approving the form of this Agreement, and designating certain persons to give written instructions and requests on behalf of Fund.
- B. A certified copy of the Agreement and Declaration of Trust of Fund and any amendments thereto.
- C. A certified copy of the Bylaws of Fund.
- D. Copies of Registration Statements filed with the Securities and Exchange Commission.
- E. Specimens of all forms of outstanding share certificates as approved by the Board of Trustees of Fund, with a certificate of the Secretary of

Fund as to such approval.

F. Specimens of the signatures of the officers of the Fund authorized to sign share certificates and individuals authorized to sign written instructions and requests on behalf of the Fund.

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G. An opinion of counsel for Fund:

(1) With respect to Fund's organization and existence under the laws of The Commonwealth of Massachusetts.

(2) With respect to the status of all shares of Fund covered by this appointment under the Securities Act of 1933, and any other applicable federal or state statute.

(3) To the effect that all issued shares are, and all unissued shares will be when issued, validly issued, fully paid and non-assessable.

2. Certain Representations and Warranties of IFTC. IFTC represents and warrants to Fund that:

A. It is a trust company duly organized and existing and in good standing under the laws of the State of Missouri.

B. It is duly qualified to carry on its business in the State of Missouri.

C. It is empowered under applicable laws and by its Articles of Incorporation and Bylaws to enter into and perform the services contemplated in this Agreement.

D. All requisite corporate proceedings have been taken to authorize it to enter into and perform this Agreement.

E. It has and will continue to have and maintain the necessary facilities, equipment and personnel to perform its duties and obligations under this Agreement.

F. It is, and will continue to be, registered as a

transfer agent under the Securities Exchange Act of 1934.

3. Certain Representations and Warranties of Fund.
Fund represents and warrants to IFTC that:

A. It is a business trust duly organized and existing and in good standing under the laws of The Commonwealth of Massachusetts.

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B. It is an investment company registered under the Investment Company Act of 1940.

C. A registration statement under the Securities Act of 1933 has been filed and will be effective with respect to all shares of Fund being offered for sale at any time and from time to time.

D. All requisite steps have been or will be taken to register Fund's shares for sale in all applicable states, including the District of Columbia.

E. Fund and its Trustees are empowered under applicable laws and by the Fund's Agreement and Declaration of Trust and Bylaws to enter into and perform this Agreement.

4. Scope of Appointment.

A. Subject to the conditions set forth in this Agreement, Fund hereby employs and appoints IFTC as Transfer Agent and Dividend Disbursing Agent effective the date hereof.

B. IFTC hereby accepts such employment and appointment and agrees that it will act as Fund's Transfer Agent and Dividend Disbursing Agent. IFTC agrees that it will also act as agent in connection with Fund's periodic withdrawal payment accounts and other open-account or similar plans for shareholders, if any.

- C. IFTC agrees to provide the necessary facilities, equipment and personnel to perform its duties and obligations hereunder in accordance with industry practice.
- D. Fund agrees to use all reasonable efforts to deliver to IFTC in Kansas City, Missouri, as soon as they are available, all its shareholder account records.
- E. Subject to the provisions of Sections 20 and 21 hereof, IFTC agrees that it will perform all the usual and ordinary services of Transfer Agent and Dividend Disbursing Agent and as agent for the various shareholder accounts, including, without limitation, the following: issuing, transferring and cancelling share certificates, maintaining all shareholder accounts, preparing shareholder meeting lists, mailing proxies, receiving and

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tabulating proxies, mailing shareholder reports and prospectuses, withholding federal income taxes, preparing and mailing checks for disbursement of income and capital gains dividends, preparing and filing all required U.S. Treasury Department information returns for all shareholders, preparing and mailing confirmation forms to shareholders and dealers with respect to all purchases and liquidations of Fund shares and other transactions in shareholder accounts for which confirmations are required, recording reinvestments of dividends and distributions in Fund shares, recording redemptions of Fund shares and preparing and mailing checks for payments upon redemption and for disbursements to systematic withdrawal plan shareholders.

5. Compensation and Expenses.

- A. In consideration for the services provided hereunder by IFTC as Transfer Agent and Dividend Disbursing Agent, Fund will pay to IFTC from time to time compensation as agreed upon for all services rendered as Agent, and also, all its reasonable out-of-pocket expenses and other

disbursements incurred in connection with the agency. Such compensation will be set forth in a separate schedule to be agreed to by Fund and IFTC. The initial agreement regarding compensation is attached as Exhibit A.

- B. Fund agrees to promptly reimburse IFTC for all reasonable out-of-pocket expenses or advances incurred by IFTC in connection with the performance of services under this Agreement including, but not limited to, postage (and first class mail insurance in connection with mailing share certificates), envelopes, check forms, continuous forms, forms for reports and statements, stationery, and other similar items, telephone and telegraph charges incurred in answering inquiries from dealers or shareholders, microfilm used each year to record the previous year's transactions in shareholder accounts and computer tapes used for permanent storage of records and cost of insertion of materials in mailing envelopes by outside firms. IFTC may, at its option, arrange to have various service providers submit invoices directly to the Fund for payment of out-of-pocket expenses reimbursable hereunder.

6. Efficient Operation of IFTC System.

- A. In connection with the performance of its services under this Agreement, IFTC is responsible for the accurate and efficient functioning of its system at all times, including:
 - (1) The accuracy of the entries in IFTC's records reflecting purchase and redemption orders and other instructions received by IFTC from dealers, shareholders, Fund or its principal underwriter.
 - (2) The timely availability and the accuracy of shareholder lists, shareholder account verifications, confirmations and other

shareholder account information to be produced from IFTC's records or data.

- (3) The accurate and timely issuance of dividend and distribution checks in accordance with instructions received from Fund.
- (4) The accuracy of redemption transactions and payments in accordance with redemption instructions received from dealers, shareholders or Fund or other authorized persons.
- (5) The deposit daily in Fund's appropriate special bank account of all checks and payments received from dealers or shareholders for investment in shares.
- (6) The requiring of proper forms of instructions, signatures and signature guarantees and any necessary documents supporting the rightfulness of transfers, redemptions and other shareholder account transactions, all in conformance with IFTC's present procedures with such changes as may be deemed reasonably appropriate by IFTC or as may be reasonably approved by or on behalf of Fund.
- (7) The maintenance of a current duplicate set of Fund's essential or required records, as agreed upon from time to time by Fund and IFTC, at a secure distant location, in form available and usable forthwith in the event

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of any breakdown or disaster disrupting its main operation.

7. Indemnification.

- A. Fund shall indemnify and hold IFTC harmless from and against any and all claims, actions, suits, losses, damages, costs, charges, counsel fees, payments, expenses and liabilities arising out of

or attributable to any action or omission by IFTC pursuant to this Agreement or in connection with the agency relationship created by this Agreement, provided that IFTC has acted in good faith, without negligence and without willful misconduct.

- B. IFTC shall indemnify and hold Fund harmless from and against any and all claims, actions, suits, losses, damages, costs, charges, counsel fees, payments, expenses and liabilities arising out of or attributable to any action or omission by IFTC pursuant to this Agreement or in connection with the agency relationship created by this Agreement, provided that IFTC has not acted in good faith, without negligence and without willful misconduct.

- C. In order that the indemnification provisions contained in this Section 7 shall apply, upon the assertion of a claim for which either party (the "Indemnifying Party") may be required to provide indemnification hereunder, the party seeking indemnification (the "Indemnitee") shall promptly notify the Indemnifying Party of such assertion, and shall keep such party advised with respect to all developments concerning such claim. The Indemnifying Party shall be entitled to assume control of the defense and the negotiations, if any, regarding settlement of the claim. If the Indemnifying Party assumes control, the Indemnitee shall have the option to participate in the defense and negotiations of such claim at its own expense. The Indemnitee shall in no event confess, admit to, compromise, or settle any claim for which the Indemnifying Party may be required to indemnify it except with the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld.

8. Certain Covenants of IFTC and Fund.

- A. All requisite steps will be taken by Fund from time to time when and as necessary to register the Fund's shares for sale in all states in which Fund's shares shall at the time be offered for sale and require registration. If at any time Fund receives notice of any stop order or other proceeding in any such state affecting such registration or the sale of Fund's shares, or of any stop order or other proceeding under the Federal securities laws affecting the sale of Fund's shares, Fund will give prompt notice thereof to IFTC.
- B. IFTC hereby agrees to establish and maintain facilities and procedures reasonably acceptable to Fund for safekeeping of share certificates, check forms, and facsimile signature imprinting devices, if any; and for the preparation or use, and for keeping account of, such certificates, forms and devices. Further, IFTC agrees to carry insurance, as specified in Exhibit B hereto, with insurers reasonably acceptable to Fund and in minimum amounts that are reasonably acceptable to Fund, which will not be changed without the consent of Fund, which consent shall not be unreasonably withheld, and which will be expanded in coverage or increased in amounts from time to time if and when reasonably requested by Fund. If IFTC determines that it is unable to obtain any such insurance upon commercially reasonable terms, it shall promptly so advise Fund in writing. In such event, Fund shall have the right to terminate this Agreement upon 30 days notice.
- C. To the extent required by Section 31 of the Investment Company Act of 1940 and Rules thereunder, IFTC agrees that all records maintained by IFTC relating to the services to be performed by IFTC under this Agreement are the property of Fund and will be preserved and will be surrendered promptly to Fund on request.
- D. IFTC agrees to furnish Fund semi-annual reports of its financial condition, consisting of a balance sheet, earnings statement and any other reasonably available financial information reasonably requested by Fund. The annual

financial statements will be certified by IFTC's certified public accountants.

- E. IFTC represents and agrees that it will use all reasonable efforts to keep current on the trends of the investment company industry relating to shareholder services and will use all reasonable efforts to continue to modernize and improve its system without additional cost to Fund.
- F. IFTC will permit Fund and its authorized representatives to make periodic inspections of its operations at reasonable times during business hours.
- G. If IFTC is prevented from complying, either totally or in part, with any of the terms or provisions of this Agreement, by reason of fire, flood, storm, strike, lockout or other labor trouble, riot, war, rebellion, accidents, acts of God, equipment, utility or transmission failure or damage, and/or any other cause or casualty beyond the reasonable control of IFTC, whether similar to the foregoing matters or not, then upon written notice to Fund, the requirements of this Agreement that are affected by such disability, to the extent so affected, shall be suspended during the period of such disability; provided, however, that IFTC shall make reasonable effort to remove such disability as soon as possible. During such period, Fund may seek alternate sources of service without liability hereunder; and IFTC will use all reasonable efforts to assist Fund to obtain alternate sources of service. IFTC shall have no liability to Fund for nonperformance because of the reasons set forth in this Section 8.G; but if a disability that, in Fund's reasonable belief, materially affects IFTC's ability to perform its obligations under this Agreement continues for a period of 30 days, then Fund shall have the right to terminate this Agreement upon 10 days written notice to IFTC.

9. Adjustment.

In case of any recapitalization, readjustment or other change in the structure of Fund requiring a change in the form of share certificates, IFTC will issue or register certificates in the new form in exchange for, or in transfer of, the outstanding

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certificates in the old form, upon receiving the following:

- A. Written instructions from an officer of Fund.
- B. Certified copy of any amendment to the Agreement and Declaration of Trust or other document effecting the change.
- C. Certified copy of any order or consent of each governmental or regulatory authority required by law for the issuance of the shares in the new form, and an opinion of counsel that no order or consent of any other government or regulatory authority is required.
- D. Specimens of the new certificates in the form approved by the Board of Trustees of Fund, with a certificate of the Secretary of Fund as to such approval.
- E. Opinion of counsel for Fund:
 - (1) With respect to the status of the shares of Fund in the new form under the Securities Act of 1933, and any other applicable federal or state laws.
 - (2) To the effect that the issued shares in the new form are, and all unissued shares will be when issued, validly issued, fully paid and non-assessable.

10. Share Certificates.

Fund will furnish IFTC with a sufficient supply of

blank share certificates and from time to time will renew such supply upon the request of IFTC. Such certificates will be signed manually or by facsimile signatures of the officers of Fund authorized by law and Fund's Bylaws to sign share certificates and, if required, will bear the trust seal or facsimile thereof.

11. Death, Resignation or Removal of Signing Officer.

Fund will file promptly with IFTC written notice of any change in the officers authorized to sign share certificates, written instructions or requests, together with two signature cards bearing the

specimen signature of each newly authorized officer, all as certified by an appropriate officer of the Fund. In case any officer of Fund who will have signed manually or whose facsimile signature will have been affixed to blank share certificates will die, resign, or be removed prior to the issuance of such certificates, IFTC may issue or register such share certificates as the share certificates of Fund notwithstanding such death, resignation, or removal, until specifically directed to the contrary by Fund in writing. In the absence of such direction, Fund will file promptly with IFTC such approval, adoption, or ratification as may be required by law.

12. Future Amendments of Agreement and Declaration of

Trust and Bylaws.

Fund will promptly file with IFTC copies of all material amendments to its Agreement and Declaration of Trust and Bylaws and Registration Statement made after the date of this Agreement.

13. Instructions, Opinion of Counsel and Signatures.

At any time IFTC may apply to any officer of Fund for instructions, and may consult with legal counsel for Fund at the expense of Fund, or with its own legal

counsel at its own expense, with respect to any matter arising in connection with the agency; and it will not be liable for any action taken or omitted by it in good faith in reliance upon such instructions or upon the opinion of such counsel. IFTC is authorized to act on the orders, directions or instructions of such persons as the Board of Trustees of Fund shall from time to time designate by resolution. IFTC will be protected in acting upon any paper or document, including any orders, directions or instructions, reasonably believed by it to be genuine and to have been signed by the proper person or persons; and IFTC will not be held to have notice of any change of authority of any person so authorized by Fund until receipt of written notice thereof from Fund. IFTC will also be protected in recognizing share certificates that it reasonably believes to bear the proper manual or facsimile signatures of the officers of Fund, and the proper countersignature of any former Transfer Agent or Registrar, or of a Co-Transfer Agent or Co-Registrar.

14. Papers Subject to Approval of Counsel.

The acceptance by IFTC of its appointment as Transfer Agent and Dividend Disbursing Agent, and all documents filed in connection with such appointment and thereafter in connection with the agencies, will be subject to the approval of legal counsel for IFTC, which approval will not be unreasonably withheld.

15. Certification of Documents.

The required copy of the Agreement and Declaration of Trust of Fund and copies of all amendments thereto will be certified by the appropriate official of The Commonwealth of Massachusetts; and if such Agreement and Declaration of Trust and amendments are required by law to be also filed with a county, city or other officer or official body, a certificate of such filing will appear on the certified copy submitted to IFTC. A copy of the order or consent of each

governmental or regulatory authority required by law for the issuance of Fund shares will be certified by the Secretary or Clerk of such governmental or regulatory authority, under proper seal of such authority. The copy of the Bylaws and copies of all amendments thereto and copies of resolutions of the Board of Trustees of Fund will be certified by the Secretary or an Assistant Secretary of Fund.

16. Records.

IFTC will maintain customary records in connection with its agency, and particularly will maintain those records required to be maintained pursuant to subparagraph (2)(iv) of paragraph (b) of Rule 31a-1 under the Investment Company Act of 1940, if any.

17. Disposition of Books, Records and Cancelled

Certificates.

IFTC will send periodically to Fund, or to where designated by the Secretary or an Assistant Secretary of Fund, all books, documents, and all records no longer deemed needed for current purposes and share certificates which have been cancelled in transfer or in exchange, upon the understanding that such books, documents, records, and share certificates will not

be destroyed by Fund without the consent of IFTC (which consent will not be unreasonably withheld), but will be safely stored for possible future reference.

18. Provisions Relating to IFTC as Transfer Agent.

A. IFTC will make original issues of share certificates upon written request of an officer of Fund and upon being furnished with a certified copy of a resolution of the Board of Trustees authorizing such original issue, an opinion of counsel as outlined in Section 1.G or 9.E of this

Agreement, the certificates required by Section 10 of this Agreement and any other documents required by Section 1 or 9 of this Agreement.

- B. Before making any original issue of certificates, Fund will furnish IFTC with sufficient funds to pay any taxes required on the original issue of the shares. Fund will furnish IFTC such evidence as may be required by IFTC to show the actual value of the shares. If no taxes are payable, IFTC will upon request be furnished with an opinion of outside counsel to that effect.

- C. Shares will be transferred and new certificates issued in transfer, or shares accepted for redemption and funds remitted therefor, upon surrender of the old certificates in form deemed by IFTC properly endorsed for transfer or redemption accompanied by such documents as IFTC may deem necessary to evidence the authority of the person making the transfer or redemption, and bearing satisfactory evidence of the payment of any applicable share transfer taxes. IFTC reserves the right to refuse to transfer or redeem shares until it is satisfied that the endorsement or signature on the certificate or any other document is valid and genuine, and for that purpose it may require a guarantee of signature by such persons as may from time to time be specified in the prospectus related to such shares or otherwise authorized by Fund. IFTC also reserves the right to refuse to transfer or redeem shares until it is satisfied that the requested transfer or redemption is legally authorized, and it will incur no liability for the refusal in good faith to make transfers or redemptions which, in its judgment, are improper, unauthorized, or otherwise not

rightful. IFTC may, in effecting transfers or redemptions, rely upon Simplification Acts or other statutes which protect it and Fund in not requiring complete fiduciary documentation.

- D. When mail is used for delivery of share

certificates, IFTC will forward share certificates in "nonnegotiable" form as provided by Fund by first class mail, all such mail deliveries to be covered while in transit to the addressee by insurance arranged for by IFTC.

- E. IFTC will issue and mail subscription warrants and certificates provided by Fund and representing share dividends, exchanges or split-ups, or act as Conversion Agent upon receiving written instructions from any officer of Fund and such other documents as IFTC deems necessary.
- F. IFTC will issue, transfer, and split-up certificates upon receiving written instructions from an officer of Fund and such other documents as IFTC may deem necessary.
- G. IFTC may issue new certificates in place of certificates represented to have been lost, destroyed, stolen or otherwise wrongfully taken, upon receiving indemnity satisfactory to IFTC, and may issue new certificates in exchange for, and upon surrender of, mutilated certificates. Any such issuance shall be in accordance with the provisions of law governing such matter and any procedures adopted by the Board of Trustees of the Fund of which IFTC has notice.
- H. IFTC will supply a shareholder's list to Fund properly certified by an officer of IFTC for any shareholder meeting upon receiving a request from an officer of Fund. It will also supply lists at such other times as may be reasonably requested by an officer of Fund.
- I. Upon receipt of written instructions of an officer of Fund, IFTC will address and mail notices to shareholders.
- J. In case of any request or demand for the inspection of the share books of Fund or any other books of Fund in the possession of IFTC, IFTC will endeavor to notify Fund and to secure instructions as to permitting or refusing such inspection. IFTC reserves the right, however, to

exhibit the share books or other books to any person in case it is advised by its counsel that it may be held responsible for the failure to exhibit the share books or other books to such person.

19. Provisions Relating to Dividend Disbursing Agency.

- A. IFTC will, at the expense of Fund, provide a special form of check containing the imprint of any device or other matter desired by Fund. Said checks must, however, be of a form and size convenient for use by IFTC.
- B. If Fund wants to include additional printed matter, financial statements, etc., with the dividend checks, the same will be furnished to IFTC within a reasonable time prior to the date of mailing of the dividend checks, at the expense of Fund.
- C. If Fund wants its distributions mailed in any special form of envelopes, sufficient supply of the same will be furnished to IFTC but the size and form of said envelopes will be subject to the approval of IFTC. If stamped envelopes are used, they must be furnished by Fund; or, if postage stamps are to be affixed to the envelopes, the stamps or the cash necessary for such stamps must be furnished by Fund.
- D. IFTC will maintain one or more deposit accounts as Agent for Fund, into which the funds for payment of dividends, distributions, redemptions or other disbursements provided for hereunder will be deposited, and against which checks will be drawn.

20. Termination of Agreement.

- A. This Agreement may be terminated by either party upon sixty (60) days prior written notice to the other party.
- B. Fund, in addition to any other rights and remedies, shall have the right to terminate this

Agreement forthwith upon the occurrence at any time of any of the following events:

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- (1) Any interruption or cessation of operations by IFTC or its assigns which materially interferes with the business operation of Fund.
 - (2) The bankruptcy of IFTC or its assigns or the appointment of a receiver for IFTC or its assigns.
 - (3) Any merger, consolidation or sale of substantially all the assets of IFTC or its assigns.
 - (4) The acquisition of a controlling interest in IFTC or its assigns, by any broker, dealer, investment adviser or investment company except as may presently exist.
 - (5) Failure by IFTC or its assigns to perform its duties in accordance with this Agreement, which failure materially adversely affects the business operations of Fund and which failure continues for thirty (30) days after written notice from Fund.
 - (6) The registration of IFTC or its assigns as a transfer agent under the Securities Exchange Act of 1934 is revoked, terminated or suspended for any reason.
- C. In the event of termination, Fund will promptly pay IFTC all amounts due to IFTC hereunder. Upon termination of this Agreement, IFTC shall deliver all shareholder and account records pertaining to Fund either to Fund or as directed in writing by Fund.

21. Assignment.

- A. Except for the assignment of responsibilities

pursuant to the Services Agreement ("Services Agreement") between IFTC and Kemper Service Company ("KSVC"), which Fund has approved, neither this Agreement nor any rights or obligations hereunder may be assigned by IFTC without the written consent of Fund; provided, however, no assignment will relieve IFTC of any of its obligations hereunder.

- B. This Agreement including, without limitation, the provisions of Section 7 will inure to the benefit

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of and be binding upon the parties and their respective successors and assigns including KSVC pursuant to the aforesaid Services Agreement.

- C. KSVC is authorized by Fund to use the system services of DST Systems, Inc.

22. Confidentiality.

- A. Except as provided in the last sentence of Section 18.J hereof, or as otherwise required by law, IFTC will keep confidential all records of and information in its possession relating to Fund or its shareholders or shareholder accounts and will not disclose the same to any person except at the request or with the consent of Fund.
- B. Except as otherwise required by law, Fund will keep confidential all financial statements and other financial records (other than statements and records relating solely to Fund's business dealings with IFTC) and all manuals, systems and other technical information and data, not publicly disclosed, relating to IFTC's operations and programs furnished to it by IFTC pursuant to this Agreement and will not disclose the same to any person except at the request or with the consent of IFTC. Notwithstanding anything to the contrary in this Section 22.B, if an attempt is made pursuant to subpoena or other legal process to require Fund to disclose or produce any of the aforementioned manuals, systems or other

technical information and data, Fund shall give IFTC prompt notice thereof prior to disclosure or production so that IFTC may, at its expense, resist such attempt.

23. Survival of Representations and Warranties.

All representations and warranties by either party herein contained will survive the execution and delivery of this Agreement.

24. Miscellaneous.

A. This Agreement is executed and delivered in the State of Illinois and shall be governed by the laws of said state (except as to Section 24.G

hereof which shall be governed by the laws of The Commonwealth of Massachusetts).

B. No provisions of this Agreement may be amended or modified in any manner except by a written agreement properly authorized and executed by both parties hereto.

C. The captions in this Agreement are included for convenience of reference only, and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect.

D. This Agreement shall become effective as of the date hereof.

E. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

F. If any part, term or provision of this Agreement is held by the courts to be illegal, in conflict with any law or otherwise invalid, the remaining portion or portions shall be considered severable and not be affected, and the rights and

obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term or provision held to be illegal or invalid.

- G. All parties hereto are expressly put on notice of Fund's Agreement and Declaration of Trust which is on file with the Secretary of The Commonwealth of Massachusetts, and the limitation of shareholder and trustee liability contained therein. This Agreement has been executed by and on behalf of Fund by its representatives as such representatives and not individually, and the obligations of Fund hereunder are not binding upon any of the Trustees, officers or shareholders of the Fund individually but are binding upon only the assets and property of Fund. With respect to any claim by IFTC for recovery of that portion of the compensation and expenses (or any other liability of Fund arising hereunder) allocated to a particular Portfolio, whether in accordance with the express terms hereof or otherwise, IFTC shall have recourse solely against the assets of that Portfolio to satisfy such claim and shall have no recourse

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against the assets of any other Portfolio for such purpose.

- H. This Agreement, together with the Fee Schedule, is the entire contract between the parties relating to the subject matter hereof and supersedes all prior agreements between the parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officer as of the day and year first set forth above.

TAX-EXEMPT NEW YORK MONEY MARKET FUND

By /s/ Gerald M. Cole

ATTEST:

/s/ Philip J. Collora

Title: Assistant Secretary

INVESTORS FIDUCIARY TRUST COMPANY

By /s/ R.A. Winegar

Title: Executive Vice Pres.

ATTEST:

/s/ Cheryl Naegler

Title: Asst. Sec.

EXHIBIT A

FEE SCHEDULE

<TABLE>
<CAPTION>

Transfer Agency Function	Fee Payable by Fund
-----	-----
<S>	<C>
1. Maintenance of open shareholder account	\$13.00 per year per account.
2. Maintenance of closed shareholder account	\$6.00 per year per account.

The out-of-pocket expenses of IFTC will be reimbursed by Fund in accordance with the provisions of paragraph 5 of the Agency Agreement.

EXHIBIT B

IFTC INSURANCE COVERAGE

DESCRIPTION OF POLICY:

Brokers Blanket Bond, Standard Form 14

Covering losses caused by dishonesty of employees, physical loss of securities on or outside of premises while in possession of authorized person, loss caused by forgery or alteration of checks or similar instruments.

Errors and Omissions Insurance

Covering replacement of destroyed records and computer errors and omissions.

Special Forgery Bond

Covering losses through forgery or alteration of checks or drafts of customers processed by insured but drawn on or against them.

Mail Insurance (applies to all full service operations)

Provides indemnity for the following types of securities lost in the mails:

Non-negotiable securities mailed to domestic locations via registered mail.

Non-negotiable securities mailed to domestic locations via first-class or certified mail.

Non-negotiable securities mailed to foreign locations via registered mail.

Negotiable securities mailed to all locations via

registered mail.

Supplement to Agency Agreement

Supplement to Agency Agreement ("Supplement") made as of April 1, 1991 by and between the registered investment company executing this document (the "Fund") and Investors Fiduciary Trust Company ("Agent").

WHEREAS, the Fund and Agent are parties to an Agency Agreement ("Agency Agreement") dated October 18, 1990;

WHEREAS, Section 5.A. of the Agency Agreement provides that the fees payable by the Fund to Agent thereunder shall be as set forth in a separate schedule to be agreed to by the Fund and Agent; and

WHEREAS, the parties desire to reflect in this Supplement the revised fee schedule for the Agency Agreement as in effect as of the date hereof;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein provided, the parties agree as follows:

1. The revised fee schedule for services provided by Agent to the Fund under the Agency Agreement as in effect as of the date hereof is set forth in the attachment hereto.

2. This Supplement shall become a part of the Agency Agreement and subject to its terms and shall supersede all previous fee schedules under such agreement as of the date hereof.

IN WITNESS WHEREOF, the Fund and Agent have duly executed this Supplement as of the date and year first set forth above.

TAX-EXEMPT NEW YORK MONEY
MARKET FUND

By: /s/ Gerald M. Cole

Title: Vice President

ATTEST:

/s/ Philip J. Collora

Title: Vice President & Asst. Secretary

INVESTORS FIDUCIARY TRUST COMPANY

By: /s/ G.J. Wingerter

Title: Executive Vice President

ATTEST:

/s/ Cheryl Naegler

Title: Asst. Secretary

EXHIBIT A

FEE SCHEDULE

<TABLE>
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Transfer Agency Function -----	Fee Payable by Fund -----
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1. Maintenance of open shareholder account.	\$13.00 per year per account
2. Maintenance of closed shareholder account.	\$6.00 per year per account
3. Disaster recovery fee.	\$.40 per year per open and closed account.

The out-of-pocket expenses of IFTC will be reimbursed by Fund in accordance with the provisions of Section 5 of the Agency Agreement.

Additional Provisions Regarding Omnibus Accounts

As reflected in Section 21 of the Agency Agreement, there will be an assignment of the responsibilities of IFTC under the Agreement to Kemper Service Company ("KSVC"). It is anticipated that KSVC will enter into Omnibus Account Services Agreements ("Omnibus Agreements") with one or more financial services firms ("Firms") that will maintain shares of the Fund owned by their clients ("client-shareholders") in one or more "street-name" or "omnibus" accounts ("omnibus accounts") on the books of KSVC and will provide recordkeeping and other services with respect to the accounts of such client-shareholders. For services provided under the Omnibus Agreements, KSVC will provide compensation to the Firms. The Fund will reimburse IFTC, who will in turn reimburse KSVC, for compensation paid to Firms by KSVC under the Omnibus Agreements up to a maximum of .25 of 1% of the average daily net assets of the Fund maintained and serviced by such Firms plus out-of-pocket expenses. In addition, if KSVC provides support services for the checkwriting redemption privilege offered to the client-shareholders of a particular Firm, the Fund will pay to IFTC, who will in turn pay to KSVC, for such support services a fee of \$4.00 per year per client-shareholder open account as reflected on the books of such Firm.

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the captions "Financial Highlights" and "Independent Auditors and Reports to Shareholders" and to the use of our report dated April 28, 1995 in the Registration Statement (Form N-1A) and its incorporation by reference in the related Prospectus and Statement of Additional Information of Tax-Exempt New York Money Market Fund, filed with the Securities and Exchange Commission in this Post-Effective Amendment No. 5 to the Registration Statement under the Securities Act of 1933 (Registration No. 33-34819) and this Amendment No. 6 to the Registration Statement under the Investment Company Act of 1940 (Registration No. 811-6108).

/s/ ERNST & YOUNG LLP

Chicago, Illinois
July 24, 1995

EXHIBIT OF PERFORMANCE CALCULATIONS

This exhibit reflects the calculation of certain performance figures that appear under "Performance" in the Part B Statement of Additional Information ("Part B") of Tax-Exempt New York Money Market Fund (the "Fund").

1. Formula. The Fund's current yield quotation is based on a seven-day period and is calculated as follows. The first calculation is net investment income per share, which is accrued interest on portfolio securities, plus or minus amortized discount or premium (excluding market discount), less accrued expenses. This number is then divided by the price per share (expected to remain constant at \$1.00) at the beginning of the period ("base period return"). The result is then divided by 7 and multiplied by 365 and the resulting yield figure is carried to the nearest one-hundredth of one percent. Realized capital gains or losses and unrealized appreciation or depreciation of investments are not included in the calculation.

The Fund's effective yield is determined by taking the base period return (calculated as described above) and calculating the effect of assumed compounding. The formula for the effective yield is:

$$\frac{365/7}{(\text{base period return} + 1) - 1}$$

The tax equivalent yield of the Fund is computed by dividing that portion of the Fund's yield (calculated as described above) which is tax-exempt by (one minus the stated income tax rate) and adding the result to that portion, if any, of the yield of the Fund that is not tax-exempt.

2. Performance Reflected. The representative yield calculations reflected herein are for the seven-day period ended March 31, 1991.

3. Yield. First, net investment income per share for the last day of the seven-day period is calculated. The following figures are provided for this purpose:

a. Accrued interest, including amortization of premium and discount, for March 31, 1991 equals \$247.40.

b. Accrued expenses for March 31, 1991 equal \$0.00.

c. The number of outstanding shares of record for dividend purposes on March 31, 1991 equals 2,108,078.22.

Net investment income per share for March 31, 1991 is then calculated as follows:

$$\text{Net Investment Income Per Share} = \frac{\text{Accrued Interest} - \text{Accrued Expenses}}{\text{Record Date Shares}}$$

$$\frac{\$247.40 - \$0.00}{2,108,078.22} = \$.000117358/\text{Share}$$

Net investment income for the other six days in the seven-day period is then calculated in the same manner. The resulting figures for each of the seven days in the period are added together to obtain the net investment income per share for the period as follows:

Date ----	Net Investment Income Per Share -----
March 25, 1991	\$.000126622/Share
March 26, 1991	.000128335
March 27, 1991	.000128155
March 28, 1991	.000117443
March 29, 1991	.000117358
March 30, 1991	.000117358
March 31, 1991	.000117358

TOTAL	\$.000852629/Share

Then, base period return is calculated.

$$\text{Base Period Return} = \frac{\text{Net Investment Income Per Share}}{\text{Price Per Share}}$$

$$\frac{\$.000852629/\text{Share}}{\$1.00/\text{Share}} = .000852629$$

Then, yield is calculated.

$$\text{Yield} = \frac{\text{Base Period Return}}{7} \times 365$$

$$= \frac{.000852629}{7} \times 365 = .0445$$

The decimal return is converted to a percentage by multiplying by 100.

$$.0445 \times 100 = 4.45\%$$

3

4. Effective Yield. The base period return for use in the formula for effective yield set forth in Sub-section 1 above is the same as calculated in Sub-section 3 above.

$$\begin{aligned} \text{Effective Yield} &= (\text{Base Period Return} + 1)^{365/7} - 1 \\ &= (.000852629 + 1)^{365/7} - 1 \\ &= (1.000852629)^{365/7} - 1 \\ &= 1.0454 - 1 \\ &= .0454 \end{aligned}$$

The decimal return is converted to a percentage by multiplying by 100.

$$.0454 \times 100 = 4.54\%$$

5. Tax Equivalent Yield. Tax equivalent yield is reflected in the Part B assuming a marginal federal income tax rate of 31.0% and a combined federal, New York State and New York City income tax rate of 38.7%. Using the Fund's yield as calculated in Sub-section 3 above, 50% of which is exempt from federal income tax only and 50% of which is exempt from federal, New York State and New York City income tax, the tax equivalent yield of the Fund is calculated as follows:

New York and Federal Tax Equivalent Yield

$$\begin{aligned} &= \frac{[4.45\% \times \text{percentage exempt only from federal tax}]}{[1 - \text{federal tax rate}]} \\ &+ \frac{[4.45\% \times \text{percentage exempt from New York City and State and federal tax}]}{[1 - \text{combined New York City and State and federal tax rate}]} \end{aligned}$$

$$\begin{aligned}
&= \frac{[4.45\% \times 50\%]}{[1 - 31.0\%]} + \frac{[4.45\% \times 50\%]}{[1 - 38.7\%]} \\
&= \frac{.02225}{.69} + \frac{.02225}{.613} \\
&= 6.58\%
\end{aligned}$$

4

Based upon the maximum federal income tax rate of 31%, the Fund's federal tax equivalent yield is calculated as follows:

$$\begin{aligned}
\text{Federal Tax Equivalent Yield} &= \frac{4.45\%}{[1 - \text{tax rate}]} \\
&= \frac{4.45\%}{[1 - .31]} \\
&= \frac{4.45\%}{.69} \\
&= 6.45\%
\end{aligned}$$

POWER OF ATTORNEY

The person whose signature appears below hereby appoints Charles F. Custer, Stephen B. Timbers and Philip J. Collora and each of them, any of whom may act without the joinder of the others, as his attorney-in-fact to sign and file on his behalf individually and in the capacity stated below such registration statements, amendments, post-effective amendments, exhibits, applications and other documents with the Securities and Exchange Commission or any other regulatory authority as may be desirable or necessary in connection with the public offering of shares of Tax-Exempt New York Money Market Fund.

Signature

Title

Date

/s/ Stephen B. Timbers

Trustee

March 11, 1995

POWER OF ATTORNEY

The person whose signature appears below hereby appoints Charles F. Custer, Stephen B. Timbers and Philip J. Collora and each of them, any of whom may act without the joinder of the others, as his attorney-in-fact to sign and file on his behalf individually and in the capacity stated below such registration statements, amendments, post-effective amendments, exhibits, applications and other documents with the Securities and Exchange Commission or any other

regulatory authority as may be desirable or necessary in connection with the public offering of shares of Tax-Exempt New York Money Market Fund.

Signature -----	Title -----	Date -----
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/s/ David W. Belin -----	Trustee	March 11, 1995
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3

POWER OF ATTORNEY

The person whose signature appears below hereby appoints Charles F. Custer, Stephen B. Timbers and Philip J. Collora and each of them, any of whom may act without the joinder of the others, as his attorney-in-fact to sign and file on his behalf individually and in the capacity stated below such registration statements, amendments, post-effective amendments, exhibits, applications and other documents with the Securities and Exchange Commission or any other regulatory authority as may be desirable or necessary in connection with the public offering of shares of Tax-Exempt New York Money Market Fund.

Signature -----	Title -----	Date -----
--------------------	----------------	---------------

/s/ Lewis A. Burnham -----	Trustee	March 11, 1995
-------------------------------	---------	----------------

4

POWER OF ATTORNEY

The person whose signature appears below hereby appoints Charles F. Custer, Stephen B. Timbers and Philip J. Collora and each of them, any of whom may act without the joinder of the others, as his attorney-in-fact to sign and file on his behalf individually and in the capacity stated below such registration statements, amendments, post-effective amendments, exhibits, applications and other documents with the Securities and Exchange Commission or any other regulatory authority as may be desirable or necessary in connection with the public offering of shares of Tax-Exempt New York Money Market Fund.

Signature

Title

Date

/s/ Donald L. Dunaway

Trustee

March 11, 1995

5

POWER OF ATTORNEY

The person whose signature appears below hereby appoints Charles F. Custer, Stephen B. Timbers and Philip J. Collora and each of them, any of whom may act without the joinder of the others, as his attorney-in-fact to sign and file on his behalf individually and in the capacity stated below such registration statements, amendments, post-effective amendments, exhibits, applications and other documents with the Securities and Exchange Commission or any other regulatory authority as may be desirable or necessary in connection with the public offering of shares of Tax-Exempt New York Money Market Fund.

Signature

Title

Date

6

POWER OF ATTORNEY

The person whose signature appears below hereby appoints Charles F. Custer, Stephen B. Timbers and Philip J. Collora and each of them, any of whom may act without the joinder of the others, as his attorney-in-fact to sign and file on his behalf individually and in the capacity stated below such registration statements, amendments, post-effective amendments, exhibits, applications and other documents with the Securities and Exchange Commission or any other regulatory authority as may be desirable or necessary in connection with the public offering of shares of Tax-Exempt New York Money Market Fund.

Signature

Title

Date

/s/ Donald R. Jones

Trustee

March 11, 1995

7

POWER OF ATTORNEY

The person whose signature appears below hereby appoints Charles F. Custer, Stephen B. Timbers and Philip J. Collora and each of them, any of whom may act without the joinder of the others, as his attorney-in-fact to sign and file on his behalf individually and in the capacity stated below such registration statements, amendments, post-effective amendments, exhibits, applications and other documents with the Securities and Exchange Commission or any other

regulatory authority as may be desirable or necessary in connection with the public offering of shares of Tax-Exempt New York Money Market Fund.

Signature	Title	Date
-----	-----	-----

/s/ David B. Mathis	Trustee	March 11, 1995

8

POWER OF ATTORNEY

The person whose signature appears below hereby appoints Charles F. Custer, Stephen B. Timbers and Philip J. Collora and each of them, any of whom may act without the joinder of the others, as his attorney-in-fact to sign and file on such person's behalf individually and in the capacity stated below such registration statements, amendments, post-effective amendments, exhibits, applications and other documents with the Securities and Exchange Commission or any other regulatory authority as may be desirable or necessary in connection with the public offering of shares of Tax-Exempt New York Money Market Fund.

Signature	Title	Date
-----	-----	-----

/s/ Shirley D. Peterson	Trustee	June 15, 1995

9

POWER OF ATTORNEY

The person whose signature appears below hereby appoints Charles F. Custer, Stephen B. Timbers and Philip J. Collora and each of them, any of whom may act without the joinder of the others, as his attorney-in-fact to sign and file on his behalf individually and in the capacity stated below such registration statements, amendments, post-effective amendments, exhibits, applications and other documents with the Securities and Exchange Commission or any other regulatory authority as may be desirable or necessary in connection with the public offering of shares of Tax-Exempt New York Money Market Fund.

Signature

Title

Date

/s/ William P. Sommers

Trustee

March 11, 1995

VEDDER, PRICE, KAUFMAN & KAMMHOLZ

July 21, 1995

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Tax Exempt New York Money Market Fund

To The Commission:

We are counsel to the above-reference investment company (the "Fund") and as such have participated in the preparation and review of Post-Effective Amendment No. 5 to the Fund's registration statement being filed pursuant to Rule 485(b) under the Securities Act of 1933. In accordance with paragraph (b)(4) of Rule 485, we hereby represent that such amendment does not contain disclosures which would render it ineligible to become effective pursuant to paragraph (b) thereof.

Very truly yours,

/s/ Vedder, Price, Kaufman & Kammholz

VEDDER, PRICE, KAUFMAN & KAMMHOLZ

DAS:dfd

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE 1995 ANNUAL REPORT TO SHAREHOLDERS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL INFORMATION.

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