

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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### FILER

#### FEDERATED INDEX TRUST

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Business Address  
*FEDERATED INVESTORS  
TOWER  
PITTSBURGH PA 15222  
4122881581*

MAX-CAP FUND  
(A PORTFOLIO OF FEDERATED INDEX TRUST)  
INSTITUTIONAL SERVICE SHARES  
PROSPECTUS

The Institutional Service Shares of Max-Cap Fund (the "Fund") offered by this prospectus represent interests in the Fund, which is an investment portfolio in Federated Index Trust (the "Trust"), an open-end, management investment company (a mutual fund). The investment objective of the Fund is to seek to provide investment results that correspond to the aggregate price and dividend performance of publicly traded common stocks as represented by the Standard & Poor's 500 Composite Stock Price Index (the "Index"). The Fund is neither affiliated with nor sponsored by the Standard & Poor's Corporation.

THE INSTITUTIONAL SERVICE SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF ANY BANK, ARE NOT ENDORSED OR GUARANTEED BY ANY BANK, AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER GOVERNMENT AGENCY. INVESTMENT IN THESE SHARES INVOLVES INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL.

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

The Fund has also filed a Combined Statement of Additional Information for Institutional Service Shares and Institutional Shares dated December 31, 1993, with the Securities and Exchange Commission. The information contained in the Combined Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Combined Statement of Additional Information free of charge by calling 1-800-235-4669. To obtain other information or to make inquiries about the Fund, contact the Fund at the address listed in the back of this prospectus.

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

Prospectus dated December 31, 1993

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SUMMARY OF FUND EXPENSES

		<C>
INSTITUTIONAL SERVICE SHARES SHAREHOLDER TRANSACTION EXPENSES		
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....		None
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price).....		None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds, as applicable).....		None
Redemption Fee (as a percentage of amount redeemed, if applicable).....		None
Exchange Fee.....		None
ANNUAL INSTITUTIONAL SERVICE SHARES OPERATING EXPENSES (As a percentage of average net assets)		
Management Fee (after waiver) (1).....		0.21%
12b-1 Fee.....		0.30%
Other Expenses.....		0.10%
Total Institutional Service Shares Operating Expenses (2).....		0.61%

(1) The management fee has been reduced to reflect the voluntary waiver of a portion of the management fee. The Manager can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is 0.30%.

(2) The Total Institutional Service Shares Operating Expenses would have been 0.70% absent the voluntary waiver of a portion of the management fee.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF INSTITUTIONAL SERVICE SHARES OF THE FUND WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES OF THE FUND, SEE "INVESTING IN INSTITUTIONAL SERVICE SHARES" AND "FEDERATED INDEX TRUST INFORMATION." Wire-transferred redemptions of less than \$5,000 may be subject to additional fees.

Long-term shareholders may pay more than the economic equivalent of the maximum front-end sales charges permitted under the rules of the National Association of Securities Dealers, Inc.

<TABLE> <CAPTION> EXAMPLE		
<S>	1 year <C>	3 years <C>
You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Fund charges no redemption fees.....	\$6	\$20

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

The information set forth in the foregoing table and example relates only to the Institutional Service Shares of the Fund. The Fund offers another class of shares called Institutional Shares. Institutional Service Shares and Institutional Shares are subject to certain of the same expenses; however, Institutional Shares are not subject to a 12b-1 fee. See "Other Classes of Shares."

MAX-CAP FUND  
FINANCIAL HIGHLIGHTS--INSTITUTIONAL SERVICE SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

Reference is made to the Report of Ernst & Young, Independent Auditors, on page 49.

<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993*
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 12.12
-----	
INCOME FROM INVESTMENT OPERATIONS	
-----	
Net investment income	0.07
-----	
Net realized and unrealized gain on investments	0.12
-----	
Total from investment operations	0.19
-----	
LESS DISTRIBUTIONS	
-----	
Dividends to shareholders from net investment income	(0.07)
-----	
NET ASSET VALUE, END OF PERIOD	\$ 12.24
-----	
TOTAL RETURN**	1.70% (b)
-----	
RATIOS TO AVERAGE NET ASSETS	
-----	
Expenses	0.61% (c)
-----	
Net investment income	1.52% (c)
-----	
Expense waiver/reimbursement (a)	0.09% (c)
-----	
SUPPLEMENTAL DATA	
-----	
Net assets, end of period (000 omitted)	\$ 2,493
-----	
Portfolio turnover rate	%13
-----	

</TABLE>

\* Reflects operations for the period from August 30, 1993 (date of initial public investment) to October 31, 1993.

\*\* Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) This expense decrease is reflected in both the expense and net investment income ratios shown above (Note 5).

(b)\_ Cumulative total return.

(c) Computed on an annualized basis.

Further information about the Fund's performance is contained in the Fund's annual report dated December 31, 1993, which can be obtained free of charge.

(See Notes which are an integral part of the Financial Statements)

GENERAL INFORMATION

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The Trust was established as a Massachusetts business trust under a Declaration of Trust dated January 30, 1990. The Declaration of Trust permits the Trust to offer separate series of shares of beneficial interest representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. As of the date of this prospectus, the Board of Trustees ("Trustees") has established two classes of shares of the Fund known as

Institutional Service Shares ("Shares") and Institutional Shares. This prospectus relates only to the Institutional Service Shares of the Fund. Institutional Service Shares are designed primarily for retail and private banking customers of financial institutions. A minimum initial investment of \$25,000 over a 90-day period is required.

Shares are currently sold and redeemed at net asset value without a sales charge imposed by the Fund.

#### INVESTMENT INFORMATION

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##### INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide investment results that correspond to the aggregate price and dividend performance of publicly-traded common stocks, by duplicating the composition of the Index. The investment objective cannot be changed without approval of shareholders. The Fund's ability to duplicate the Index will depend partly on the size and timing of cash flows into and out of the Fund. The Fund's performance is expected to closely mirror the performance of the Index. An investment in the Fund presents risks similar to those of investing in a portfolio comprised of the securities of the companies in the Index. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

##### INVESTMENT POLICIES

The investment policies described below may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material changes in these policies become effective.

The Fund pursues its investment objective by attempting to duplicate the investment results of the Index, while minimizing transaction costs and other expenses. The Fund will attempt to achieve a correlation between the performance of its portfolio and that of the Index of at least 0.95 or better; a figure of 1.00 would represent perfect correlation. The Fund will normally be invested in substantially all of the stocks that comprise the Index. Under normal circumstances, at least 80% of the value of the Fund's total assets will be invested in stocks represented in the Index. However, the Fund is not required to sell securities if the 80% investment level changes due to increases or decreases in the market value of portfolio securities.

The Index consists of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Standard & Poor's Corporation ("S&P") designates the stocks to be included in the Index on a statistical basis. A particular stock's weighting in the Index is based on its relative total market value; that is, its market price per share times the number of shares outstanding. From time to time, S&P may add or delete stocks from the Index. Inclusion of a particular stock in the Index in no way implies an opinion by S&P as to its investment attractiveness, nor is S&P a sponsor or in any way affiliated with the Fund. The Fund utilizes the Index as the standard performance benchmark because it

represents approximately 70% of the total market value of all common stocks. In addition, it is familiar to investors, and is recognized as a barometer of common stock investment returns.

The Fund will be managed passively, in that the traditional management functions of economic, financial, and market analysis will not be undertaken. Furthermore, a company's adverse financial circumstance will not trigger its elimination from the Fund's portfolio, unless the company's stock is removed from the Index by S&P. The Fund is managed by utilizing a computer program that identifies which stocks should be purchased or sold in order to duplicate, as much as possible, the composition of the Index. The Fund will include a stock in its investment portfolio in the order of the stock's weighting in the Index, starting with the heaviest-weighted stock. Thus, the proportion of Fund assets invested in such stock is nearly identical to the percentage of the particular stock represented in the Index. On occasion, so as to respond to changes in the Index's composition, as well as corporate mergers, tender offers, and other circumstances, adjustments will be made in the Fund's portfolio. However, it is anticipated that these adjustments will occur infrequently, and the costs will be minimized. As a result, portfolio turnover is expected to be well below that encountered in other investment company portfolios. Therefore, the accompanying costs, including accounting costs, brokerage fees, custodial expenses, and transfer taxes, are expected to be relatively low. While the cash flows into and out of the Fund will impact the Fund's portfolio turnover rate and the Fund's



ability to replicate the Index's performance, investment adjustments will be made, as practicably as possible, to account for these circumstances.

The Fund believes that indexing, as described above, constitutes a reasonable and effective method of replicating percentage changes in the Index. While the Fund will not duplicate the Index's performance precisely, it is anticipated that the Fund's performance will closely resemble the performance of the Index. Factors such as the size of the Fund's portfolio, the size and timing of cash flows into and out of the Fund, and changes in the securities markets and the Index itself, will account for the difference.

In order to accommodate cash flows, the Fund may enter into stock index futures contracts and options. The Fund may purchase futures contracts and options solely to maintain adequate liquidity to meet its redemption demands. This will allow the Fund to simultaneously maximize the level of the Fund assets which are tracking the performance of the Index. The Fund can sell futures contracts and options in order to close out a previously established position. The Fund will not enter into any stock index futures contract for the purpose of speculation.

**ACCEPTABLE INVESTMENTS.** The Fund will invest primarily in common stocks comprising the Index. In addition, the Fund may hold cash reserves which may be invested in the following:

**U.S. GOVERNMENT SECURITIES.** The Fund is permitted to invest in U.S. government securities which are either issued or guaranteed by the U.S. government, its agencies or instrumentalities. These securities include, but are not limited to:

direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds; and

notes, bonds, and discount notes of U.S. government agencies or instrumentalities, such as Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit System, and the Student Loan Marketing Association.

**REPURCHASE AGREEMENTS.** The U.S. government securities and other securities in which the Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S.

government securities or other securities to the Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price. To the extent that the original seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities.

**VARIABLE RATE U.S. GOVERNMENT SECURITIES.** Some of the short-term U.S. government securities the Fund may purchase carry variable interest rates. These securities have a rate of interest subject to adjustment at least annually. This adjusted interest rate is ordinarily tied to some objective standard, such as the 91-day U.S. Treasury bill rate.

**CASH ITEMS.** The Fund may also invest in cash items. The Fund considers cash items to be instruments issued by a U.S. branch of a domestic bank having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of the investment.

The Fund may also invest in commercial paper rated A-1 by S&P, Prime-1 by Moody's Investors Service, Inc., or F-1 by Fitch Investors Service, Inc.

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

There are several risks accompanying the utilization of futures contracts to effectively anticipate market transactions. First, positions in futures contracts may be closed only on an exchange or board of trade that

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

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

**INDEX PARTICIPATION CONTRACTS.** In addition to investing in stock index futures contracts, options and options on futures contracts, the Fund may also participate in the purchasing and selling of index participation contracts based on the Index. The Fund will utilize index participation contracts to aid in the management of cash flows into and out of the Fund and not for speculative purposes. These contracts provide the equivalent of a position in the stocks of the Index, where each stock is represented in the same proportion as it is represented in the Index. Unlike futures contracts, positions in these instruments may last indefinitely, with no expiration date and will pay dividends implied by the underlying stocks in the Index. Generally, the value of an index participation contract will rise and fall as the value of the Index rises and falls. Index participation contracts have lower transaction costs than those associated with the purchase and sale of individual stocks. The Fund will invest in index participation contracts only if there exists an active market for such contracts.

The value of these contracts, together with the value of the Fund's investment in stock index futures contracts, options and options on futures contracts will not exceed 20% of the Fund's total assets. The Fund's use of these investments will be to maintain adequate liquidity to meet redemption requests, while simultaneously maximizing the level of Fund assets which are tracking the performance of the Index.

**LENDING OF PORTFOLIO SECURITIES.** The Fund may lend its portfolio securities on a short-term basis or long-term basis up to one-third of the value of its total assets to broker/dealers, banks, or other institutional borrowers of securities. The Fund will only enter into loan arrangements with broker/dealers, banks or other institutions which the managers have determined are creditworthy under guidelines established by the Trustees. The Fund will receive collateral in the form of cash or U.S. government securities equal to at least 100% of the value of the securities loaned.

**WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS.** The Fund may purchase short-term U.S. government securities on a when-issued or delayed delivery basis. These transactions are arrangements in which the Fund purchases securities with payment and delivery scheduled for a future time. The Fund engages in when-issued and delayed delivery transactions only for the purpose of acquiring portfolio securities consistent with the Fund's investment objective and policies, not for investment leverage. In when-issued and delayed delivery transactions, the Fund relies on the seller to complete the transaction. The seller's failure to complete the transaction may cause the Fund to miss a price or yield considered to be advantageous.

## INVESTMENT LIMITATIONS

The Fund will not:

borrow money directly or through reverse repurchase agreements (arrangements in which the Fund sells a money market instrument for at least a percentage of its cash value with an agreement to buy it back on a set date) except, under certain circumstances, the Fund may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of those assets to secure such borrowings.

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

The Fund will not:

invest more than 5% of its total assets in securities of issuers that have records of less than three years of continuous operations; or

invest more than 15% of its net assets in securities that are illiquid.

## FEDERATED INDEX TRUST INFORMATION

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### MANAGEMENT OF THE TRUST

**BOARD OF TRUSTEES.** The Trust is managed by a Board. The Board of Trustees is responsible for managing the business affairs of the Trust and for exercising all of the powers of the Trust except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Trustees' responsibilities between meetings of the Trustees.

**FUND'S MANAGER.** Federated Management serves as the Fund's manager (the "Manager"). The Trust has entered into a management contract (the "Management Contract") with the Manager, which, in turn, has entered into a sub-management contract (the "Sub-Management Contract") with ANB Investment Management and Trust Company ("ANB" or the "Sub-Manager") (ANB and the Manager are collectively referred to as "Managers"). It is the Manager's responsibility to select the Sub-Manager, subject to the review and approval of the Trustees and to review and evaluate the Sub-Manager's continued performance. The Manager is also responsible for providing administrative services to the Fund.

Subject to the supervision and direction of the Trustees, the Manager provides to the Fund investment management evaluation services principally by performing initial due diligence on the Sub-Manager for the Fund and thereafter monitoring and evaluating the performance of the Fund's Sub-Manager through quantitative and qualitative analyses. In addition, the Manager conducts periodic in-person, telephonic and written consultations with the Sub-Manager. In initially evaluating the Sub-Manager, the Manager considered, among other factors, the Sub-Manager's level of expertise; relative performance over a minimum period of five years; level of efficiency; level of adherence to investment discipline or philosophy; personnel, facilities and financial strength; and quality of service and client communications. On an ongoing basis, the Manager is responsible for communicating performance expectations and evaluations to the Sub-Manager; monitoring tracking error; monitoring and analyzing the appropriate futures contracts to purchase and the futures holdings of the Fund as a percentage of Fund assets; monitoring market timing in the Fund; discussing with the Sub-Manager which method of indexing to use; and ultimately recommending to the Trustees whether the Sub-Management Contract should be renewed, modified or terminated. The Manager provides written reports to the Trustees regarding the results of its evaluation and monitoring functions. In addition, the Manager is responsible for providing the Fund with administrative services, including, but not limited to, shareholder servicing and certain legal and accounting services. The Manager is also responsible for conducting all operations of the Fund, except those operations contracted to the Sub-Manager, custodian, transfer agent and dividend disbursing agent. As described below, the Manager receives an annual fee from the Fund for performing its responsibilities under the Management Contract.

**MANAGEMENT FEES.** The Fund's Manager receives an annual management fee equal to .30 of 1% of the Fund's average daily net assets. Under the Management Contract, which provides for the voluntary waiver of the management fee by the Manager, the Manager will voluntarily waive some or

all of the management fee. The Manager can terminate this voluntary waiver of some or all of its management fee at any time in its sole discretion. The Manager has also undertaken to reimburse the Fund for operating expenses in excess of limitations established by certain states.

**MANAGER'S BACKGROUND.** Federated Management, a Delaware business trust organized on April 11, 1989, is a registered investment adviser under the Investment Advisers Act of 1940. It is a subsidiary of Federated Investors. All of the Class A (voting) shares of Federated Investors are owned by a trust, the trustees of which are John F. Donahue, Chairman and Trustee of Federated Investors, Mr. Donahue's wife, and Mr. Donahue's son, J. Christopher Donahue, who is President and Trustee of Federated Investors. Federated Management and other subsidiaries of Federated Investors serve as investment advisers to a number of investment companies and private accounts. Certain other subsidiaries also provide administrative services to a number of investment companies. Total assets under management or administration by these and other subsidiaries of Federated Investors are approximately \$70 billion. Federated Investors, which was founded in 1956 as Federated Investors, Inc., develops and manages mutual funds primarily for the financial industry. Federated Investors' track record of competitive performance and its disciplined, risk averse investment philosophy serve approximately 3,500 client institutions nationwide. Through these same client institutions, individual shareholders also have access to this same level of investment expertise.

**SUB-MANAGER.** Under the terms of the Sub-Management Contract between the Manager and ANB, ANB serves as the Fund's Sub-Manager. The Sub-Manager will develop, maintain and run the computer program designed to determine which securities will be purchased and sold so as to replicate the composition of the Index to the extent feasible, and, subject to the Manager's oversight, has complete discretion to purchase and sell portfolio securities for the Fund within the Fund's investment objective, restrictions and policies.

**SUB MANAGEMENT FEES.** For its services under the Sub-Management Contract, ANB receives an annual fee from the Manager equal to .05 of 1% of the first \$100 million of net assets under management, .02 of 1% over \$100 million but less than \$200 million, and .01 of 1% of net assets over and above \$200 million, on an annualized basis. This fee is paid by the Manager out of its resources and is not an incremental Fund expense. No performance or incentive fees are paid to the Sub-Manager.

**SUB-MANAGER'S BACKGROUND.** ANB, incorporated in the State of Illinois on July 1, 1988 is a registered investment adviser under the Investment Advisers Act of 1940. ANB is a wholly-owned subsidiary of American National Bank and Trust Company of Chicago, which, in turn, is an indirect wholly-owned subsidiary of First Chicago Corporation. It serves as investment adviser principally to corporate defined benefit and defined contribution plans which have, as of September 30, 1993, placed approximately \$18 billion in assets with ANB. Since 1973, when American National Bank and Trust Company of Chicago introduced its first commingled equity index fund, ANB has developed and managed a family of equity and bond index funds in which some 390 nationwide non-financial institution clients invest. In total, ANB manages 62 commingled/common trust funds. Also, since 1990, ANB has served as Sub-Manager for Mini-Cap Fund and Mid-Cap Fund which are also portfolios of the Trust.

#### DISTRIBUTION OF INSTITUTIONAL SERVICE SHARES

Federated Securities Corp. is the principal distributor for the Fund. It is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors. Federated Securities Corp. pays a licensing fee to the Standard & Poor's Corporation for the right to use the Index in connection with its sub-management activities for the Fund. Federated Securities Corp. is not affiliated with the Standard & Poor's Corporation.

**DISTRIBUTION PLAN.** Pursuant to the provisions of a distribution plan adopted in accordance with Investment Company Act Rule 12b-1 (the "Plan"), the Fund will pay to the distributor an amount computed at an annual rate of .30 of 1% of the average daily net asset value of the Shares to finance any activity which is principally intended to result in the sale of Shares subject to the Plan.

The distributor may from time to time and for such periods as it deems

appropriate, voluntarily reduce its compensation under the Plan to the extent the expenses attributable to the Shares exceed such lower expense limitation as the distributor may, by notice to the Fund, voluntarily declare to be effective.

The distributor may select financial institutions such as banks, fiduciaries, custodians for public funds, investment advisers, and broker/dealers ("brokers") to provide sales and/or administrative services as agents for their clients or customers who beneficially own Shares of the Fund. Administrative services may include, but are not limited to, the following functions: providing office space, equipment, telephone facilities, and various clerical, supervisory, computer and other personnel as necessary or beneficial to establish and maintain shareholder accounts and records; processing purchase and redemption transactions and automatic investments of client account cash balances; answering routine client inquiries regarding the Shares; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as the Fund reasonably requests for Shares.

Financial institutions will receive fees from the distributor based upon Shares owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the distributor.

The Fund's plan is a compensation type plan. As such, the Fund makes no payments to the distributor except as described above. Therefore, the Fund does not pay for unreimbursed expenses of the distributor, including amounts expended by the distributor in excess of amounts received by it from the Fund, interest, carrying or other financing charges in connection with excess amounts expended, or the distributor's overhead expenses. However, the distributor may be able to recover such amounts or may earn a profit from future payments made by the Fund under the Plan.

The Glass-Steagall Act prohibits a depository institution (such as a commercial bank or a savings and loan association) from being an underwriter or distributor of most securities. In the event the Glass-Steagall Act is deemed to prohibit depository institutions from acting in the administrative capacities described above or should Congress relax current restrictions on depository institutions, the Board of Trustees will consider appropriate changes in the services. State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

#### ADMINISTRATION OF THE FUND

**ADMINISTRATIVE SERVICES.** Federated Administrative Services, Inc., a subsidiary of Federated Investors, provides the manager with the administrative personnel and services necessary to provide shareholder servicing and certain legal and accounting services.

**CUSTODIAN.** State Street Bank and Trust Company ("State Street Bank"), Boston, Massachusetts, is custodian for the securities and cash of the Fund..

**TRANSFER AGENT AND DIVIDEND DISBURSING AGENT.** Federated Services Company, Pittsburgh, Pennsylvania, is transfer agent for the shares of the Fund, and dividend disbursing agent for the Fund.

**LEGAL COUNSEL.** Legal counsel is provided by Houston, Houston & Donnelly, Pittsburgh, Pennsylvania, and Dickstein, Shapiro & Morin, Washington, D.C.

**INDEPENDENT AUDITORS.** The independent auditors for the Fund are Ernst & Young, Pittsburgh, Pennsylvania.

#### BROKERAGE TRANSACTIONS

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

EXPENSES OF THE FUND AND INSTITUTIONAL SERVICE SHARES

Holders of Shares pay their allocable portion of Fund and Trust expenses.

The Institutional Service Shares are a new class of shares. Accordingly, there are no expense ratios for such shares. The expense ratios presented are historical information for the Fund. The Trust expenses for which holders of Shares pay their allocable portion include, but are not limited to: the cost of organizing the Trust and continuing its existence; registering the Trust with federal and state securities authorities; Trustees' fees; auditors' fees; the cost of meeting of Trustees; legal fees of the Trust; association membership dues; and such non-recurring and extraordinary items as may arise.

The Fund expenses for which holders of Shares pay their allocable portion include, but are not limited to: registering the Fund and Shares of the Fund; investment advisory services; taxes and commissions; custodian fees; insurance premiums; auditors' fees; and such non-recurring and extraordinary items as may arise.

At present, the only expenses allocated to the Shares as a class are expenses under the Fund's 12b-1 Plan which relate to the Shares. However, the Trustees reserves the right to allocate certain other expenses to holders of Shares as it deems appropriate ("Class Expenses"). In any case, Class Expenses would be limited to : transfer agent fees as identified by the transfer agent as attributable to holders of Shares; printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxies to current shareholders; registration fees paid to the Securities and Exchange Commission and registration fees paid to state securities commissions; expenses related to administrative personnel and services as required to support holders of Shares; legal fees relating solely to Shares; and Trustees' fees incurred as a result of issues relating solely to Shares.

NET ASSET VALUE

The Fund's net asset value per Share fluctuates. The net asset value for Shares is determined by adding the interest of the Shares in the market value of all securities and other assets of the Fund, subtracting the interest of the Shares in the liabilities of the Fund and those attributable to Shares, and dividing the remainder by the total number of Shares outstanding. The net asset value for Institutional Shares may exceed that of Shares due to the variance in daily net income realized by each class. Such variance will reflect only accrued net income to which the shareholders of a particular class are entitled.

INVESTING IN INSTITUTIONAL SERVICE SHARES

SHARE PURCHASES

Shares are sold on days on which the New York Stock Exchange is open. Shares of the Fund may be purchased either by wire or mail. To purchase Shares of the Fund, open an account by calling Federated Securities Corp. Information needed to establish the account will be taken over the telephone. The Fund reserves the right to reject any purchase request.

BY WIRE. To purchase Shares of the Fund by Federal Reserve wire, call the Fund to place an order. Shareholders have until 4:00 p.m. (Boston time) to call the Fund for settlement on the next business day. However, in order to maximize the Fund's ability to track the Index, shareholders are urged to transmit purchase requests prior to 2:00 p.m. (Boston time). The order is considered received immediately. Payment by federal funds must be received before 4:00 p.m. (Boston time) on the next business day following the order. Federal funds should be wired as follows: State Street Bank and Trust Company, Boston, Massachusetts; Attention: EDGEWIRE; For Credit to: Federated Index Trust, Max-Cap Fund--Institutional Service Shares; Fund Number (this number can be found on the account statement or by contacting the Fund); Group Number or Order Number; Nominee or Institution Name; ABA Number 011000028.

BY MAIL. To purchase Shares of the Fund by mail, send a check made payable to Max-Cap Fund-- Institutional Service Shares to the Fund's transfer agent, Federated Services Company, c/o State Street Bank and Trust Company, P.O. Box 8602, Boston, Massachusetts 02266-8602. Orders by mail are considered received after payment by check is converted by State Street Bank into federal funds. This is normally the next business day after State Street Bank receives the check.

#### MINIMUM INVESTMENT REQUIRED

The minimum initial investment in Shares is \$25,000. However, an account may be opened with a smaller amount as long as the \$25,000 minimum is reached within 90 days. An institutional investor's minimum investment will be calculated by combining all accounts that it maintains with the Fund.

#### WHAT SHARES COST

Shares are sold at their net asset value next determined after an order is received. There is no sales charge imposed by the Fund. The net asset value is determined at 4:00 p.m. (Boston time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of the Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; and (iii) the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

#### SUBACCOUNTING SERVICES

Institutions are encouraged to open single master accounts. However, certain institutions may wish to use the transfer agent's subaccounting system to minimize their internal recordkeeping requirements. The transfer agent charges a fee based on the level of subaccounting services rendered. Institutions holding Shares in a fiduciary, agency, custodial, or similar capacity may charge or pass through subaccounting fees as part of or in addition to normal trust or agency account fees. They may also charge fees for other services provided which may be related to the ownership of Shares. This prospectus should, therefore, be read together with any agreement between the customer and the institution with regard to the services provided, the fees charged for those services, and any restrictions and limitations imposed.

#### CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Fund, Federated Services Company maintains a share account for each shareholder. Share certificates are not issued unless requested by contacting the Fund.

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

#### DIVIDENDS

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

#### CAPITAL GAINS

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

#### REDEEMING INSTITUTIONAL SERVICE SHARES

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The Fund redeems Shares at their net asset value next determined after the Fund receives the redemption request. Redemptions will be made on days on which the Fund computes its net asset value. Redemption requests must be received in proper form and can be made by telephone request or written request.

#### TELEPHONE REDEMPTION

Shareholders may redeem their Shares by telephoning the Fund before 4:00 p.m. (Boston time). However, in order to maximize the Fund's ability to track the Index, shareholders are urged to telephone the Fund prior to 2:00 p.m. (Boston time). The proceeds will normally be wired the following business day, but in no event more than seven days, to the shareholder's account at a domestic commercial bank that is a member of the Federal Reserve System. If at any time the Fund shall determine it necessary to terminate or modify this method of redemption, shareholders would be promptly notified. An authorization form permitting State Street Bank or the Fund to accept telephone requests must first be completed. Authorization forms and information on this service are available from Federated Securities Corp. Telephone redemption instructions may be recorded.

In the event of drastic economic or market changes, a shareholder may experience

difficulty in redeeming by telephone. If such a case should occur, another method of redemption, such as "Written Requests," should be considered.

If reasonable procedures are not followed by the Fund, it may be liable for losses due to unauthorized or fraudulent telephone instructions.

#### WRITTEN REQUESTS

Shares may also be redeemed by sending a written request to the Fund. Call the Fund for specific instructions before redeeming by letter. The shareholder will be asked to provide in the request his name, the Fund name, his account number, and the share or dollar amount requested. If share certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request.

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

a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund ("BIF"), which is administered by the Federal Deposit Insurance Corporation ("FDIC");

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

a savings bank or savings and loan association whose deposits are insured by the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or

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

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

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

**RECEIVING PAYMENT.** Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper written redemption request.

#### REDEMPTION BEFORE PURCHASE INSTRUMENTS CLEAR

When Shares are purchased by check, the proceeds from the redemption of those Shares are not available, and the Shares may not be exchanged, until the Fund or its agents are reasonably certain that the purchase check has cleared, which could take up to ten calendar days.

#### ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Fund may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below a required minimum value of \$25,000. This requirement does not apply, however, if the balance falls below \$25,000 because of changes in the Fund's net asset value.

Before Shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

#### SHAREHOLDER INFORMATION

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#### VOTING RIGHTS

Each Share of the Fund gives the shareholder one vote in Trustee elections and other matters submitted to shareholders for vote. All shares of all classes of each portfolio in the Trust have equal voting rights except that, in matters affecting only a particular fund or class, only shares of that fund or class are entitled to vote. As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Trust's or the Fund's operation and for the election of Trustees under certain circumstances. As of November 29, 1993, TMA Retirement Trust, Park Ridge, Illinois, owned approximately 64,834 shares (30.5%); and Bank One Utah NA, Salt Lake City, Utah, owned approximately 143,597 shares (67.7%) of



the Fund, and therefore, may, for certain purposes, be deemed to control the Fund and be able to affect the outcome of certain matters presented for a vote of shareholders.

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

#### MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust on behalf of the Fund. To protect shareholders of the Fund, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders of the Fund for such acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument that the Trust enters into on behalf of the Fund.

In the unlikely event a shareholder of the Fund is held personally liable for the Trust's obligations on behalf of the Fund, the Trust is required to use the property of the Fund to protect or compensate the shareholder. On request, the Trust will defend any claim made and pay any judgment against a shareholder for any act or obligation of the Trust on behalf of the Fund. Therefore, financial loss resulting from liability as a shareholder of the Fund will occur only if the Trust cannot meet its obligations to indemnify shareholders and pay judgments against them from the assets of the Fund.

#### TAX INFORMATION

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##### FEDERAL INCOME TAX

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

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

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions, including capital gains distributions, received. This applies whether dividends and distributions are received in cash or as additional shares. Distributions representing long-term capital gains, if any, will be taxable to shareholders as long-term capital gains no matter how long the shareholders have held their shares.

PENNSYLVANIA CORPORATE AND PERSONAL PROPERTY TAXES. In the opinion of Houston, Houston & Donnelly, counsel to the Trust:

neither the Trust nor the Fund is subject to Pennsylvania corporate or personal property taxes; and

Fund shares may be subject to personal property taxes imposed by counties, municipalities, and school districts in Pennsylvania to the extent that the portfolio securities in the Fund would be subject to such taxes if owned directly by residents of those jurisdictions.

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

#### PERFORMANCE INFORMATION

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

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

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

Shares are sold without any sales load or other similar non-recurring charges. Total return and yield will be calculated separately for Institutional Service Shares and Institutional Shares. Because Institutional Service Shares are subject to a 12b-1 fee, the total return and yield for Institutional Shares for the same period will exceed that of Institutional Service Shares.

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

OTHER CLASSES OF SHARES

Institutional Shares of the Fund are sold to accounts for which financial institutions act in a fiduciary or agency capacity. Institutional Shares are sold at net asset value and investments in Institutional Shares are subject to a minimum initial investment of \$25,000.

Institutional Shares of the Fund are distributed without a 12b-1 Plan. Financial institutions and brokers providing sales and administrative services may receive different compensation depending upon which class of shares of the Fund is sold.

The amount of dividends payable to Institutional Shares will exceed that of Institutional Service Shares by the difference between Class Expenses and distribution expenses borne by shares of each respective class.

The stated advisory fee is the same for both classes of shares.

MAX-CAP FUND

FINANCIAL HIGHLIGHTS--INSTITUTIONAL SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

Reference is made to the Report of Ernst & Young, Independent Auditors, on page 49.

<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER 31,			
	1993	1992	1991	1990*
	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 11.64	\$ 11.07	\$ 8.60	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS				
Net investment income	0.30	0.32	0.37	0.12
Net realized and unrealized gain (loss) on investments	1.29	0.71	2.46	(1.43)
Total from investment operations	1.59	1.03	2.83	(1.31)
LESS DISTRIBUTIONS				
Dividends to shareholders from net investment income	(0.30)	(0.34)	(0.36)	(0.09)
Distributions to shareholders from net realized gain on investment transactions	(0.69)	(0.12)	--	--
Total distributions	(0.99)	(0.46)	(0.36)	(0.09)
NET ASSET VALUE, END OF PERIOD	\$ 12.24	\$ 11.64	\$ 11.07	\$ 8.60
TOTAL RETURN**	14.35%	9.51%	33.31%	(14.46)% (b)
RATIO TO AVERAGE NET ASSETS				
Expenses	0.31%	0.30%	0.24%	0.00% (c)
Net investment income	2.60%	2.92%	3.74%	5.19% (c)
Expense waiver/reimbursement (a)	0.09%	0.18%	0.45%	0.94%
SUPPLEMENTAL DATA]				
Net assets, end of period (000 omitted)	\$407,246	\$309,614	\$144,528	\$25,129
Portfolio turnover rate	13%	46%	6%	0%

</TABLE>

\* Reflects operations for the period from July 5, 1990 (date of initial public

offering) to October 31, 1990. For the period from the start of business June 26, 1990 to July 4, 1990, net investment income per share aggregating \$0.02 per share (\$155) was distributed to the Fund's manager. Such distribution represented the net income of the Fund prior to the initial public offering of Fund shares which commenced on July 5, 1990.

\*\* Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) This expense decrease is reflected in both the expense and net investment income ratios shown above (Note 5).

(b) Cumulative total return.

(c) Computed on an annualized basis.

Further information about the Fund's performance is contained in the Fund's annual report dated December 31, 1993, which can be obtained free of charge.

(See Notes which are an integral part of the Financial Statements)

STANDARD & POOR'S CORPORATION

"Standard & Poor's," "S&P," "S&P 500," "Standard & Poor's 500," and "500" are trademarks of Standard & Poor's Corporation and have been licensed for use by Federated Securities Corp.

The Fund is not sponsored, endorsed, sold or promoted by or affiliated with, Standard & Poor's Corporation.

MAX-CAP FUND  
PORTFOLIO OF INVESTMENTS

OCTOBER 31, 1993

<TABLE> <CAPTION> SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--86.3%		
COMMERCIAL SERVICES--1.4%		
5,100	Alco Standard Corp.	\$ 233,325
52,300	American Express Co.	1,686,675
8,900	Deluxe Corp.	318,175
16,700	Donnelley (R.R.) & Sons Co.	486,388
10,700	Dow Jones & Co., Inc.	381,188
4,000	Fleming Companies, Inc.	123,000
5,600	Grainger (W.W.), Inc.	305,900
3,600	Handleman Co.	44,100
3,500	Harland (John H.) Co.	84,437
8,100	Interpublic Group Cos., Inc.	250,088
5,300	McGraw-Hill, Inc.	393,525
4,300	McKesson Corp.	229,512

10,700	Moore Corp. Ltd.	224,700
2,100	National Intergroup, Inc.	32,287
4,700	Ogden Corp.	112,800
6,250	Safety-Kleen Corp.	85,938
7,700	Super Valu Stores, Inc.	259,875
20,000	Sysco Corp.	572,500
	Total	5,824,413
	COMMUNICATION--0.3%	
22,200	McCaw Cellular Communications, Cl. A	1,182,150
	CONSUMER DURABLES--4.1%	
7,900	American Greetings Corp., Cl. A	230,088
1,538	Bassett Furniture Industries, Inc.	46,509
9,000	Black & Decker Corp.	180,000
1,600	Briggs & Stratton Corp.	\$ 139,800
10,300	Brunswick Corp.	160,938

</TABLE>

MAX-CAP FUND

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SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
	CONSUMER DURABLES--CONTINUED	
3,400	Centex Corp.	150,875
37,800	Chrysler Corp.	2,116,800
9,000	Cooper Tire & Rubber Co.	195,750
35,300	Eastman Kodak Co.	2,223,900
6,300	Echlin, Inc.	204,750
2,200	Fedders USA, Inc.	13,750
4,900	Fleetwood Enterprises, Inc.	110,862
53,000	Ford Motor Co.	3,279,375
76,200	General Motors Corp.	3,629,025
13,400	Genuine Parts Co.	507,525
15,700	Goodyear Tire & Rubber Co.	702,575
9,400	Hasbro, Inc.	340,750
4,900	Jostens, Inc.	94,937
3,700	Kaufman & Broad, Inc.	73,075
10,362	Mattel, Inc.	300,498
11,500	Maytag Corp.	179,687
8,500	Newell Co.	346,375
2,100	Outboard Marine Corp.	37,012
5,000	Polaroid Corp.	183,125

17,300	Rubbermaid Inc.	601,175
1,200	Skyline Corp.	21,450
4,600	Snap-On Tools Corp.	182,850
4,800	Stanley Works	207,000
7,600	Whirlpool Corp.	485,450

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MAX-CAP FUND

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SHARES

VALUE

<C>

<S>

<C>

COMMON STOCKS--CONTINUED

CONSUMER DURABLES--CONTINUED

3,300	Zenith Electronics Corp.	\$ 25,987
	Total	16,971,893
	CONSUMER NON-DURABLES--9.8%	
3,100	Alberto-Culver Co., Cl. B Conv.	65,488
21,700	American Brands, Inc.	748,650
29,100	Anheuser-Busch Companies, Inc.	1,385,888
7,800	Avon Products, Inc.	393,900
15,200	Borden, Inc.	243,200
1,900	Brown Group, Inc.	64,600
3,000	Brown-Forman Corp., Cl. B	236,625
27,100	Campbell Soup Co.	1,128,038
5,900	Clorox Co.	312,700
140,000	Coca-Cola Co.	6,072,500
16,700	Colgate-Palmolive Co.	981,125
27,100	ConAgra, Inc.	731,700
4,100	Coors (Adolph) Co., Cl. B	85,588
16,500	CPC International Inc.	792,000
17,300	General Mills, Inc.	1,107,200
7,500	Gerber Products Co.	213,750
23,700	Gillette Co.	1,442,738
3,400*	Hartmarx Corp.	22,950
27,400	Heinz (H.J.) Co.	1,030,925
9,700	Hershey Foods Corp.	514,100
4,100	International Flavors & Fragrances, Inc.	444,850
24,800	Kellogg Co.	1,416,700
8,800	Liz Claiborne, Inc.	167,200
8,200	Nike, Inc., Cl. B	396,675
1,600	Oshkosh B'Gosh, Inc., Cl. A	\$ 29,200
85,400	PepsiCo, Inc.	3,373,300

</TABLE>

MAX-CAP FUND

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SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
CONSUMER NON-DURABLES--CONTINUED		
11,500	Pet Inc.	196,938
94,300	Philip Morris Cos., Inc.	5,068,625
73,400	Procter & Gamble Co.	3,981,950
7,800	Quaker Oats Co.	553,800
11,200	Ralston Purina Co.	466,200
9,300	Reebok International Ltd.	283,650
4,400	Russell Corp.	119,350
52,300	Sara Lee Corp.	1,385,950
40,300	Seagram Co., Ltd.	1,158,625
5,500	Stride Rite Corp.	94,188
17,200	Unilever N.V.	1,973,700
22,500	UST Inc.	593,438
6,900	V.F. Corp.	273,412
11,500	Whitman Corp.	182,563
12,500	Wrigley (Wm.), Jr. Co.	540,625
	Total	40,274,604
CONSUMER PRODUCTS--0.3%		
19,200	Dun & Bradstreet Corp.	1,286,400
CONSUMER SERVICES--3.9%		
5,000*	Bally Manufacturing Corp.	50,000
11,400	Block (H.&R.), Inc.	454,575
1,800	Capital Cities/ABC, Inc.	1,097,325
1,628	CBS, Inc.	501,831
14,600	Comcast Corp., Cl. A	609,550
57,700	Disney (Walt) Co. (The)	2,466,675
15,800	Gannett Co., Inc.	\$ 811,725
11,100	Host Marriott Corp.	81,862
5,100	Hilton Hotels Corp.	239,063
4,050*	King World Productions, Inc.	157,444

</TABLE>

MAX-CAP FUND

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SHARES		VALUE
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<C> <S> <C>  
 COMMON STOCKS--CONTINUED

CONSUMER SERVICES--CONTINUED

5,900	Knight-Ridder, Inc.	325,975
2,950	Luby's Cafeterias, Inc.	66,006
11,100	Marriott Corp.	291,375
38,100	McDonald's Corp.	2,195,513
1,600	Meredith Corp.	64,200
3,200*	National Education Corp.	18,800
8,500	New York Times Co., Cl. A	200,813
12,700	Paramount Communications, Inc.	1,020,762
10,650	Price Costco, Inc.	189,038
7,300*	Promus Companies, Inc.	534,725
5,700*	Ryan's Family Steak Houses, Inc.	47,025
8,200	Ryder Systems, Inc.	232,675
9,000	Service Corp. International	235,125
4,300*	Shoney's, Inc.	98,900
46,400*	Tele-Communications, Inc., Cl. A	1,415,200
40,340	Time Warner, Inc.	1,805,215
13,800	Times Mirror Co., Cl. A	455,400
7,200	Tribune Co.	399,600
10,700	Wendy's International, Inc.	177,887
	Total	16,244,284

ELECTRONIC TECHNOLOGY--5.9%

9,700*	Advanced Micro Devices, Inc.	191,575
12,200	Amdahl Corp.	56,425
11,300	AMP, Inc.	\$ 704,837
1,800*	Andrew Corp.	67,950
12,500	Apple Computer, Inc.	384,375
36,600	Boeing Co.	1,372,500
4,600*	Ceridian Corp.	84,525
8,900*	Compaq Computer Corp.	600,750

</TABLE>

MAX-CAP FUND

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 SHARES VALUE

<C> <S> <C>  
 COMMON STOCKS--CONTINUED

ELECTRONIC TECHNOLOGY--CONTINUED

1,800*	Computer Sciences Corp.	165,375
2,800*	Cray Research, Inc.	76,300

3,800*	Data General Corp.	36,100
14,200*	Digital Equipment Corp.	505,875
5,500*	DSC Communications Corp.	360,937
3,600	E-Systems, Inc.	163,350
6,100	EG & G, Inc.	109,037
3,360	General Dynamics Corp.	321,720
3,600	Grumman Corp.	133,650
4,300	Harris Corp.	198,875
27,300	Hewlett-Packard Co.	2,009,963
45,400	Intel Corp.	2,871,550
5,100*	Intergraph Corp.	56,737
61,500	International Business Machines Corp.	2,829,000
6,700	Lockheed Corp.	461,463
9,000	Loral Corp.	285,750
2,600*	M/A-Com., Inc.	22,100
10,300	Martin-Marietta Corp.	455,775
4,200	McDonnell-Douglas Corp.	393,750
29,200	Motorola, Inc.	3,058,700
11,800*	National Semiconductor Corp.	197,650
26,900	Northern Telecom, Ltd.	\$ 766,650
5,200	Northrop Corp.	180,700
32,900*	Novell, Inc.	707,350
4,800	Perkin-Elmer Corp.	168,000
14,600	Raytheon Co.	888,775
23,700	Rockwell International Corp.	850,237
3,950	Scientific-Atlanta, Inc.	138,744
11,400	Sun Microsystems, Inc.	290,700

</TABLE>

MAX-CAP FUND

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SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
ELECTRONIC TECHNOLOGY--CONTINUED		
12,200*	Tandem Computers, Inc.	134,200
3,300	Tektronix, Inc.	76,312
8,900	Texas Instruments, Inc.	584,062
17,500*	Unisys Corp.	201,250
13,300	United Technologies Corp.	824,600
	Total	23,988,174
ENERGY MINERALS--8.1%		



10,000	Amerada-Hess Corp.	530,000
53,500	Amoco Corp.	2,989,313
6,500	Ashland Oil, Inc.	224,250
17,100	Atlantic Richfield Co.	1,885,275
35,000	Chevron Corp.	3,395,000
133,700	Exxon Corp.	8,740,638
5,200	Kerr-McGee Corp.	261,950
3,100	Louisiana Land & Exploration Co.	140,275
14,400*	Maxus Energy Corp.	95,400
43,000	Mobil Corp.	3,504,500
32,800	Occidental Petroleum Corp.	606,800
10,400	Oryx Energy Co.	248,300
4,900	Pennzoil Co.	\$ 280,525
28,100	Phillips Petroleum Co.	906,225
57,700	Royal Dutch Petroleum Co.	6,101,775
9,712	Santa Fe Energy Resource, Inc.	93,478
11,500	Sun Co., Inc.	359,375
27,900	Texaco, Inc.	1,900,687
25,900	Unocal Corp.	757,575
30,800	USX Marathon Group	569,800
	Total	33,591,141
	FINANCE--9.7%	

</TABLE>

MAX-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
11,900	AETna Life & Casualty Co.	782,425
12,600	Ahmanson (H.F.) & Co.	228,375
4,400	Alexander & Alexander Services, Inc.	90,750
23,400	American General Corp.	687,375
34,162	American International Group, Inc.	3,074,580
36,750	Banc One Corp.	1,410,281
11,300*	Bank of Boston Corp.	265,550
38,276	BankAmerica Corp.	1,598,023
8,900	Bankers Trust New York Corp.	705,325
10,500	Barnett Banks, Inc.	439,687
2,800	Beneficial Corp.	214,900
10,500	Boatmen's Bancshares Inc.	311,062
10,900	Capital Holdings Corp.	450,987

19,700	Chase Manhattan Corp.	650,100
27,090	Chemical Banking Corp.	1,083,600
9,400	Chubb Corp.	771,975
7,700	CIGNA Corp.	516,862
40,500*	Citicorp	\$ 1,468,125
6,700*	CNA Financial Corp.	556,100
5,900	Continental Corp.	192,487
12,600	Corestates Financial Corp.	352,800
18,321	Dean Witter, Discover & Co.	753,451
19,300	Federal Home Loan Mortgage Corp.	989,125
29,400	Federal National Mortgage Association	2,289,525
8,000	First Fidelity Bancorporation	325,000
8,200	First Interstate Bancorp	476,625
18,100	First Union Corp.	735,312
14,700	Fleet Financial Group, Inc.	461,213
9,100	General RE Corp.	1,053,325
6,900	Golden West Financial Corp.	294,113

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
FINANCE--CONTINUED		
14,200	Great Western Financial Corp.	271,575
10,000	Household International, Inc.	366,250
5,450	Jefferson-Pilot Corp.	280,675
10,100	Lincoln National Corp.	459,550
7,900	Marsh & McLennan Cos., Inc.	643,850
10,700	MBNA Corp.	365,138
6,800	Mellon Bank Corp.	366,350
11,400	Merrill Lynch & Co., Inc.	1,104,375
20,700	Morgan (J.P.) & Co., Inc.	1,477,462
27,446	NationsBank Corp.	1,279,670
17,250	NBD Bancorp., Inc.	541,219
31,300	Norwest Corp.	805,975
25,200	PNC Bank Corp.	724,500
25,233	Primerica Corp.	1,113,406
3,000	Pulte Corp.	\$ 115,125
6,800	SAFECO Corp.	394,400
11,900	Salomon, Inc.	538,475

48,200	SCEcorp	1,012,200
10,100	Shawmut National Corp.	223,462
4,500	St. Paul Companies, Inc.	421,875
13,500	SunTrust Banks, Inc.	592,312
7,950	Torchmark Corp.	368,681
8,400	Transamerica Corp.	478,800
15,600	Travelers Corp.	549,900
10,650	U.S. Bancorp	262,256
9,100	USF&G Corp.	123,987
2,400	USLIFE Corp.	101,100
18,600	Wachovia Corp.	711,450
6,000	Wells Fargo & Co.	665,250

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES

VALUE

COMMON STOCKS--CONTINUED

<C>

<S>

<C>

FINANCE--CONTINUED

Total

39,588,326

HEALTH SERVICES--0.3%

8,800*	Beverly Enterprises, Inc.	95,700
16,138	Columbia Healthcare Co.	463,968
4,600	Community Psychiatric Centers	64,400
6,150	Manor Care, Inc.	138,375
17,900	National Medical Enterprises, Inc.	201,375
2,400	Shared Medical Systems Corp.	60,000
	Total	1,023,818
	HEALTH TECHNOLOGY--6.3%	
89,500	Abbott Laboratories, Inc.	2,539,563
7,100	Allergan, Inc.	162,413
8,100*	Alza Corp	\$ 208,575
33,300	American Home Products Corp.	2,081,250
14,600*	Amgen, Inc.	666,125
5,600	Bard (C.R.), Inc.	141,400
6,400	Bausch & Lomb, Inc.	332,000
29,800	Baxter International, Inc.	707,750
8,100	Becton, Dickinson & Co.	307,800
12,400*	Biomet, Inc.	127,100
55,800	Bristol-Myers Squibb Co.	3,278,250
8,200	IMCERA Group, Inc.	292,125

70,600	Johnson & Johnson	2,974,025
31,500	Lilly (Eli) & Co.	1,704,938
6,200	Medtronic, Inc.	459,575
122,200	Merck and Co., Inc.	3,925,675
34,200	Pfizer, Inc.	2,128,950
21,000	Schering-Plough, Inc.	1,428,000
5,000	St. Jude Medical Inc.	140,000

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
HEALTH TECHNOLOGY--CONTINUED		
23,800	Syntex Corp.	431,375
6,000	United States Surgical Corp.	142,500
18,700	Upjohn Co.	610,088
14,600	Warner-Lambert Co.	1,014,700
	Total	25,804,177
INDUSTRIAL SERVICES--0.9%		
15,100	Baker Hughes, Inc.	339,750
18,600	Browning-Ferris Industries Inc.	420,825
8,800	Fluor Corp.	358,600
3,800	Foster Wheeler Corp.	128,725
12,300	Halliburton Co.	\$ 392,063
2,600	Helmerich & Payne, Inc.	78,000
5,600	McDermott International, Inc.	158,900
3,400	Morrison Knudsen Corp.	79,900
6,500	Rollins Environmental Services, Inc.	34,125
9,000	Rowan Companies, Inc.	85,500
26,100	Schlumberger, Ltd.	1,654,087
1,300	Zurn Industries, Inc.	35,100
	Total	3,765,575
NON-ENERGY MINERALS--1.9%		
24,100	Alcan Aluminum Ltd.	494,050
9,500	Aluminum Co. of America	646,000
9,500	Amax, Inc.	212,562
11,200*	Armco, Inc.	63,000
4,500	ASARCO, Inc.	82,688
9,800*	Bethlehem Steel Corp.	164,150
5,100	Cyprus Minerals Corp.	124,950

12,000	Echo Bay Mines Ltd.	148,500
9,700	Georgia-Pacific Corp.	623,225

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
NON-ENERGY MINERALS--CONTINUED		
14,700	Homestake Mining Co.	282,975
11,800	Inco Ltd.	249,275
3,800*	Inland Steel Industries Inc.	128,250
11,800	Louisiana-Pacific Corp.	426,275
7,300	Newmont Mining Corp.	382,338
9,400	Nucor Corp.	509,950
4,600*	Owens-Corning Fiberglass Corp.	216,200
7,600	Phelps Dodge Corp.	323,950
8,000	Pioneer Hi Bred International, Inc.	284,000
25,600	Placer Dome, Inc.	\$ 624,000
6,400	Reynolds Metals Co.	270,400
7,420	USX-U.S. Steel Group	278,250
22,100	Weyerhaeuser Co.	875,713
9,750	Worthington Industries, Inc.	180,375
	Total	7,591,076
PROCESS INDUSTRIES--4.6%		
12,300	Air Products & Chemicals, Inc.	513,525
9,700	American Cyanamid Company	528,650
36,901	Archer-Daniels-Midland Co.	848,723
6,300	Avery Dennison Corp.	178,763
3,200	Ball Corp.	82,800
5,500	Bemis Co., Inc.	120,313
4,100	Boise Cascade Corp.	84,050
10,000	Champion International Corp.	293,750
21,700	Corning Inc.	561,487
9,500*	Crown Cork & Seal Co., Inc.	366,938
29,500	Dow Chemical Co.	1,637,250
72,900	Du Pont (E.I.) de Nemours	3,480,975
3,400	Ecolab, Inc.	161,075

</TABLE>

MAX-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
PROCESS INDUSTRIES--CONTINUED		
10,375	Engelhard Corp.	285,313
12,700	Ethyl Corp.	220,662
4,500	Federal Paper Board Co., Inc.	91,125
2,200	First Mississippi Corp.	25,300
3,900*	FMC Corp.	191,588
2,800	Goodrich (B.F.) Co.	123,900
10,000	Grace (W.R.) Overseas Development Corp.	377,500
7,700	Great Lakes Chemical Corp.	\$ 588,087
4,600	Hercules, Inc.	457,700
13,300	International Paper Co.	788,025
8,800	James River Corp. of Virginia	176,000
17,300	Kimberly-Clark Corp.	893,113
6,400	Mead Corp.	262,400
3,000	Millipore Corp.	104,250
12,900	Monsanto Co.	891,713
5,200	Morton International Inc.	494,000
7,500	Nalco Chemical Co.	265,313
5,500	NL Industries Inc.	26,125
12,533	Pall Corp.	260,066
3,100	Potlatch Corp.	136,012
11,400	PPG Industries, Inc.	795,150
14,400	Praxair, Inc.	232,200
7,300	Rohm & Haas Co.	366,825
8,000	Scott Paper Co.	284,000
9,600	Sherwin-Williams Co.	350,400
1,900	Springs Industries, Inc., Cl. A.	71,963
7,708	Stone Container Corp.	54,919
5,900	Temple-Inland Inc.	250,750
7,500	Union Camp Corp.	322,500

</TABLE>

MAX-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
PROCESS INDUSTRIES--CONTINUED		

16,300	Union Carbide Corp.	321,925
7,200	Westvaco Corp.	239,400
	Total	18,806,523
	PRODUCER MANUFACTURING--6.9%	
15,200	Allied-Signal, Inc.	1,088,700
4,000	Armstrong World Industries, Inc.	\$ 185,000
10,900	Caterpillar, Inc.	997,350
3,600	Cincinnati Milacron Inc.	86,400
1,900*	Clark Equipment Co.	98,800
12,200	Cooper Industries, Inc.	637,450
3,200	Crane Co.	89,600
1,900	Cummins Engine Co., Inc.	181,213
5,000	Dana Corp.	291,875
9,000	Deere & Co.	695,250
5,100	Dial Corp. (The)	195,713
6,100	Dover Corp.	350,750
14,800	Dresser Industries, Inc.	318,200
7,500	Eaton Corp.	397,500
24,200	Emerson Electric Co.	1,388,475
91,900	General Electric Co.	8,914,300
4,800	General Signal Corp.	169,200
3,700	Giddings & Lewis, Inc.	89,725
2,578	Harnischfeger Industries, Inc.	57,038
14,500	Honeywell, Inc.	487,563
12,100	Illinois Tool Works, Inc.	452,238
11,300	Ingersoll-Rand Co.	412,450
12,800	ITF Corp.	1,192,000
4,300	Johnson Controls, Inc.	235,425
4,900*	Litton Industries, Inc.	325,238

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES

VALUE

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<C>

COMMON STOCKS--CONTINUED

PRODUCER MANUFACTURING--CONTINUED

16,400	Masco Industries, Inc.	518,650
23,400	Minnesota Mining & Manufacturing Co.	2,427,750
1,000	NACCO Industries, Inc., Cl. A	43,125
5,300	National Service Industries, Inc.	\$ 127,200
2,770*	Navistar International Corp.	75,482

3,600	PACCAR, Inc.	243,000
5,200	Parker-Hannifin Corp.	178,100
17,000	Pitney Bowes, Inc.	667,250
4,400	Pittston Co.	111,650
4,500	Raychem Corp.	173,250
1,500	SPX Corp.	25,875
6,000	Teledyne, Inc.	161,250
18,200	Tenneco, Inc.	928,200
9,400	Textron, Inc.	525,225
2,000	Thomas & Betts Corp.	120,000
3,300	Timken Co.	106,425
3,100	Trinova Corp.	96,100
6,900	TRW, Inc.	464,888
5,000	Tyco Laboratories, Inc.	233,750
3,880*	Varsity Corp.	149,380
37,700	Westinghouse Electric Corp.	546,650
11,200	Xerox Corp.	887,600
	Total	28,148,253
	RETAIL TRADE--6.0%	
27,200	Albertsons, Inc.	710,600
7,600	American Stores Co.	307,800
22,000	Blockbuster Entertainment Corp.	624,250
8,400	Brunos, Inc.	90,300
11,000	Charming Shoppes, Inc.	155,375

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
RETAIL TRADE--CONTINUED		
10,300	Circuit City Stores, Inc.	288,400
7,700	Dayton-Hudson Corp.	\$ 535,150
12,100	Dillard Department Stores, Inc., Cl. A	444,675
15,600	GAP, Inc. (The)	555,750
2,500*	Genesco, Inc.	16,250
6,400	Giant Foods, Inc., Cl. A	154,400
4,100	Great Atlantic & Pacific Tea Co., Inc.	108,650
8,200	Harcourt General, Inc.	360,800
48,100	Home Depot, Inc.	1,905,962
43,900	K Mart Corp.	1,075,550



11,400*	Kroger Co.	223,725
39,100	Limited, Inc.	835,762
2,200	Longs Drug Stores Corp.	74,800
7,900	Lowe's Companies, Inc.	368,338
26,700	May Department Stores Co.	1,181,475
11,300	Melville Corp.	474,600
4,000	Mercantile Stores Co., Inc.	143,000
8,800	Nordstrom, Inc.	305,800
25,300	Penney (J.C.) Co., Inc.	1,315,600
6,500	Pep Boys-Manny Moe & Jack	160,875
3,400	Premark International, Inc.	260,100
9,500	Rite Aid Corp.	154,375
37,700	Sears, Roebuck & Co.	2,163,038
6,865	Tandy Corp.	280,606
7,900	TJX Co's., Inc.	240,950
31,400*	Toys "R" Us, Inc.	1,259,925
13,200	Walgreen Co.	561,000
247,600	Wal-Mart Stores, Inc.	6,530,450
8,200	Winn-Dixie Stores, Inc.	\$ 475,600

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>  
SHARES

VALUE

<C>

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<C>

COMMON STOCKS--CONTINUED

RETAIL TRADE--CONTINUED

14,100	Woolworth (F.W.) Co.	319,012
	Total	24,662,943

TECHNOLOGY--0.3%

51,900	WMX Technologies, Inc.	1,278,038
--------	------------------------	-----------

TECHNOLOGY SERVICES--0.7%

2,600	Autodesk, Inc.	111,800
15,300	Automatic Data Processing, Inc.	816,637
17,900	Computer Associates International, Inc.	680,200
4,500*	Lotus Development Corp.	218,250
15,300*	Oracle Systems Corp.	906,525
	Total	2,733,412

TRANSPORTATION--1.7%

8,100*	AMR Corp.	568,012
9,600	Burlington Northern, Inc.	540,000
3,800*	Consolidated Freightways, Inc.	82,650

8,600	Consolidated Rail Corp.	534,275
11,200	CSX Corp.	907,200
5,400	Delta Air Lines, Inc.	313,200
5,900*	Federal Express Corp.	398,250
15,000	Norfolk Southern Corp.	993,750
4,200	Roadway Service, Inc.	252,000
19,725*	Santa Fe Southern Pacific Corp.	372,309
2,600*	UAL (Allegis) Corp.	395,200
22,100	Union Pacific Corp.	1,397,825
6,200*	USAir Group, Inc.	89,125

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
TRANSPORTATION--CONTINUED		
3,000	Yellow Freight Systems, Inc.	\$ 69,000
	Total	6,912,796
UTILITIES--13.2%		
19,900	American Electric Power Co., Inc.	766,150
145,078	American Telephone & Telegraph Co.	8,360,120
29,200	Ameritech Corp.	2,474,700
13,200	Arkla, Inc.	107,250
15,550	Baltimore Gas & Electric Co.	406,244
46,800	Bell Atlantic Corp.	2,977,650
53,400	BellSouth Corp.	3,350,850
17,300	Carolina Power & Light Co.	547,113
20,300	Central & SouthWest Corp.	662,287
11,200	Coastal Corp.	306,600
5,400*	Columbia Gas System, Inc.	141,750
23,000	Commonwealth Edison Co.	692,875
25,200	Consolidated Edison Co.	875,700
10,000	Consolidated Natural Gas Co.	483,750
15,800	Detroit Edison Co.	531,275
17,750	Dominion Resources, Inc.	856,437
22,100	Duke Power Co.	966,875
2,400	Eastern Enterprises	65,100
25,600	Enron Corp.	867,200
7,200	Enserch Corp.	143,100
18,900	Entergy Corp.	737,100

20,200	FPL Group, Inc.	795,375
101,700	GTE Corp.	4,042,575
14,000	Houston Industries, Inc.	677,250
57,100	MCI Communications Corp.	\$ 1,627,350
15,300	Niagara Mohawk Power Corp.	336,600

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES

VALUE

<C>

<S>

<C>

COMMON STOCKS--CONTINUED

UTILITIES--CONTINUED

6,000	NICOR, Inc.	169,500
7,100	Northern States Power Co. (Minn.)	315,062
44,400	NYNEX Corp.	1,875,900
16,400	Ohio Edison Co.	395,650
2,900	ONEOK, Inc.	61,625
9,000	Pacific Enterprises	236,250
46,600	Pacific Gas & Electric Co.	1,689,250
44,700	Pacific Telesis Group	2,452,912
29,400	PacifiCorp	576,975
12,700	Panhandle Eastern Corp.	301,625
3,700	Peoples Energy Corp.	117,475
23,800	Philadelphia Electric Co.	743,750
6,100	PSI Resources, Inc.	162,412
26,000	Public Service Enterprises Group, Inc.	877,500
9,400	Sonat, Inc.	292,575
34,400	Southern Co.	1,543,700
64,400	Southwestern Bell Corp.	2,849,700
36,600	Sprint Corp.	1,317,600
24,000	Texas Utilities Co.	1,080,000
4,300	Transco Energy Co.	69,337
44,800	U.S. West, Inc.	2,245,600
11,000	Union Electric Co.	459,250

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES OR  
PRINCIPAL  
AMOUNT

VALUE

<C>

<S>

<C>

COMMON STOCKS--CONTINUED

UTILITIES--CONTINUED

5,500	Williams Companies, Inc. (The)	\$ 326,562
Total		53,959,486
TOTAL COMMON STOCKS (IDENTIFIED COST \$324,616,238)		353,637,482
FOREIGN STOCKS--0.0%		
BASIC INDUSTRY--0.0%		
3,528	Hanson PLC (IDENTIFIED COST \$42,425)	71,001
SHORT-TERM U.S. GOVERNMENT OBLIGATIONS--0.5%		
\$ 2,000,000	United States Treasury Bills, 2.91%, 12/30/93	1,990,462
200,000	United States Treasury Bills, 2.93%, 12/30/93	199,039
TOTAL SHORT-TERM U.S. GOVERNMENT OBLIGATIONS (AT AMORTIZED COST) (NOTE 2A)		2,189,501
**REPURCHASE AGREEMENT--12.8%		
52,455,000	J.P. Morgan Securities, Inc., 2.99%, dated 10/29/93, due 11/1/93 (AT AMORTIZED COST) (NOTE 2B)	52,455,000
TOTAL INVESTMENTS (IDENTIFIED COST \$379,303,164)		\$ 408,352,984\

</TABLE>

\* Non-income producing securities.

\*\* The repurchase agreement is fully collateralized by U.S. government obligations. The investment in the repurchase agreement is through participation in a joint account with other Federated Investors funds.

\ The cost of investments for federal tax purposes amounts to \$379,303,164. The net unrealized appreciation of investments on a federal tax cost basis amounts to \$29,049,820, which is comprised of \$46,000,959 appreciation and \$16,951,139 depreciation at October 31, 1993.

Note: The categories of investments are shown as a percentage of net assets (\$409,738,745) at October 31, 1993.

(See Notes which are an integral part of the Financial Statements)

MAX-CAP FUND  
STATEMENT OF ASSETS AND LIABILITIES

OCTOBER 31, 1993

<TABLE>		
<S>		<C>
ASSETS:		
Investment in repurchase agreement, at amortized cost (Note 2B)	\$	52,455,000
Investments in other securities, at value		355,897,984
Total investments, at amortized cost and value (Note 2A) (identified and tax cost; \$379,303,164)	\$	408,352,984
Cash		4,383
Receivable for Fund shares sold		937,861

Dividends and interest receivable		643,938
Receivable for daily variation margin on open futures contracts (Note 2F)		270
Deferred expenses (Note 2D)		2,502
Total assets		409,941,938
LIABILITIES:		
Payable for Fund shares redeemed	56,677	
Accrued expenses and other liabilities	146,516	
Total liabilities		203,193
NET ASSETS for 33,478,499 shares of beneficial interest outstanding	\$	409,738,745
NET ASSETS CONSIST OF:		
Paid-in capital	\$	368,781,860
Net unrealized appreciation on investments and futures contracts (Note 2F)		29,580,330
Accumulated net realized gain on investments and futures contracts (Note 2F)		11,081,011
Undistributed net investment income		295,544
Total	\$	409,738,745
NET ASSET VALUE, Offering Price and Redemption Price Per Share:		
Institutional Shares (net assets of \$407,246,022 / 33,274,826 shares of beneficial interest outstanding)		\$12.24
Institutional Service Shares (net assets of \$2,492,723 / 203,673 shares of beneficial interest outstanding)		\$12.24

</TABLE>

(See Notes which are an integral part of the Financial Statements)

MAX-CAP FUND  
STATEMENT OF OPERATIONS

YEAR ENDED OCTOBER 31, 1993

	<C>	<C>
<TABLE>		
<S>		
INVESTMENT INCOME:		
Dividends		\$ 8,709,104
Interest		1,561,355
Total investment income (Note 2G)		10,270,459
EXPENSES:		
Management fee (Note 5)	\$ 1,062,278	
Trustees' fees	11,038	
Custodian, transfer and dividend disbursing agent fees and expenses	180,020	
Fund share registration costs	69,282	
Auditing fees	21,285	
Legal fees	8,155	
Printing and postage	25,466	
Insurance premiums	11,174	
Distribution service fees (Note 5)	770	

Taxes	5,535	
Miscellaneous	19,628	
Total expenses	1,414,631	
Deduct--Waiver of management fee (Note 5)	321,440	
Net expenses		1,093,191
Net investment income		9,177,268
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FUTURES CONTRACTS:		
Net realized gain on investments (identified cost basis)		7,044,485
Net realized gain on futures contracts (identified cost basis)		4,042,044
Net change in unrealized appreciation		26,567,254
Net realized and unrealized gain on investments and futures contracts		37,653,783
Change in net assets resulting from operations	\$	46,831,051

</TABLE>

(See Notes which are an integral part of the Financial Statements)

MAX-CAP FUND  
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

	YEAR ENDED OCTOBER 31,	
	1993	1992
<S>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS--		
Net investment income	\$ 9,177,268	\$ 6,378,125
Net realized gain on investment transactions and futures contracts (\$11,617,039, and \$16,581,916 net gains, respectively, as computed for federal tax purposes)	11,086,529	16,581,916
Change in unrealized appreciation (depreciation) on investments and futures contracts	26,567,254	(4,485,958)
Change in net assets resulting from operations	46,831,051	18,474,083
DISTRIBUTIONS TO SHAREHOLDERS (NOTE 3)--		
Dividends to shareholders from net investment income		
Institutional Shares	(9,255,446)	(6,439,459)
Institutional Service Shares	(14,290)	--
Distributions to shareholders from net realized gain on investment transactions and futures contracts		
Institutional Shares	(18,292,038)	(1,919,998)
Institutional Service Shares	--	--
Change in net assets resulting from distributions to shareholders	(27,561,774)	(8,359,457)
FUND SHARE (PRINCIPAL) TRANSACTIONS (NOTE 4)--		
Proceeds from sale of shares	290,371,076	274,966,492
Net asset value of shares issued to shareholders electing to receive payment of dividends in Fund shares	8,873,310	2,036,368
Cost of shares redeemed	(218,388,643)	(122,031,847)
Change in net assets from fund share transactions	80,855,743	154,971,013
Change in net assets	100,125,020	165,085,639
NET ASSETS:		

Beginning of period	309,613,725	144,528,086
End of period (including undistributed net investment income of \$295,544 and \$388,012, respectively)	\$ 409,738,745	\$ 309,613,725

</TABLE>

(See Notes which are an integral part of the Financial Statements)

MAX-CAP FUND  
NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 1993

(1) ORGANIZATION

Federated Index Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end, management investment company with three portfolios. The financial statements included herein present only those of Max-Cap Fund (the "Fund"). The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held.

Max-Cap Fund provides two classes of Shares (Institutional Shares, and Institutional Service Shares). Institutional Service Shares are identical in all respects to Institutional Shares except that Institutional Service Shares are sold pursuant to a distribution plan ("Plan") adopted in accordance with the Investment Company Act of 1940 Rule 12b-1. Under the Plan, the Fund may pay Federated Securities Corp. (the "distributor") a fee at an annual rate up to .30 of 1% of the average net asset value of Institutional Service Shares to finance any activity which is principally intended to result in the sale of Institutional Service Shares. The Institutional Service Shares of the Fund were declared effective on August 30, 1993.

(2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

- A. INVESTMENT VALUATIONS--Equity portfolio securities listed on the New York Stock Exchange or any other national securities exchange are valued at the last sale price or, if there has been no sale on that day, at the mean between bid and asked prices. Short-term obligations are ordinarily valued at the mean between bid and asked prices as furnished by an independent pricing service. Short-term obligations with maturities of sixty days or less are valued at amortized cost, which approximates value. All other securities are appraised at fair value as determined in good faith by the Board of Trustees.
- B. REPURCHASE AGREEMENTS--It is the policy of the Trust to require the custodian bank to take possession, to have legally segregated in the Federal Reserve Book Entry System or to have segregated within the custodian bank's vault, all securities held as collateral in support of repurchase agreement investments. Additionally, procedures have been established by the Trust to monitor, on a daily basis, the market value of each repurchase agreement's underlying securities to ensure the existence of a proper level of collateral.

The Fund will only enter into repurchase agreements with banks and other

recognized financial institutions such as broker/dealers which are deemed by the Fund's manager to be creditworthy pursuant to guidelines established by the Trustees. Risks may arise from the potential inability of

MAX-CAP FUND

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counterparties to honor the terms of the repurchase agreement. Accordingly, the Fund could receive less than the repurchase price on the sale of collateral securities.

- C. FEDERAL TAXES--It is the Fund's policy to comply with the provisions of the Internal Revenue Code available to regulated investment companies and to distribute to shareholders each year all of its net income, including any net realized gains on investments. Accordingly, no provision for federal tax is necessary.
  
- D. DEFERRED EXPENSES--The costs incurred by the Fund with respect to registration of its shares in its first fiscal year, excluding the initial expense of registering the shares, have been deferred and are being amortized using the straight-line method over a period of five years from the Fund's commencement date.
  
- E. WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS--The Fund may engage in when-issued or delayed delivery transactions. To the extent the Fund engages in such transactions, it will do so for the purpose of acquiring portfolio securities consistent with its investment objective and policies and not for the purpose of investment leverage. The Fund will record a when-issued security and the related liability on the trade date. Until the securities are received and paid for, the Fund will maintain security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the settlement date.
  
- F. FUTURES CONTRACTS--Upon entering into a stock index futures contract with a broker, the Fund is required to deposit in a segregated account an amount ("initial margin") of cash or U.S. government securities equal to a percentage of the contract value. The Fund agrees to receive from or pay the broker an amount of cash equal to a specific dollar amount times the difference between the closing value of the stock index and the price at which the contract was made. On a daily basis, the value of a stock index futures contract is determined and any difference between such value and the original futures contract value is reflected in the "daily variation margin" account. Daily variation margin adjustments, arising from this "marking to market" process, are recorded by the Fund as unrealized gains or losses.

The Fund may decide to close its position on a contract at any time prior to the contract's expiration. When a contract is closed, the Fund recognizes a realized gain or loss. Risks of entering into futures contracts include the possibility that there may be an illiquid market and that a change in the value of the contract may not correlate with changes in the value of the underlying securities.

- G. INCOME--Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Interest income includes interest, and discount earned (net of premium) on short-term obligations, and interest earned on all other debt securities including original issue discount as required by the Internal Revenue Code. Dividends to shareholders and capital gain distributions, if any, are recorded on the ex-dividend date.

MAX-CAP FUND

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- H. OTHER--Investment transactions are accounted for as of the trade date of the transaction.



(3) DIVIDENDS AND DISTRIBUTIONS

Dividends are declared and paid quarterly to all shareholders invested in the Fund on the record date. Dividends are paid from the net investment income of the Fund. Net investment income consists of all dividends or interest received by the Fund less its expenses. Capital gains realized by the Fund, if any, are distributed at least once every twelve months.

(4) SHARES OF BENEFICIAL INTEREST

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

<TABLE>  
<CAPTION>

INSTITUTIONAL SHARES	YEAR ENDED OCTOBER 31,			
	1993		1992	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares outstanding, beginning of period	26,604,714	\$ 287,926,116	13,056,654	\$ 132,955,103
Shares sold	24,571,558	287,913,472	24,052,533	274,966,492
Shares issued to shareholders in payment of dividends declared	764,603	8,868,865	180,492	2,036,368
Shares redeemed	(18,666,049)	(218,365,814)	(10,684,965)	(122,031,847)
Shares outstanding, end of period	33,274,826	\$ 366,342,639	26,604,714	\$ 287,926,116

</TABLE>

<TABLE>  
<CAPTION>

INSTITUTIONAL SERVICE SHARES	PERIOD ENDED	
	OCTOBER 31, 1993*	AMOUNT
	SHARES	AMOUNT
<S>	<C>	<C>
Shares outstanding, beginning of period	--	\$ --
Shares sold	205,208	2,457,604
Shares issued to shareholders in payment of dividends declared	372	4,445
Shares redeemed	(1,907)	(22,829)
Shares outstanding, end of period	203,673	\$ 2,439,220

\* For the period from August 30, 1993 (date of initial public investment) to October 31, 1993.

MAX-CAP FUND

(5) MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Federated Management, the Fund's Manager ("Manager"), receives for its services an annual management fee equal to .30 of 1% of the Fund's average daily net assets. Under the Management Contract, which provides for the voluntary waiver of fee by the Manager, the Manager will voluntarily waive some or all of the management fee. The Manager can terminate this voluntary waiver of some or all of its management fee at any time in its sole discretion. For the fiscal year ended October 31, 1993, the Fund's Manager earned a management fee of \$1,062,278 of which \$321,440 was voluntarily waived.

The Fund has adopted a Distribution Plan (the "Plan") for its Institutional Service Shares pursuant to Rule 12b-1 under the Investment Company Act of 1940.

The Fund reimburses Federated Securities Corp., the principal distributor, from the assets of the Institutional Service Shares of the Fund, for fees it paid which relate to the distribution and administration of the Fund's Institutional Service Shares. The Plan provides that the Fund may incur distribution expenses up to 0.30% of the average daily net assets of the Institutional Service Shares, annually, to pay commissions, maintenance fees and to compensate the distributor. For the period from August 30, 1993 (the inception date of Institutional Service Shares) to October 31, 1993 FSC earned \$770 in distribution services fees.

Organization expenses of \$24,763 were borne initially by the Manager. The Fund has agreed to pay the Manager, at an annual rate .005 of 1% of average daily net assets for organization expenses until expenses borne by the Manager are reimbursed. During the year ended October 31, 1993, the Fund paid \$16,156 pursuant to this agreement. This commitment will expire five years from July 2, 1990, the date the Trust's registration statement became effective.

Certain of the Officers and Trustees of the Fund are Officers and Directors of the above corporations.

(6) INVESTMENT TRANSACTIONS

Purchases, and sales of investments, (excluding short-term obligations) for the year ended October 31, 1993, were as follows:

<TABLE>	<C>
<S>	
-----	
PURCHASES--	\$ 104,688,271
-----	
SALES--	\$ 49,818,628
-----	
</TABLE>	

MAX-CAP FUND

(7) FINANCIAL FUTURES CONTRACTS

At October 31, 1993, open positions in stock index futures contracts were as follows:

<TABLE>			UNREALIZED
<CAPTION>		POSITION	APPRECIATION
<S>	<C>	<C>	<C>
EXPIRATION	OPEN CONTRACTS		
December 1993	232 S&P 500 Index Futures	Long	\$530,510
</TABLE>			

At October 31, 1993, the Fund has deposited in a segregated account, \$2,200,000 of U.S. Treasury Bills, to cover margin requirements on open futures contracts.

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

To the Trustees and Shareholders of  
Federated Index Trust:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Max-Cap Fund (a portfolio of Federated Index Trust), as of October 31, 1993, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and financial highlights (see pages 2 and 18 of this prospectus) for the periods presented. 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 securities owned as of October 31, 1993, by correspondence with the custodian and brokers. 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 Max-Cap Fund of Federated Index Trust at October 31, 1993, 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 the periods presented in conformity with generally accepted accounting principles.

ERNST & YOUNG

Pittsburgh, Pennsylvania  
December 10, 1993

ADDRESSES

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<S>	<C>	<C>
	Max-Cap Fund Institutional Service Shares	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Manager	Federated Management	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Sub-Manager	ANB Investment Management and Trust Co.	One North LaSalle Street Chicago, Illinois 60690
Custodian	State Street Bank and Trust Company	P.O. Box 8602 Boston, Massachusetts 02266-8602
Transfer Agent, and Dividend Disbursing Agent	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Legal Counsel	Houston, Houston & Donnelly	2510 Centre City Tower Pittsburgh, Pennsylvania 15222
Legal Counsel	Dickstein, Shapiro & Morin	2101 L Street, N.W. Washington, D.C. 20037
Independent Auditors	Ernst & Young	One Oxford Centre Pittsburgh, Pennsylvania 15219

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</TABLE>

MAX-CAP FUND  
(A PORTFOLIO OF FEDERATED INDEX TRUST)  
INSTITUTIONAL SERVICE SHARES  
PROSPECTUS

An Open-End, Diversified  
Management Investment Company  
Prospectus dated December 31, 1993

0032104A-ISS (12/93)

MAX-CAP FUND  
(A PORTFOLIO OF FEDERATED INDEX TRUST)  
INSTITUTIONAL SHARES

PROSPECTUS

The Institutional Shares of Max-Cap Fund (the "Fund") offered by this prospectus represent interests in the Fund, which is an investment portfolio in Federated Index Trust (the "Trust"), an open-end, management investment company (a mutual fund). The investment objective of the Fund is to seek to provide investment results that correspond to the aggregate price and dividend performance of publicly traded common stocks as represented by the Standard & Poor's 500 Composite Stock Price Index (the "Index"). The Fund is neither affiliated with nor sponsored by the Standard & Poor's Corporation.

THE INSTITUTIONAL SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF ANY BANK, ARE NOT ENDORSED OR GUARANTEED BY ANY BANK, AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER GOVERNMENT AGENCY. INVESTMENT IN THESE SHARES INVOLVES INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL.

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

The Fund has also filed a Combined Statement of Additional Information for Institutional Shares and Institutional Service Shares dated December 31, 1993, with the Securities and Exchange Commission. The information contained in the Combined Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Combined Statement of Additional Information free of charge by calling 1-800-235-4669. To obtain other information or to make inquiries about the Fund, contact the Fund at the address listed in the back of this prospectus.

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

Prospectus dated December 31, 1993

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SUMMARY OF FUND EXPENSES

-----

<TABLE>		
<S>		<C>
	INSTITUTIONAL SHARES SHAREHOLDER TRANSACTION EXPENSES	
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....		None
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price).....		None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds, as applicable).....		None
Redemption Fee (as a percentage of amount redeemed, if applicable).....		None
Exchange Fee.....		None
	ANNUAL INSTITUTIONAL SHARES OPERATING EXPENSES (As a percentage of average net assets)	
Management Fee (after waiver) (1).....		0.21%
12b-1 Fee.....		None
Other Expenses.....		0.10%
Total Institutional Shares Operating Expenses (2).....		0.31%
</TABLE>		

(1) The management fee has been reduced to reflect the voluntary waiver of a portion of the management fee. The Manager can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is 0.30%.

(2) The Total Institutional Shares Operating Expenses would have been 0.40% absent the voluntary waiver of a portion of the management fee.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF INSTITUTIONAL SHARES OF THE FUND WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "FEDERATED INDEX TRUST INFORMATION" AND "INVESTING IN INSTITUTIONAL SHARES." Wire-transferred redemptions of less than \$5,000 may be subject to additional fees.

<TABLE>				
<CAPTION>				
EXAMPLE	1 year	3 years	5 years	10 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. As noted in				

the table above, the Fund charges no redemption fees..... \$3 \$10 \$17 \$39  
 </TABLE>

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

The information set forth in the foregoing table and example relates only to Institutional Shares of the Fund. The Fund offers another class of shares called Institutional Service Shares. Institutional Shares and Institutional Service Shares are subject to certain of the same expenses; however, Institutional Service Shares are subject to a 12b-1 fee of .30%. See "Other Classes of Shares."

MAX-CAP FUND  
 FINANCIAL HIGHLIGHTS--INSTITUTIONAL SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

Reference is made to the Report of Ernst & Young, Independent Auditors, on page 47.

<TABLE>  
 <CAPTION>

	YEAR ENDED OCTOBER 31,			
	1993	1992	1991	1990*
<S>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 11.64	\$ 11.07	\$ 8.60	\$ 10.00
-----				
INCOME FROM INVESTMENT OPERATIONS				
-----				
Net investment income	0.30	0.32	0.37	0.12
-----				
Net realized and unrealized gain (loss) on investments	1.29	0.71	2.46	(1.43)
-----				
Total from investment operations	1.59	1.03	2.83	(1.31)
-----				
LESS DISTRIBUTIONS				
-----				
Dividends to shareholders from net investment income	(0.30)	(0.34)	(0.36)	(0.09)
-----				
Distributions to shareholders from net realized gain on investment transactions	(0.69)	(0.12)	--	--
-----				
Total distributions	(0.99)	(0.46)	(0.36)	(0.09)
-----				
NET ASSET VALUE, END OF PERIOD	\$ 12.24	\$ 11.64	\$ 11.07	\$ 8.60
-----				
TOTAL RETURN**	14.35%	9.51%	33.31%	(14.46)%(b)
-----				
RATIO TO AVERAGE NET ASSETS				
-----				
Expenses	0.31%	0.30%	0.24%	0.00%(c)
-----				
Net investment income	2.60%	2.92%	3.74%	5.19%(c)
-----				
Expense waiver/reimbursement(a)	0.09%	0.18%	0.45%	0.94%(c)
-----				
SUPPLEMENTAL DATA				
-----				
Net assets, end of period (000 omitted)	\$407,246	\$309,614	\$144,528	\$25,129
-----				
Portfolio turnover rate	13%	46%	6%	0%
-----				

</TABLE>

\* Reflects operations for the period from July 5, 1990 (date of initial public offering) to October 31, 1990. For the period from the start of business June 26, 1990 to July 4, 1990, net investment income per share aggregating \$0.02 per share (\$155) was distributed to the Fund's manager. Such distribution represented the net income of the Fund prior to the initial public offering of Fund shares which commenced on July 5, 1990.

\*\* Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) This expense decrease is reflected in both the expense and net investment income ratios shown above (Note 5).

(b) Cumulative total return.

(c) Computed on an annualized basis.

Further information about the Fund's performance is contained in the Fund's annual report dated December 31, 1993, which can be obtained free of charge.

(See Notes which are an integral part of the Financial Statements)

#### GENERAL INFORMATION

-----

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated January 30, 1990. The Declaration of Trust permits the Trust to offer separate series of shares of beneficial interest representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. As of the date of this prospectus, the Board of Trustees ("Trustees") has established two classes of shares of the Fund, known as Institutional Shares ("Shares") and Institutional Service Shares. This prospectus relates only to Institutional Shares of the Fund. Institutional Shares are designed primarily for institutions investing on behalf of their customers. A minimum initial investment of \$25,000 over a 90-day period is required.

Shares are currently sold and redeemed at net asset value without a sales charge imposed by the Fund.

#### INVESTMENT INFORMATION

-----

##### INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide investment results that correspond to the aggregate price and dividend performance of publicly-traded common stocks, by duplicating the composition of the Index. The investment objective cannot be changed without approval of shareholders. The Fund's ability to duplicate the Index will depend partly on the size and timing of cash flows into and out of the Fund. The Fund's performance is expected to closely mirror the performance of the Index. An investment in the Fund presents risks similar to those of investing in a portfolio comprised of the securities of the companies in the Index. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

##### INVESTMENT POLICIES

The investment policies described below may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material changes in these policies become effective.

The Fund pursues its investment objective by attempting to duplicate the investment results of the Index, while minimizing transaction costs and other expenses. The Fund will attempt to achieve a correlation between the performance of its portfolio and that of the Index of at least 0.95 of 1% or better; a figure of 1.00 would represent perfect correlation. The Fund will normally be invested in substantially all of the stocks that comprise the Index. Under normal circumstances, at least 80% of the value of the Fund's total assets will be invested in stocks represented in the Index. However, the Fund is not required to sell securities if the 80% investment level changes due to increases or decreases in the market value of portfolio securities.

The Index consists of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Standard & Poor's Corporation ("S&P") designates the stocks to be included in the Index on a statistical basis. A particular stock's weighting in the Index is based on its relative total market value; that is, its market price per share times the number of shares



outstanding. From time to time, S&P may add or delete stocks from the Index. Inclusion of a particular stock in the Index in no way implies an opinion by S&P as to its investment attractiveness, nor is S&P a sponsor or in any way affiliated with the Fund. The Fund utilizes the Index as the standard performance benchmark because it represents approximately 70% of the total market value of all common stocks. In addition, it is familiar to investors, and is recognized as a barometer of common stock investment returns.

The Fund will be managed passively, in that the traditional management functions of economic, financial, and market analysis will not be undertaken. Furthermore, a company's adverse financial circumstance will not trigger its elimination from the Fund's portfolio, unless the company's stock is removed from the Index by S&P. The Fund is managed by utilizing a computer program that identifies which stocks should be purchased or sold in order to duplicate, as much as possible, the composition of the Index. The Fund will include a stock in its investment portfolio in the order of the stock's weighting in the Index, starting with the heaviest-weighted stock. Thus, the proportion of Fund assets invested in such stock is nearly identical to the percentage of the particular stock represented in the Index. On occasion, so as to respond to changes in the Index's composition, as well as corporate mergers, tender offers, and other circumstances, adjustments will be made in the Fund's portfolio. However, it is anticipated that these adjustments will occur infrequently, and the costs will be minimized. As a result, portfolio turnover is expected to be well below that encountered in other investment company portfolios. Therefore, the accompanying costs, including accounting costs, brokerage fees, custodial expenses, and transfer taxes, are expected to be relatively low. While the cash flows into and out of the Fund will impact the Fund's portfolio turnover rate and the Fund's ability to replicate the Index's performance, investment adjustments will be made, as practicably as possible, to account for these circumstances.

The Fund believes that indexing, as described above, constitutes a reasonable and effective method of replicating percentage changes in the Index. While the Fund will not duplicate the Index's performance precisely, it is anticipated that the Fund's performance will closely resemble the performance of the Index. Factors such as the size of the Fund's portfolio, the size and timing of cash flows into and out of the Fund, and changes in the securities markets and the Index itself, will account for the difference.

In order to accommodate cash flows, the Fund may enter into stock index futures contracts and options. The Fund may purchase futures contracts and options solely to maintain adequate liquidity to meet its redemption demands. This will allow the Fund to simultaneously maximize the level of the Fund assets which are tracking the performance of the Index. The Fund can sell futures contracts and options in order to close out a previously established position. The Fund will not enter into any stock index futures contract for the purpose of speculation.

**ACCEPTABLE INVESTMENTS.** The Fund will invest primarily in common stocks comprising the Index. In addition, the Fund may hold cash reserves which may be invested in the following:

**U.S. GOVERNMENT SECURITIES.** The Fund is permitted to invest in U.S. government securities which are either issued or guaranteed by the U.S. government, its agencies or instrumentalities. These securities include, but are not limited to:

direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds; and

notes, bonds, and discount notes of U.S. government agencies or instrumentalities, such as Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit System, and the Student Loan Marketing Association.

**REPURCHASE AGREEMENTS.** The U.S. government securities and other securities in which the Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S.

government securities or other securities to the Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price. To the extent that the original seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities.

**VARIABLE RATE U.S. GOVERNMENT SECURITIES.** Some of the short-term U.S.

government securities the Fund may purchase carry variable interest rates. These securities have a rate of interest subject to adjustment at least annually. This adjusted interest rate is ordinarily tied to some objective standard, such as the 91-day U.S. Treasury bill rate.

**CASH ITEMS.** The Fund may also invest in cash items. The Fund considers cash items to be instruments issued by a U.S. branch of a domestic bank having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of the investment.

The Fund may also invest in commercial paper rated A-1 by S&P, Prime-1 by Moody's Investors Service, Inc., or F-1 by Fitch Investors Service, Inc.

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

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

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

**INDEX PARTICIPATION CONTRACTS.** In addition to investing in stock index futures contracts, options and options on futures contracts, the Fund may also participate in the purchasing and selling of index participation contracts based on the Index. The Fund will utilize index participation contracts to aid in the management of cash flows into and out of the Fund and not for speculative purposes. These contracts provide the equivalent of a position in the stocks of the Index, where each stock is represented in the same proportion as it is represented in the Index. Unlike futures contracts, positions in these instruments may last indefinitely, with no expiration date and will pay dividends implied by the underlying stocks in the Index. Generally, the value of an index participation contract will rise and fall as the value of the Index rises and falls. Index participation contracts have lower transaction costs than those associated with the purchase and sale of individual stocks. The Fund will invest in

index participation contracts only if there exists an active market for such contracts.

The value of these contracts, together with the value of the Fund's investment in stock index futures contracts, options and options on futures contracts will not exceed 20% of the Fund's total assets. The Fund's use of these investments will be to maintain adequate liquidity to meet redemption requests, while simultaneously maximizing the level of Fund assets which are tracking the performance of the Index.

**LENDING OF PORTFOLIO SECURITIES.** The Fund may lend its portfolio securities on a short-term basis or long-term basis, up to one-third of the value of its total assets to broker/dealers, banks, or other institutional borrowers of securities. The Fund will only enter into loan arrangements with broker/dealers, banks or other institutions which the managers have determined are creditworthy under guidelines established by the Trustees. The Fund will receive collateral in the form of cash or U.S. government securities equal to at least 100% of the value of the securities loaned.

**WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS.** The Fund may purchase short-term U.S. government securities on a when-issued or delayed delivery basis. These transactions are arrangements in which the Fund purchases securities with payment and delivery scheduled for a future time. The Fund engages in when-issued and delayed delivery transactions only for the purpose of acquiring portfolio securities consistent with the Fund's investment objective and policies, not for investment leverage. In when-issued and delayed delivery transactions, the Fund relies on the seller to complete the transaction. The seller's failure to complete the transaction may cause the Fund to miss a price or yield considered to be advantageous.

#### INVESTMENT LIMITATIONS

The Fund will not:

borrow money directly or through reverse repurchase agreements (arrangements in which the Fund sells a money market instrument for at least a percentage of its cash value with an agreement to buy it back on a set date) except, under certain circumstances, the Fund may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of those assets to secure such borrowings.

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

The Fund will not:

invest more than 5% of its total assets in securities of issuers that have records of less than three years of continuous operations; or  
invest more than 15% of its net assets in securities that are illiquid.

#### FEDERATED INDEX TRUST INFORMATION

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##### MANAGEMENT OF THE TRUST

**BOARD OF TRUSTEES.** The Trust is managed by a Board of Trustees. The Board of Trustees is responsible for managing the business affairs of the Trust and for exercising all of the powers of the Trust except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Trustees' responsibilities between meetings of the Trustees.

**FUND'S MANAGER.** Federated Management serves as the Fund's manager (the "Manager"). The Trust has entered into a management contract (the "Management Contract") with the Manager, which, in turn, has entered into a sub-management contract (the "Sub-Management Contract") with ANB Investment Management and Trust Company ("ANB" or the "Sub-Manager" (ANB and the Manager are collectively referred to as "Managers"). It is the Manager's responsibility to select the Sub-Manager, subject to the review and approval of the Trustees and to review and evaluate the Sub-Manager's continued performance. The Manager is also responsible for providing administrative services to the Fund.

Subject to the supervision and direction of the Trustees, the Manager provides to the Fund investment management evaluation services principally by performing initial due diligence on the Sub-Manager for the Fund and thereafter monitoring and evaluating the performance of the Fund's Sub-Manager through quantitative and qualitative analyses. In addition, the Manager conducts periodic in-person, telephonic and written consultations with the Sub-Manager. In initially evaluating the Sub-Manager, the Manager considered, among other factors, the Sub-Manager's level of expertise; relative performance over a minimum period of five years; level of efficiency; level of adherence to investment discipline or philosophy; personnel, facilities and financial strength; and quality of service and client communications. On an ongoing basis, the Manager is responsible for communicating performance expectations and evaluations to the Sub-Manager; monitoring tracking error; monitoring and analyzing the appropriate futures contracts to purchase and the futures holdings of the Fund as a percentage of Fund assets; monitoring market timing in the Fund; discussing with the Sub-Manager which method of indexing to use; and ultimately recommending to the Trustees whether the Sub-Management Contract should be renewed, modified or terminated. The Manager provides written reports to the Trustees regarding the results of its evaluation and monitoring functions. In addition, the Manager is responsible for providing the Fund with administrative services, including, but not limited to, shareholder servicing and certain legal and accounting services. The Manager is also responsible for conducting all operations of the Fund, except those operations contracted to the Sub-Manager, custodian, transfer agent and dividend disbursing agent. As described below, the Manager receives an annual fee from the Fund for performing its responsibilities under the Management Contract.

**MANAGEMENT FEES.** The Fund's Manager receives an annual management fee equal to .30 of 1% of the Fund's average daily net assets. Under the Management Contract, which provides for the voluntary waiver of the management fee by the Manager, the Manager will voluntarily waive some or all of the management fee. The Manager can terminate this voluntary waiver of some or all of its management fee at any time in its sole discretion. The Manager has also undertaken to reimburse the Fund for operating expenses in excess of limitations established by certain states.

**MANAGER'S BACKGROUND.** Federated Management, a Delaware business trust organized on April 11, 1989, is a registered investment adviser under the Investment Advisers Act of 1940. It is a subsidiary of Federated Investors. All of the Class A (voting) shares of Federated Investors are owned by a trust, the trustees of which are John F. Donahue, Chairman and Trustee of Federated Investors, Mr. Donahue's wife, and Mr. Donahue's son, J. Christopher Donahue, who is President and Trustee of Federated Investors. Federated Management and other subsidiaries of Federated Investors serve as investment advisers to a number of investment companies and private accounts. Certain other subsidiaries also provide administrative services to a number of investment companies. Total assets under management or administration by these and other subsidiaries of Federated Investors are approximately \$70 billion. Federated Investors, which was founded in 1956 as Federated Investors, Inc., develops and manages mutual funds primarily for the financial industry. Federated Investors' track record of competitive performance and its disciplined, risk averse investment philosophy serve approximately 3,500 client institutions nationwide. Through these same client institutions, individual shareholders also have access to this same level of investment expertise.

**SUB-MANAGER.** Under the terms of the Sub-Management Contract between the Manager and ANB, ANB serves as the Fund's Sub-Manager. The Sub-Manager will develop, maintain and run the computer program designed to determine which securities will be purchased and sold so as to replicate the composition of the Index to the extent feasible, and, subject to the Manager's oversight, has complete discretion to purchase and sell portfolio securities for the Fund within the Fund's investment objective, restrictions and policies.

**SUB-MANAGEMENT FEES.** For its services under the Sub-Management Contract, ANB receives an annual fee from the Manager equal to .05 of 1% of the first \$100 million of net assets under management, .02 of 1% over \$100 million but less than \$200 million, and .01 of 1% of net assets over and above \$200 million, on an annualized basis. This fee is paid by the Manager out of its resources and is not an incremental Fund expense. No performance or incentive fees are paid to the Sub-Manager.

**SUB-MANAGER'S BACKGROUND.** ANB, incorporated in the State of Illinois on July 1, 1988, is a registered investment adviser under the Investment Advisers Act of 1940. ANB is a wholly-owned subsidiary of American National Bank and Trust Company of Chicago, which, in turn, is an indirect

wholly-owned subsidiary of First Chicago Corporation. It serves as investment adviser principally to corporate defined benefit and defined contribution plans which have, as of September 30, 1993, placed approximately \$18 billion in assets with ANB. Since 1973, when American National Bank and Trust Company of Chicago introduced its first commingled equity index fund, ANB has developed and managed a family of equity and bond index funds in which some 390 nationwide non-financial institution clients invest. In total, ANB manages 62 commingled/common trust funds. Also, since 1990, ANB has served as Sub-Manager for Mini-Cap Fund and Mid-Cap Fund which are also portfolios of the Trust.

#### DISTRIBUTION OF INSTITUTIONAL SHARES

Federated Securities Corp. is the principal distributor for the Fund. It is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors. Federated Securities Corp. pays a licensing fee to the Standard & Poor's Corporation for the right to use the Index in connection with its sub-management activities for the Fund. Federated Securities Corp. is not affiliated with the Standard & Poor's Corporation.

#### ADMINISTRATION OF THE FUND

ADMINISTRATIVE SERVICES. Federated Administrative Services, Inc., a subsidiary of Federated Investors, provides the manager with the administrative personnel and services necessary to provide shareholder servicing and certain legal and accounting services.

CUSTODIAN. State Street Bank and Trust Company ("State Street Bank"), Boston, Massachusetts, is custodian for the securities and cash of the Fund.

TRANSFER AGENT AND DIVIDEND DISBURSING AGENT. Federated Services Company, Pittsburgh, Pennsylvania, is transfer agent for the shares of the Fund, and dividend disbursing agent for the Fund.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, Pittsburgh, Pennsylvania, and Dickstein, Shapiro & Morin, Washington, D.C.

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

#### BROKERAGE TRANSACTIONS

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

#### EXPENSES OF THE FUND AND INSTITUTIONAL SHARES

Holder of Shares pay their allocable portion of Fund and Trust expenses.

The Trust expenses for which holders of Shares pay their allocable portion include, but are not limited to: the cost of organizing the Trust and continuing its existence; registering the Trust with federal and state securities authorities; Trustees' fees; auditors' fees; the cost of meetings of Trustees; legal fees of the Trust; association membership dues; and such non-recurring and extraordinary items as may arise.

The Fund expenses for which holders of Shares pay their allocable portion include, but are not limited to: registering the Fund and Shares of the Fund; investment advisory services; taxes and commissions; custodian fees; insurance premiums; auditors' fees; and such non-recurring and extraordinary items as may arise.

At present, no expenses are allocated to the Shares as a class. However, the Trustees reserves the right to allocate certain other expenses to holders of Shares as it deems appropriate ("Class Expenses"). In any case, Class Expenses would be limited to transfer agent fees as identified by the transfer agent as attributable to holders of Shares; printing and postage expenses related to

preparing and distributing materials such as shareholder reports, prospectuses and proxies to current shareholders; registration fees paid to the Securities and Exchange Commission and registration fees paid to state securities commissions; expenses related to administrative personnel and services as required to support holders of Shares; legal fees relating solely to Shares; and Trustees' fees incurred as a result of issues relating solely to Shares.

#### NET ASSET VALUE

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The Fund's net asset value per Share fluctuates. It is determined by adding the interest of the Shares in the market value of all securities and other assets of the Fund, subtracting the interest of the Shares in the liabilities of the Fund and those attributable to Shares, and dividing the remainder by the total number of Shares outstanding. The net asset value for Shares may exceed that of Institutional Service Shares due to the variance in daily net income realized by each class. Such variance will reflect only accrued net income to which the shareholders of a particular class are entitled.

#### INVESTING IN INSTITUTIONAL SHARES

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#### SHARE PURCHASES

Shares are sold on days on which the New York Stock Exchange is open. Shares of the Fund may be purchased either by wire or mail. To purchase Shares of the Fund, open an account by calling Federated Securities Corp. Information needed to establish the account will be taken over the telephone. The Fund reserves the right to reject any purchase request.

**BY WIRE.** To purchase Shares of the Fund by Federal Reserve wire, call the Fund to place an order. Shareholders have until 4:00 p.m. (Boston time) to call the Fund for settlement on the next business day. However, in order to maximize the Fund's ability to track the Index, shareholders are urged to transmit purchase requests prior to 2:00 p.m. (Boston time). The order is considered received immediately. Payment by federal funds must be received before 4:00 p.m. (Boston time) on the next business day following the order. Federal funds should be wired as follows: State Street Bank and Trust Company, Boston, Massachusetts; Attention: EDGEWIRE; For Credit to: Federated Index Trust, Max-Cap Fund--Institutional Shares; Fund Number (this number can be found on the account statement or by contacting the Fund); Group Number or Order Number; Nominee or Institution Name; ABA Number 011000028.

**BY MAIL.** To purchase Shares of the Fund by mail, send a check made payable to Max-Cap Fund--Institutional Shares to the Fund's transfer agent, Federated Services Company, c/o State Street Bank and Trust Company, P.O. Box 8602, Boston, Massachusetts 02266-8602. Orders by mail are considered received after payment by check is converted by State Street Bank into federal funds. This is normally the next business day after State Street Bank receives the check.

#### MINIMUM INVESTMENT REQUIRED

The minimum initial investment in the Fund is \$25,000. However, an account may be opened with a smaller amount as long as the \$25,000 minimum is reached within 90 days. An investor's minimum investment will be calculated by combining all accounts that the institution maintains with the Fund.

#### WHAT SHARES COST

Shares are sold at their net asset value next determined after an order is received. There is no sales charge imposed by the Fund.

The net asset value is determined at 4:00 p.m. (Boston time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of the Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no Shares are tendered for redemption and no orders to purchase Shares are received; and (iii) the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

#### SUBACCOUNTING SERVICES

Institutions are encouraged to open single master accounts. However, certain institutions may wish to use the transfer agent's subaccounting system to minimize their internal recordkeeping requirements. The transfer agent charges a

fee based on the level of subaccounting services rendered. Institutions holding Shares in a fiduciary, agency, custodial, or similar capacity may charge or pass through subaccounting fees as part of or in addition to normal trust or agency account fees. They may also charge fees for other services provided which may be related to the ownership of Shares. This prospectus should, therefore, be read together with any agreement between the customer and the institution with regard to the services provided, the fees charged for those services, and any restrictions and limitations imposed.

#### CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Fund, Federated Services Company, c/o maintains a share account for each shareholder. Share certificates are not issued unless requested by contacting the Fund.

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

#### DIVIDENDS

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

#### CAPITAL GAINS

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

#### REDEEMING INSTITUTIONAL SHARES

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The Fund redeems Shares at their net asset value next determined after the Fund receives the redemption request. Redemptions will be made on days on which the Fund computes its net asset value. Redemption requests must be received in proper form and can be made by telephone request or written request.

#### TELEPHONE REDEMPTION

Shareholders may redeem their Shares by telephoning the Fund before 4:00 p.m. (Boston time). However, in order to maximize the Fund's ability to track the Index, shareholders are urged to telephone the Fund prior to 2:00 p.m. (Boston time). The proceeds will normally be wired the following business day, but in no event more than seven days, to the shareholder's account at a domestic commercial bank that is a member of the Federal Reserve System. If at any time the Fund shall determine it necessary to terminate or modify this method of redemption, shareholders would be promptly notified. An authorization form permitting State Street Bank or the Fund to accept telephone requests must first be completed. Authorization forms and information on this service are available from Federated Securities Corp. Telephone redemption instructions may be recorded.

In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, another method of redemption, such as "Written Requests," should be considered.

If reasonable procedures are not followed by the Fund, it may be liable for losses due to unauthorized or fraudulent telephone instructions.

#### WRITTEN REQUESTS

Shares may also be redeemed by sending a written request to the Fund. Call the Fund for specific instructions before redeeming by letter. The shareholder will be asked to provide in the request his name, the Fund name, his account number, and the share or dollar amount requested. If share certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request.

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

a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund ("BIF"), which is administered by the Federal Deposit Insurance Corporation ("FDIC");

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

a savings bank or savings and loan association whose deposits are insured by the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or

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

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

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

RECEIVING PAYMENT. Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper written redemption request.

#### REDEMPTION BEFORE PURCHASE INSTRUMENTS CLEAR

When Shares are purchased by check, the proceeds from the redemption of those Shares are not available, and the Shares may not be exchanged, until the Fund or its agents are reasonably certain that the purchase check has cleared, which could take up to ten calendar days.

#### ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Fund may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below a required minimum value of \$25,000. This requirement does not apply, however, if the balance falls below \$25,000 because of changes in the Fund's net asset value.

Before Shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

#### SHAREHOLDER INFORMATION

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#### VOTING RIGHTS

Each Share of the Fund gives the shareholder one vote in Trustee elections and other matters submitted to shareholders for vote. All shares of all classes of each portfolio in the Trust have equal voting rights except that, in matters affecting only a particular fund or class, only shares of that Fund or class are entitled to vote. As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Trust's or the Fund's operation and for the election of Trustees under certain circumstances.

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

#### MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust on behalf of the Fund. To protect shareholders of the Fund, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders of the Fund for such acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument that the Trust enters into on behalf of the Fund.

In the unlikely event a shareholder of the Fund is held personally liable for the Trust's obligations on behalf of the Fund, the Trust is required to use the property of the Fund to protect or compensate the shareholder. On request, the Trust will defend any claim made and pay any judgment against a shareholder for any act or obligation of the Trust on behalf of the Fund. Therefore, financial loss resulting from liability as a shareholder of the Fund will occur only if the Trust cannot meet its obligations to indemnify shareholders and pay judgments against them from the assets of the Fund.

#### TAX INFORMATION



FEDERAL INCOME TAX

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

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

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions, including capital gains distributions, received. This applies whether dividends and distributions are received in cash or as additional shares. Distributions representing long-term capital gains, if any, will be taxable to shareholders as long-term capital gains no matter how long the shareholders have held their shares.

PENNSYLVANIA CORPORATE AND PERSONAL PROPERTY TAXES. In the opinion of Houston, Houston & Donnelly, counsel to the Trust:

neither the Trust nor the Fund is subject to Pennsylvania corporate or personal property taxes; and

Fund shares may be subject to personal property taxes imposed by counties, municipalities, and school districts in Pennsylvania to the extent that the portfolio securities in the Fund would be subject to such taxes if owned directly by residents of those jurisdictions.

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

PERFORMANCE INFORMATION

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

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

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

Shares are sold without any sales load or other similar non-recurring charges. Total return and yield will be calculated separately for Institutional Shares and Institutional Service Shares. Because Institutional Service Shares are subject to a 12b-1 fee, the total return and yield for Institutional Shares for the same period will exceed that of Institutional Service Shares.

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

OTHER CLASSES OF SHARES

Institutional Service Shares are sold at net asset value and are subject to a minimum initial investment of \$25,000. Institutional Service Shares are distributed pursuant to a 12b-1 Plan adopted by the Trust whereby the distributor is paid a fee of .30 of 1% of the Institutional Service Shares' average daily net assets.

Financial institutions and brokers providing sales and/or administrative services may receive different compensation depending upon which class of shares of the Fund is sold.

The amount of dividends payable to Institutional Shares will exceed that of Institutional Service Shares by the difference between Class Expenses and distribution expenses borne by shares of each respective class.

The stated advisory fee is the same for both classes of shares.

MAX-CAP FUND

FINANCIAL HIGHLIGHTS--INSTITUTIONAL SERVICE SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

Reference is made to the Report of Ernst & Young, Independent Auditors, on page 47.

<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993*
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 12.12
-----	-----
INCOME FROM INVESTMENT OPERATIONS	
-----	-----
Net investment income	0.07
-----	-----
Net realized and unrealized gain on investments	0.12
-----	-----
Total from investment operations	0.19
-----	-----
LESS DISTRIBUTIONS	
-----	-----
Dividends to shareholders from net investment income	(0.07)
-----	-----
NET ASSET VALUE, END OF PERIOD	\$ 12.24
-----	-----
TOTAL RETURN**	1.70% (b)
-----	-----
RATIOS TO AVERAGE NET ASSETS	
-----	-----
Expenses	0.61% (c)
-----	-----
Net investment income	1.52% (c)
-----	-----
Expense waiver/reimbursement(a)	0.09% (c)
-----	-----
SUPPLEMENTAL DATA	
-----	-----
Net assets, end of period (000 omitted)	\$ 2,493
-----	-----
Portfolio turnover rate	13%
-----	-----

</TABLE>

\* Reflects operations for the period from August 30, 1993 (date of initial public investment) to October 31, 1993.

\*\* Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) This expense decrease is reflected in both the expense and net investment income ratios shown above (Note 5).

(b)\_ Cumulative total return.

(c) Computed on an annualized basis.

Further information about the Fund's performance is contained in the Fund's annual report dated December 31, 1993, which can be obtained free of charge.

(See Notes which are an integral part of the Financial Statements)

STANDARD & POOR'S CORPORATION

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"Standard & Poor's," "S&P," "S&P 500," "Standard & Poor's 500," and "500" are trademarks of Standard & Poor's Corporation and have been licensed for use by Federated Securities Corp.

The Fund is not sponsored, endorsed, sold or promoted by or affiliated with, Standard & Poor's Corporation.

MAX-CAP FUND  
 PORTFOLIO OF INVESTMENTS

OCTOBER 31, 1993

<TABLE>  
 <CAPTION>  
 SHARES

		VALUE
<C>	<S>	<C>
COMMON STOCKS--86.3%		
COMMERCIAL SERVICES--1.4%		
5,100	Alco Standard Corp.	\$ 233,325
52,300	American Express Co.	1,686,675
8,900	Deluxe Corp.	318,175
16,700	Donnelley (R.R.) & Sons Co.	486,388
10,700	Dow Jones & Co., Inc.	381,188
4,000	Fleming Companies, Inc.	123,000
5,600	Grainger (W.W.), Inc.	305,900
3,600	Handleman Co.	44,100
3,500	Harland (John H.) Co.	84,437
8,100	Interpublic Group Cos., Inc.	250,088
5,300	McGraw-Hill, Inc.	393,525
4,300	McKesson Corp.	229,512
10,700	Moore Corp. Ltd.	224,700
2,100	National Intergroup, Inc.	32,287
4,700	Ogden Corp.	112,800
6,250	Safety-Kleen Corp.	85,938
7,700	Super Valu Stores, Inc.	259,875
20,000	Sysco Corp.	572,500
	Total	5,824,413
COMMUNICATION--0.3%		
22,200	McCaw Cellular Communications, Cl. A	1,182,150
CONSUMER DURABLES--4.1%		
7,900	American Greetings Corp., Cl. A	230,088
1,538	Bassett Furniture Industries, Inc.	46,509
9,000	Black & Decker Corp.	180,000
1,600	Briggs & Stratton Corp.	\$ 139,800
10,300	Brunswick Corp.	160,938

</TABLE>

MAX-CAP FUND

<TABLE>  
 <CAPTION>  
 SHARES

VALUE

<C> <S> <C>  
COMMON STOCKS--CONTINUED

CONSUMER DURABLES--CONTINUED

3,400	Centex Corp.	150,875
37,800	Chrysler Corp.	2,116,800
9,000	Cooper Tire & Rubber Co.	195,750
35,300	Eastman Kodak Co.	2,223,900
6,300	Echlin, Inc.	204,750
2,200	Fedders USA, Inc.	13,750
4,900	Fleetwood Enterprises, Inc.	110,862
53,000	Ford Motor Co.	3,279,375
76,200	General Motors Corp.	3,629,025
13,400	Genuine Parts Co.	507,525
15,700	Goodyear Tire & Rubber Co.	702,575
9,400	Hasbro, Inc.	340,750
4,900	Jostens, Inc.	94,937
3,700	Kaufman & Broad, Inc.	73,075
10,362	Mattel, Inc.	300,498
11,500	Maytag Corp.	179,687
8,500	Newell Co.	346,375
2,100	Outboard Marine Corp.	37,012
5,000	Polaroid Corp.	183,125
17,300	Rubbermaid Inc.	601,175
1,200	Skyline Corp.	21,450
4,600	Snap-On Tools Corp.	182,850
4,800	Stanley Works	207,000
7,600	Whirlpool Corp.	485,450

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MAX-CAP FUND

<TABLE>  
<CAPTION>  
SHARES VALUE

<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
CONSUMER DURABLES--CONTINUED		
3,300	Zenith Electronics Corp.	\$ 25,987
	Total	16,971,893
CONSUMER NON-DURABLES--9.8%		
3,100	Alberto-Culver Co., Cl. B Conv.	65,488
21,700	American Brands, Inc.	748,650
29,100	Anheuser-Busch Companies, Inc.	1,385,888
7,800	Avon Products, Inc.	393,900

15,200	Borden, Inc.	243,200
1,900	Brown Group, Inc.	64,600
3,000	Brown-Forman Corp., Cl. B	236,625
27,100	Campbell Soup Co.	1,128,038
5,900	Clorox Co.	312,700
140,000	Coca-Cola Co.	6,072,500
16,700	Colgate-Palmolive Co.	981,125
27,100	ConAgra, Inc.	731,700
4,100	Coors (Adolph) Co., Cl. B	85,588
16,500	CPC International Inc.	792,000
17,300	General Mills, Inc.	1,107,200
7,500	Gerber Products Co.	213,750
23,700	Gillette Co.	1,442,738
3,400*	Hartmarx Corp.	22,950
27,400	Heinz (H.J.) Co.	1,030,925
9,700	Hershey Foods Corp.	514,100
4,100	International Flavors & Fragrances, Inc.	444,850
24,800	Kellogg Co.	1,416,700
8,800	Liz Claiborne, Inc.	167,200
8,200	Nike, Inc., Cl. B	396,675
1,600	Oshkosh B'Gosh, Inc., Cl. A	\$ 29,200
85,400	PepsiCo, Inc.	3,373,300

</TABLE>

MAX-CAP FUND

<TABLE>		
<CAPTION>		
SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
CONSUMER NON-DURABLES--CONTINUED		
11,500	Pet Inc.	196,938
94,300	Philip Morris Cos., Inc.	5,068,625
73,400	Procter & Gamble Co.	3,981,950
7,800	Quaker Oats Co.	553,800
11,200	Ralston Purina Co.	466,200
9,300	Reebok International Ltd.	283,650
4,400	Russell Corp.	119,350
52,300	Sara Lee Corp.	1,385,950
40,300	Seagram Co., Ltd.	1,158,625
5,500	Stride Rite Corp.	94,188
17,200	Unilever N.V.	1,973,700
22,500	UST Inc.	593,438

6,900	V.F. Corp.	273,412
11,500	Whitman Corp.	182,563
12,500	Wrigley (Wm.), Jr. Co.	540,625
	Total	40,274,604
	CONSUMER PRODUCTS--0.3%	
19,200	Dun & Bradstreet Corp.	1,286,400
	CONSUMER SERVICES--3.9%	
5,000*	Bally Manufacturing Corp.	50,000
11,400	Block (H.&R.), Inc.	454,575
1,800	Capital Cities/ABC, Inc.	1,097,325
1,628	CBS, Inc.	501,831
14,600	Comcast Corp., Cl. A	609,550
57,700	Disney (Walt) Co. (The)	2,466,675
15,800	Gannett Co., Inc.	\$ 811,725
5,100	Hilton Hotels Corp.	239,063
11,100	Host Marriott Corp.	81,862
4,050*	King World Productions, Inc.	157,444

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS--CONTINUED	
	CONSUMER SERVICES--CONTINUED	
5,900	Knight-Ridder, Inc.	325,975
2,950	Luby's Cafeterias, Inc.	66,006
11,100	Marriott Corp.	291,375
38,100	McDonald's Corp.	2,195,513
1,600	Meredith Corp.	64,200
3,200*	National Education Corp.	18,800
8,500	New York Times Co., Cl. A	200,813
12,700	Paramount Communications, Inc.	1,020,762
10,650	Price Costco, Inc.	189,038
7,300*	Promus Companies, Inc.	534,725
5,700*	Ryan's Family Steak Houses, Inc.	47,025
8,200	Ryder Systems, Inc.	232,675
9,000	Service Corp. International	235,125
4,300*	Shoney's, Inc.	98,900
46,400*	Tele-Communications, Inc., Cl. A	1,415,200
40,340	Time Warner, Inc.	1,805,215
13,800	Times Mirror Co., Cl. A	455,400

7,200	Tribune Co.		399,600
10,700	Wendy's International, Inc.		177,887
	Total		16,244,284
	ELECTRONIC TECHNOLOGY--5.9%		
9,700*	Advanced Micro Devices, Inc.		191,575
12,200	Amdahl Corp.		56,425
11,300	AMP, Inc.	\$	704,837
1,800*	Andrew Corp.		67,950
12,500	Apple Computer, Inc.		384,375
36,600	Boeing Co.		1,372,500
4,600*	Ceridian Corp.		84,525
8,900*	Compaq Computer Corp.		600,750

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MAX-CAP FUND

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<CAPTION>

SHARES

VALUE

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<C>

COMMON STOCKS--CONTINUED

ELECTRONIC TECHNOLOGY--CONTINUED

1,800*	Computer Sciences Corp.		165,375
2,800*	Cray Research, Inc.		76,300
3,800*	Data General Corp.		36,100
14,200*	Digital Equipment Corp.		505,875
5,500*	DSC Communications Corp.		360,937
3,600	E-Systems, Inc.		163,350
6,100	EG & G, Inc.		109,037
3,360	General Dynamics Corp.		321,720
3,600	Grumman Corp.		133,650
4,300	Harris Corp.		198,875
27,300	Hewlett-Packard Co.		2,009,963
45,400	Intel Corp.		2,871,550
5,100*	Intergraph Corp.		56,737
61,500	International Business Machines Corp.		2,829,000
6,700	Lockheed Corp.		461,463
9,000	Loral Corp.		285,750
2,600*	M/A-Com., Inc.		22,100
10,300	Martin-Marietta Corp.		455,775
4,200	McDonnell-Douglas Corp.		393,750
29,200	Motorola, Inc.		3,058,700
11,800*	National Semiconductor Corp.		197,650
26,900	Northern Telecom, Ltd.	\$	766,650

5,200	Northrop Corp.	180,700
32,900*	Novell, Inc.	707,350
4,800	Perkin-Elmer Corp.	168,000
14,600	Raytheon Co.	888,775
23,700	Rockwell International Corp.	850,237
3,950	Scientific-Atlanta, Inc.	138,744
11,400	Sun Microsystems, Inc.	290,700

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
ELECTRONIC TECHNOLOGY--CONTINUED		
12,200*	Tandem Computers, Inc.	134,200
3,300	Tektronix, Inc.	76,312
8,900	Texas Instruments, Inc.	584,062
17,500*	Unisys Corp.	201,250
13,300	United Technologies Corp.	824,600
	Total	23,988,174
ENERGY MINERALS--8.1%		
10,000	Amerada-Hess Corp.	530,000
53,500	Amoco Corp.	2,989,313
6,500	Ashland Oil, Inc.	224,250
17,100	Atlantic Richfield Co.	1,885,275
35,000	Chevron Corp.	3,395,000
133,700	Exxon Corp.	8,740,638
5,200	Kerr-McGee Corp.	261,950
3,100	Louisiana Land & Exploration Co.	140,275
14,400*	Maxus Energy Corp.	95,400
43,000	Mobil Corp.	3,504,500
32,800	Occidental Petroleum Corp.	606,800
10,400	Oryx Energy Co.	248,300
4,900	Pennzoil Co.	\$ 280,525
28,100	Phillips Petroleum Co.	906,225
57,700	Royal Dutch Petroleum Co.	6,101,775
9,712	Santa Fe Energy Resource, Inc.	93,478
11,500	Sun Co., Inc.	359,375
27,900	Texaco, Inc.	1,900,687
25,900	Unocal Corp.	757,575
30,800	USX Marathon Group	569,800



Total	33,591,141
FINANCE--9.7%	

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES

VALUE

<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
11,900	AETna Life & Casualty Co.	782,425
12,600	Ahmanson (H.F.) & Co.	228,375
4,400	Alexander & Alexander Services, Inc.	90,750
23,400	American General Corp.	687,375
34,162	American International Group, Inc.	3,074,580
36,750	Banc One Corp.	1,410,281
11,300*	Bank of Boston Corp.	265,550
38,276	BankAmerica Corp.	1,598,023
8,900	Bankers Trust New York Corp.	705,325
10,500	Barnett Banks, Inc.	439,687
2,800	Beneficial Corp.	214,900
10,500	Boatmen's Bancshares Inc.	311,062
10,900	Capital Holdings Corp.	450,987
19,700	Chase Manhattan Corp.	650,100
27,090	Chemical Banking Corp.	1,083,600
9,400	Chubb Corp.	771,975
7,700	CIGNA Corp.	516,862
40,500*	Citicorp	\$ 1,468,125
6,700*	CNA Financial Corp.	556,100
5,900	Continental Corp.	192,487
12,600	Corestates Financial Corp.	352,800
18,321	Dean Witter, Discover & Co.	753,451
19,300	Federal Home Loan Mortgage Corp.	989,125
29,400	Federal National Mortgage Association	2,289,525
8,000	First Fidelity Bancorporation	325,000
8,200	First Interstate Bancorp	476,625
18,100	First Union Corp.	735,312
14,700	Fleet Financial Group, Inc.	461,213
9,100	General RE Corp.	1,053,325
6,900	Golden West Financial Corp.	294,113

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MAX-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
FINANCE--CONTINUED		
14,200	Great Western Financial Corp.	271,575
10,000	Household International, Inc.	366,250
5,450	Jefferson-Pilot Corp.	280,675
10,100	Lincoln National Corp.	459,550
7,900	Marsh & McLennan Cos., Inc.	643,850
10,700	MBNA Corp.	365,138
6,800	Mellon Bank Corp.	366,350
11,400	Merrill Lynch & Co., Inc.	1,104,375
20,700	Morgan (J.P.) & Co., Inc.	1,477,462
27,446	NationsBank Corp.	1,279,670
17,250	NBD Bancorp., Inc.	541,219
31,300	Norwest Corp.	805,975
25,200	PNC Bank Corp.	724,500
25,233	Primerica Corp.	1,113,406
3,000	Pulte Corp.	\$ 115,125
6,800	SAFECO Corp.	394,400
11,900	Salomon, Inc.	538,475
48,200	SCEcorp	1,012,200
10,100	Shawmut National Corp.	223,462
4,500	St. Paul Companies, Inc.	421,875
13,500	SunTrust Banks, Inc.	592,312
7,950	Torchmark Corp.	368,681
8,400	Transamerica Corp.	478,800
15,600	Travelers Corp.	549,900
10,650	U.S. Bancorp	262,256
9,100	USF&G Corp.	123,987
2,400	USLIFE Corp.	101,100
18,600	Wachovia Corp.	711,450
6,000	Wells Fargo & Co.	665,250

</TABLE>

MAX-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
FINANCE--CONTINUED		

Total		39,588,326
HEALTH SERVICES--0.3%		
8,800*	Beverly Enterprises, Inc.	95,700
16,138	Columbia Healthcare Co.	463,968
4,600	Community Psychiatric Centers	64,400
6,150	Manor Care, Inc.	138,375
17,900	National Medical Enterprises, Inc.	201,375
2,400	Shared Medical Systems Corp.	60,000
Total		1,023,818
HEALTH TECHNOLOGY--6.3%		
89,500	Abbott Laboratories, Inc.	2,539,563
7,100	Allergan, Inc.	162,413
8,100*	Alza Corp	\$ 208,575
33,300	American Home Products Corp.	2,081,250
14,600*	Amgen, Inc.	666,125
5,600	Bard (C.R.), Inc.	141,400
6,400	Bausch & Lomb, Inc.	332,000
29,800	Baxter International, Inc.	707,750
8,100	Becton, Dickinson & Co.	307,800
12,400*	Biomet, Inc.	127,100
55,800	Bristol-Myers Squibb Co.	3,278,250
8,200	IMCERA Group, Inc.	292,125
70,600	Johnson & Johnson	2,974,025
31,500	Lilly (Eli) & Co.	1,704,938
6,200	Medtronic, Inc.	459,575
122,200	Merck and Co., Inc.	3,925,675
34,200	Pfizer, Inc.	2,128,950
21,000	Schering-Plough, Inc.	1,428,000
5,000	St. Jude Medical Inc.	140,000

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MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
HEALTH TECHNOLOGY--CONTINUED		
23,800	Syntex Corp.	431,375
6,000	United States Surgical Corp.	142,500
18,700	Upjohn Co.	610,088
14,600	Warner-Lambert Co.	1,014,700
Total		25,804,177

## INDUSTRIAL SERVICES--0.9%

15,100	Baker Hughes, Inc.	339,750
18,600	Browning-Ferris Industries Inc.	420,825
8,800	Fluor Corp.	358,600
3,800	Foster Wheeler Corp.	128,725
12,300	Halliburton Co.	\$ 392,063
2,600	Helmerich & Payne, Inc.	78,000
5,600	McDermott International, Inc.	158,900
3,400	Morrison Knudsen Corp.	79,900
6,500	Rollins Environmental Services, Inc.	34,125
9,000	Rowan Companies, Inc.	85,500
26,100	Schlumberger, Ltd.	1,654,087
1,300	Zurn Industries, Inc.	35,100
	Total	3,765,575

## NON-ENERGY MINERALS--1.9%

24,100	Alcan Aluminum Ltd.	494,050
9,500	Aluminum Co. of America	646,000
9,500	Amax, Inc.	212,562
11,200*	Armco, Inc.	63,000
4,500	ASARCO, Inc.	82,688
9,800*	Bethlehem Steel Corp.	164,150
5,100	Cyprus Minerals Corp.	124,950
12,000	Echo Bay Mines Ltd.	148,500
9,700	Georgia-Pacific Corp.	623,225

&lt;/TABLE&gt;

## MAX-CAP FUND

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&lt;CAPTION&gt;

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
NON-ENERGY MINERALS--CONTINUED		
14,700	Homestake Mining Co.	282,975
11,800	Inco Ltd.	249,275
3,800*	Inland Steel Industries Inc.	128,250
11,800	Louisiana-Pacific Corp.	426,275
7,300	Newmont Mining Corp.	382,338
9,400	Nucor Corp.	509,950
4,600*	Owens-Corning Fiberglass Corp.	216,200
7,600	Phelps Dodge Corp.	323,950
8,000	Pioneer Hi Bred International, Inc.	\$ 284,000
25,600	Placer Dome, Inc.	624,000

6,400	Reynolds Metals Co.	270,400
7,420	USX-U.S. Steel Group	278,250
22,100	Weyerhaeuser Co.	875,713
9,750	Worthington Industries, Inc.	180,375
	Total	7,591,076
	PROCESS INDUSTRIES--4.6%	
12,300	Air Products & Chemicals, Inc.	513,525
9,700	American Cyanamid Company	528,650
36,901	Archer-Daniels-Midland Co.	848,723
6,300	Avery Dennison Corp.	178,763
3,200	Ball Corp.	82,800
5,500	Bemis Co., Inc.	120,313
4,100	Boise Cascade Corp.	84,050
10,000	Champion International Corp.	293,750
21,700	Corning Inc.	561,487
9,500*	Crown Cork & Seal Co., Inc.	366,938
29,500	Dow Chemical Co.	1,637,250
72,900	Du Pont (E.I.) de Nemours	3,480,975
3,400	Ecolab, Inc.	161,075

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>  
SHARES

VALUE

<C>

<S>

<C>

COMMON STOCKS--CONTINUED

PROCESS INDUSTRIES--CONTINUED

10,375	Engelhard Corp.	285,313
12,700	Ethyl Corp.	220,662
4,500	Federal Paper Board Co., Inc.	91,125
2,200	First Mississippi Corp.	25,300
3,900*	FMC Corp.	191,588
2,800	Goodrich (B.F.) Co.	123,900
10,000	Grace (W.R.) Overseas Development Corp.	\$ 377,500
7,700	Great Lakes Chemical Corp.	588,087
4,600	Hercules, Inc.	457,700
13,300	International Paper Co.	788,025
8,800	James River Corp. of Virginia	176,000
17,300	Kimberly-Clark Corp.	893,113
6,400	Mead Corp.	262,400
3,000	Millipore Corp.	104,250
12,900	Monsanto Co.	891,713

5,200	Morton International Inc.	494,000
7,500	Nalco Chemical Co.	265,313
5,500	NL Industries Inc.	26,125
12,533	Pall Corp.	260,066
3,100	Potlatch Corp.	136,012
11,400	PPG Industries, Inc.	795,150
14,400	Praxair, Inc.	232,200
7,300	Rohm & Haas Co.	366,825
8,000	Scott Paper Co.	284,000
9,600	Sherwin-Williams Co.	350,400
1,900	Springs Industries, Inc., Cl. A.	71,963
7,708	Stone Container Corp.	54,919
5,900	Temple-Inland Inc.	250,750
7,500	Union Camp Corp.	322,500

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MAX-CAP FUND

<TABLE> <CAPTION>		VALUE
SHARES		
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
PROCESS INDUSTRIES--CONTINUED		
16,300	Union Carbide Corp.	321,925
7,200	Westvaco Corp.	239,400
	Total	18,806,523

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MAX-CAP FUND

<TABLE> <CAPTION>		VALUE
SHARES		
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
PRODUCER MANUFACTURING--6.9%		
15,200	Allied-Signal, Inc.	\$ 1,088,700
4,000	Armstrong World Industries, Inc.	185,000
10,900	Caterpillar, Inc.	997,350
3,600	Cincinnati Milacron Inc.	86,400
1,900*	Clark Equipment Co.	98,800
12,200	Cooper Industries, Inc.	637,450
3,200	Crane Co.	89,600
1,900	Cummins Engine Co., Inc.	181,213
5,000	Dana Corp.	291,875

9,000	Deere & Co.	695,250
5,100	Dial Corp. (The)	195,713
6,100	Dover Corp.	350,750
14,800	Dresser Industries, Inc.	318,200
7,500	Eaton Corp.	397,500
24,200	Emerson Electric Co.	1,388,475
91,900	General Electric Co.	8,914,300
4,800	General Signal Corp.	169,200
3,700	Giddings & Lewis, Inc.	89,725
2,578	Harnischfeger Industries, Inc.	57,038
14,500	Honeywell, Inc.	487,563
12,100	Illinois Tool Works, Inc.	452,238
11,300	Ingersoll-Rand Co.	412,450
12,800	ITT Corp.	1,192,000
4,300	Johnson Controls, Inc.	235,425
4,900*	Litton Industries, Inc.	325,238
16,400	Masco Industries, Inc.	518,650

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MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES

VALUE

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<C>

COMMON STOCKS--CONTINUED

PRODUCER MANUFACTURING--CONTINUED

23,400	Minnesota Mining & Manufacturing Co.	\$ 2,427,750
1,000	NACCO Industries, Inc., Cl. A	43,125
5,300	National Service Industries, Inc.	127,200
2,770*	Navistar International Corp.	75,482
3,600	PACCAR, Inc.	243,000
5,200	Parker-Hannifin Corp.	178,100
17,000	Pitney Bowes, Inc.	667,250
4,400	Pittston Co.	111,650
4,500	Raychem Corp.	173,250
1,500	SPX Corp.	25,875
6,000	Teledyne, Inc.	161,250
18,200	Tenneco, Inc.	928,200
9,400	Textron, Inc.	525,225
2,000	Thomas & Betts Corp.	120,000
3,300	Timken Co.	106,425
3,100	Trinova Corp.	96,100
6,900	TRW, Inc.	464,888

5,000	Tyco Laboratories, Inc.	233,750
3,880*	Variety Corp.	149,380
37,700	Westinghouse Electric Corp.	546,650
11,200	Xerox Corp.	887,600
	Total	28,148,253
	RETAIL TRADE--6.0%	
27,200	Albertsons, Inc.	710,600
7,600	American Stores Co.	307,800
22,000	Blockbuster Entertainment Corp.	624,250
8,400	Brunos, Inc.	90,300
11,000	Charming Shoppes, Inc.	\$ 155,375
10,300	Circuit City Stores, Inc.	288,400

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MAX-CAP FUND

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<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS--CONTINUED	
	RETAIL TRADE--CONTINUED	
7,700	Dayton-Hudson Corp.	535,150
12,100	Dillard Department Stores, Inc., Cl. A	444,675
15,600	GAP, Inc. (The)	555,750
2,500*	Genesco, Inc.	16,250
6,400	Giant Foods, Inc., Cl. A	154,400
4,100	Great Atlantic & Pacific Tea Co., Inc.	108,650
8,200	Harcourt General, Inc.	360,800
48,100	Home Depot, Inc.	1,905,962
43,900	K Mart Corp.	1,075,550
11,400*	Kroger Co.	223,725
39,100	Limited, Inc.	835,762
2,200	Longs Drug Stores Corp.	74,800
7,900	Lowe's Companies, Inc.	368,338
26,700	May Department Stores Co.	1,181,475
11,300	Melville Corp.	474,600
4,000	Mercantile Stores Co., Inc.	143,000
8,800	Nordstrom, Inc.	305,800
25,300	Penney (J.C.) Co., Inc.	1,315,600
6,500	Pep Boys-Manny Moe & Jack	160,875
3,400	Premark International, Inc.	260,100
9,500	Rite Aid Corp.	154,375
37,700	Sears, Roebuck & Co.	2,163,038



6,865	Tandy Corp.	280,606
7,900	TJX Co's., Inc.	240,950
31,400*	Toys "R" Us, Inc.	1,259,925
13,200	Walgreen Co.	\$ 561,000
247,600	Wal-Mart Stores, Inc.	6,530,450
8,200	Winn-Dixie Stores, Inc.	475,600
14,100	Woolworth (F.W.) Co.	319,012

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
RETAIL TRADE--CONTINUED		
	Total	24,662,943
TECHNOLOGY--0.3%		
51,900	WMX Technologies, Inc.	1,278,038
TECHNOLOGY SERVICES--0.7%		
2,600	Autodesk, Inc.	111,800
15,300	Automatic Data Processing, Inc.	816,637
17,900	Computer Associates International, Inc.	680,200
4,500*	Lotus Development Corp.	218,250
15,300*	Oracle Systems Corp.	906,525
	Total	2,733,412
TRANSPORTATION--1.7%		
8,100*	AMR Corp.	568,012
9,600	Burlington Northern, Inc.	540,000
3,800*	Consolidated Freightways, Inc.	82,650
8,600	Consolidated Rail Corp.	534,275
11,200	CSX Corp.	907,200
5,400	Delta Air Lines, Inc.	313,200
5,900*	Federal Express Corp.	398,250
15,000	Norfolk Southern Corp.	993,750
4,200	Roadway Service, Inc.	252,000
19,725*	Santa Fe Southern Pacific Corp.	372,309
2,600*	UAL (Allegis) Corp.	395,200
22,100	Union Pacific Corp.	1,397,825
6,200*	USAir Group, Inc.	\$ 89,125
3,000	Yellow Freight Systems, Inc.	69,000
	Total	6,912,796
UTILITIES--13.2%		

19,900	American Electric Power Co., Inc.	766,150
145,078	American Telephone & Telegraph Co.	8,360,120

</TABLE>

MAX-CAP FUND

<TABLE>

<CAPTION>

SHARES

VALUE

<C> <S> <C>  
COMMON STOCKS--CONTINUED

UTILITIES--CONTINUED		
29,200	Ameritech Corp.	2,474,700
13,200	Arkla, Inc.	107,250
15,550	Baltimore Gas & Electric Co.	406,244
46,800	Bell Atlantic Corp.	2,977,650
53,400	BellSouth Corp.	3,350,850
17,300	Carolina Power & Light Co.	547,113
20,300	Central & SouthWest Corp.	662,287
11,200	Coastal Corp.	306,600
5,400*	Columbia Gas System, Inc.	141,750
23,000	Commonwealth Edison Co.	692,875
25,200	Consolidated Edison Co.	875,700
10,000	Consolidated Natural Gas Co.	483,750
15,800	Detroit Edison Co.	531,275
17,750	Dominion Resources, Inc.	856,437
22,100	Duke Power Co.	966,875
2,400	Eastern Enterprises	65,100
25,600	Enron Corp.	867,200
7,200	Enserch Corp.	143,100
18,900	Entergy Corp.	737,100
20,200	FPL Group, Inc.	795,375
101,700	GTE Corp.	4,042,575
14,000	Houston Industries, Inc.	\$ 677,250
57,100	MCI Communications Corp.	1,627,350
15,300	Niagara Mohawk Power Corp.	336,600
6,000	NICOR, Inc.	169,500
7,100	Northern States Power Co. (Minn.)	315,062
44,400	NYNEX Corp.	1,875,900
16,400	Ohio Edison Co.	395,650
2,900	ONEOK, Inc.	61,625

</TABLE>

MAX-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
UTILITIES--CONTINUED		
9,000	Pacific Enterprises	236,250
46,600	Pacific Gas & Electric Co.	1,689,250
44,700	Pacific Telesis Group	2,452,912
29,400	PacifiCorp	576,975
12,700	Panhandle Eastern Corp.	301,625
3,700	Peoples Energy Corp.	117,475
23,800	Philadelphia Electric Co.	743,750
6,100	PSI Resources, Inc.	162,412
26,000	Public Service Enterprises Group, Inc.	877,500
9,400	Sonat, Inc.	292,575
34,400	Southern Co.	1,543,700
64,400	Southwestern Bell Corp.	2,849,700
36,600	Sprint Corp.	1,317,600
24,000	Texas Utilities Co.	1,080,000
4,300	Transco Energy Co.	69,337
44,800	U.S. West, Inc.	2,245,600
11,000	Union Electric Co.	459,250

</TABLE>

MAX-CAP FUND

<TABLE> <CAPTION> SHARES OR PRINCIPAL AMOUNT		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
UTILITIES--CONTINUED		
5,500	Williams Companies, Inc. (The)	\$ 326,562
	Total	53,959,486
	TOTAL COMMON STOCKS (IDENTIFIED COST \$324,616,238)	353,637,482

FOREIGN STOCKS--0.0%

BASIC INDUSTRY--0.0%		
3,528	Hanson PLC (IDENTIFIED COST \$42,425)	71,001

SHORT-TERM U.S. GOVERNMENT OBLIGATIONS--0.5%

\$ 2,000,000	United States Treasury Bills, 2.91%, 12/30/93	1,990,462
200,000	United States Treasury Bills, 2.93%, 12/30/93	199,039
	TOTAL SHORT-TERM U.S. GOVERNMENT OBLIGATIONS (AT AMORTIZED COST) (NOTE 2A)	2,189,501

\*\*REPURCHASE AGREEMENT--12.8%

52,455,000	J.P. Morgan Securities, Inc., 2.99%, dated 10/29/93, due 11/1/93
------------	--

(AT AMORTIZED COST) (NOTE 2B)	52,455,000
TOTAL INVESTMENTS (IDENTIFIED COST \$379,303,164)	\$ 408,352,984\

</TABLE>

\*Non-income producing securities.

\*\*The repurchase agreement is fully collateralized by U.S. government obligations. The investment in the repurchase agreement is through participation in a joint account with other Federated Investors funds.

\The cost of investments for federal tax purposes amounts to \$379,303,164. The net unrealized appreciation of investments on a federal tax cost basis amounts to \$29,049,820, which is comprised of \$46,000,959 appreciation and \$16,951,139 depreciation at October 31, 1993.

Note: The categories of investments are shown as a percentage of net assets (\$409,738,745) at October 31, 1993.

(See Notes which are an integral part of the Financial Statements.)

MAX-CAP FUND  
STATEMENT OF ASSETS AND LIABILITIES

OCTOBER 31, 1993

-----		
<TABLE>		
<S>	<C>	<C>
ASSETS:		
-----		
Investment in repurchase agreement, at amortized cost (Note 2B)	\$	52,455,000
-----		
Investments in other securities, at value		355,897,984
-----		
Total investments, at amortized cost and value (Note 2A) (identified and tax cost; \$379,303,164)		\$ 408,352,984
-----		
Cash		4,383
-----		
Receivable for Fund shares sold		937,861
-----		
Dividends and interest receivable		643,938
-----		
Receivable for daily variation margin on open futures contracts (Note 2F)		270
-----		
Deferred expenses (Note 2D)		2,502
-----		
Total assets		409,941,938
-----		
LIABILITIES:		
-----		
Payable for Fund shares redeemed		56,677
-----		
Accrued expenses and other liabilities		146,516
-----		
Total liabilities		203,193
-----		
NET ASSETS for 33,478,499 shares of beneficial interest outstanding	\$	409,738,745
-----		
NET ASSETS CONSIST OF:		
-----		
Paid-in capital	\$	368,781,860
-----		
Net unrealized appreciation on investments and futures contracts (Note 2F)		29,580,330
-----		
Accumulated net realized gain on investments and futures contracts (Note 2F)		11,081,011
-----		
Undistributed net investment income		295,544

Total	\$ 409,738,745
NET ASSET VALUE, OFFERING PRICE AND REDEMPTION PRICE PER SHARE: Institutional Shares (net assets of \$407,246,022 / 33,274,826 shares of beneficial interest outstanding)	
	\$12.24
Institutional Service Shares (net assets of \$2,492,723 / 203,673 shares of beneficial interest outstanding)	
	\$12.24

(See Notes which are an integral part of the Financial Statements)

MAX-CAP FUND  
STATEMENT OF OPERATIONS

YEAR ENDED OCTOBER 31, 1993

	<C>	<C>
INVESTMENT INCOME:		
Dividends		\$ 8,709,104
Interest		1,561,355
Total investment income (Note 2G)		10,270,459
EXPENSES:		
Management fee (Note 5)	\$ 1,062,278	
Trustees' fees	11,038	
Custodian, transfer and dividend disbursing agent fees and expenses	180,020	
Fund share registration costs	69,282	
Auditing fees	21,285	
Legal fees	8,155	
Printing and postage	25,466	
Insurance premiums	11,174	
Distribution service fees (Note 5)	770	
Taxes	5,535	
Miscellaneous	19,628	
Total expenses	1,414,631	
Deduct--Waiver of management fee (Note 5)	321,440	
Net expenses		1,093,191
Net investment income		9,177,268
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FUTURES CONTRACTS:		
Net realized gain on investments (identified cost basis)		7,044,485
Net realized gain on futures contracts (identified cost basis)		4,042,044
Net change in unrealized appreciation		26,567,254
Net realized and unrealized gain on investments and futures contracts		37,653,783
Change in net assets resulting from operations		\$ 46,831,051

(See Notes which are an integral part of the Financial Statements)

MAX-CAP FUND  
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER 31,	
	1993	1992
<S>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
-----		
OPERATIONS--		
-----		
Net investment income	\$ 9,177,268	\$ 6,378,125
-----		
Net realized gain on investment transactions and futures contracts (\$11,617,039, and \$16,581,916 net gains, respectively, as computed for federal tax purposes)	11,086,529	16,581,916
-----		
Change in unrealized appreciation (depreciation) on investments and futures contracts	26,567,254	(4,485,958)
-----		
Change in net assets resulting from operations	46,831,051	18,474,083
-----		
DISTRIBUTIONS TO SHAREHOLDERS (NOTE 3)--		
-----		
Dividends to shareholders from net investment income		
-----		
Institutional Shares	(9,255,446)	(6,439,459)
-----		
Institutional Service Shares	(14,290)	--
-----		
Distributions to shareholders from net realized gain on investment transactions and futures contracts		
-----		
Institutional Shares	(18,292,038)	(1,919,998)
-----		
Institutional Service Shares	--	--
-----		
Change in net assets resulting from distributions to shareholders	(27,561,774)	(8,359,457)
-----		
FUND SHARE (PRINCIPAL) TRANSACTIONS (NOTE 4)--		
-----		
Proceeds from sale of shares	290,371,076	274,966,492
-----		
Net asset value of shares issued to shareholders electing to receive payment of dividends in Fund shares	8,873,310	2,036,368
-----		
Cost of shares redeemed	(218,388,643)	(122,031,847)
-----		
Change in net assets from fund share transactions	80,855,743	154,971,013
-----		
Change in net assets	100,125,020	165,085,639
-----		
NET ASSETS:		
-----		
Beginning of period	309,613,725	144,528,086
-----		
End of period (including undistributed net investment income of \$295,544 and \$388,012, respectively)	\$ 409,738,745	\$ 309,613,725
-----		

</TABLE>

(See Notes which are an integral part of the Financial Statements)

MAX-CAP FUND  
NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 1993

(1) ORGANIZATION

Federated Index Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end, management investment company with three portfolios. The financial statements included herein present only those of Max-Cap Fund (the "Fund"). The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held.

Max-Cap Fund provides two classes of Shares (Institutional Shares, and Institutional Service Shares). Institutional Service Shares are identical in all respects to Institutional Shares except that Institutional Service Shares are sold pursuant to a distribution plan ("Plan") adopted in accordance with the Investment Company Act of 1940 Rule 12b-1. Under the Plan, the Fund may pay Federated Securities Corp. (the "distributor") a fee at an annual rate up to .30 of 1% of the average net asset value of Institutional Service Shares to finance any activity which is principally intended to result in the sale of Institutional Service Shares. The Institutional Service Shares of the Fund were declared effective on August 30, 1993.

(2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

- A. INVESTMENT VALUATIONS--Equity portfolio securities listed on the New York Stock Exchange or any other national securities exchange are valued at the last sale price or, if there has been no sale on that day, at the mean between bid and asked prices. Short-term obligations are ordinarily valued at the mean between bid and asked prices as furnished by an independent pricing service. Short-term obligations with maturities of sixty days or less are valued at amortized cost, which approximates value. All other securities are appraised at fair value as determined in good faith by the Board of Trustees.
  
- B. REPURCHASE AGREEMENTS--It is the policy of the Trust to require the custodian bank to take possession, to have legally segregated in the Federal Reserve Book Entry System or to have segregated within the custodian bank's vault, all securities held as collateral in support of repurchase agreement investments. Additionally, procedures have been established by the Trust to monitor, on a daily basis, the market value of each repurchase agreement's underlying securities to ensure the existence of a proper level of collateral.

The Fund will only enter into repurchase agreements with banks and other recognized financial institutions such as broker/dealers which are deemed by the Fund's manager to be creditworthy pursuant to guidelines established by the Trustees. Risks may arise from the potential inability of

MAX-CAP FUND

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counterparties to honor the terms of the repurchase agreement. Accordingly, the Fund could receive less than the repurchase price on the sale of collateral securities.

- C. FEDERAL TAXES--It is the Fund's policy to comply with the provisions of the Internal Revenue Code available to regulated investment companies and to distribute to shareholders each year all of its net income, including any net realized gains on investments. Accordingly, no provision for federal tax is necessary.
  
- D. DEFERRED EXPENSES--The costs incurred by the Fund with respect to

registration of its shares in its first fiscal year, excluding the initial expense of registering the shares, have been deferred and are being amortized using the straight-line method over a period of five years from the Fund's commencement date.

- E. WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS--The Fund may engage in when-issued or delayed delivery transactions. To the extent the Fund engages in such transactions, it will do so for the purpose of acquiring portfolio securities consistent with its investment objective and policies and not for the purpose of investment leverage. The Fund will record a when-issued security and the related liability on the trade date. Until the securities are received and paid for, the Fund will maintain security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the settlement date.
- F. FUTURES CONTRACTS--Upon entering into a stock index futures contract with a broker, the Fund is required to deposit in a segregated account an amount ("initial margin") of cash or U.S. government securities equal to a percentage of the contract value. The Fund agrees to receive from or pay the broker an amount of cash equal to a specific dollar amount times the difference between the closing value of the stock index and the price at which the contract was made. On a daily basis, the value of a stock index futures contract is determined and any difference between such value and the original futures contract value is reflected in the "daily variation margin" account. Daily variation margin adjustments, arising from this "marking to market" process, are recorded by the Fund as unrealized gains or losses.

The Fund may decide to close its position on a contract at any time prior to the contract's expiration. When a contract is closed, the Fund recognizes a realized gain or loss. Risks of entering into futures contracts include the possibility that there may be an illiquid market and that a change in the value of the contract may not correlate with changes in the value of the underlying securities.

- G. INCOME--Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Interest income includes interest, and discount earned (net of premium) on short-term obligations, and interest earned on all other debt securities including original issue discount as required by the Internal Revenue Code. Dividends to shareholders and capital gain distributions, if any, are recorded on the ex-dividend date.

#### MAX-CAP FUND

-----

- H. OTHER--Investment transactions are accounted for as of the trade date of the transaction.

#### (3) DIVIDENDS AND DISTRIBUTIONS

Dividends are declared and paid quarterly to all shareholders invested in the Fund on the record date. Dividends are paid from the net investment income of the Fund. Net investment income consists of all dividends or interest received by the Fund less its expenses. Capital gains realized by the Fund, if any, are distributed at least once every twelve months.

#### (4) SHARES OF BENEFICIAL INTEREST

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



<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER 31,			
	1993		1992	
INSTITUTIONAL SHARES	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares outstanding, beginning of period	26,604,714	\$ 287,926,116	13,056,654	\$ 132,955,103
-----				
Shares sold	24,571,558	287,913,472	24,052,533	274,966,492
-----				
Shares issued to shareholders in payment of dividends declared	764,603	8,868,865	180,492	2,036,368
-----				
Shares redeemed	(18,666,049)	(218,365,814)	(10,684,965)	(122,031,847)
-----				
Shares outstanding, end of period	33,274,826	\$ 366,342,639	26,604,714	\$ 287,926,116
-----				

</TABLE>

<TABLE>  
<CAPTION>

	INSTITUTIONAL SERVICE SHARES		PERIOD ENDED OCTOBER 31, 1993*	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares outstanding, beginning of period			--	\$ --
-----				
Shares sold			205,208	2,457,604
-----				
Shares issued to shareholders in payment of dividends declared			372	4,445
-----				
Shares redeemed			(1,907)	(22,829)
-----				
Shares outstanding, end of period			203,673	\$ 2,439,220
-----				

</TABLE>

\*For the period from August 30, 1993 (date of initial public investment) to October 31, 1993.

MAX-CAP FUND

(5) MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Federated Management, the Fund's Manager ("Manager"); receives for its services an annual management fee equal to .30 of 1% of the Fund's average daily net assets. Under the Management Contract, which provides for the voluntary waiver of fee by the Manager, the Manager will voluntarily waive some or all of the management fee. The Manager can terminate this voluntary waiver of some or all of its management fee at any time in its sole discretion. For the fiscal year ended October 31, 1993, the Fund's Manager earned a management fee of \$1,062,278 of which \$321,440 was voluntarily waived.

The Fund has adopted a Distribution Plan (the "Plan") for its Institutional Service Shares pursuant to Rule 12b-1 under the Investment Company Act of 1940. The Fund reimburses Federated Securities Corp., the principal distributor, from the assets of the Institutional Service Shares of the Fund, for fees it paid which relate to the distribution and administration of the Fund's Institutional Service Shares. The Plan provides that the Fund may incur distribution expenses up to 0.30% of the average daily net assets of the Institutional Service Shares, annually, to pay commissions, maintenance fees and to compensate the distributor. For the period from August 30, 1993 (the inception date of Institutional Service Shares) to October 31, 1993 FSC the distributor earned \$770 in distribution services fees.

Organization expenses of \$24,763 were borne initially by the Manager. The Fund has agreed to pay the Manager, at an annual rate .005 of 1% of average daily net assets for organization expenses until expenses borne by the Manager are reimbursed. During the year ended October 31, 1993, the Fund paid \$16,156 pursuant to this agreement. This commitment will expire five years from July 2, 1990, the date the Trust's registration statement became effective.

Certain of the Officers and Trustees of the Fund are Officers and Directors of the above corporations.

(6) INVESTMENT TRANSACTIONS

Purchases, and sales of investments, (excluding short-term obligations) for the year ended October 31, 1993, were as follows:

<TABLE>	
<S>	<C>
-----	-----
PURCHASES--	\$ 104,688,271
-----	-----
SALES--	\$ 49,818,628
-----	-----

</TABLE>

MAX-CAP FUND

(7) FINANCIAL FUTURES CONTRACTS

At October 31, 1993, open positions in stock index futures contracts were as follows:

<TABLE>			
<CAPTION>			
EXPIRATION	OPEN CONTRACTS	POSITION	UNREALIZED APPRECIATION
<S>	<C>	<C>	<C>
December 1993	232 S&P 500 Index Futures	Long	\$530,510

</TABLE>

At October 31, 1993, the Fund has deposited in a segregated account, \$2,200,000 of U.S. Treasury Bills, to cover margin requirements on open futures contracts.

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

To the Trustees and Shareholders of Federated Index Trust:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Max-Cap Fund (a portfolio of Federated Index Trust), as of October 31, 1993, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and financial highlights (see pages 2 and 16 of this prospectus) for the periods presented. 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 securities owned as of October 31, 1993, by correspondence with the custodian and brokers. 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 Max-Cap Fund of Federated Index Trust at October 31, 1993, 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 the periods presented in conformity with generally accepted accounting principles.

ERNST & YOUNG

Pittsburgh, Pennsylvania  
December 10, 1993

ADDRESSES

<TABLE>  
<S>

	<C> Max-Cap Fund Institutional Shares	<C> Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Manager	Federated Management	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Sub-Manager	ANB Investment Management and Trust Co.	One North LaSalle Street Chicago, Illinois 60690
Custodian	State Street Bank and Trust Company	P.O. Box 8602 Boston, Massachusetts 02266-8602
Transfer Agent and Dividend Disbursing Agent	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Legal Counsel	Houston, Houston & Donnelly	2510 Centre City Tower Pittsburgh, Pennsylvania 15222
Legal Counsel	Dickstein, Shapiro & Morin	2101 L Street, N.W. Washington, D.C. 20037
Independent Auditors	Ernst & Young	One Oxford Centre Pittsburgh, Pennsylvania 15219

</TABLE>

MAX-CAP FUND  
(A PORTFOLIO OF FEDERATED INDEX TRUST)  
INSTITUTIONAL SHARES  
PROSPECTUS

An Open-End, Diversified  
Management Investment Company  
Prospectus dated December 31, 1993

0032104A-IS (12/93)

MAX-CAP FUND  
(A PORTFOLIO OF FEDERATED INDEX TRUST)  
INSTITUTIONAL SHARES  
INSTITUTIONAL SERVICE SHARES

COMBINED STATEMENT OF ADDITIONAL INFORMATION

The Institutional Shares and Institutional Service Shares of Max-Cap Fund (the "Fund") (a portfolio of Federated Index Trust) represent interests in a diversified portfolio of securities. This Combined Statement of Additional Information should be read with the respective prospectus for Institutional Shares and Institutional Service Shares dated December 31, 1993. This Statement is not a prospectus itself. To receive a copy of either prospectus, write or call Federated Index Trust.

FEDERATED INVESTORS TOWER  
 PITTSBURGH, PENNSYLVANIA 15222-3779

Statement dated December 31, 1993

[LOGO] FEDERATED SECURITIES CORP.  
 -----  
 Distributor  
 A subsidiary of FEDERATED INVESTORS

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GENERAL INFORMATION ABOUT THE FUND

-----

Max-Cap Fund is a portfolio of Federated Index Trust (the "Trust"), which was established as a Massachusetts business trust under a Declaration of Trust dated January 30, 1990. Shares of the Fund are offered in two classes, known as Institutional Shares and Institutional Service Shares (individually and collectively referred to as "Shares"). This Combined Statement of Additional Information relates to the above-mentioned Shares of the Fund.

INVESTMENT OBJECTIVE AND POLICIES

-----

The Fund's investment objective is to provide investment results that correspond to the aggregate price and dividend performance of publicly-traded common stocks, by duplicating the composition of the Standard & Poor's 500 Composite Stock Price Index. The investment objective cannot be changed without approval of shareholders. The policies described below may be changed by the Board of Trustees ("Trustees") without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

TYPES OF INVESTMENTS

In addition to the common stocks described in the prospectus, the Fund may also invest in money market instruments and U.S. government obligations and securities in such proportions as, in the judgment of the manager, prevailing market conditions warrant.

MONEY MARKET INSTRUMENTS

The Fund may invest in the following money market instruments:

instruments of domestic and foreign banks and savings and loans having capital, surplus, and undivided profits of over \$100,000,000, or if the principal amount of the instrument is insured in full by the Federal Deposit Insurance Corporation; and

prime commercial paper (rated A-1 by Standard and Poor's Corporation, Prime-1 by Moody's Investors Service, Inc., or F-1 by Fitch Investors Service).

REPURCHASE AGREEMENTS

When purchasing U.S. government securities pursuant to repurchase agreements, in the event that a defaulting seller of the securities filed for bankruptcy or became insolvent, disposition of such securities by the Fund might be delayed pending court action. The Fund believes that under the regular procedures normally in effect for custody of the Fund's portfolio securities subject to repurchase agreements, a court of competent jurisdiction would rule in favor of the Fund and allow retention or disposition of such securities. The Fund will only enter into repurchase agreements with banks and other recognized financial institutions such as broker/dealers which are deemed by the Fund's manager to be creditworthy pursuant to guidelines established by the Trustees. The Fund or its custodian will take possession of the securities subject to repurchase agreements and these securities will be marked to market daily.

U.S. GOVERNMENT OBLIGATIONS

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

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

the issuer's right to borrow from the U.S. Treasury;

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

the credit of the agency or instrumentality issuing the obligations.

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

Federal Land Banks;

Central Bank for Cooperatives;

Federal Intermediate Credit Banks;

Federal Home Loan Banks;

Farmers Home Administration; and

Federal National Mortgage Association.

#### VARIABLE RATE U.S. GOVERNMENT SECURITIES

In the case of certain U.S. government securities purchased by the Fund that carry variable interest rates, these rates will reduce the changes in the market value of such securities from their original purchase prices.

Accordingly, the potential for capital appreciation or capital depreciation should not be greater than the

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potential for capital appreciation or capital depreciation of fixed interest rate U.S. government securities having maturities equal to the interest rate adjustment dates of the variable rate U.S. government securities.

#### STOCK INDEX FUTURES AND OPTIONS

The Fund may utilize stock index futures contracts and options on stocks, stock indices and stock index futures contracts for the purposes of managing cash flows into and out of the Fund's portfolio and potentially reducing transactional costs. The Fund may not use stock index futures contracts and options for speculative purposes.

As a means of reducing fluctuations in the net asset value of shares of the Fund, the Fund may attempt to hedge all or a portion of its portfolio through the purchase of listed put options on stocks, stock indices, and stock index futures contracts. These options will be used only as a form of forward pricing to protect portfolio securities against decreases in value resulting from market factors such as an anticipated increase in interest rates. A put option gives the Fund, in return for a premium, the right to sell the underlying security to the writer (seller) at a specified price during the term of the option. Put options on stock indices are similar to put options on stocks except for the delivery requirements. Instead of giving the Fund the right to make delivery of stock at a specified price, a put option on a stock index gives the Fund, as holder, the right to receive an amount of cash upon exercise of the option.

The Fund may also write covered call options. As the writer of a call option, the Fund has the obligation upon exercise of the option during the option period to deliver the underlying security upon payment of the exercise price.

The Fund may only: (1) buy listed put options on stock indices and stock index futures contracts; (2) buy listed put options on securities held in its portfolio; and (3) sell listed call options either on securities held in its portfolio or on securities which it has the right to obtain without payment of further consideration (or has segregated cash in the amount of any such additional consideration). The Fund will maintain its positions in securities, option rights, and segregated cash subject to puts and calls until the options are exercised, closed, or expired.

The Fund may also enter into stock index futures contracts. A stock index futures contract is a bilateral agreement which obligates the seller to

deliver (and the purchaser to take delivery of) an amount of cash equal to a specific dollar amount times the difference between the value of a specific stock index at the close of trading of the contract and the price at which the agreement is originally made. There is no physical delivery of the stocks constituting the index, and no price is paid upon entering into a futures contract. In general, contracts are closed out prior to their expiration. The Fund, when purchasing or selling a futures contract, will initially be required to deposit in a segregated account in the broker's name with the Fund's custodian an amount of cash or U.S. government securities approximately equal to 5-10% of the contract value. This amount is known as "initial margin", and it is subject to change by the exchange or board of trade on which the contract is traded. Subsequent payments to and from the broker are made on a daily basis as the price of the index or the securities underlying the futures contract fluctuates. These payments are known as "variation margins", and the fluctuation in value of the long and short positions in the futures contract is a process referred to as "marking to market." The Fund may decide to close its position on a contract at any time prior to the contract's expiration. This is accomplished by the Fund taking an opposite position at the then prevailing price, thereby terminating its existing position in the contract. Because both the initial and variation margin resemble a performance bond or good faith deposit on the contract, they are returned to the Fund upon the termination of the contract, assuming that all contractual obligations have been satisfied. Therefore, the margin utilized in futures contracts is readily distinguishable from the margin employed in security transactions, since futures contracts margin does not involve the borrowing of funds to finance the transaction.

#### WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

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

No fees or other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated at the trade date. These securities are marked to market daily and maintained until the transaction is settled. The Fund may engage in these transactions to an extent that would cause the segregation of an amount up to 20% of the total value of its assets.

#### LENDING OF PORTFOLIO SECURITIES

The Fund may lend its portfolio securities up to one-third of the value of its total assets to broker/dealers, banks, or other institutional borrowers of securities. The Fund will only enter into loan arrangements with broker/dealers, banks, or other institutions which the sub-manager has determined are creditworthy under guidelines established by the Trustees and will receive collateral equal to at least 100% of the value of the securities loaned.

The collateral received when the Fund lends portfolio securities must be valued daily and, should the market value of the loaned securities increase, the borrower must furnish additional collateral to the Fund. During the time portfolio securities are on loan, the borrower pays the Fund any dividends or interest paid on such securities. Loans are subject to termination at the option of the Fund or the borrower. The Fund may pay reasonable administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash or equivalent collateral to the borrower or placing broker. The Fund does not have the right to vote securities on loan, but would terminate the loan and regain the right to vote if that were considered important with respect to the investment.

#### REVERSE REPURCHASE AGREEMENTS

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

When effecting reverse repurchase agreements, liquid assets of the Fund, in a

dollar amount sufficient to make payment for the obligations to be purchased, are segregated at the trade date. These assets are marked to market daily and maintained until the transaction is settled.

#### PORTFOLIO TURNOVER

The Fund will not attempt to set or meet a portfolio turnover rate since any turnover would be incidental to transactions undertaken in an attempt to achieve the Fund's investment objective. For the fiscal years ended October 31, 1993, 1992, and 1991, the portfolio turnover rate for the Fund was 13%, 46%, and 6%, respectively.

#### INVESTMENT LIMITATIONS

##### INVESTING IN COMMODITIES

The Fund will not purchase or sell commodities. However, the Fund may purchase put options on stock index futures, put options on financial futures, and stock index futures contracts.

##### SELLING SHORT AND BUYING ON MARGIN

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

##### LENDING CASH OR SECURITIES

The Fund will not lend any of its assets except portfolio securities, the market value of which does not exceed one-third of the total value of the Fund's assets. This shall not prevent the purchase or holding of corporate or government bonds, debentures, notes, certificates of indebtedness or other debt securities of an issuer, repurchase agreements, or other transactions which are permitted by the Fund's investment objective and policies or the Declaration of Trust.

##### UNDERWRITING

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

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

The Fund will not purchase or retain the securities of any issuer in which the Officers and Trustees of the Trust or the Fund's investment adviser own a substantial financial interest.

##### ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Fund will not issue senior securities, except as permitted by its investment objective and policies, and except that the Fund may enter into reverse repurchase agreements and otherwise borrow up to one-third of the value of its total assets, including the amount borrowed, as a temporary, extraordinary, or emergency measure or to facilitate management of the portfolio by enabling the Fund to meet redemption requests

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when the liquidation of portfolio instruments would be inconvenient or disadvantageous. The Fund will not purchase any securities while any borrowings in excess of 5% of its total assets are outstanding. During the period any reverse repurchase agreements are outstanding the Fund will restrict the purchase of portfolio securities to money market instruments maturing on or before the expiration date of the reverse repurchase agreements, but only to the extent necessary to assure the completion of the reverse repurchase agreements.

##### DIVERSIFICATION OF INVESTMENTS

The Fund will not invest more than 5% of the value of its total assets in the securities of any one issuer, except U.S. government securities, or invest in more than 10% of the voting securities of one issuer.

##### CONCENTRATION OF INVESTMENTS

The Fund will not invest 25% or more of the value of its total assets in



securities of companies in any one industry. However, investing in U.S. government obligations shall not be considered investing in any one industry.

#### INVESTING IN REAL ESTATE

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

#### INVESTING IN RESTRICTED SECURITIES

The Fund will not invest in securities subject to restrictions on resale under the federal securities laws, unless the securities are determined by the Fund's manager to be liquid under criteria established by the Trustees. The Fund will not invest more than 5% of its total assets in restricted securities.

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

#### WRITING COVERED CALL OPTIONS

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

#### INVESTING IN PUT OPTIONS

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

#### INVESTING IN MINERALS

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

#### ACQUIRING SECURITIES

The Fund will not purchase securities of other investment companies except to the extent permitted by the Investment Company Act of 1940, or except as part of a merger, consolidation, or other acquisition. It will not invest in securities for the purpose of exercising control or management.

#### INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 15% of its net assets in securities which are illiquid, including certain restricted securities and repurchase agreements providing for settlement more than seven days after notice.

#### PLEDGING ASSETS

The Fund will not mortgage, pledge, or hypothecate any assets except to secure permitted borrowings. In those cases, it may mortgage, pledge, or hypothecate assets having a market value not exceeding the lesser of the dollar amounts borrowed or 10% of the value of the total assets at the time of the borrowing.

#### INVESTING IN WARRANTS

The Fund will not invest in warrants.

Except with respect to borrowing money, if a percentage limitation is adhered to at the time of investment, a later increase or decrease in percentage resulting from any change in value or net assets will not result in a violation of such restriction.

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The Fund did not borrow money or pledge securities in excess of 5% of the value of its net assets during the past fiscal year and does not expect to do so during the coming fiscal year.

#### TRUST MANAGEMENT

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OFFICERS AND TRUSTEES

Officers and Trustees are listed with their addresses, principal occupations, and present positions, including any affiliation with Federated Investors, Federated Management, Federated Securities Corp., and Federated Administrative Services, Inc.

<TABLE>  
<CAPTION>

NAME AND ADDRESS	POSITIONS WITH THE TRUST	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
<S>	<C>	<C>
John F. Donahue\* Federated Investors Tower Pittsburgh, PA	Chairman and Trustee	Chairman and Trustee, Federated Investors; Chairman and Trustee, Federated Advisers, Federated Management, and Federated Research; Director, Aetna Life and Casualty Company; Chief Executive Officer and Director, Trustee, or Managing General Partner of the Funds; formerly, Director, The Standard Fire Insurance Company. Mr. Donahue is the father of J. Christopher Donahue, Vice-President and Trustee of the Trust.
John T. Conroy, Jr. Wood/IPC Commercial Department John R. Wood and Associates, Inc., Realtors 3255 Tamiami Trail North Naples, FL	Trustee	President, Investment Properties Corporation; Senior Vice-President, John R. Wood and Associates, Inc., Realtors; President, Northgate Village Development Corporation; General Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee, or Managing General Partner of the Funds; formerly President, Naples Property Management, Inc.
William J. Copeland One PNC Plaza-23rd Floor Pittsburgh, PA	Trustee	Director and Member of the Executive Committee, Michael Baker, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman and Director, PNC Bank, N.A., and PNC Bank Corp. and Director, Ryan Homes, Inc.
J. Christopher Donahue* Federated Investors Tower Pittsburgh, PA	Vice President and Trustee	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management and Federated Research; President and Director, Federated Administrative Services, Inc.; Trustee, Federated Services Company; President or Vice President of the Funds; Director, Trustee or Managing General Partner of some of the Funds. Mr. Donahue is the son of John F. Donahue, Chairman and Trustee of the Trust.
James E. Dowd 571 Hayward Mill Road Concord, MA	Trustee	Attorney-at-law; Director, The Emerging Germany Fund, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Director, Blue Cross of Massachusetts, Inc.
Lawrence D. Ellis, M.D. 3471 Fifth Avenue Suite 1111 Pittsburgh, PA	Trustee	Hematologist, Oncologist, and Internist, Presbyterian and Montefiore Hospitals; Clinical Professor of Medicine and Trustee, University of Pittsburgh; Director, Trustee, or Managing General Partner of the Funds.

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NAME AND ADDRESS	POSITIONS WITH THE TRUST	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
<S>	<C>	<C>
Edward L. Flaherty, Jr.\ 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Director, Eat'N Park Restaurants, Inc., and Statewide Settlement Agency, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Counsel, Horizon Financial, F.A., Western Region.
Peter E. Madden 225 Franklin Street Boston, MA	Trustee	Consultant; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly, President, State Street Bank and Trust

Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, Eat'N Park Restaurants, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.
Wesley W. Posvar 1202 Cathedral of Learning University of Pittsburgh Pittsburgh, PA	Trustee	Professor, Foreign Policy and Management Consultant; Trustee, Carnegie Endowment for International Peace, RAND Corporation, Online Computer Library Center, Inc., and U.S. Space Foundation; Chairman, Czecho Slovak Management Center; Director, Trustee, or Managing General Partner of the Funds; President Emeritus, University of Pittsburgh; formerly, Chairman, National Advisory Council for Environmental Policy and Technology.
Marjorie P. Smuts 4905 Bayard Street Pittsburgh, PA	Trustee	Public relations/marketing consultant; Director, Trustee, or Managing General Partner of the Funds.
Glen R. Johnson Federated Investors Tower Pittsburgh, PA	President	Trustee, Federated Investors; President and/or Trustee of some of the Funds; staff member, Federated Securities Corp., Federated Administrative Services and Federated Administrative Services, Inc.
Richard B. Fisher Federated Investors Tower Pittsburgh, PA	Vice President	Executive Vice President and Trustee, Federated Investors; Chairman and Director, Federated Securities Corp.; President or Vice President of the Funds; Director or Trustee of some of the Funds.
Edward C. Gonzales Federated Investors Tower Pittsburgh, PA	Vice President and Treasurer	Vice President, Treasurer and Trustee, Federated Investors; Vice President and Treasurer, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Treasurer, and Director, Federated Securities Corp.; Chairman, Treasurer, and Director, Federated Administrative Services, Inc.; Trustee or Director of some of the Funds; Vice President and Treasurer of the Funds.

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NAME AND ADDRESS	POSITIONS WITH THE TRUST	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
<S>  John W. McGonigle Federated Investors Tower Pittsburgh, PA	<C>  Vice President and Secretary	<C>  Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary and Trustee, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Secretary, and Director, Federated Administrative Services, Inc.; Director and Executive Vice President, Federated Securities Corp.; Vice President and Secretary of the Funds.
John A. Staley, IV Federated Investors Tower Pittsburgh, PA	Vice President	Vice President and Trustee, Federated Investors; Executive Vice President, Federated Securities Corp.; President and Trustee, Federated Advisers, Federated Management, and Federated Research; Vice President of the Funds; Director, Trustee, or Managing General Partner of some of the Funds; formerly, Vice President, The Standard Fire Insurance Company and President of its Federated Research Division.

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\*This Trustee is deemed to be an "interested person" of the Fund or the Trust as defined in the Investment Company Act of 1940.

\Members of the Trust's Executive Committee. The Executive Committee of the Board of Trustees handles the responsibilities of the Board of Trustees between meetings of the Board.

THE FUNDS

"The Funds" and "Funds" mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series II; Cash Trust Series, Inc.; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMs Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income Securities Trust; Federated Income Trust; Federated Intermediate Government Trust; Federated Master Trust; Federated Municipal Trust; Federated Short-Intermediate Government Trust; Federated Short-Term U.S. Government Trust; Federated Stock Trust; Federated Tax-Free Trust; Federated U.S. Government Bond Fund; First Priority Funds; Fixed Income Securities, Inc.; Fortress Adjustable Rate U.S. Government Fund, Inc.; Fortress Municipal Income Fund, Inc.; Fortress Utility Fund, Inc.; Fund for U.S. Government Securities, Inc.; Government Income Securities, Inc.; High Yield Cash Trust; Intermediate Municipal Trust; Investment Series Funds, Inc.; Investment Series Trust; Liberty Equity Income Fund, Inc.; Liberty High Income Bond Fund, Inc.; Liberty Municipal Securities Fund, Inc.; Liberty U.S. Government Money Market Trust; Liberty Utility Fund, Inc.; Liberty Term Trust, Inc.-1999; Liquid Cash Trust; Mark Twain Funds; Money Market Management, Inc.; Money Market Obligations Trust; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; 111 Corcoran Funds; The Planters Funds; Portage Funds; RIMCO Monument Funds; The Shawmut Funds; Short-Term Municipal Trust; Signet Select Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; Trust for U.S. Treasury Obligations.

FUND OWNERSHIP

Officers and Trustees own less than 1% of the Fund's outstanding shares. As of November 29, 1993, the following shareholders of record owned 5% or more of the outstanding shares of the Fund: Charles Schwab & Co., Inc., San Francisco, California, owned approximately 2,191,783 shares (6.5%); University National Bank and Trust, Palo Alto, California, owned approximately 2,018,133 shares (6.0%); Var & Co., St. Paul, Minnesota, owned approximately 2,169,531 shares (6.4%); and Mitro & Co., Milwaukee, Wisconsin, owned approximately 2,654,816 shares (7.9%).

TRUSTEE LIABILITY

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

MANAGEMENT SERVICES

MANAGERS TO THE FUND

The Fund's manager is Federated Management. It is a subsidiary of Federated Investors. All the voting securities of Federated Investors are owned by a trust, the trustees of which are John F. Donahue, his wife, and his son, J. Christopher Donahue. John F. Donahue is Chairman and Trustee of Federated Management, Chairman and Trustee of Federated Investors and Chairman and Trustee of the Trust. John A. Staley, IV, is President and Trustee of Federated Management, Vice President and Trustee of Federated Investors, Executive Vice President of Federated Securities Corp., and Vice President of the Trust. J. Christopher Donahue, Trustee of Federated Management, is President and Trustee of Federated Investors, President and Director of Federated Administrative Services, Inc., and Vice President and Trustee of the Trust. John W. McGonigle, Vice President, Secretary and Trustee of Federated Management, is Trustee, Vice President, Secretary, and General Counsel of Federated Investors, Executive Vice President, Secretary, and Director of Federated Administrative Services, Inc., Director and Executive Vice President of Federated Securities Corp. and Vice President and Secretary of the Trust.

The Fund's sub-manager is ANB Investment Management and Trust Company ("ANB"). It is a wholly-owned subsidiary of American National Bank and Trust Company of Chicago. American National Bank and Trust Company of Chicago is a wholly-owned subsidiary of American National Corporation, which, in turn, is a wholly-owned

subsidiary of First Chicago Corporation. The sub-manager's directors are John R. Tilton, Thomas P. Michaels, John Q. McKinnon, Stephen P. Manus, Neil R. Wright, and P. James Kartalia. The officers of ANB are John R. Tilton, President and Chief Investment Officer, and Thomas P. Michaels, Secretary, Treasurer, and Legal Counsel.

Neither the manager nor the sub-manager shall be liable to the Trust, the Fund, or any shareholder of the Fund for any losses that may be sustained in the purchase, holding, or sale of any security or for anything done or omitted by the manager or sub-manager, except acts or omissions involving willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties imposed upon either of them by their respective management contracts.

#### MANAGEMENT FEES

For its management services, Federated Management receives an annual fee as described in the prospectus. ANB receives an annual fee for its services as described in the prospectus, which will be paid by the manager, based on the Fund's average daily net assets.

For the fiscal years ended October 31, 1993, 1992, and 1991, the manager earned \$1,062,278, \$655,771, and \$201,219, respectively, of which, \$321,440, \$400,391, and \$201,219, respectively, was voluntarily waived due to undertakings to limit the Fund's expenses.

#### STATE EXPENSE LIMITATIONS

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

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

This arrangement is not part of the management contract and may be amended or rescinded in the future.

#### OTHER RELATED SERVICES

Affiliates of the manager may, from time to time, provide certain electronic equipment and software to institutional customers in order to facilitate the purchase of shares of funds offered by Federated Securities Corp.

#### ADMINISTRATIVE SERVICES

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Federated Administrative Services, Inc., a subsidiary of Federated Investors, provides administrative personnel and services to the Fund at approximate cost through agreement with the Fund's manager. John A. Staley, IV, an officer of the Trust, and Dr. Henry J. Gailliot, an officer of Federated Management, the manager to the Fund, each hold approximately 15% and 20%, respectively, of the outstanding common stock and serve as directors of Commercial Data Services, Inc., a company which provides computer processing services to Federated Administrative Services, Inc. For the fiscal years ended October 31, 1993, 1992, and 1991, Federated Administrative Services, Inc., paid approximately \$165,431, \$189,741, and \$187,677, respectively, for services provided by Commercial Data Services, Inc.

#### BROKERAGE TRANSACTIONS

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

- advice as to the advisability of investing in securities;
- security analysis and reports;
- economic studies;

industry studies;

receipt of quotations for portfolio evaluations; and

similar services.

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

Research services provided by brokers and dealers may be used by the managers or by affiliates of Federated Investors in advising Federated Funds and other accounts. To the extent that receipt of these services may supplant services for which the managers or their affiliates might otherwise have paid, it would tend to reduce their expenses.

For the fiscal years ended October 31, 1993, 1992, and 1991, the Fund paid \$16,910, \$3,238, and \$2,504, respectively, in commissions on brokerage transactions.

#### PURCHASING SHARES

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Shares are sold at their net asset value without a sales charge on days the New York Stock Exchange is open for business. The procedure for purchasing Shares is explained in the respective prospectus under "Investing in Institutional Shares" or "Investing in Institutional Service Shares."

#### DISTRIBUTION PLAN (INSTITUTIONAL SERVICE SHARES)

With respect to the Institutional Service Shares class of the Fund, the Fund has adopted a Plan pursuant to Rule 12b-1 which was promulgated by the Securities and Exchange Commission pursuant to the Investment Company Act of 1940. The Plan permits the payment of fees to administrators (including broker/dealers and depository institutions such as commercial banks and savings and loan associations) for distribution and administrative services. The Plan is designed to stimulate administrators to provide distribution and administrative support services to the Fund and its shareholders. The administrative services are provided by a representative who has knowledge of the shareholder's particular circumstances and goals, and include, but are not limited to: communicating account openings; communicating account closings; entering purchase transactions; entering redemption transactions; providing or arranging to provide account support for all transactions; wiring funds and receiving funds for Share purchases and redemptions, confirming and reconciling all transactions; reviewing the activity in Fund accounts or arranging for this service to be performed by the Fund's transfer agent; and maintaining and distributing current copies of prospectuses and shareholder reports to the beneficial owners of Shares of the Fund and prospective shareholders.

By adopting the Plan, the Trustees expect that the Fund will be able to achieve a more predictable flow of cash for investment purposes and to meet redemptions. This will facilitate more efficient portfolio management and assist the Fund in seeking to achieve its investment objective. By identifying potential investors whose needs are served by the Fund's objective, and properly servicing these accounts, the Fund may be able to curb sharp fluctuations in rates of redemption and sales.

Other benefits which the Fund hopes to achieve through the Plan include, but are not limited to, the following:

(1) an efficient and effective administrative system; (2) a more efficient use of shareholder assets by having them rapidly invested in the Fund, through automatic transfer of funds from a demand deposit account to an investment account, with a minimum of delay and administrative detail; and (3) an efficient and reliable shareholder records system and prompt responses to shareholder requests and inquiries concerning their accounts.

#### CONVERSION TO FEDERAL FUNDS

It is the Fund's policy to be as fully invested as possible so that maximum interest may be earned. State Street Bank acts as the shareholder's agent in depositing checks and converting them to federal funds.

#### DETERMINING NET ASSET VALUE

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Net asset value generally changes each day. The days on which net asset value

for each class of Shares is calculated by the Fund are described in the prospectus.

#### DETERMINING MARKET VALUE OF SECURITIES

Market or appraised values of the Fund's portfolio securities are determined as follows:

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

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

for bonds and other fixed income securities, at the last sale price on a national securities exchange if available, otherwise as determined by an independent pricing service;

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

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

Prices provided by independent pricing services may be determined without relying exclusively on quoted prices and may reflect: institutional trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data.

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

#### REDEEMING SHARES

-----

The Fund redeems Shares at the next computed net asset value after State Street Bank receives the redemption request. Redemption procedures are explained in the respective prospectus under "Redeeming Institutional Shares" or "Redeeming Institutional Service Shares."

#### REDEMPTION IN KIND

Although the Fund intends to redeem Shares in cash, it reserves the right under certain circumstances to pay the redemption price in whole or in part by a distribution of securities from the Fund's portfolio.

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

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

#### TAX STATUS

-----

##### THE FUND'S TAX STATUS

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

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

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

invest in securities within certain statutory limits; and

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

#### SHAREHOLDERS' TAX STATUS

Shareholders are subject to federal income tax on dividends received as cash or additional shares. No portion of any income dividend paid by the Fund is eligible for the dividends received deduction available to corporations. These dividends, and any short-term capital gains, are taxable as ordinary income.

#### CAPITAL GAINS

Capital gains experienced by the Fund could result in an increase in dividends. Capital losses could result in a decrease in dividends. If the Fund realizes net long-term capital gains, it will distribute them at least once every 12 months.

#### TOTAL RETURN

-----

The Fund's average annual total return for Institutional Shares for the one-year period ended October 31, 1993, and for the period from July 2, 1990 (the effective date of the Fund's registration statement), to October 31, 1993, was 14.35% and 11.38%, respectively.

The Fund's average annual total return for Institutional Service Shares for the period from August 30, 1993 (date of initial public investment) to October 31, 1993 was 1.70%.

The average annual total return for each class of the Fund is the average compounded rate of return for a given period that would equate a \$1,000 initial investment to the ending redeemable value of that investment. The ending redeemable value is computed by multiplying the number of shares owned at the end of the period by the offering price per share at the end of the period. The number of shares owned at the end of the period is based on the number of shares purchased at the beginning of the period with \$1,000, adjusted over the period by any additional shares, assuming the quarterly reinvestment of all dividends and distributions.

#### YIELD

-----

The Fund's yields for Institutional Shares and for Institutional Service Shares for the thirty-day period ended October 31, 1993, were 2.38% and 2.08%, respectively.

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

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

#### PERFORMANCE COMPARISONS

-----

The Fund's performance depends upon such variables as:

portfolio quality;

average portfolio maturity;

type of instruments in which the portfolio is invested;

changes in interest rates and market value of portfolio securities;

changes in Fund expenses;

the relative amount of Fund cash flow; and



various other factors.

-----

The performance of each class of Shares fluctuates on a daily basis largely because net earnings and offering price per share fluctuate daily. Both net earnings and offering price per share are factors in the computation of yield and total return.

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

LIPPER ANALYTICAL SERVICES, INC., ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all capital gains distributions and income dividends and takes into account any change in offering price over a specific period of time. From time to time, the Fund will quote its Lipper ranking in the "index funds" category in advertising and sales literature.

DOW JONES INDUSTRIAL AVERAGE ("DJIA") represents share prices of selected blue-chip industrial corporations as well as public utility and transportation companies. The DJIA indicates daily changes in the average price of stocks in any of its categories. It also reports total sales for each group of industries. Because it represents the top corporations of America, the DJIA's index movements are leading economic indicators for the stock market as a whole.

STANDARD & POOR'S DAILY STOCK PRICE INDEX OF 500 COMMON STOCKS, a composite index of common stocks in industry, transportation, and financial and public utility companies can be used to compare to the total returns of funds whose portfolios are invested primarily in common stocks. In addition, the Standard & Poor's index assumes reinvestments of all dividends paid by stocks listed on its index. Taxes due on any of these distributions are not included, nor are brokerage or other fees calculated in Standard & Poor's figures.

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

Investors may use such indices or reporting services in addition to the Fund's prospectus to obtain a more complete view of the class's performance before investing. Of course, when comparing performance of either class to any index, conditions such as composition of the index and prevailing market conditions should be considered in assessing the significance of such comparisons. When comparing funds using reporting services, or total return and yield, investors should take into consideration any relevant differences in funds such as permitted portfolio compositions and methods used to value portfolio securities and compute offering price.

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

#### STANDARD & POOR'S CORPORATION

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The Fund is not sponsored, endorsed, sold or promoted by, or affiliated with, Standard & Poor's Corporation ("S&P"). S&P makes no representation or warranty, express or implied, to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly or the ability of the S&P 500 Index to track general stock market performance. S&P's only relationship to Federated Securities Corp. (the "Licensee") is the licensing of certain trademarks and trade names of S&P and of the S&P 500 Index which is determined, composed and calculated by S&P without regard to the Licensee or the Fund. S&P has no obligation to take the needs of the Licensee or the owners of the Fund into consideration in determining, composing or calculating the S&P 500 Index. S&P is not responsible for and has not participated in the determination of, the timing of, prices at, or quantities of the Fund to be issued or in the determination or calculation of the equation by which the Fund is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Fund.

S&P does not guarantee the accuracy and/or the completeness of the S&P 500 Index or any data included therein. S&P makes no warranty, express or implied, as to results to be obtained by Licensee, owners of the Fund, or any other person or entity from the use of the S&P 500 Index or any data included therein in connection with the rights licensed hereunder or for any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P 500 Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

0032104B (12/93)

MAX-CAP FUND

-----  
ANNUAL REPORT FOR FISCAL YEAR ENDED OCTOBER 31, 1993

INVESTMENT REVIEW

-----  
The total return of the Max-Cap Fund (Institutional Shares) over the past 12 months was 14.35%. The total return of the Institutional Service Shares, which commenced operations on September 6, 1993, was 1.70%.

Over the twelve months ended October 31, 1993, U.S. stocks have registered excellent results. Driven by the recovery in corporate profits, falling interest rates, and large flows of money into mutual funds, the S&P 500 Index recorded a total return of 14.92% for the year ended October 31, 1993. Small capitalization stocks were the standout, however, as the Russell 2000 Index had a total return of 32.41% for the same period. Perhaps the most important factor was the decline in interest rates. The yield on the 30 year U.S. Treasury bond dropped from 6.7% to 5.7% between May and September. Interest rate sensitive groups such as the Finance and Utility sectors performed well in response. Expected market weaknesses in September and October proved to be unfounded, although the market advance became more labored as a number of groups experienced minor corrections.

Sustainability of market strength over the coming year will be importantly influenced by strength in corporate profits and interest rates. We expect the economy to continue on its recovery path well into 1994 with further significant gains in corporate profits. Assuming the pace of the recovery remains in the 3% (real GDP--annual rate) area, inflation should remain subdued, and any backup in interest rates should not be too damaging to the stock market. Over the next 12 months we expect positive returns from U.S. equities, although probably less than the outstanding performance in the year ended October 31, 1993.

PERFORMANCE COMPARISON

-----  
COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE  
IN MAX-CAP FUND (INSTITUTIONAL SERVICE SHARES) AND  
STANDARD AND POOR'S 500 INDEX/.

Graphic representation "A" omitted. See Appendix.

Past Performance is not indicative of future performance. Your investment return and principal value will fluctuate so when shares are redeemed, they may be worth more or less than original cost. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.

This annual report incorporates by reference and accompanies the prospectus dated December 31, 1993.

\*Reflects operations of Max-Cap Fund (Institutional Service Shares) from the start of business 9/6/93 through 10/31/93.

\*\*The Fund's performance assumes the reinvestment of all dividends and distributions. The Standard and Poor's 500 Index is adjusted to reflect reinvestment of dividends on securities in the index.

/The Standard and Poor's 500 Index is not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Fund's performance.

PERFORMANCE COMPARISON

-----  
COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE IN  
MAX-CAP FUND (INSTITUTIONAL SHARES) AND STANDARD AND POOR'S 500 INDEX/.

Graphic representation "B" omitted. See Appendix.

Past Performance is not indicative of future performance. Your investment return and principal value will fluctuate so when shares are redeemed, they may be worth more or less than original cost. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.

This annual report incorporates by reference and accompanies the prospectus dated December 31, 1993.

\*Reflects operations of Max-Cap Fund (Institutional Shares) from the start of business 7/11/90 through 10/31/93.

\*\*The Fund's performance assumes the reinvestment of all dividends and distributions. The Standard and Poor's 500 Index is adjusted to reflect reinvestment of dividends on securities in the index.

\The Standard and Poor's 500 Index is not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Fund's performance.

[LOGO] FEDERATED SECURITIES CORP.

-----  
Distributor  
3110509-ARS (12/93)

MID-CAP FUND

(A PORTFOLIO OF FEDERATED INDEX TRUST)  
PROSPECTUS

Federated Index Trust (the "Trust") is an open-end, management investment company (a mutual fund). Its Mid-Cap Fund (the "Fund") seeks to provide investment results generally corresponding to the aggregate price and dividend performance of publicly traded common stocks that comprise the Standard & Poor's 400 MidCap Index (the "Index"). The Fund is neither sponsored by nor affiliated with Standard & Poor's Corporation.

THE SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF ANY BANK, ARE NOT ENDORSED OR GUARANTEED BY ANY BANK, AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER GOVERNMENT AGENCY. INVESTMENT IN THESE SHARES INVOLVES INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL.

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

The Fund has also filed a Statement of Additional Information, dated December 31, 1993, with the Securities and Exchange Commission. The information contained in the Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Statement of Additional Information free of charge by calling 1-800-235-4669. To obtain other information or to make inquiries about the Fund, contact the Fund at the address listed in the back of this prospectus.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.  
Prospectus dated December 31, 1993

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SUMMARY OF FUND EXPENSES	

<TABLE>

<S>		<C>
SHAREHOLDER TRANSACTION EXPENSES		
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....		None
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price).....		None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds as applicable).....		None
Redemption Fee (as a percentage of amount redeemed, if applicable).....		None
Exchange Fee.....		None
ANNUAL FUND OPERATING EXPENSES (As a percentage of average net assets)		
Management Fee (after waiver) (1).....		0.00%
12b-1 Fee.....		None
Other Expenses (after expense reimbursement).....		0.60%
Total Fund Operating Expenses (2).....		0.60%
</TABLE>		

(1) The management fee has been reduced to reflect the voluntary waiver of the management fee. The manager can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is 0.40%.

(2) The Total Fund Operating Expenses in the table above are based on expenses expected during the fiscal year ending October 31, 1994. The Total Fund Operating Expenses were 0.00% for the fiscal year ended October 31, 1993 and were 1.75% absent the voluntary waiver of the management fee and reimbursement of certain other operating expenses.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF THE FUND WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "FEDERATED INDEX TRUST INFORMATION." Wire-transferred redemptions of less than \$5,000 may be subject to additional fees.

<TABLE>

<CAPTION>

EXAMPLE	1 year	3 years	5 years	10 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. As noted in the table above, the Fund charges no redemption fees.....	\$ 6	\$ 19	\$ 33	\$ 75

</TABLE>

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

MID-CAP FUND

FINANCIAL HIGHLIGHTS

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(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

Reference is made to the Report of Ernst & Young, Independent Auditors on page 44.

<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER	
	31,	
	1993	1992*
	-----	-----
<S>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$9.99	\$10.00
-----	-----	-----
INCOME FROM INVESTMENT OPERATIONS		
-----	-----	-----
Net investment income	0.16	0.080
-----	-----	-----
Net realized and unrealized gain (loss) on investments	1.65	(0.086)
-----	-----	-----
Total from investment operations	1.81	(0.006)
-----	-----	-----
LESS DISTRIBUTIONS		
-----	-----	-----
Dividends to shareholders from net investment income	(0.23)	(0.004)
-----	-----	-----
NET ASSET VALUE, END OF PERIOD	\$11.57	\$9.99
-----	-----	-----
TOTAL RETURN**	17.33%	0.00%
-----	-----	-----
RATIOS TO AVERAGE NET ASSETS		
-----	-----	-----
Expenses	0.00%	0.00% (a)
-----	-----	-----
Net investment income	2.33%	0.93% (a)
-----	-----	-----
Expense waiver/reimbursement (b)	1.75%	0.40% (a)
-----	-----	-----
SUPPLEMENTAL DATA		
-----	-----	-----
Net assets, end of period (000 omitted)	\$16,192	\$3
-----	-----	-----
Portfolio turnover rate	59%	0%
-----	-----	-----

</TABLE>

\* Reflects operations for the period from September 3, 1992 (date of initial public investment) to October 31, 1992.

\*\* Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) This expense decrease is reflected in both the expense and net investment income ratios shown above (Note 5).

Further information about the Fund's performance is contained in the Fund's annual report dated December 31, 1993, which can be obtained free of charge.

(See Notes which are an integral part of the Financial Statements)

#### GENERAL INFORMATION

-----

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated January 30, 1990. The Declaration of Trust permits the Trust to offer separate series of shares of beneficial interest representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. This prospectus relates only to the Fund. The Fund is designed primarily for institutions investing on behalf of their customers. A minimum initial investment of \$25,000 over a 90-day period is required.

Fund shares are currently sold and redeemed at net asset value without a sales charge or redemption fee being imposed by the Fund. The Fund's net asset value per share fluctuates.

#### INVESTMENT INFORMATION

-----

##### INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide investment results generally corresponding to the aggregate price and dividend performance of the publicly traded common stocks that comprise the mid-level stock capitalization sector of the United States equity market. The investment objective of the Fund cannot be changed without the approval of shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

##### INVESTMENT POLICIES

The investment policies described below may be changed by the Board of Trustees ("Trustees") without shareholder approval. Shareholders will be notified before any material changes in these policies become effective.

The Fund pursues its investment objective by investing primarily in the 400 common stocks that comprise the Index. These 400 common stocks are issued by medium-sized domestic companies whose market capitalizations generally range from \$200 million to \$5 billion. The stocks are selected for inclusion in the Index by Standard & Poor's Corporation ("S&P") on the basis of the issuer's market size, liquidity and industry group representation. A particular stock's weighting in the Index is based on its relative total market value, that is, the stock's market price per share times the number of shares outstanding. From time to time, S&P may add or delete stocks from the Index. The inclusion of a stock in the Index in no way implies an opinion by S&P as to its attractiveness as an investment, nor is S&P a sponsor or in any way affiliated with the Fund.

The Fund will not attempt to actively manage the Fund's portfolio. Rather, the Fund will utilize a passive approach in pursuit of its investment objective, meaning that the Fund will not employ the traditional management functions of economic, financial and market analysis associated with actively managed funds. Thus, unless an issuer's stock is removed from the Index by S&P, an issuer's adverse financial circumstance will not cause its stock to be eliminated from the Fund's portfolio.

In keeping with the passive management approach, the Fund will be managed using a computer program to determine which securities are to be purchased or sold so as to replicate the composition of the Index to the extent feasible. Stocks will be included in the Fund's portfolio on the basis of each stock's weighting in the Index, starting with the heaviest-weighted stock in the Index. As a result, the proportion of Fund assets invested in a particular stock will be nearly identical to the percentage of such stock represented in the Index. From time to time, adjustments will be made in the Fund's portfolio so as to respond to

changes in the Index's composition, as well as corporate reorganizations and other circumstances. The Fund will attempt to be fully invested in the common stocks comprising the Index, and, in any event, at least 80% of the Fund's assets will be invested in stocks represented in the Index. It is expected that adjustments to the Fund's portfolio will occur infrequently and that transactional costs and other expenses will be minimized. Because portfolio turnover is expected to be well below that encountered in actively managed investment company portfolios, the Fund anticipates that accompanying costs, including accounting costs, brokerage fees, custodial expenses and transfer taxes, will be relatively low. While the cash flows into and out of the Fund will have an impact upon the Fund's portfolio turnover rate and its ability to replicate and track the performance of the Index, investment adjustments will be made, as practicably as possible, to account for these circumstances.

The Fund believes that the indexing approach described above constitutes an effective and reasonable method of substantially duplicating percentage changes in the Index. While the Fund will not duplicate the Index's performance precisely, it is anticipated that there will be a close correlation between the Fund's performance and that of the Index in both rising and falling markets. The Fund will attempt to achieve a correlation between the performance of its portfolio and that of the Index of at least 95%, without taking into account expenses of the Fund. A perfect correlation would be indicated by a figure of 100%, which would be achieved when the Fund's net asset value, including the value of its dividends and capital gains distributions, increases or decreases in exact proportion to changes in the Index. The Fund's ability to correlate its performance with that of the Index may be affected by, among other things, changes in the securities markets, the manner in which S&P calculates the Index and the size and timing of cash flows into and out of the Fund. It is anticipated that the Fund will achieve its intended correlation to the performance of the Index when the Fund's net assets reach at least \$10 million. Until such time as the Fund's net assets equal \$5 million, the Fund's portfolio will be invested in cash and repurchase agreements. When the Fund's net assets exceed \$5 million, the Fund may begin to invest in the stocks comprising the Index. Once the Fund's net assets equal at least \$10 million, it is anticipated that the Fund will be fully invested in stocks comprising the Index and will achieve the 95% correlation to the performance of the Index.

In order to accommodate cash flows into and out of the Fund's portfolio, the Fund may enter into stock index futures contracts, options and options on stock index futures contracts. This will allow the Fund to simultaneously maximize the level of the Fund assets used to track the movements of the Index. The Fund can sell futures contracts and options in order to close out a previously established position. The Fund will not enter into stock index futures contracts, options and options on stock index futures contracts for speculative purposes.

**ACCEPTABLE INVESTMENTS.** Under normal market circumstances, the Fund will invest at least 80% of its assets in common stocks that are represented in the Index. In addition, the Fund may hold cash reserves which may, for other than defensive purposes, be invested in, but not limited to, the following:

**U.S. GOVERNMENT SECURITIES.** The Fund is permitted to invest in U.S. government securities which are either issued or guaranteed by the U.S. government, its agencies or instrumentalities. These securities include, but are not limited to:

- direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds; and
- notes, bonds, and discount notes of U.S. government agencies or instrumentalities, such as Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit System, and the Student Loan Marketing Association.

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

**MONEY MARKET INSTRUMENTS.** The Fund may also invest in:

- commercial paper; and



- instruments of domestic banks and savings and loans (such as certificates of deposit and bankers' acceptances).

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

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

market, an increased amount of participation by speculators in the futures market could result in price fluctuations.

In view of these considerations, the Fund will comply with the following restrictions when purchasing and selling futures contracts. First, the Fund will not participate in futures transactions if the sum of its initial margin deposits on open contracts will exceed 5% of the market value of the Fund's total assets, after taking into account the unrealized profits and losses on those contracts into which it has entered. Second, the Fund will not enter into these contracts for speculative purposes. Third, since the Fund does not constitute a commodity pool, it will not market itself as such, nor serve as a vehicle for trading in the commodities futures or commodity options markets. In this regard, the Fund will disclose to all prospective investors the limitations on its futures and options transactions, and will make clear that these transactions are entered into only for bona fide hedging purposes or such other purposes permitted under regulations promulgated by the Commodity Futures Trading Commission ("CFTC"). Also, the Fund intends to claim an exclusion from registration as a commodity pool operator under the regulations promulgated by the CFTC.

**LENDING OF PORTFOLIO SECURITIES.** The Fund may lend its portfolio securities on a short-term basis or long-term basis up to one-third of the value of its total assets to broker/dealers, banks, or other institutional borrowers of securities. The Fund will only enter into loan arrangements with broker/ dealers, banks or other institutions which the managers have determined are creditworthy under guidelines established by the Trustees. The Fund will receive collateral in the form of cash or U.S. government securities equal to at least 100% of the value of the securities loaned.

**WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS.** The Fund may purchase short-term U.S. government securities on a when-issued or delayed delivery basis. These transactions are arrangements in which the Fund purchases securities with payment and delivery scheduled for a future time. The Fund engages in when-issued and delayed delivery transactions only for the purpose of acquiring portfolio securities consistent with the Fund's investment objective and policies, not for investment leverage. In when-issued and delayed delivery transactions, the Fund relies on the seller to complete the transaction. The seller's failure to complete the transaction may cause the Fund to miss a price or yield considered to be advantageous.

#### INVESTMENT RISKS

As with other mutual funds that invest primarily in equity securities, the Fund is subject to market risks. That is, the possibility exists that common stocks will decline over short or even extended periods of time, and the United States equity market tends to be cyclical, experiencing both periods when stock prices generally increase and periods when stock prices generally decrease. However, because the Fund invests primarily in medium capitalization stocks, there are some additional risk factors associated with investments in the Fund. In particular, stocks in the medium capitalization sector of the United States equity market tend to be slightly more volatile in price than larger capitalization stocks, such as those included in the Standard & Poor's 500 Index. This is because, among other things, medium-sized companies have less certain growth prospects than larger companies; have a lower degree of liquidity in the equity market; and tend to have a greater sensitivity to changing economic conditions. Further, in addition to exhibiting slightly higher volatility, the stocks of medium-sized companies may, to some degree, fluctuate independently of the stocks of large companies. That is, the stocks of medium-sized

companies may decline in price as the price of large company stocks rises or vice versa. Therefore, investors should expect that the Fund will be more volatile than, and may fluctuate independently of, broad stock market indices such as the Standard & Poor's 500 Index.

#### INVESTMENT LIMITATIONS

The Fund will not:

- borrow money directly or through reverse repurchase agreements (arrangements in which the Fund sells a money market instrument for at least a percentage of its cash value with an agreement to buy it back on a set date) except, under certain circumstances, the Fund may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of those assets to secure such borrowings.

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

The Fund will not:

- invest more than 5% of its total assets in securities of issuers that have records of less than three years of continuous operations; or
- invest more than 15% of its net assets in securities that are illiquid.

#### FEDERATED INDEX TRUST INFORMATION

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#### MANAGEMENT OF THE TRUST

**BOARD OF TRUSTEES.** The Trust is managed by a Board of Trustees. The Board of Trustees is responsible for managing the business affairs of the Trust and for exercising all of the powers of the Trust except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Trustees' responsibilities between meetings of the Trustees.

**FUND'S MANAGER.** Federated Management serves as the Fund's manager (the "Manager"). The Trust has entered into a management contract (the "Management Contract") with the Manager, which, in turn, has entered into a sub-management contract (the "Sub-Management Contract") with ANB Investment Management and Trust Company ("ANB" or the "Sub-Manager") (ANB and the Manager are collectively referred to as "Managers"). It is the Manager's responsibility to select the Sub-Manager, subject to the review and approval of the Trustees and to review and evaluate the Sub-Manager's continued performance. The Manager is also responsible for providing administrative services to the Fund.

Subject to the supervision and direction of the Trustees, the Manager provides

to the Fund investment management evaluation services principally by performing initial due diligence on the Sub-Manager for the Fund and thereafter monitoring and evaluating the performance of the Fund's Sub-Manager through quantitative and qualitative analyses. In addition, the Manager conducts periodic in-person, telephonic and written consultations with the Sub-Manager. In initially evaluating the Sub-Manager,

the Manager considered, among other factors, the Sub-Manager's level of expertise; relative performance over a minimum period of five years; level of efficiency; level of adherence to investment discipline or philosophy; personnel, facilities and financial strength; and quality of service and client communications. On an ongoing basis, the Manager is responsible for communicating performance expectations and evaluations to the Sub-Manager; monitoring tracking error; monitoring and analyzing the appropriate futures contracts to purchase and the futures holdings of the Fund as a percentage of Fund assets; monitoring market timing in the Fund; discussing with the Sub-Manager which method of indexing to use; and ultimately recommending to the Trustees whether the Sub-Management Contract should be renewed, modified or terminated. The Manager provides written reports to the Trustees regarding the results of its evaluation and monitoring functions. In addition, the Manager is responsible for providing the Fund with administrative services, including, but not limited to, shareholder servicing and certain legal and accounting services. The Manager is also responsible for conducting all operations of the Fund, except those operations contracted to the Sub-Manager, custodian, transfer agent and dividend disbursing agent. As described below, the Manager receives an annual fee from the Fund for performing its responsibilities under the Management Contract.

**MANAGEMENT FEES.** The Fund's Manager receives an annual management fee equal to 0.40 of 1% of the Fund's average daily net assets. Under the Management Contract, which provides for the voluntary waiver of the management fee by the Manager, the Manager will voluntarily waive some or all of the management fee. The Manager can terminate this voluntary waiver of some or all of its management fee at any time in its sole discretion. The Manager has also undertaken to reimburse the Fund for operating expenses in excess of limitations established by certain states.

**MANAGER'S BACKGROUND.** Federated Management, a Delaware business trust organized on April 11, 1989, is a registered investment adviser under the Investment Advisers Act of 1940. It is a subsidiary of Federated Investors. All of the Class A (voting) shares of Federated Investors are owned by a trust, the trustees of which are John F. Donahue, Chairman and Trustee of Federated Investors, Mr. Donahue's wife, and Mr. Donahue's son, J. Christopher Donahue, who is President and Trustee of Federated Investors. Federated Management and other subsidiaries of Federated Investors serve as investment advisers to a number of investment companies and private accounts. Certain other subsidiaries also provide administrative services to a number of investment companies. Total assets under management or administration by these and other subsidiaries of Federated Investors are approximately \$70 billion. Federated Investors, which was founded in 1956 as Federated Investors, Inc., develops and manages mutual funds primarily for the financial industry. Federated Investors' track record of competitive performance and its disciplined, risk averse investment philosophy serve approximately 3,500 client institutions nationwide. Through these same client institutions, individual shareholders also have access to this same level of investment expertise.

**SUB-MANAGER.** Under the terms of the Sub-Management Contract between the Manager and ANB, ANB serves as the Fund's Sub-Manager. The Sub-Manager will develop, maintain and run the computer program designed to determine which securities will be purchased and sold so as to replicate the composition of the Index to the extent feasible, and, subject to the Manager's oversight, has complete discretion to purchase and sell portfolio securities for the Fund within the Fund's investment objective, restrictions and policies.

**SUB-MANAGEMENT FEES.** For its services under the Sub-Management Contract, ANB receives an annual fee from the Manager of .035 of 1% of the Fund's average daily net assets. This fee is paid by the Manager out of its resources and is not an incremental Fund expense. No performance or incentive fees are paid to the Sub-Manager.

SUB-MANAGER'S BACKGROUND. ANB, incorporated in the State of Illinois on July 1, 1988, is a registered investment adviser under the Investment Advisers Act of 1940. ANB is a wholly-owned subsidiary of American National Bank and Trust Company of Chicago which, in turn, is an indirect wholly-owned subsidiary of First Chicago Corporation. It serves as investment adviser principally to corporate defined benefit and defined contribution plans which have, as of September 30, 1993, placed approximately \$18 billion in assets with ANB. Since 1973, when American National Bank and Trust Company of Chicago introduced its first commingled equity index fund, ANB has developed and managed a family of equity and bond index funds in which some 390 nationwide non-financial institution clients invest. In total, ANB manages 62 commingled/common trust funds. Also, since 1990, ANB has served as Sub-Manager for the Max-Cap Fund (formerly the S&P 500 Fund), which is another portfolio of the Trust. ANB also serves as Sub-Manager for Mini-Cap Fund, another portfolio of the Trust.

#### DISTRIBUTION OF FUND SHARES

Federated Securities Corp. is the principal distributor for shares of the Fund. It is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors. Federated Securities Corp. pays a licensing fee to the Standard & Poor's Corporation for the right to use the Index in connection with its sub-management activities for the Fund. Federated Securities Corp. is not affiliated with the Standard & Poor's Corporation.

#### ADMINISTRATION OF THE FUND

ADMINISTRATIVE SERVICES. Federated Administrative Services, Inc., which is a subsidiary of Federated Investors, provides the Manager with the administrative personnel and services necessary to provide shareholder servicing and certain legal and accounting services to the Fund.

CUSTODIAN. State Street Bank and Trust Company ("State Street Bank"), Boston, Massachusetts, is custodian for the securities and cash of the Fund.

TRANSFER AGENT AND DIVIDEND DISBURSING AGENT. Federated Services Company, Pittsburgh, Pennsylvania, is transfer agent for the shares of the Fund, and dividend disbursing agent for the Fund.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, Pittsburgh, PA, and Dickstein, Shapiro & Morin, Washington, D.C.

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

#### BROKERAGE TRANSACTIONS

When selecting brokers and dealers to handle the purchase and sale of portfolio instruments, the Managers look for prompt execution of the order at a favorable price. In working with dealers, the

Managers will generally utilize those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. In selecting among firms believed to meet these criteria, the Managers may give consideration to those firms which have sold or are selling shares of the Fund and other funds distributed by Federated Securities Corp. The Managers make decisions on portfolio transactions and select brokers and dealers, subject to review by the Trustees.

#### NET ASSET VALUE

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

#### INVESTING IN THE FUND

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SHARE PURCHASES

Fund shares are sold on days on which the New York Stock Exchange is open. Shares of the Fund may be purchased either by wire or mail. To purchase shares of the Fund, open an account by calling Federated Securities Corp. Information needed to establish the account will be taken over the telephone. The Fund reserves the right to reject any purchase request.

BY WIRE. To purchase shares of the Fund by Federal Reserve wire, call the Fund to place an order. Shareholders have until 4:00 p.m. (Boston time) to call the Fund for settlement on the next business day. The order is considered received immediately. Payment by federal funds must be received before 4:00 p.m. (Boston time) on the next business day following the order. Federal funds should be wired as follows: State Street Bank and Trust Company, Boston, Massachusetts; Attention: EDGEWIRE; For Credit to: Federated Index Trust, Mid-Cap Fund; Group Number or Order Number; Nominee or Institution Name; ABA Number 011000028.

BY MAIL. To purchase shares of the Fund by mail, send a check made payable to Federated Index Trust, Mid-Cap Fund, to the Fund's transfer agent, State Street Bank and Trust Company, P.O. Box 8602, Boston, Massachusetts 02266-8602. Orders by mail are considered received after payment by check is converted by State Street Bank into federal funds. This is generally the next business day after State Street Bank receives the check.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in the Fund is \$25,000. However, an account may be opened with a smaller amount as long as the \$25,000 minimum is reached within 90 days. An investor's minimum investment will be calculated by combining all accounts that the investor maintains with the Fund.

WHAT SHARES COST

Fund shares are sold at their net asset value next determined after an order is received. There is no sales charge imposed by the Fund.

The net asset value is determined at 4:00 p.m. (Boston time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of the Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; and (iii) the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

EXCHANGING SECURITIES FOR FUND SHARES

Investors may exchange certain securities or a combination of certain securities and cash for shares of the Fund. The securities and any cash must have a market value of at least \$25,000. The Trust reserves the right to determine the acceptability of securities to be exchanged. On the day securities are accepted by the Trust, they are valued in the same manner as the Trust values its assets. Investors wishing to exchange securities should first contact Federated Securities Corp.

Shares purchased by exchange of securities cannot be redeemed by telephone for five business days to allow time for the transfer to settle.

SUB-ACCOUNTING SERVICES

Institutions are encouraged to open single master accounts. However, certain institutions may wish to use the transfer agent's sub-accounting system to minimize their internal recordkeeping requirements. The transfer agent charges a fee based on the level of sub-accounting services rendered. Institutions holding Fund shares in a fiduciary, agency, custodial, or similar capacity may charge or pass through sub-accounting fees as part of or in addition to normal trust or agency account fees. They may also charge fees for other services provided which may be related to the ownership of Fund shares. Therefore, this prospectus should be read together with any agreement between the customer and the institution with regard to the services provided, the fees charged for those services and any restrictions and limitations imposed.

CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Fund, Federated Services Company maintains a share account for each shareholder. Share certificates are not issued unless requested by contacting the Fund.

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

#### DIVIDENDS

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

#### CAPITAL GAINS

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

#### REDEEMING SHARES

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The Fund redeems shares at their net asset value next determined after the Fund receives the redemption request. Redemptions will be made on days on which the Fund computes its net asset value. Redemption requests must be received in proper form and can be made by telephone request or written request.

#### TELEPHONE REDEMPTION

Shareholders may redeem their shares by telephoning the Fund before 4:00 p.m. (Boston time). The proceeds will normally be wired the following business day, but in no event more than seven days, to the shareholder's account at a domestic commercial bank that is a member of the Federal Reserve System. If at any time, the Fund shall determine it necessary to terminate or modify this method of redemption, shareholders will be promptly notified.

An authorization form permitting State Street Bank or the Fund to accept telephone requests must first be completed. Authorization forms and information on this service are available from Federated Securities Corp.

In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, another method of redemption should be considered, such as by "Written Requests."

If reasonable procedures are not followed by the Fund, it may be liable for losses due to unauthorized or fraudulent telephone instructions.

#### WRITTEN REQUESTS

Fund shares may also be redeemed by sending a written request to the Fund. Call the Fund for specific instructions before redeeming by written request. The shareholder will be asked to provide in the request his name, the Fund name, his account number, and the share or dollar amount requested. If share certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request.

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

- a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund ("BIF"), which is administered by the Federal Deposit Insurance Corporation ("FDIC");
- a member firm of the New York, American, Boston, Midwest, or Pacific Stock Exchange;
- a savings bank or savings and loan association whose deposits are insured

by the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or

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

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

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

RECEIVING PAYMENT. Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper written redemption request.

#### REDEMPTION BEFORE PURCHASE INSTRUMENTS CLEAR

When shares are purchased by check, the proceeds from the redemption of those shares are not available, and the shares may not be exchanged, until the Fund or its agents are reasonably certain that the purchase check has cleared, which could take up to ten calendar days.

#### ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Fund may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below a required minimum value of \$25,000. This requirement does not apply, however, if the balance falls below \$25,000 because of changes in the Fund's net asset value.

Before shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

#### SHAREHOLDER INFORMATION

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##### VOTING RIGHTS

Each share of the Fund gives the shareholder one vote in Trustee elections and other matters submitted to shareholders for vote. All shares of each portfolio in the Trust have equal voting rights except that only shares of the Fund are entitled to vote on matters affecting only the Fund. As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Trust's or the Fund's operations and for the election of Trustees under certain circumstances.

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

##### MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust on behalf of the Fund. To protect shareholders of the Fund, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders of the Fund for such acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument that the Trust enters into or its Trustees enter into or sign on behalf of the Fund.

In the unlikely event a shareholder of the Fund is held personally liable for the Trust's obligations on behalf of the Fund, the Trust is required to use the property of the Fund to protect or compensate the shareholder. On request, the Trust will defend any claim made and pay any judgment against a shareholder for any act or obligation of the Trust on behalf of the Fund. Therefore, financial loss resulting from liability as a shareholder of the Fund will occur only if the Trust itself cannot meet its obligations to indemnify shareholders and pay judgments against them from the assets of the Fund.

TAX INFORMATION

FEDERAL INCOME TAX

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

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

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions, including capital gains distributions, received. This applies whether dividends and distributions are received in cash or as additional shares. Distributions representing long-term capital gains, if any, will be taxable to shareholders as long-term capital gains no matter how long the shareholders have held their shares.

PENNSYLVANIA CORPORATE AND PERSONAL PROPERTY TAXES. In the opinion of Houston, Houston & Donnelly, counsel to the Trust:

- neither the Trust nor the Fund is subject to Pennsylvania corporate or personal property taxes; and
- Fund shares may be subject to personal property taxes imposed by counties, municipalities, and school districts in Pennsylvania to the extent that the portfolio securities in the Fund would be subject to such taxes if owned directly by residents of those jurisdictions.

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

PERFORMANCE INFORMATION

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

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

The yield of the Fund is calculated by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the Fund over a thirty-day period by the offering price per share of the Fund on the last day of the period. This number is then annualized using semi-

annual compounding. The yield does not necessarily reflect income actually earned by the Fund and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

The Fund is sold without any sales load or other similar non-recurring charges.

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

STANDARD & POOR'S CORPORATION

"Standard & Poor's(TM)", "S&P", "S&P MidCap 400 Index", "Standard & Poor's MidCap 400 Index", and "400" are trademarks of Standard & Poor's Corporation ("S&P") and have been licensed for use by Federated Securities Corp. (the "Licensee").

The Fund is not sponsored, endorsed, sold or promoted by, or affiliated with, S&P makes no representation or warranty, express or implied, to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly or the ability of the S&P MidCap 400 Index to track general stock market performance. S&P's only relationship to the Licensee is the licensing of certain trademarks and trade names of S&P and of the S&P MidCap 400 Index which is determined, composed and calculated by S&P without regard to the Licensee or the Fund. S&P has no obligation to take the needs of the Licensee or the owners of the Fund into consideration in determining, composing or calculating the S&P MidCap 400 Index.



S&P is not responsible for and has not participated in the determination of, the timing of, prices at, or quantities of the Fund to be issued or in the determination or calculation of the equation by which the Fund is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Fund.

S&P DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P MIDCAP 400 INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P MIDCAP 400 INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE S&P MIDCAP 400 INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

MID-CAP FUND

PORTFOLIO OF INVESTMENTS

OCTOBER 31, 1993

<TABLE>		VALUE
<CAPTION>		
SHARES		
<C>	<C> <S>	<C>
COMMON STOCKS--86.0%		
-----		
	BASIC INDUSTRY--7.9%	
	-----	
	ALUMINUM--0.0%	
	-----	
200	* Maxxam, Inc.	\$ 6,500
	-----	-----
	CHEMICALS--3.5%	
	-----	
300	* Advanced Technology Labs, Inc.	5,175
	-----	
800	Betz Laboratories, Inc.	34,800
	-----	
500	Cabot Corp.	28,688
	-----	
1,100	Calgon Carbon Corp.	11,137
	-----	
1,400	Crompton & Knowles Corp.	27,300
	-----	
700	Dexter Corp.	16,538
	-----	
800	Ferro Corp.	25,400
	-----	
400	Fuller (H.B.) Co.	12,900
	-----	
1,100	* Georgia Gulf Corp.	20,763
	-----	
700	Hanna (M.A.) Co.	22,400
	-----	
700	IMC Fertilizer Group, Inc.	25,462
	-----	
1,200	Lawter International, Inc.	16,350
	-----	
1,000	Loctite Corp.	37,625
	-----	
1,900	Lubrizol Corp.	66,025
	-----	
200	NCH Corp.	11,600
	-----	
500	Olin Corp.	23,187

1,300	R.P.M., Inc. Ohio	23,238
800	Schulman (A.), Inc.	24,000
1,400	Sigma Aldrich	69,300
1,500	Sterling Chemicals, Inc.	5,437
900	Wellman, Inc.	15,412

</TABLE>

MID-CAP FUND

<CAPTION>		VALUE
SHARES		
<C>	<C> <S>	<C>
COMMON STOCKS--CONTINUED		
BASIC INDUSTRY--CONTINUED		
CHEMICALS--CONTINUED		
1,400	Witco Corp.	\$ 41,825
	Total	564,562
CONTAINERS & GLASS--0.1%		
1,135	Mark IV Industries, Inc.	25,254
GOLD--1.6%		
7,900	American Barrick Resources Corp.	214,287
2,200	Battle Mountain Gold Co.	20,900
4,100	LAC Minerals, Ltd.	30,238
	Total	265,425
MINING AND MINERALS--0.2%		
400	Brush Wellman, Inc.	5,500
600	Calmat Co.	10,800
300	Cleveland Cliffs, Inc.	10,800
	Total	27,100
PAPER--1.7%		
1,000	Bowater, Inc.	19,625
700	Chesapeake Corp.	15,400
1,200	Consolidated Papers, Inc.	51,000
800	Glatfelter (P.H.) Co.	13,200
1,400	Longview Fibre Co. Washington	24,850
500	Pentair, Inc.	15,750
2,400	Sonoco Products Co.	48,600
533	Wausau Paper Mills Co.	21,253
1,500	Willamette Industries, Inc.	62,625
	Total	272,303

</TABLE>

## MID-CAP FUND

<TABLE>		<CAPTION>	
SHARES		VALUE	
<C>	<C> <S>	<C>	
COMMON STOCKS--CONTINUED			
BASIC INDUSTRY--CONTINUED			
PLASTICS--0.2%			
600	First Brands Corp.	\$	19,200
500	* Sealed Air Corp.		14,938
	Total		34,138
STEEL--0.5%			
1,800	Allegheny Ludlum Corp.		37,125
200	Carpenter Technology Corp.		10,950
**	* LTV Corp.		7
400	Lukens, Inc.		14,900
500	Oregon Steel Mills, Inc.		11,812
400	Precision Castparts Corp.		10,700
	Total		85,494
CAPITAL GOODS--3.4%			
BUILDING CONSTRUCTION--0.4%			
1,000	CBI Industries, Inc.		26,000
700	Harsco Corp.		29,400
400	Lawson Products, Inc.		10,800
	Total		66,200
ELECTRICAL EQUIPMENT--0.5%			
2,500	* American Power Conversion Co.		55,625
1,200	Ametek, Inc.		16,500
700	* Magnetek, Inc.		10,587
	Total		82,712
INDUSTRIAL MACHINERY--1.7%			
2,200	* Applied Materials, Inc.		69,300
400	Duriron, Inc.		9,000
600	Goulds Pumps, Inc.		15,900

## MID-CAP FUND

<TABLE>		<CAPTION>	
SHARES		VALUE	

<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
CAPITAL GOODS--CONTINUED			
INDUSTRIAL MACHINERY--CONTINUED			
500	Kaydon Corp.		\$ 10,562
300	Kennametal, Inc.		12,037
1,000	Keystone International, Inc.		26,875
500	Measurex Corp.		9,437
500	Nordson Corp.		26,750
900	Stewart & Stevenson Services, Inc.		40,725
1,200	* Thermo Electron Corp.		48,900
	Total		269,486
MISCELLANEOUS--0.3%			
400	Watts Industries, Inc., Cl. A		18,400
1,000	York International Corp.		34,750
	Total		53,150
POLLUTION CONTROL--0.5%			
700	* Air & Water Technology Corp., Cl. A		9,712
800	* American Waste Services, Inc., Cl. A		1,600
400	Donaldson, Inc.		16,850
900	* International Technology Corp.		3,375
7,700	Laidlaw, Inc., Cl. B		46,200
700	Mid-American Waste System, Inc.		5,687
	Total		83,424
CONSUMER BASICS--10.8%			
DRUGS & HEALTH CARE--7.3%			
800	* Acuson Corp.		10,900
800	* Applied Bioscience International, Inc.		4,700
1,000	Bergen Brunswig Corp., Cl. A		15,625
900	* Biogen, Inc.		35,100

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MID-CAP FUND

<TABLE>			
<CAPTION>			
	SHARES		VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
CONSUMER BASICS--CONTINUED			
DRUGS & HEALTH CARE--CONTINUED			
600	Cardinal Distribution, Inc.		\$ 25,800
1,300	Carter Wallace, Inc.		35,913

1,200	* Centocur, Inc.	15,600
900	* Chiron Corp.	72,450
1,000	* Continental Medical Systems, Inc.	9,625
400	* Cordis Corp.	15,900
400	* Datascope Corp.	6,600
400	Diagnostic Products Corp.	7,400
700	* Diagnostek, Inc.	12,600
900	* FHP International Corp.	17,550
1,200	* Forest Laboratories, Inc.	50,700
700	* Genzyme Corp.	21,875
800	* Healthsouth Rehabilitation	14,200
1,000	* Healthcare COMPARE Corp.	22,000
1,900	Ivax Corp.	55,338
4,300	MEDCO Containment Services, Inc.	161,250
1,000	* Medical Care America, Inc.	24,875
2,200	Mylan Labs, Inc.	65,175
500	* Nellcor, Inc.	11,375
1,400	* Novacare, Inc.	18,200
800	* Pacificare Health Systems, Inc., Cl. A	25,400
300	Puritan Bennet Corp.	4,950
400	* SCI Med Life Systems, Inc.	19,400
1,300	Stryker Corp.	35,425
1,000	Surgical Care Affiliates, Inc.	19,875
700	* Synergen, Inc.	10,062

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MID-CAP FUND

<TABLE>		<CAPTION>	
SHARES		VALUE	
<C>	<C> <S>	<C>	
COMMON STOCKS--CONTINUED			
CONSUMER BASICS--CONTINUED			
DRUGS & HEALTH CARE--CONTINUED			
1,100	T2 Med, Inc.	\$	8,525
1,100	Tambrands, Inc.		46,613
1,900	United Healthcare Corp.		132,762
3,000	U S Healthcare, Inc.		139,125
600	* Xoma Corp.		4,050
	Total		1,176,938
FOOD & BEVERAGES--2.7%			

3,600	Coca Cola Enterprises, Inc.	50,850
1,100	Dean Foods Co.	28,188
1,700	Dole Food, Inc.	47,175
400	Dreyers Grand Ice Cream, Inc.	12,000
1,100	Flowers Industries, Inc.	20,900
1,300	IBP, Inc.	33,150
700	* International Dairy Queen, Inc., Cl. A	10,850
500	International Multifoods Corp.	11,688
900	Lance, Inc.	19,012
2,300	McCormick & Co., Inc.	54,337
700	Savannah Foods & Industries, Inc.	10,675
800	Smucker (J.M.) Co., Cl. A	20,100
4,100	Tyson Foods, Inc., Cl. A	94,813
700	Universal Foods Corp.	24,062
	Total	437,800
	HOUSEHOLD PRODUCTS--0.2%	
600	Church & Dwight, Inc.	15,525
600	Stanhope, Inc.	16,650
	Total	32,175

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MID-CAP FUND

<TABLE>		<CAPTION>		SHARES		VALUE	
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COMMON STOCKS--CONTINUED							
CONSUMER BASICS--CONTINUED							
RETAIL GROCERY--0.4%							
1,100			Hannaford Brothers Co.	\$		25,713	
500			Michaels Foods			4,563	
600			Ruddick Corp.			12,975	
1,200			* Vons Cos., Inc.			22,050	
			Total			65,301	
TOBACCO--0.2%							
400			Dibrell Brothers, Inc.			12,000	
1,000			Universal Corp.			25,250	
			Total			37,250	
CONSUMER DURABLE GOODS--1.9%							
AUTO PARTS--0.5%							
600			Arvin Industries, Inc.			16,875	
800			Danaher Corp.			28,000	

800	Federal Mogul Corp.	21,100
800	Modine Manufacturing Co.	20,600
	Total	86,575
	AUTOMOBILES AND MOTORCYCLES--0.5%	
1,000	Federal Signal Corp.	26,750
1,100	Harley Davidson, Inc.	46,337
	Total	73,087
	HOUSEHOLD APPLIANCES AND FURNISHINGS--0.4%	
1,100	Legget & Platt, Inc.	48,263
200	National Presto Industries, Inc.	11,000
	Total	59,263
	MOBILE HOMES--0.2%	
1,200	* Clayton Homes, Inc.	31,800

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MID-CAP FUND

<TABLE>		<CAPTION>		SHARES		VALUE	
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COMMON STOCKS--CONTINUED							
CONSUMER DURABLE GOODS--CONTINUED							
TIRES AND RUBBER--0.3%							
400	Carlisle Cos, Inc.			\$	13,350		
600	Lancaster Colony Corp.				27,750		
	Total				41,100		
CONSUMER NON-DURABLES--5.3%							
APPAREL & TEXTILES--2.1%							
800	Albany International Corp., Cl. A				14,400		
300	Angelica Corp.				7,462		
1,450	CML Group, Inc.				42,956		
1,300	Cintas, Corp.				38,025		
2,100	* Fruit of the Loom, Inc.				74,025		
700	Phillips Van Heusen Corp.				22,925		
2,000	Shaw Industries, Inc.				90,500		
1,900	Unifi, Inc.				47,737		
	Total				338,030		
COSMETICS & TOILETRIES--0.1%							
700	Neutrogena Corp.				13,475		
PHOTOGRAPHY--0.0%							
400	CPI Corp.				7,000		

RETAIL TRADE--2.9%

600	Claire's Stores, Inc.	10,650
1,144	Dollar General Corp.	29,452
800	Duty Free International, Inc.	12,800
600	Edison Brothers Stores, Inc.	19,500
1,600	Family Dollar Stores, Inc.	26,000
1,300	Fingerhut Companies, Inc.	37,700
600	Hancock Fabrics, Inc.	5,925
1,350	Heilig Meyers Co.	43,538

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MID-CAP FUND

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<CAPTION>

SHARES		VALUE
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COMMON STOCKS--CONTINUED		
CONSUMER NON-DURABLES--CONTINUED		
RETAIL TRADE--CONTINUED		
2,579	* Home Shopping Network, Inc.	\$ 33,205
500	Lands End, Inc.	21,250
800	* MacFrugals Bargains Close Outs	12,800
1,500	Merry Go Round Enterprises	13,687
2,550	* Office Depot, Inc.	84,469
3,000	* Price Costco, Inc.	53,250
2,800	* Service Merchandise Co., Inc.	28,000
400	Tiffany & Co.	13,050
1,300	United States Shoe Corp.	14,137
900	* Waban, Inc.	11,362
	Total	470,775
TOYS, AMUSEMENTS, AND SPORTING GOODS--0.2%		
900	Fisher Price, Inc.	32,963
CONSUMER SERVICES--4.0%		
AIR TRAVEL--1.0%		
400	Alaska Air Group, Inc.	6,400
1,000	Atlantic Southeast Airlines, Inc.	34,000
3,900	Southwest Airlines Co.	120,900
	Total	161,300
HOTELS AND RESTAURANTS--1.7%		
1,200	Bob Evans Farms, Inc.	22,800
1,250	* Brinker International, Inc.	52,188



800	* Buffets, Inc.	18,800
700	* Caesars World, Inc.	31,150
1,650	Cracker Barrel Old Country Store	43,725
800	* Mirage Resorts, Inc.	45,100
700	Morrison Restaurants, Inc.	25,112

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MID-CAP FUND

<TABLE>		VALUE
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SHARES		
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COMMON STOCKS--CONTINUED		
-----		
CONSUMER SERVICES--CONTINUED		
-----		
HOTELS AND RESTAURANTS--CONTINUED		
700	* National Pizza Co., Cl. A	\$ 4,900
400	Sbarro, Inc.	17,200
800	Sizzler International, Inc.	8,100
	Total	269,075
-----		
LEISURE TIME--1.3%		
2,400	* Circus Circus Enterprises, Inc.	86,100
3,400	International Game Technology	120,275
	Total	206,375
-----		
ENERGY--4.7%		
-----		
DOMESTIC OIL--1.2%		
3,900	Freeport McMoran, Inc.	65,813
1,300	Murphy Oil Corp.	58,500
1,400	Noble Affiliates, Inc.	39,025
800	Quaker State Corp.	11,100
800	Tosco Corp.	22,400
	Total	196,838
-----		
GAS EXPLORATION--2.0%		
1,600	Anadarko Petroleum Corp.	75,200
1,700	Apache Corp.	45,263
400	* BJ Services Co.	9,050
3,600	Burlington Resources, Inc.	166,950
1,000	* Seagull Energy Corp.	28,000
	Total	324,463
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INTERNATIONAL OIL--0.1%		
2,700	Ranger Oil, Ltd.	14,850

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## MID-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
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COMMON STOCKS--CONTINUED		
ENERGY--CONTINUED		
PETROLEUM SERVICES--1.4%		
2,600	Baroid Corp.	\$ 21,450
800	Diamond Shamrock, Inc.	21,400
4,500	* Global Marine, Inc.	22,500
2,200	Lyondell Petrochemical Co.	43,725
800	Mapco, Inc.	47,600
1,800	* Nabors Industries, Inc.	15,750
1,500	* Parker Drilling Co.	10,312
1,000	* Smith International, Inc.	11,125
1,200	Valero Energy Corp.	30,150
900	* Varco International, Inc.	7,087
	Total	231,099
FINANCE--13.9%		
BANKING--8.1%		
800	Bancorp Hawaii, Inc.	35,400
2,500	Bank of New York, Inc.	133,125
1,050	Central Fidelity Banks, Inc.	29,400
1,300	City National Corp.	9,913
3,300	Comerica, Inc.	87,038
1,500	Continental Bank Corp.	38,250
1,000	Crestar Financial Corp.	39,875
800	Dauphin Deposit Corp.	19,600
1,700	Fifth Third Bancorp	89,250
1,030	First Alabama Bancshares, Inc.	34,505
1,600	First American Bank Corp.	61,600
3,200	First Bank Systems, Inc.	101,600
1,100	First Security Corp.	30,250
800	First Tennessee National Corp.	30,400

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## MID-CAP FUND

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SHARES			VALUE
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COMMON STOCKS--CONTINUED			
FINANCE--CONTINUED			
BANKING--CONTINUED			
900		First Virginia Banks, Inc.	\$ 31,725
2,800		KeyCorp	96,600
700		Liberty National Bancorp, Inc.	19,600
1,800		Marshall & Ilsley Corp.	40,950
1,000		Mercantile Bancorporation	49,250
900		Mercantile Bankshares Corp.	17,888
1,300		Meridian Bancorp, Inc.	39,650
1,500		Northern Trust Corp.	61,125
2,100		Southtrust Corp.	39,637
2,100		State Street Boston Corp.	80,850
1,400		UJB Financial Corp.	36,050
900		West One Bancorp	24,862
1,000		Wilmington Trust Corp.	29,750
		Total	1,308,143
FINANCIAL SERVICES--0.4%			
3,215		Bear Stearns, Inc.	70,730
INSURANCE--2.9%			
2,850		AFLAC, Inc.	89,775
1,900		AON Corp.	98,800
2,100		Equifax, Inc.	53,550
600		Hartford Steam Boiler Inspectors & Insurance Co.	28,875
900		Kemper Corp.	34,200
2,000		Progressive Corp.	91,500
1,300		Provident Life & Accident Insurance Co., Cl. B	39,975
600		Transatlantic Holdings, Inc.	31,725

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MID-CAP FUND

SHARES			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
FINANCE--CONTINUED			
INSURANCE--CONTINUED			
**		UNUM Corp.	\$ 10
		Total	468,410

INVESTMENT COMPANIES--2.5%

1,300	A.G. Edwards, Inc.	40,138
1,650	Charles Schwab Corp.	56,925
1,000	Dreyfus Corp.	40,125
2,300	Franklin Resources, Inc.	110,113
2,100	Morgan Stanley Group, Inc.	165,113
	Total	412,414

GENERAL BUSINESS--8.1%

BROADCASTING--0.5%

500	Belo (A.H.) Corp.	22,500
1,000	* Multimedia, Inc.	39,125
700	TCA Cable TV, Inc.	20,475
	Total	82,100

BUSINESS SERVICES--4.6%

600	Banta Corp.	20,550
3,050	* CUC International, Inc.	117,425
1,100	Comdisco, Inc.	22,275
500	* Enterra Corp.	11,750
1,600	First Financial Management Corp.	87,600
1,100	* FISERV, Inc.	23,650
900	Flightsafety International, Inc.	30,600
6,800	General Motors Corp., Cl. E	209,100
700	* Information Resource, Inc.	26,075
700	* Jacobs Engineering Group, Inc.	16,537
1,075	Kelly Services, Inc., Cl. A	27,413

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MID-CAP FUND

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SHARES

			VALUE
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COMMON STOCKS--CONTINUED			
GENERAL BUSINESS--CONTINUED			
BUSINESS SERVICES--CONTINUED			
1,000	*	Legent Corp.	\$ 24,250
800		Omnicom Group	36,400
500		PHH Corp.	22,813
800		Paychex, Inc.	28,000
1,000		Rollins, Inc.	24,000
1,500		Sothebys Holdings, Inc.	19,125
		Total	747,563

-----		
	DIVERSIFIED--0.2%	
709	Chris-Craft Industries, Inc.	30,133
-----		
	NEWSPAPERS--0.6%	
700	Media General, Inc., Cl. A	21,000
458	New York Times Co., Cl. A	10,830
300	Washington Post Co., Cl. B	74,850
	Total	106,680
-----		
	OFFICE FURNISHINGS AND SUPPLIES--0.6%	
500	Cross (A.T.) Co., Cl. A	7,000
500	Ennis Business Forms, Inc.	6,375
700	Herman Miller, Inc.	21,350
900	Hon Industries, Inc.	24,975
600	Reynolds & Reynolds Co., Cl. A	23,400
600	Wallace Computer Service, Inc.	16,875
	Total	99,975
-----		
	PUBLISHING--0.4%	
400	Gibson Greetings, Inc.	8,100
400	Houghton Mifflin Co.	18,950
800	Standard Register	15,800
1,300	Topps, Inc.	10,400
-----		

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MID-CAP FUND

<TABLE>			VALUE
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SHARES			
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
-----			
GENERAL BUSINESS--CONTINUED			
-----			
PUBLISHING--CONTINUED			
600	*	Western Publishing Group, Inc.	\$ 8,925
		Total	62,175
-----			
TELECOMMUNICATIONS SERVICES--1.2%			
1,100		Communications Satellite Corp.	38,637
2,300	*	Nextel Communications, Inc., Cl. A	125,062
700	*	Vanguard Cellular Systems, Inc., Cl. A	22,575
		Total	186,274
-----			
SHELTER--0.1%			
-----			
CONSTRUCTION MATERIALS--0.1%			
300		Granite Construction, Inc.	5,775
500		Southdown, Inc.	12,188
-----			

	Total	17,963
	TECHNOLOGY--9.6%	
	AEROSPACE--0.5%	
900	GenCorp, Inc.	14,175
600	OEA, Inc.	17,400
500	* Rohr, Inc.	3,937
1,000	Sundstrand Corp.	38,125
600	Thiokol Corp.	15,825
	Total	89,462
	COMPUTERS & BUSINESS EQUIPMENT--3.7%	
900	* AST Research, Inc.	18,562
800	* Arrow Electronics, Inc.	29,700
3,400	* CISCO Systems, Inc.	174,250
800	* Cabletron Systems, Inc.	73,800

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MID-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
TECHNOLOGY--CONTINUED			
COMPUTERS & BUSINESS EQUIPMENT--CONTINUED			
1,400	*	Conner Peripherals, Inc.	16,975
700	*	Convex Computer Corp.	3,850

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MID-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
TECHNOLOGY--CONTINUED			
COMPUTERS & BUSINESS EQUIPMENT--CONTINUED			
1,000	*	Dell Computer Corp.	\$ 20,250
550		Diebold, Inc.	32,793
600	*	Exabyte Corp.	9,525
1,000		Intelligent Electronics, Inc.	21,875
800	*	Network Systems Corp.	6,900

1,200	* Quantum Corp.	15,300
1,900	* Seagate Technology	42,275
800	* Sequent Computer Systems, Inc.	13,600
1,200	* Storage Technology Corp.	31,050
600	* Stratus Computer, Inc.	17,550
700	* Symbol Technologies, Inc.	11,813
1,700	* Synoptics Communications, Inc.	47,175
700	* Verifone, Inc.	12,075
	Total	599,318
	ELECTRONICS--4.0%	
800	* ADC Telecommunications, Inc.	29,200
600	* Altera Corp.	16,575
1,400	* Analog Devices, Inc.	31,150
300	* Anthem Electronics, Inc.	9,637
1,100	Avnet, Inc.	43,175
800	Beckman Instruments, Inc.	22,000
700	* Cirrus Logic, Inc.	24,500
1,000	* Cypress Semiconductor Corp.	11,875
1,300	* LSI Logic Corp.	18,850
1,000	Linear Technology Corp.	32,750
1,100	Micron Technology, Inc.	52,250
1,800	Molex, Inc.	64,350

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MID-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
<C>	<C>	<S>	<C>	
COMMON STOCKS--CONTINUED				
TECHNOLOGY--CONTINUED				
ELECTRONICS--CONTINUED				
500	* Octel Communications Crop.		\$	12,500
1,300	Penn Central Corp. (The)			44,037
1,100	Sensormatic Electronics Corp.			51,150
300	Sequa Corp., Cl. A			10,087
1,800	* Silicon Graphics, Inc.			78,300
500	Teleflex, Inc.			14,438
1,000	* Teradyne, Inc.			24,125
500	Varian Associates, Inc.			24,875
600	* Xilinx, Inc.			23,850
	Total			639,674

SOFTWARE--1.4%		
1,200	Adobe Systems, Inc.	26,100
400	* Aldus Corp.	8,900
700	* BMC Software, Inc.	33,688
700	* Borland International, Inc.	12,075
1,200	* Cadence Design Systems, Inc.	13,950
400	* Knowledgeware, Inc.	6,500
1,300	Mentor Graphics Corp.	15,275
1,500	* Parametric Technology Corp.	59,625
600	* Policy Management Systems Corp.	16,800
800	* Structural Dynamics Research Corp.	13,100
700	* Symantec Corp.	14,175
	Total	220,188
TRANSPORTATION--1.8%		
RAILROADS & EQUIPMENT--1.0%		
500	GATX Corp.	19,062
1,200	Illinois Central Corp.	40,050

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MID-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
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COMMON STOCKS--CONTINUED			
TRANSPORTATION--CONTINUED			
RAILROADS & EQUIPMENT--CONTINUED			
1,200		Kansas City Southern Industries, Inc.	\$ 54,150
1,150		Trinity Industries, Inc.	45,425
		Total	158,687
TRUCKING & FREIGHT FORWARDING--0.8%			
500		Airborne Freight Corp.	15,062
1,300		Alexander & Baldwin, Inc.	30,875
400		American President Companies, Ltd.	22,200
400		Arnold Industries, Inc.	16,000
900		Overseas Shipholding Group, Inc.	18,450
1,500		Tidewater, Inc.	34,125
		Total	136,712
UTILITIES--14.5%			
ELECTRIC UTILITIES--11.0%			
1,300		AES Corp.	42,575



1,600	Allegheny Power Systems, Inc.	88,200
1,500	Atlantic Energy, Inc.	33,563
400	Black Hills Corp.	9,750
2,400	CMS Energy Corp.	63,300
600	Central Louisiana Electric Co.	15,825
900	Central Maine Power Co.	16,088
2,400	Cincinnati Gas & Electric Co.	68,700
1,600	Delmarva Power & Light Co.	38,400
2,500	Florida Progress Corp.	89,062
800	Hawaiian Electric Industries, Inc.	30,300
1,000	Idaho Power Co.	32,000
2,100	Illinois Power Co.	48,300

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MID-CAP FUND

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SHARES

		VALUE
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COMMON STOCKS--CONTINUED		
UTILITIES--CONTINUED		
ELECTRIC UTILITIES--CONTINUED		
800	Iowa-III Gas & Electric Co.	\$ 20,300
1,100	Ipalco Enterprises	40,563
1,700	Kansas City Power & Light Co.	40,800
900	LG & E Energy Corp.	37,575
600	* Magma Power Co.	21,600
800	Minnesota Power & Light Co.	26,200
1,400	Montana Power Co.	37,625
1,800	Nipsco Industries, Inc.	61,200
1,100	Nevada Power Co.	27,638
1,800	New England Electric Systems	75,150
2,000	New York State Electric & Gas Corp.	65,750
3,700	Northeast Utilities	97,125
1,100	Oklahoma Gas & Electric Co.	39,188
2,400	Pinnacle West Capital Corp.	55,200
1,300	Portland General Corp.	28,112
3,200	Potomac Electric Power Co.	89,600
1,700	Public Service Co., Colorado	51,213
1,200	* Public Service Co., New Mexico	13,350
1,700	Puget Sound Power & Light Co.	42,712
1,300	Scana Corp.	66,950

1,100	Southwestern Public Service Co.	35,063
3,200	Teco Energy, Inc.	79,200
1,100	Utilicorp Unlimited, Inc.	36,300
800	WPL Holdings, Inc.	28,000
2,900	Wisconsin Energy Corp.	84,462
	Total	1,776,939

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MID-CAP FUND

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SHARES			VALUE		
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COMMON STOCKS--CONTINUED					
UTILITIES--CONTINUED					
GAS & PIPELINE UTILITIES--1.5%					
700	Atlanta Gas & Light Co.		\$	25,725	
1,200	Brooklyn Union Gas Co. (The)			32,400	
1,000	El Paso Natural Gas Co.			36,875	
650	Indiana Energy, Inc.			14,868	
800	MCN Corp.			28,600	
1,000	National Fuel Gas Co.			35,500	
1,100	Questar Corp.			41,525	
600	Washington Gas & Light Co.			25,725	
	Total			241,218	
TELEPHONE--2.0%					
1,400	Century Telephone Enterprises, Inc.			38,500	
1,659	* LDDS Communications, Inc., Cl.A			83,364	
500	Lincoln Telecommunications Co.			20,125	
900	Rochester Telephone Corp.			43,088	
1,800	Southern New England Telecom			65,475	
1,300	Telephone & Data Systems, Inc.			71,012	
	Total			321,564	
	TOTAL COMMON STOCKS (IDENTIFIED COST \$13,908,197)			13,919,602	

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PRINCIPAL		VALUE	
AMOUNT			

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SHORT-TERM U.S. GOVERNMENT OBLIGATIONS--0.4%			
\$ 50,000	United States Treasury Bill, 12/30/93		\$ 49,762
20,000	United States Treasury Bill, 12/30/93		19,904
TOTAL SHORT-TERM U.S. GOVERNMENT OBLIGATIONS (AT AMORTIZED COST) (NOTE 2A)			69,666

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<C>	<C>	<S>	<C>
***REPURCHASE AGREEMENT--21.4%			
3,460,000	Morgan (J.P.) Securities, Inc., 2.99%, dated 10/29/93, due 11/01/93 (AT AMORTIZED COST) (NOTE 2B)		3,460,000
TOTAL INVESTMENTS (IDENTIFIED COST \$17,437,863)			\$17,449,268+

</TABLE>

\* Non-income producing securities.

\*\* Indicates fractional shares.

\*\*\* The repurchase agreement is fully collateralized by U.S. government obligations, based on market prices on the date of the portfolio. The investment in the repurchase agreement is through participation in a joint account with other Federated Investors funds.

+ The cost for federal tax purposes amounts to \$17,437,863. The net unrealized appreciation of investments on a federal tax cost basis amounts to \$11,405, which is comprised of \$617,065 appreciation and \$605,660 depreciation at October 31, 1993.

Note: The categories of investments are shown as a percentage of net assets (\$16,191,543) at October 31, 1993.

(See Notes which are an integral part of the Financial Statements)

MID-CAP FUND

STATEMENT OF ASSETS AND LIABILITIES

OCTOBER 31, 1993

<S>	<C>	<C>
ASSETS:		
Investment in repurchase agreement, at amortized cost (Note 2B)	\$3,460,000	
Investments in securities, at value	13,989,268	
Total investments, at amortized cost and value (Note 2A) (identified and tax cost \$17,437,863)		\$17,449,268
Cash		83,559
Receivable for Fund shares sold		154,778
Dividends and interest receivable		17,990

Receivable for daily variation margin on open futures contracts (Note 2F)	11,185
Deferred expenses (Note 2D)	22,731
Total assets	17,739,511
LIABILITIES:	
Payable for investments purchased	1,497,421
Payable for Fund shares repurchased	10,428
Accrued expenses and other liabilities	40,119
Total liabilities	1,547,968
NET ASSETS FOR 1,399,261 shares of beneficial interest outstanding	\$16,191,543
NET ASSETS CONSIST OF:	
Paid-in capital	\$15,276,795
Net unrealized appreciation of investments and futures contracts (Note 2F)	49,200
Accumulated net realized gain on investments and futures contracts (Note 2F)	852,566
Undistributed net investment income	12,982
Total	\$16,191,543
NET ASSET VALUE, Offering Price and Redemption Price Per Share (\$16,191,543 / 1,399,261 shares of beneficial interest outstanding)	\$11.57

</TABLE>

(See Notes which are an integral part of the Financial Statements)

#### MID-CAP FUND

#### STATEMENT OF OPERATIONS

OCTOBER 31, 1993

	<C>	<C>	<C>
<TABLE>			
<S>			
INVESTMENT INCOME:			
Dividends			\$ 131,376
Interest			66,503
Total investment income (Note 2G)			197,879
EXPENSES:			
Management fee (Note 5)		\$ 34,031	
Trustees' fees		1,444	
Custodian, transfer and dividend disbursing agent fees and expenses		82,381	
Fund share registration costs		34	
Auditing fees		4,676	
Legal fees		8,636	
Printing and postage		8,152	
Insurance premiums		5,213	

Miscellaneous		4,232
Total expenses		148,799
Deduct--		
Waiver of management fee (Note 5)	\$ 34,031	
Reimbursement of other operating expenses (Note 5)	114,768	148,799
Net expenses		0
Net investment income		197,879
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FUTURES CONTRACTS:		
Net realized gain on investments (identified cost basis)		713,031
Net realized gain on futures contracts (identified cost basis)		139,535
Net change in unrealized appreciation of investments and futures contracts		49,200
Net realized and unrealized gain on investments and futures contracts		901,766
Change in net assets resulting from operations		\$1,099,645

</TABLE>

(See Notes which are an integral part of the Financial Statements)

MID-CAP FUND

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

	YEAR ENDED OCTOBER 31,	
	1993	1992*
	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS--		
Net investment income	\$ 197,879	\$ 54
Net realized gain on investment transactions and futures contracts (\$890,361 and \$0 net gain, respectively, as computed for federal tax purposes)	852,566	--
Change in unrealized appreciation on investments and futures contracts	49,200	--
Change in net assets resulting from operations	1,099,645	54
DISTRIBUTIONS TO SHAREHOLDERS (NOTE 3)--		
Dividends to shareholders from net investment income	(184,919)	(32)
FUND SHARE (PRINCIPAL) TRANSACTIONS (NOTE 4)--		
Proceeds from sale of shares	21,071,924	89,950
Net asset value of shares issued to shareholders electing to receive payment of dividends in Fund shares	86,668	30
Cost of shares redeemed	(5,884,621)	(87,156)
Change in net assets resulting from Fund share transactions	15,273,971	2,824
Change in net assets	16,188,697	2,846
NET ASSETS:		

Beginning of period	2,846	--
End of period (including undistributed net investment income of \$12,982 and \$22, respectively)	\$16,191,543	\$ 2,846

</TABLE>

\* For the period from September 3, 1992 (date of initial public investment) to October 31, 1992.

(See Notes which are an integral part of the Financial Statements)

MID-CAP FUND

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 1993

(1) ORGANIZATION

Federated Index Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended, as a diversified, no load, open-end management investment company with three portfolios. The financial statements included herein present only those of Mid-Cap Fund (the "Fund"). The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held.

(2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

<TABLE>

<S> <C>

- A. INVESTMENT VALUATIONS--Equity portfolio securities listed on the New York Stock Exchange or any other national securities exchange are valued at the last sale price or, if there has been no sale on that day, at the mean between bid and asked prices. Short-term obligations are ordinarily valued at the mean between bid and asked prices furnished by an independent pricing service. Short-term obligations with maturities of sixty days or less are valued at amortized cost, which approximates value. All other securities are appraised at fair value as determined in good faith by the Board of Trustees.
- B. REPURCHASE AGREEMENTS--It is the policy of the Trust to require the custodian bank to take possession, to have legally segregated in the Federal Reserve Book Entry System or to have segregated within the custodian bank's vault, all securities held as collateral in support of repurchase agreement investments. Additionally, procedures have been established by the Trust to monitor, on a daily basis, the market value of each repurchase agreement's underlying securities to ensure the existence of a proper level of collateral.  
The Fund will only enter into repurchase agreements with banks and other recognized financial institutions such as broker/dealers which are deemed by the Fund's manager to be creditworthy pursuant to guidelines established by the Trustees. Risks may arise from the potential inability of counterparties to honor the terms of a repurchase agreement. Accordingly, the Fund could receive less than the repurchase price on the sale of collateral securities.
- C. FEDERAL TAXES--It is the Fund's policy to comply with the provisions of the Internal Revenue Code available to regulated investment companies and to distribute to shareholders each year all of its net income, including any net realized gains on investments. Accordingly, no provision for federal tax is necessary.

</TABLE>

MID-CAP FUND

<TABLE>

- <S> <C>
- D. DEFERRED EXPENSES--The costs incurred by the Fund with respect to registration of its shares in its first fiscal year, excluding the initial expense of registering the shares, have been deferred and are being amortized using the straight-line method over a period of five years from the Fund's commencement date.
- E. WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS--The Fund may engage in when-issued or delayed delivery transactions. To the extent the Fund engages in such transactions, it will do so for the purpose of acquiring portfolio securities consistent with its investment objectives and policies and not for the purpose of investment leverage. The Fund will record a when-issued security and the related liability on the trade date. Until the securities are received and paid for, the Fund will maintain security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the settlement date.
- F. FUTURES CONTRACTS--Upon entering into a stock index futures contract with a broker, the Fund is required to deposit in a segregated account an amount ("initial margin") of cash or U.S. government securities equal to a percentage of the contract value. The Fund agrees to receive from or pay the broker an amount of cash equal to a specific dollar amount times the difference between the closing value of the stock index and the price at which the contract was made. On a daily basis, the value of a stock index futures contract is determined and any difference between such value and the original futures contract value is reflected in the "daily variation margin" account. Daily variation margin adjustments, arising from this "marking to market" process, are recorded by the Fund as unrealized gains or losses. The Fund may decide to close its position on a contract at any time prior to the contract's expiration. When a contract is closed, the Fund recognizes a realized gain or loss. Risks of entering into futures contracts include the possibility that there may be an illiquid market and that a change in the value of the contract may not correlate with changes in the value of the underlying securities.
- G. INCOME--Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Interest income includes interest, and discount earned (net of premium) on short-term obligations, and interest earned on all other debt securities including original issue discount as required by the Internal Revenue Code. Dividends to shareholders and capital gain distributions, if any, are recorded on the ex-dividend date.
- H. OTHER--Investment transactions are accounted for as of the trade date of the transaction.
- </TABLE>

(3) DIVIDENDS AND DISTRIBUTIONS

Dividends are declared and paid quarterly to all shareholders invested in the Fund on the record date. Dividends are paid from the net investment income of the Fund. Net investment income consists of all dividends or interest received by the Fund less its expenses. Capital gains realized by the Fund, if any, are distributed at least once every twelve months.

MID-CAP FUND

(4) SHARES OF BENEFICIAL INTEREST

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

<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER	
	31,	
	1993	1992*
<S>	<C>	<C>
Shares outstanding, beginning of period	285	--
Shares sold	1,921,140	8,995
Shares issued to shareholders electing to receive payment of dividends in Fund shares	7,911	3

Shares redeemed	(530,075)	(8,713)
Shares outstanding, end of period	1,399,261	285

</TABLE>

\* For the period from September 3, 1992 (date of initial public investment) to October 31, 1992.

(5) MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Federated Management, the Fund's Manager ("Manager"), receives for its services an annual management fee equal to .40 of 1% of the Fund's average daily net assets. Under the management contract, which provides for the voluntarily waiver of the fee by the Manager, the Manager will voluntarily waive some or all of the management fee. The Manager can terminate this voluntary waiver of some or all of its management fee at any time in its sole discretion. The Manager has also undertaken to reimburse the Fund for operating expenses in excess of limitations established by certain states. For the fiscal year ended October 31, 1993, the Fund's Manager earned a management fee of \$34,031 all of which was voluntarily waived. In addition, the Manager reimbursed \$112,125 of the Fund's normal operating expenses because of undertakings to limit the Fund's expenses.

Organization expenses of \$23,784 were borne initially by the Manager. The Fund has agreed to pay the Manager, at an annual rate .005 of 1% of average daily net assets for organization expenses until expenses borne by the Manager are reimbursed. For the year ended October 31, 1993 the Fund paid \$2,643 pursuant to this agreement. This commitment will expire five years from July 2, 1990, the date the Trust's registration statement became effective.

Certain of the Officers and Trustees of the Fund are Officers and Directors of the above corporations.

MID-CAP FUND

(6) INVESTMENT TRANSACTIONS

Purchases, and sales of investments (excluding short-term obligations) for the fiscal year ended October 31, 1993, were as follows:

<TABLE>		<C>
<S>		
PURCHASES--		\$17,112,674
SALES--		\$ 3,206,652

</TABLE>

(7) FINANCIAL FUTURES CONTRACTS

At October 31, 1993, open positions in stock index futures contracts were as follows:

<TABLE>				
<CAPTION>				
EXPIRATION	OPEN CONTRACTS	POSITION	UNREALIZED APPRECIATION	



<S>	<C>	<C>	<C>
December 1993	17 S&P 400 Index Futures	Long	\$37,795

At October 31, 1993, the Fund has deposited \$70,000 of U.S. Treasury Bills in a segregated account to cover margin requirements on open futures contracts.

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

To the Trustees and Shareholders of

FEDERATED INDEX TRUST:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Mid-Cap Fund (a portfolio of Federated Index Trust), as of October 31, 1993, and the related statement of operations for the year then ended and the statement of changes in net assets and financial highlights (see page 2 of this prospectus) for the year then ended and for the period from September 3, 1992 (date of initial public investment) to October 31, 1992. 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 securities owned as of October 31, 1993, by correspondence with the custodian and brokers. 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 Mid-Cap Fund of Federated Index Trust at October 31, 1993, the results of its operations for the year then ended and the changes in its net assets and the financial highlights for the year then ended and for the period from September 3, 1992 to October 31, 1992 in conformity with generally accepted accounting principles.

ERNST & YOUNG

Pittsburgh, Pennsylvania

December 10, 1993

2062304B (12/93)

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ADDRESSES

<S>	<C>	<C>
Mid-Cap Fund	Federated Investors Tower	Pittsburgh, Pennsylvania 15222-3779

Distributor

Federated Securities Corp.

Federated Investors Tower  
Pittsburgh, Pennsylvania 15222-3779

-----  
Manager

Federated Management

Federated Investors Tower  
Pittsburgh, Pennsylvania 15222-3779

-----  
Sub-Manager

ANB Investment Management  
and Trust Co.

One North LaSalle Street  
Chicago, Illinois 60690

-----  
Custodian

State Street Bank and  
Trust Company

P.O. Box 8602  
Boston, Massachusetts 02266-8602

-----  
Transfer Agent and Dividend Disbursing Agent  
Federated Services Company

Federated Investors Tower  
Pittsburgh, Pennsylvania 1522-3779

-----  
Legal Counsel

Houston, Houston & Donnelly

2510 Centre City Tower  
Pittsburgh, Pennsylvania 15222

-----  
Legal Counsel

Dickstein, Shapiro & Morin

2101 L Street, N.W.  
Washington, D.C. 20037

-----  
Independent Auditors

Ernst & Young

One Oxford Centre  
Pittsburgh, PA 15219

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</TABLE>

MID-CAP FUND  
(A PORTFOLIO OF FEDERATED INDEX TRUST)  
PROSPECTUS

A No-Load, Open-End, Diversified  
Management Investment Company

Prospectus dated December 31, 1993

FEDERATED SECURITIES CORP.  
(LOGO)

-----  
Distributor

A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER

PITTSBURGH, PA 15222-3779

2062304A (12/93)

MID-CAP FUND  
(A PORTFOLIO OF FEDERATED INDEX TRUST)  
STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information should be read with the prospectus of  
the Fund dated December 31, 1993. This Statement is not a prospectus itself. To  
receive a copy of the prospectus, write or call the Mid-Cap Fund.

FEDERATED INVESTORS TOWER  
PITTSBURGH, PENNSYLVANIA 15222-3779

Statement dated December 31, 1993

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GENERAL INFORMATION ABOUT THE FUND	
-----	
The Mid-Cap Fund (the "Fund") is a portfolio of Federated Index Trust (the "Trust"), which was established as a Massachusetts business trust under a Declaration of Trust dated January 30, 1990.	
INVESTMENT OBJECTIVE AND POLICIES	
-----	

The investment objective of the Fund is to provide investment results generally corresponding to the aggregate price and dividend performance of the publicly traded common stocks that comprise the mid-level stock capitalization sector of the United States equity market. The investment objective cannot be changed without the approval of shareholders. The policies described below may be changed by the Board of Trustees ("Trustees") without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

#### TYPES OF INVESTMENTS

In addition to the common stocks described in the prospectus, the Fund may also invest in money market instruments and U.S. government obligations and securities in such proportions as, in the judgment of the sub-manager, prevailing market conditions warrant.

#### MONEY MARKET INSTRUMENTS

The Fund may invest in the following money market instruments:

- instruments of domestic banks and savings and loans having capital, surplus, and undivided profits of over \$100,000,000, or if the principal amount of the instrument is insured in full by the Federal Deposit Insurance Corporation; and
- prime commercial paper (rated A-1 by Standard and Poor's Corporation, Prime-1 by Moody's Investors Service, Inc., or F-1 by Fitch Investors Service).

#### REPURCHASE AGREEMENTS

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

#### U.S. GOVERNMENT OBLIGATIONS

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

- the full faith and credit of the U.S. Treasury;
- the issuer's right to borrow from the U.S. Treasury;
- the discretionary authority of the U.S. government to purchase certain obligations of agencies or instrumentalities; or
- the credit of the agency or instrumentality issuing the obligations.

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

- Federal Land Banks;
- Central Bank for Cooperatives;
- Federal Intermediate Credit Banks;
- Federal Home Loan Banks;
- Farmers Home Administration; and

STOCK INDEX FUTURES AND OPTIONS

The Fund may utilize stock index futures contracts and options on stocks, stock indices and stock index futures contracts for the purposes of managing cash flows into and out of the Fund's portfolio and potentially

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reducing transactional costs. The Fund may not use stock index futures contracts and options for speculative purposes.

As a means of reducing fluctuations in the net asset value of shares of the Fund, the Fund may attempt to hedge all or a portion of its portfolio through the purchase of listed put options on stocks, stock indices and stock index futures contracts. These options will be used only as a form of forward pricing to protect portfolio securities against decreases in value resulting from market factors such as an anticipated increase in interest rates. A put option gives the Fund, in return for a premium, the right to sell the underlying security to the writer (seller) at a specified price during the term of the option. Put options on stock indices are similar to put options on stocks except for the delivery requirements. Instead of giving the Fund the right to make delivery of stock at a specified price, a put option on a stock index gives the Fund, as holder, the right to receive an amount of cash upon exercise of the option.

The Fund may also write covered call options. As the writer of a call option, the Fund has the obligation upon exercise of the option during the option period to deliver the underlying security upon payment of the exercise price.

The Fund may only: (1) buy listed put options on stock indices and stock index futures contracts; (2) buy listed put options on securities held in its portfolio; and (3) sell listed call options either on securities held in its portfolio or on securities which it has the right to obtain without payment of further consideration (or has segregated cash in the amount of any such additional consideration). The Fund will maintain its positions in securities, option rights, and segregated cash subject to puts and calls until the options are exercised, closed, or expired.

The Fund may also enter into stock index futures contracts. A stock index futures contract is a bilateral agreement which obligates the seller to deliver (and the purchaser to take delivery of) an amount of cash equal to a specific dollar amount times the difference between the value of a specific stock index at the close of trading of the contract and the price at which the agreement is originally made. There is no physical delivery of the stocks constituting the index, and no price is paid upon entering into a futures contract.

In general, contracts are closed out prior to their expiration. The Fund, when purchasing or selling a futures contract, will initially be required to deposit in a segregated account in the broker's name with the Fund's custodian an amount of cash or U.S. government securities approximately equal to 5%-10% of the contract value. This amount is known as "initial margin," and it is subject to change by the exchange or board of trade on which the contract is traded. Subsequent payments to and from the broker are made on a daily basis as the price of the index or the securities underlying the futures contract fluctuates. These payments are known as "variation margins," and the fluctuation in value of the long and short positions in the futures contract is a process referred to as "marking to market." The Fund may decide to close its position on a contract at any time prior to the contract's expiration. This is accomplished by the Fund taking an opposite position at the then prevailing price, thereby terminating its existing position in the contract. Because the initial margin resembles a performance bond or good faith deposit on the contract, it is returned to the Fund upon the termination of the contract, assuming that all contractual obligations have been satisfied. Therefore, the margin utilized in futures contracts is readily distinguishable from the margin employed in security transactions, since the margin employed in futures contracts does not involve the borrowing of funds to finance the transaction.

RESTRICTIONS ON THE USE OF FUTURES CONTRACTS AND OPTIONS

The Fund will not enter into stock index futures contracts to the extent that, immediately thereafter, the sum of its initial margin deposits on open contracts exceeds 5% of the market value of the Fund's total assets. Further, the Fund will enter into stock index futures contracts only for

bona fide hedging purposes or such other purposes permitted under Part 4 of the regulations promulgated by the Commodity Futures Trading Commission ("CFTC"). Also, the Fund may not enter into stock index futures contracts and options to the extent that the value of such contracts and options would exceed 20% of the Fund's total net assets and may not purchase put options to the extent that more than 5% of the value of the Fund's total assets would be invested in premiums on open put option positions.

#### WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

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

No fees or other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated at the trade date. These securities are

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marked to market daily and are maintained until the transaction is settled. As a matter of policy, the Fund does not intend to engage in when-issued and delayed delivery transactions to an extent that would cause the segregation of more than 20% of the total value of its assets.

#### LENDING OF PORTFOLIO SECURITIES

The Fund may lend its portfolio securities up to one-third of the value of its total assets to broker/dealers, banks, or other institutional borrowers of securities. The Fund will only enter into loan arrangements with broker/dealers, banks, or other institutions which the sub-manager has determined are creditworthy under guidelines established by the Trustees and will receive collateral equal to at least 100% of the value of the securities loaned.

The collateral received when the Fund lends portfolio securities must be valued daily and, should the market value of the loaned securities increase, the borrower must furnish additional collateral to the Fund. During the time portfolio securities are on loan, the borrower pays the Fund any dividends or interest paid on such securities. Loans are subject to termination at the option of the Fund or the borrower. The Fund may pay reasonable administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash or equivalent collateral to the borrower or placing broker. The Fund does not have the right to vote securities on loan, but would terminate the loan and regain the right to vote if that were considered important with respect to the investment.

#### REVERSE REPURCHASE AGREEMENTS

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

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

#### PORTFOLIO TURNOVER

The Fund will not attempt to set or meet a portfolio turnover rate since any turnover would be incidental to transactions undertaken in an attempt to achieve the Fund's investment objective. For the fiscal year ended October 31, 1993 and the period ended October 31, 1992, the portfolio rate for the fund was 59%, and 0%, respectively.

#### INVESTMENT LIMITATIONS

##### INVESTING IN COMMODITIES

The Fund will not purchase or sell commodities. However, the Fund may purchase stock index futures contracts and put options on stock indices and stock index futures contracts to the extent that not more than 5% of the Fund's total assets are required as initial margin deposit for futures contracts and not more than 20% of the Fund's total net assets are invested in futures contracts and options at any time.

#### SELLING SHORT AND BUYING ON MARGIN

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

#### LENDING CASH OR SECURITIES

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

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#### UNDERWRITING

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

#### ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Fund will not issue senior securities, except that the Fund may borrow money and engage in reverse repurchase agreements in amounts up to one-third of the value of its total assets, including the amounts borrowed. The Fund will not borrow money or engage in reverse repurchase agreements for investment leverage, but rather as a temporary, extraordinary, or emergency measure or to facilitate management of the portfolio by enabling the Fund to meet redemption requests when the liquidation of portfolio securities is deemed to be inconvenient or disadvantageous. The Fund will not purchase any securities while borrowings in excess of 5% of its total assets are outstanding. During the period any reverse repurchase agreements are outstanding, but only to the extent necessary to assure completion of the reverse repurchase agreements, the Fund will restrict the purchase of portfolio instruments to money market instruments maturing on or before the expiration date of the reverse repurchase agreements.

#### PLEDGING ASSETS

The Fund will not mortgage, pledge, or hypothecate any assets except to secure permitted borrowings. In those cases, it may pledge assets having a market value not exceeding the lesser of the dollar amounts borrowed or 10% of the value of total assets at the time of the borrowing.

#### DIVERSIFICATION OF INVESTMENTS

The Fund will not invest more than 5% of the value of its total assets in the securities of any one issuer, except U.S. government securities, or invest in more than 10% of the voting securities of any one issuer.

#### CONCENTRATION OF INVESTMENTS

The Fund will not invest 25% or more of the value of its total assets in securities of companies in any one industry. However, investing in U.S. government obligations shall not be considered investing in any one industry.

#### INVESTING IN REAL ESTATE

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

#### INVESTING IN RESTRICTED SECURITIES

To comply with requirements of a particular state, the Fund will limit its investment in restricted securities to 5% of the value of its total assets in securities subject to restrictions on resale under the Security Exchange Act of 1933.

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

#### INVESTING IN NEW ISSUERS

The Fund will not invest more than 5% of the value of its total assets in securities of issuers which have records of less than three years of operating history, including the operation of any predecessor.

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

The Fund will not purchase or retain the securities of any issuer if the Officers and Trustees of the Trust or the Fund's manager or sub-manager owning individually more than 1/2 of 1% of the issuer's securities together own more than 5% of the issuer's securities.

#### WRITING COVERED CALL OPTIONS

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

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#### INVESTING IN PUT OPTIONS

The Fund will not purchase put options on securities, other than put options on stock, stock indices and stock index futures contracts, unless the securities are held in the Fund's portfolio and not more than 5% of the value of the Fund's total assets would be invested in premiums on open put option positions and not more than 20% of the Fund's total net assets are invested in put options and future contracts at any time.

#### INVESTING IN MINERALS

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

#### ACQUIRING SECURITIES

The Fund will not purchase securities of other investment companies except to the extent permitted by the Investment Company Act of 1940, or except as part of a merger, consolidation, or other acquisition. It will not invest in securities for the purpose of exercising control or management.

#### INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 15% of its net assets in securities which are illiquid, including certain restricted securities and repurchase agreements providing for settlement more than seven days after notice.

#### INVESTING IN WARRANTS

The Fund will not invest in warrants.

Except with respect to borrowing money, if a percentage limitation is adhered to at the time of investment, a later increase or decrease in percentage resulting from any change in value or net assets will not result in a violation of such restriction.

The Fund did not borrow money or pledge securities in excess of 5% of the value of its net assets during the past fiscal year and does not expect to do so during the coming fiscal year.

#### TRUST MANAGEMENT

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## OFFICERS AND TRUSTEES

Officers and Trustees are listed with their addresses, principal occupations, and present positions, including any affiliation with Federated Investors, Federated Management, Federated Securities Corp., and Federated Administrative Services, Inc.

&lt;TABLE&gt;

&lt;CAPTION&gt;

<S>	NAME AND ADDRESS <C>	POSITIONS WITH THE TRUST <C>	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS <C>
	John F. Donahue+* Federated Investors Tower Pittsburgh, PA	Chairman and Trustee	Chairman and Trustee, Federated Investors; Chairman and Trustee, Federated Advisers, Federated Management, and Federated Research; Director, AETna Life and Casualty Company; Chief Executive Officer and Director, Trustee, or Managing General Partner of the Funds; formerly, Director, The Standard Fire Insurance Company. Mr. Donahue is the father of J. Christopher Donahue, Vice President and Trustee of the Trust.

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&lt;TABLE&gt;

<S>	NAME AND ADDRESS <C>	POSITIONS WITH THE TRUST <C>	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS <C>
	John T. Conroy, Jr. Wood/IPC Commercial Department John R. Wood and Associates, Inc., Realtors 3255 Tamiami Trail North Naples, FL	Trustee	President, Investment Properties Corporation; Senior Vice-President, John R. Wood and Associates, Inc., Realtors; President, Northgate Village Development Corporation; General Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee, or Managing General Partner of the Funds; formerly, President, Naples Property Management, Inc.

	William J. Copeland One PNC Plaza 23rd Floor Pittsburgh, PA	Trustee	Director and Member of the Executive Committee, Michael Baker, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, and Director, PNC Bank, N.A., and PNC Bank Corp. and Director, Ryan Homes, Inc.
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&lt;CAPTION&gt;

<S>	NAME AND ADDRESS <C>	POSITIONS WITH THE TRUST <C>	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS <C>
	J. Christopher Donahue* Federated Investors Tower Pittsburgh, PA	Vice President and Trustee	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management, and Federated Research; President and Director, Federated Administrative Services, Inc.; Trustee, Federated Services Company; President or Vice President of the Funds; Director, Trustee or Managing General Partner of some of the Funds. Mr. Donahue is the son of John F. Donahue, Chairman and Trustee of the Trust.

	James E. Dowd 571 Hayward Mill Road Concord, MA	Trustee	Attorney-at-law; Director, The Emerging Germany Fund, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Director, Blue Cross of Massachusetts, Inc.
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	Lawrence D. Ellis, M.D. 3471 Fifth Avenue Suite 1111 Pittsburgh, PA	Trustee	Hematologist, Oncologist, and Internist, Presbyterian and Montefiore Hospitals; Clinical Professor of Medicine and Trustee, University of Pittsburgh; Director, Trustee, or Managing General Partner of the Funds.
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	Edward L. Flaherty, Jr.+ 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Director, Eat 'N Park Restaurants, Inc., and Statewide Settlement Agency, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Counsel, Horizon Financial, F.A., Western Region.
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	Peter E. Madden 225 Franklin Street Boston, MA	Trustee	Consultant; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly, President, State Street
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Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, Eat'N Park Restaurants, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.
Wesley W. Posvar 1202 Cathedral of Learning University of Pittsburgh Pittsburgh, PA	Trustee	Professor, Foreign Policy and Management Consultant; Trustee, Carnegie Endowment for International Peace, RAND Corporation, Online Computer Library Center, Inc. and U.S. Space Foundation; Chairman, Czecho Slovak Management Center; Director, Trustee, or Managing General Partner of the Funds; President Emeritus, University of Pittsburgh; formerly, Chairman, National Advisory Council for Environmental Policy and Technology.
Marjorie P. Smuts 4905 Bayard Street Pittsburgh, PA	Trustee	Public relations/marketing consultant; Director, Trustee, or Managing General Partner of the Funds.
Glen R. Johnson Federated Investors Tower Pittsburgh, PA	President	Trustee, Federated Investors; President and/or Trustee of some of the Funds; staff member, Federated Securities Corp., Federated Administrative Services and Federated Administrative Services, Inc.
Richard B. Fisher Federated Investors Tower Pittsburgh, PA	Vice President	Executive Vice President and Trustee, Federated Investors; Chairman and Director, Federated Securities Corp.; President or Vice President of the Funds; Director or Trustee of some of the Funds.

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 <CAPTION>

<S>	NAME AND ADDRESS <C>	POSITIONS WITH THE TRUST <C>	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS <C>
	Edward C. Gonzales Federated Investors Tower Pittsburgh, PA	Vice President and Treasurer	Vice President, Treasurer and Trustee, Federated Investors; Vice President and Treasurer, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Treasurer, and Director, Federated Securities Corp.; Chairman, Treasurer, and Director, Federated Administrative Services, Inc.; Trustee or Director of some of the Funds; Vice President and Treasurer of the Funds.
	John W. McGonigle Federated Investors Tower Pittsburgh, PA	Vice President and Secretary	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary and Trustee, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Secretary, and Director, Federated Administrative Services, Inc.; Director and Executive Vice President, Federated Securities Corp.; Vice President and Secretary of the Funds.
	John A. Staley, IV Federated Investors Tower Pittsburgh, PA	Vice President	Vice President and Trustee, Federated Investors; Executive Vice President, Federated Securities Corp.; President and Trustee, Federated Advisers, Federated Management, and Federated Research; Vice President of the Funds; Director, Trustee, or Managing General Partner of some of the Funds; formerly, Vice President, The Standard Fire Insurance Company and President of its Federated Research Division.

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\* This Trustee is deemed to be an "interested person" of the Fund or the Trust as defined in the Investment Company Act of 1940.

+ Members of the Trust's Executive Committee. The Executive Committee of the Board of Trustees handles the responsibilities of the Board of Trustees between meetings of the Board.

THE FUNDS

"The Funds" and "Funds" mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series II; Cash Trust Series, Inc.; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMs Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income Securities Trust; Federated Income Trust; Federated Intermediate Government Trust; Federated Master Trust; Federated Municipal Trust; Federated Short-Intermediate Government Trust; Federated Short-Term U.S. Government Trust; Federated Stock Trust; Federated Tax-Free Trust; Federated U.S. Government Bond Fund; First Priority Funds; Fixed Income Securities, Inc.; Fortress Adjustable Rate U.S. Government Fund, Inc.; Fortress Municipal Income Fund, Inc.; Fortress Utility Fund, Inc.; Fund for U.S. Government Securities, Inc.; Government Income Securities, Inc.; High Yield Cash Trust; Intermediate Municipal Trust; Investment Series Funds, Inc.; Investment Series Trust; Liberty Equity Income Fund, Inc.; Liberty High Income Bond Fund, Inc.; Liberty Municipal Securities Fund, Inc.; Liberty U.S. Government Money Market Trust; Liberty Utility Fund, Inc.; Liberty Term Trust, Inc.-1999; Liquid Cash Trust; Mark Twain Funds; Money Market Management, Inc.; Money Market Obligations Trust; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; 111 Corcoran Funds; The Planters Funds; Portage Funds; RIMCO Monument Funds; The Shawmut Funds; Short-Term Municipal Trust; Signet Select Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust For Government Cash Reserves; Trust for Short-Term U.S. Government Securities; Trust for U.S. Treasury Obligations.

#### FUND OWNERSHIP

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

As of November 29, 1993, the following shareholders of record owned 5% or more of the outstanding shares of the Fund: CASBO, St. Clair, Michigan, owned approximately 115,444 shares (6.9%); The Washington Trust Co., Westerly, Rhode Island, owned approximately 91,224 shares (5.4%); and Firnaticia, Iowa, owned approximately 154,707 shares (9.3%).

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#### TRUSTEE LIABILITY

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

#### MANAGEMENT SERVICES

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#### MANAGERS TO THE FUND

The Fund's manager is Federated Management. It is a subsidiary of Federated Investors. All the voting securities of Federated Investors are owned by a trust, the trustees of which are John F. Donahue, his wife, and his son, J. Christopher Donahue. John F. Donahue is Chairman and Trustee of Federated Management, Chairman and Trustee of Federated Investors and Chairman and Trustee of the Trust. John A. Staley, IV is President and Trustee of Federated Management, Vice President and Trustee of Federated Investors, Executive Vice President of Federated Securities Corp., and Vice President of the Trust. J. Christopher Donahue, Trustee of Federated Management, is President and Trustee of Federated Investors, President and Director of Federated Administrative Services, Inc., and Vice President and Trustee of the Trust. John W. McGonigle, Vice President, Secretary and Trustee of Federated Management, is Trustee, Vice President, Secretary, and General Counsel of Federated Investors, Executive Vice President, Secretary, and Director of Federated Administrative Services, Inc., Director and Executive Vice President of Federated Securities Corp. and Vice President and Secretary of the Trust.

The Fund's sub-manager is ANB Investment Management and Trust Company ("ANB"). It is a wholly-owned subsidiary of American National Bank and Trust Company of Chicago. American National Bank and Trust Company of Chicago is a wholly-owned subsidiary of American National Corporation, which, in turn, is a wholly-owned subsidiary of First Chicago Corporation. The sub-manager's directors are John R. Tilton, Thomas P. Michaels, Olivia C. Martinez, Stephen P. Manus, Neil R.

Wright, Peter J. Kartalia, and Ronald J. Grayheck. The officers of ANB are John R. Tilton, President and Chief Investment Officer, and Thomas P. Michaels, Secretary, Treasurer, and Legal Counsel.

Neither the manager nor the sub-manager shall be liable to the Trust, the Fund, or any shareholder of the Fund for any losses that may be sustained in the purchase, holding, or sale of any security or for anything done or omitted by the manager or sub-manager, except acts or omissions involving willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties imposed upon either of them by their respective management contracts.

#### MANAGEMENT FEES

For its management services, Federated Management receives an annual fee as described in the prospectus. ANB receives an annual fee for its services, which will be paid by the manager, as described in the prospectus.

For the fiscal year ended October 31, 1993, and the period ended October 31, 1992, the manager earned \$34,031 and \$23 all of which was voluntarily waived because of undertakings to limit the Fund's expenses.

#### STATE EXPENSE LIMITATIONS

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

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

This arrangement is not part of the management contract and may be amended or rescinded in the future.

#### OTHER RELATED SERVICES

Affiliates of the manager may, from time to time, provide certain electronic equipment and software to institutional customers in order to facilitate the purchase of shares of funds offered by Federated Securities Corp.

In addition, during the fiscal year ended October 31, 1993, the manager voluntarily reimbursed, with respect to this Fund, \$112,125 of other operating expenses, because of the same undertakings to limit the Fund's expenses.

#### ADMINISTRATIVE SERVICES

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Federated Administrative Services, Inc., a subsidiary of Federated Investors, provides administrative personnel and services to the Fund at approximate cost through an agreement with the Fund's Manager. John A. Staley, IV, an officer of the Trust, and Dr. Henry J. Gailliot, an officer of Federated Management, the adviser to the Fund, each hold approximately 15% and 20%, respectively, of the outstanding common stock and serve as directors of Commercial Data Services, Inc., a company which provides computer processing services to Federated Administrative Services, Inc. For the fiscal years ended October 31, 1993 and 1992, Federated Administrative Services, Inc. paid approximately \$165,431 and \$189,741, respectively, for services provided by Commercial Data Services, Inc.

#### BROKERAGE TRANSACTIONS

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The managers may select brokers and dealers who offer brokerage and research

services. These services may be furnished directly to the Fund or to the managers and may include:

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

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

Research services provided by brokers and dealers may be used by the managers or by affiliates of Federated Investors in advising Federated Funds and other accounts. To the extent that receipt of these services may supplant services for which the managers or their affiliates might otherwise have paid, it would tend to reduce their expenses.

For the fiscal year ended October 31, 1993, the Fund paid \$2,222 in brokerage commissions on broker transactions.

#### PURCHASING SHARES

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Shares are sold at their net asset value without a sales charge on days the New York Stock Exchange is open for business. The procedure for purchasing shares of the Fund is explained in the prospectus under "Investing in the Fund."

#### CONVERSION TO FEDERAL FUNDS

It is the Fund's policy to be as fully invested as possible so that maximum interest may be earned. To this end, all payments from shareholders must be in federal funds or be converted into federal funds. State Street Bank acts as the shareholder's agent in depositing checks and converting them to federal funds.

#### EXCHANGING SECURITIES FOR FUND SHARES

Investors may exchange securities they already own for Fund shares, or they may exchange a combination of securities and cash for Fund shares. Any securities to be exchanged must meet the investment objective and policies of the Fund, must have a readily ascertainable market value, must be liquid, and must not be subject to restrictions on resale. An investor should forward the securities in negotiable form with an authorized letter of transmittal to Federated Securities Corp. The Fund will notify the investor of its acceptance and valuation of the securities within five business days of their receipt by State Street Bank.

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

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

#### TAX CONSEQUENCES

Exercise of this exchange privilege is treated as a sale for federal income tax purposes. Depending upon the cost basis of the securities exchanged for Fund shares, a gain or loss may be realized by the investor.

#### DETERMINING NET ASSET VALUE

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

## DETERMINING MARKET VALUE OF SECURITIES

Market values of the Fund's portfolio securities are determined as follows:

- - for equity securities, according to the last sale price on a national securities exchange, if available;
- - in the absence of recorded sales for equity securities, according to the mean between the last closing bid and asked prices;
- - for bonds and other fixed income securities, at the last sale price on a national securities exchange if available, otherwise as determined by an independent pricing service;
- - for short-term obligations, according to the mean between bid and asked prices as furnished by an independent pricing service or for short-term obligations with maturities of less than 60 days, at amortized cost; or
- - for all other securities, at fair value as determined in good faith by the Trustees.

Prices provided by independent pricing services may be determined without relying exclusively on quoted prices and may reflect: institutional trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data.

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

## REDEEMING SHARES

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

## REDEMPTION IN KIND

Although the Fund intends to redeem shares in cash, it reserves the right under certain circumstances to pay the redemption price in whole or in part with securities from the Fund's portfolio.

Such securities will be valued with the same valuation techniques employed in determining net asset value, and the securities will be selected in a manner the Trustees determine to be fair and equitable.

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

## TAX STATUS

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### THE FUND'S TAX STATUS

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

- - derive at least 90% of its gross income from dividends, interest, and gains from the sale of securities;
- - derive less than 30% of its gross income from the sale of securities held less than three months;
- - invest in securities within certain statutory limits; and
- - distribute to its shareholders at least 90% of its net income earned during the year.

## SHAREHOLDERS' TAX STATUS

Shareholders are subject to federal income tax on dividends received as cash or additional shares. No portion of any income dividend paid by the Fund is eligible for the dividends received deduction available to corporations. These dividends, and any short-term capital gains, are taxable as ordinary income.

## CAPITAL GAINS

Shareholders will pay federal tax at capital gains rates on long-term capital gains distributed to them regardless of how long they have held the Fund shares.

## TOTAL RETURN

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The Fund's cumulative total return for the period from November 5, 1992 (start of performance) to October 31, 1993 was 17.33%.

The Fund's average annual total return is the average compounded rate of return for a given period that would equate a \$1,000 initial investment to the ending redeemable value of that investment. The ending redeemable value is computed by multiplying the number of shares owned at the end of the period by the offering price per share at the end of the period. The number of shares owned at the end of the period is based on the number of shares purchased at the beginning of the period with \$1,000, adjusted over the period by any additional shares, assuming the quarterly reinvestment of all dividends and distributions.

## YIELD

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The Fund's yield for the thirty-day period ended October 31, 1993 was 2.32%.

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

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

## PERFORMANCE COMPARISONS

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The Fund's performance depends upon such variables as:

- - portfolio quality;
- - average portfolio maturity;
- - type of instruments in which the portfolio is invested;
- - changes in interest rates and market value of portfolio securities;
- - changes in Fund expenses;
- - the relative amount of Fund cash flow; and
- - various other factors.

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

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

- - LIPPER ANALYTICAL SERVICES, INC. ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all capital gains distributions and income dividends and takes into account any change in offering price over a specific period of time. From time to time, the Fund will quote its Lipper ranking in the "index funds" category in advertising and sales literature.
- - RUSSELL 2000 SMALL STOCK INDEX--is a broadly diversified index consisting of approximately 2,000 small capitalization common stocks that can be used to compare to the total returns of funds whose portfolios are invested primarily in small capitalization common stocks.
- - STANDARD & POOR'S DAILY STOCK PRICE INDEXES OF 500 AND 400 COMMON STOCKS--are composite indexes of common stocks in industry, transportation, and financial and public utility companies that can be used to compare to the total returns of funds whose portfolios are invested primarily in common stocks. In addition, the Standard & Poor's indexes assume reinvestments of all dividends paid by stocks listed on its indexes. Taxes due on any of these distributions are not included, nor are brokerage or other fees calculated in Standard & Poor's figures.
- - WILSHIRE 5000 EQUITY INDEXES--consists of nearly 5,000 common equity securities, covering all stocks in the U.S. for which daily pricing is available, and can be used to compare to the total returns of funds whose portfolios are invested primarily in common stocks.

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

Investors may use such indices or reporting services in addition to the Fund's prospectus to obtain a more complete view of the Fund's performance before investing. Of course, when comparing Fund performance to any index, conditions such as composition of the index and prevailing market conditions should be considered in assessing the significance of such comparisons. When comparing funds using reporting services, or total return and yield, investors should take into consideration any relevant differences in funds such as permitted portfolio compositions and methods used to value portfolio securities and compute offering price.

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

STANDARD & POOR'S CORPORATION

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"Standard and Poor's<sup>TM</sup>," "S&PTM," "S&P MidCap 400 Index," and "Standard & Poor's MidCap 400 Index" are trademarks of Standard & Poor's Corporation ("S&P") and have been licensed for use by Federated Securities Corp. The Fund is not sponsored, endorsed, sold or promoted by S&P and S&P makes no representation regarding the advisability of investing in the Fund.

2062304B (12/93)

MID-CAP FUND

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INVESTMENT REVIEW

The total return of the Mid-Cap Fund for the period from November 5, 1992 (start of business) to October 31, 1993 was 17.33%

Over the 12 months ended October 31, 1993, U.S. stocks have registered excellent results. Driven by the recovery in corporate profits, falling interest rates, and large flows of money into mutual funds, the S&P 500 Index recorded a total return of 14.92% for the year ended October 31, 1993. Small capitalization stocks were the standout, however, as the



Russell 2000 Index had a total return of 32.41% for the same period. Perhaps the most important factor was the decline in interest rates. The yield on the 30-year U.S. Treasury bond dropped from 6.7% to 5.7% between May and September. Interest rate sensitive groups such as the Finance and Utility sectors performed well in response. Expected market weakness in September and October proved to be unfounded, although the market advance became more labored as a number of groups experienced minor corrections.

Sustainability of market strength over the coming year will be importantly influenced by strength in corporate profits and interest rates. We expect the economy to continue on its recovery path well into 1994 with further significant gains in corporate profits. Assuming the pace of the recovery remains in the 3% (real GDP--annual rate) area, inflation should remain subdued, and any backup in interest rates should not be too damaging to the stock market. Over the next 12 months we expect positive returns from U.S. equities, although probably less than the outstanding performance in the year ended October 31, 1993.

PERFORMANCE COMPARISON

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COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE

IN MID-CAP FUND AND STANDARD AND POOR'S MIDCAP 400 INDEX+.

Graphic representation "C" omitted. See Appendix.

Past Performance is not indicative of future performance. Your investment return and principal value will fluctuate so when shares are redeemed, they may be worth more or less than original cost. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.

This annual report incorporates by reference and accompanies the prospectus dated December 31, 1993.

\* Reflects operations of Mid-Cap Fund from the start of business 11/5/92 through 10/31/93 on a cumulative basis.

\*\* The Fund's performance assumes the reinvestment of all dividends and distributions. The Standard and Poor's MidCap 400 Index is adjusted to reflect reinvestment of dividends on securities in the index.

+ The Standard and Poor's MidCap 400 Index is not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Fund's performance.

++ Returns reflect maximum applicable fees.

FEDERATED SECURITIES CORP.

(LOGO)  
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Distributor

3110507-ARS (12/93)

MINI-CAP FUND

(A PORTFOLIO OF FEDERATED INDEX TRUST)  
PROSPECTUS

Federated Index Trust (the "Trust") is an open-end, management investment company (a mutual fund). Its Mini-Cap Fund (the "Fund") seeks to provide investment results corresponding to the aggregate price and dividend performance of publicly traded common stocks comprising the small-stock capitalization sector of the United States equity market.

THE SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF ANY BANK, ARE NOT ENDORSED OR GUARANTEED BY ANY BANK, AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER GOVERNMENT AGENCY. INVESTMENT IN THESE SHARES INVOLVES INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL.

This prospectus contains the information you should read and know before you

invest in the Fund. Keep this prospectus for future reference.

The Fund has also filed a Statement of Additional Information, dated December 31, 1993, with the Securities and Exchange Commission. The information contained in the Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Statement of Additional Information free of charge by calling 1-800-235-4669. To obtain other information or to make inquiries about the Fund, contact the Fund at the address listed in the back of this prospectus.

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

Prospectus dated December 31, 1993

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SUMMARY OF FUND EXPENSES	
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<TABLE>  
<S>

SHAREHOLDER TRANSACTION EXPENSES

<C>

Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....	None
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price).....	None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds, as applicable).....	None
Redemption Fee (as a percentage of amount redeemed, if applicable).....	None
Exchange Fee.....	None
ANNUAL FUND OPERATING EXPENSES (As a percentage of average net assets)	
Management Fee (after waiver) (1).....	0.03%
12b-1 Fee.....	None
Other Expenses.....	0.72%
Total Fund Operating Expenses (2).....	0.75%

</TABLE>

(1) The management fee has been reduced to reflect the voluntary waiver of a portion of the management fee. The Manager can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is 0.50%

(2) The Total Fund Operating Expenses in the table above are based on expenses expected during the fiscal year ending October 31, 1994. The Total Fund Operating Expenses were 0.37% for the fiscal year ended October 31, 1993 and were 1.23% absent the voluntary waiver of the management fee and reimbursement of certain other operating expenses.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF THE FUND WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "FEDERATED INDEX TRUST INFORMATION." Wire-transferred redemptions of less than \$5,000 may be subject to additional fees.

<TABLE>  
<CAPTION>

EXAMPLE	1 year	3 years	5 years	10 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. As noted in the table above, the Fund charges no redemption fees.....	\$ 8	\$ 24	\$ 42	\$ 93

</TABLE>

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

MINI-CAP FUND

FINANCIAL HIGHLIGHTS

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(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

Reference is made to the Report of Ernst & Young, Independent Auditors on page 99.

<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER 31,	
	1993	1992*
<S>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.39	\$10.00
-----		
INCOME FROM INVESTMENT OPERATIONS		
-----		

Net investment income	0.17	0.02
Net realized and unrealized gain on investments	2.27	0.38
Total from investment operations	2.44	0.40
LESS DISTRIBUTIONS		
Dividends to shareholders from net investment income	(0.17)	(0.01)
NET ASSET VALUE, END OF PERIOD	\$12.66	\$10.39
TOTAL RETURN**	23.73%	4.00%
RATIOS TO AVERAGE NET ASSETS		
Expenses	0.37%	0.00%(b)
Net investment income	1.48%	2.04%(b)
Expense waiver/reimbursement(a)	0.86%	0.87%
SUPPLEMENTAL DATA		
Net assets, end of period (000 omitted)	\$76,139	\$7,751
Portfolio turnover rate	48%	1%

</TABLE>

\* Reflects operations for the period from August 10, 1992 (commencement of operations) to October 31, 1992.

\*\* Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

<TABLE>

<S> <C>

(a) This expense decrease is reflected in both the expense and net investment income ratios shown above (Note 5).

(b) Computed on an annualized basis.

</TABLE>

Further information about the Fund's performance is contained in the Fund's annual report dated December 31 1993, which can be obtained free of charge.

(See Notes which are an integral part of the Financial Statements)

#### GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated January 30, 1990. The Declaration of Trust permits the Trust to offer separate series of shares of beneficial interest representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. This prospectus relates only to the Fund. The Fund is designed primarily for institutions investing on behalf of their customers. A minimum initial investment of \$25,000 over a 90-day period is required.

Fund shares are currently sold and redeemed at net asset value without a sales charge or redemption fee being imposed by the Fund. The Fund's net asset value per share fluctuates.

#### INVESTMENT INFORMATION

#### INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide investment results that, generally correspond to the aggregate price and dividend performance of the approximately 2,000 publicly traded common stocks that are ranked in terms of capitalization below the top 1,000 stocks that comprise the large and mid-range capitalization sector of the United States equity market. The investment objective of the Fund cannot be changed without the approval of shareholders. These stocks comprise the Russell 2000(R)Index (the "Index"), an index of small capitalization stocks. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

The Fund is neither affiliated with nor promoted, sponsored or endorsed by the Frank Russell Company. Frank Russell's only relationship to the Fund is the licensing of the use of the Index. Frank Russell Company is the owner of the trademarks and copyrights relating to the Index. The Russell 2000(R)Index is a trademark/service mark of the Frank Russell Company. Russell(TM) is a trademark of the Frank Russell Company. Frank Russell Company is not responsible for and has not reviewed the Fund or any associated literature or publications and Frank Russell Company makes no representation or warranty, express or implied, as to their accuracy, or completeness, or otherwise.

#### INVESTMENT POLICIES

The investment policies described below may be changed by the Board of Trustees ("Trustees") without shareholder approval. Shareholders will be notified before any material changes in these policies become effective.

The Fund pursues its investment objective by investing primarily in a pool of securities that will duplicate the investment characteristics of the Index. Under normal market circumstances, the Fund will invest at least 80% of its assets in the common stock included in the Index.

In pursuit of its investment objective, the Fund uses a "passive" versus an "active" investment approach. In the case of a fund using an active investment approach, the fund would be managed by buying and selling securities based upon economic, financial and market analysis as well as active

investment judgment. In contrast, the Fund uses a passive approach that attempts to approximate the investment performance of the Index. Stocks are selected for inclusion in the Fund's portfolio in the order of their contribution to the Fund's market capitalization, industry and fundamental characteristics. Thus, small stocks with the highest market capitalizations will comprise the highest percentage of the Fund's investment portfolio, and those with the lowest market capitalizations will comprise the lowest percentage of the Fund's investment portfolio.

The Fund will not attempt to duplicate or approximate the composition of the Index, although at least 80% of the assets comprising the Fund's portfolio will be invested in stocks included in the Index. It is expected that by investing in a pool of the issues that comprise the Index, the Fund's portfolio will closely resemble the characteristics of the small stock capitalization sector of the United States equity market. It is also anticipated that the Fund's performance will achieve at least a 95% correlation to the performance of the Index, even though the Fund will not, and does not seek to, duplicate the Index's performance precisely. It is anticipated that the Fund will achieve its intended correlation to the performance of the Index when the Fund's net assets reach at least \$10 million. When the Fund's net assets exceed \$5 million, the Fund may begin to invest in the stocks comprising the Index. Once the Fund's net assets equal at least \$10 million, it is anticipated that the Fund will be fully invested in stocks comprising the Index and will achieve the 95% correlation to the performance of the Index.

The Index is updated monthly, which results in a significant annual turnover rate. The Fund would incur high transaction costs if it rebalanced its portfolio each time the Index was updated. Consequently, adjustments will be made to the Fund's portfolio less frequently. As a result, portfolio turnover is expected to be well below that encountered in actively managed investment company portfolios. Therefore, the accompanying costs, including accounting costs, brokerage fees, custodial expenses, and transfer taxes are expected to be relatively low. Factors such as the size of the Fund's portfolio, the size and timing of cash flows into and out of the Fund, and changes in the securities markets as well as in the composition of the Index will determine how frequently the Fund's portfolio will be rebalanced to resemble the characteristics of the Index.

In order to accommodate cash flows into and out of the Fund's portfolio, the Fund may enter into stock index futures contracts, options and options on futures contracts. This will allow the Fund to simultaneously maximize the level

of the Fund assets used to track the performance of the small stock capitalization sector of the United States equity market. The Fund can sell futures contracts and options in order to close out a previously established position. The Fund will not enter into stock index futures contracts, options and options on futures contracts for speculative purposes.

ACCEPTABLE INVESTMENTS. Under normal market circumstances, the Fund will invest 80% of its assets in stocks that comprise the Index. In addition, the Fund may hold cash reserves which may, for other than defensive purposes, be invested in, but not limited to, the following:

U.S. GOVERNMENT SECURITIES. The Fund is permitted to invest in U.S. government securities which are either issued or guaranteed by the U.S. government, its agencies or instrumentalities. These securities include, but are not limited to:

- direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds; and
- notes, bonds, and discount notes of U.S. government agencies or instrumentalities, such as Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Home

Loan Mortgage Corporation, the Federal Farm Credit System, and the Student Loan Marketing Association.

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

MONEY MARKET INSTRUMENTS. The Fund may also invest in:

- commercial paper; and
- instruments of domestic banks and savings and loans (such as certificates of deposit and bankers' acceptances).

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

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

In view of these considerations, the Fund will comply with the following restrictions when purchasing and selling futures contracts. First, the Fund will not participate in futures transactions if the sum of its initial margin deposits on open contracts will exceed 5% of the market value of the Fund's total assets, after taking into account the unrealized profits and losses on those contracts into which it has entered. Second, the Fund will not enter into these contracts for speculative purposes. Third, since the Fund does not constitute a commodity pool, it will not market itself as

such, nor serve as a vehicle for trading in the commodities futures or commodity options markets. In this regard, the Fund will disclose to all prospective investors the limitations on its futures and options transactions, and will make clear that these transactions are entered into only for bona fide hedging purposes or such other purposes permitted under regulations promulgated by the Commodity Futures Trading Commission ("CFTC"). Also, the Fund intends to claim an exclusion from registration as a commodity pool operator under the regulations promulgated by the CFTC.

**LENDING OF PORTFOLIO SECURITIES.** The Fund may lend its portfolio securities on a short-term or long-term basis up to one-third of the value of its total assets to broker/dealers, banks, or other institutional borrowers of securities. The Fund will only enter into loan arrangements with broker/dealers, banks or other institutions which the managers have determined are creditworthy under guidelines established by the Trustees. The Fund will receive collateral in the form of cash or U.S. government securities equal to at least 100% of the value of the securities loaned.

**WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS.** The Fund may purchase short-term U.S. government securities on a when-issued or delayed delivery basis. These transactions are arrangements in which the Fund purchases securities with payment and delivery scheduled for a future time. The Fund engages in when-issued and delayed delivery transactions only for the purpose of acquiring portfolio securities consistent with the Fund's investment objective and policies, not for investment leverage. In when-issued and delayed delivery transactions, the Fund relies on the seller to complete the transaction. The seller's failure to complete the transaction may cause the Fund to miss a price yield considered to be advantageous.

#### INVESTMENT RISKS

As with other mutual funds that invest primarily in equity securities, the Fund is subject to market risks. That is, the possibility exists that common stocks will decline over short or even extended periods of time, and the United States equity market tends to be cyclical, experiencing both periods when stock prices generally increase and periods when stock prices generally decrease. However, because the Fund invests primarily in small capitalization stocks, there are some additional risk factors associated with investments in the Fund. In particular, stocks in the small capitalization sector of the United States equity market have historically been more volatile in price than larger capitalization stocks, such as those included in the Standard & Poor's 500 Index. This is because, among other things, small companies have less certain growth prospects than larger companies; have a lower degree of liquidity in the equity market; and tend to have a greater sensitivity to changing economic conditions. Further, in addition to exhibiting greater volatility, the stocks of small companies may, to some degree, fluctuate independently of the stocks of large companies. That is, the stocks of small companies may decline in price as the price of large company stocks rises or vice versa. Therefore, investors should expect that the Fund will be more volatile than, and may fluctuate independently of, broad stock market indices such as the Standard & Poor's 500 Index.

#### INVESTMENT LIMITATIONS

The Fund will not:

- borrow money directly or through reverse repurchase agreements (arrangements in which the Fund sells a money market instrument for at least a percentage of its cash value with an

agreement to buy it back on a set date) except, under certain circumstances, the Fund may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of those assets to secure such borrowings.



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

The Fund will not:

- invest more than 5% of its total assets in securities of issuers that have records of less than three years of continuous operations; or
- invest more than 15% of its net assets in securities that are illiquid.

#### FEDERATED INDEX TRUST INFORMATION

#### MANAGEMENT OF THE TRUST

**BOARD OF TRUSTEES.** The Trust is managed by a Board of Trustees. The Board of Trustees is responsible for managing the business affairs of the Trust and for exercising all of the powers of the Trust except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Trustees' responsibilities between meetings of the Trustees.

**FUND'S MANAGER.** Federated Management serves as the Fund's manager (the "Manager"). The Trust has entered into a management contract (the "Management Contract") with the Manager, which, in turn, has entered into a sub-management contract (the "Sub-Management Contract") with ANB Investment Management and Trust Company ("ANB" or the "Sub-Manager") (ANB and the Manager are collectively referred to herein as "Managers"). It is the Manager's responsibility to select the Sub-Manager, subject to the review and approval of the Trustees, and to review and evaluate the Sub-Manager's continued performance. The Manager is also responsible for providing administrative services to the Fund.

Subject to the supervision and direction of the Trustees, the Manager provides to the Fund investment management evaluation services principally by performing initial due diligence on the Sub-Manager for the Fund and thereafter monitoring and evaluating the performance of the Sub-Manager through quantitative and qualitative analyses. In addition, the Manager conducts periodic in-person, telephonic and written consultations with the Sub-Manager. In initially evaluating the Sub-Manager, the Manager considered, among other factors, the Sub-Manager's level of expertise; relative performance over a minimum period of five years; level of efficiency; level of adherence to investment discipline or philosophy; personnel, facilities and financial strength; and quality of service and client communications. On an ongoing basis, the Manager is responsible for communicating performance expectations and evaluations to the Sub-Manager; monitoring tracking errors; monitoring and analyzing the use of futures contracts; monitoring the futures holdings of the Fund as a percentage of Fund assets; monitoring market timing in the Fund; discussing with the Sub-Manager the portfolio sampling techniques employed by the Sub-Manager; defining with the Sub-Manager the universe of stocks that comprise the small capitalization sector of the United States equity market; and ultimately recom-

mending to the Trustees whether the Sub-Management Contract should be renewed, modified or terminated. The Manager provides written reports to the Trustees regarding the results of its evaluation and monitoring functions. In addition, the Manager is responsible for providing the Fund with administrative services, including, but not limited to, shareholder servicing and certain legal and accounting services. The Manager is also responsible for conducting all operations of the Fund, except those operations contracted to the Sub-Manager, custodian, transfer agent and dividend disbursing agent. As described below, the Manager receives an annual fee from the Fund for performing its responsibilities under the Management Contract.

**MANAGEMENT FEES.** The Fund's Manager receives an annual management fee equal to 0.50 of 1% of the Fund's average daily net assets. Under the Management Contract, which provides for the voluntary waiver of the management fee by the Manager, the Manager will voluntarily waive some or all of the management fee. The Manager can terminate this voluntary waiver of some or all of its management fee at any time in its sole discretion. The Manager

has also undertaken to reimburse the Fund for operating expenses in excess of limitations established by certain states.

**MANAGER'S BACKGROUND.** Federated Management, a Delaware business trust organized on April 11, 1989, is a registered investment adviser under the Investment Advisers Act of 1940. It is a subsidiary of Federated Investors. All of the Class A (voting) shares of Federated Investors are owned by a trust, the trustees of which are John F. Donahue, Chairman and Trustee of Federated Investors, Mr. Donahue's wife, and Mr. Donahue's son, J. Christopher Donahue, who is President and Trustee of Federated Investors. Federated Management and other subsidiaries of Federated Investors serve as investment advisers to a number of investment companies and private accounts. Certain other subsidiaries also provide administrative services to a number of investment companies. Total assets under management or administration by these and other subsidiaries of Federated Investors are approximately \$70 billion. Federated Investors, which was founded in 1956 as Federated Investors, Inc., develops and manages mutual funds primarily for the financial industry. Federated Investors' track record of competitive performance and its disciplined, risk averse investment philosophy serve approximately 3,500 client institutions nationwide. Through these same client institutions, individual shareholders also have access to this same level of investment expertise.

**SUB-MANAGER.** Under the terms of the Sub-Management Contract between the Manager and ANB, ANB serves as the Fund's Sub-Manager. The Sub-Manager will develop, maintain and run the computer program designed to determine which securities will be purchased and sold so as to replicate the composition of the Index to the extent feasible, and, subject to the Manager's oversight has complete discretion to purchase and sell portfolio securities for the Fund within the Fund's investment objective, restrictions and policies.

**SUB-MANAGEMENT FEES.** For its services under the Sub-Management Contract, ANB receives an annual fee from the Manager of .065 of 1% of the Fund's average daily net assets. This fee is paid by the Manager out of its resources and is not an incremental Fund expense. No performance or incentive fees are paid to the Sub-Manager.

**SUB-MANAGER'S BACKGROUND.** ANB, incorporated in the State of Illinois on July 1, 1988, is a registered investment adviser under the Investment Advisers Act of 1940. ANB is a wholly-owned subsidiary of American National Bank and Trust Company of Chicago, which, in turn, is an indirect wholly-owned subsidiary of First Chicago Corporation. It serves as investment adviser principally to corporate defined benefit and defined contribution plans which have, as of September 30, 1993, placed approximately \$18 billion in assets with ANB. Since 1973, when American National Bank and Trust Company of Chicago introduced its first commingled equity index fund, ANB has developed and managed a family of equity and bond index funds in which some 390 nationwide non-financial institution clients invest. In total, ANB manages 62 commingled/common trust funds. Also, since 1990, ANB has served as Sub-Manager for the Max-Cap Fund (formerly the S&P 500 Fund), which is another portfolio of the Trust. ANB also serves as Sub-Manager for the Mid-Cap Fund, another portfolio of the Trust.

#### DISTRIBUTION OF FUND SHARES

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

#### ADMINISTRATION OF THE FUND

**ADMINISTRATIVE SERVICES.** Federated Administrative Services, Inc., which is a subsidiary of Federated Investors, provides the Manager with the administrative personnel and services necessary to provide shareholder servicing and certain legal and accounting services to the Fund.

**CUSTODIAN.** State Street Bank and Trust Company, Boston, Massachusetts is custodian for the securities and cash of the Fund.

TRANSFER AGENT AND DIVIDEND DISBURSING AGENT. Federated Services Company, Pittsburgh, Pennsylvania, is transfer agent for the shares of the Fund, and dividend disbursing agent for the Fund.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, Pittsburgh, PA, and Dickstein, Shapiro & Morin, Washington, D.C.

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

#### BROKERAGE TRANSACTIONS

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

#### NET ASSET VALUE

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

#### INVESTING IN THE FUND

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#### SHARE PURCHASES

Fund shares are sold on days on which the New York Stock Exchange is open. Shares of the Fund may be purchased either by wire or mail. To purchase shares of the Fund, open an account by calling Federated Securities Corp. Information needed to establish the account will be taken over the telephone. The Fund reserves the right to reject any purchase request.

BY WIRE. To purchase shares of the Fund by Federal Reserve wire, call the Fund to place an order. Shareholders have until 4:00 p.m. (Boston time) to call the Fund for settlement on the next business day. The order is considered received immediately. Payment by federal funds must be received before 4:00 p.m. (Boston time) on the next business day following the order. Federal funds should be wired as follows: State Street Bank and Trust Company, Boston, Massachusetts; Attention: EDGEWIRE; For Credit to: Federated Index Trust, Mini-Cap Fund; Group Number or Order Number; Nominee or Institution Name; ABA Number 011000028.

BY MAIL. To purchase shares of the Fund by mail, send a check made payable to Federated Index Trust, Mini-Cap Fund, to the Fund's transfer agent, State Street Bank and Trust Company, P.O. Box 8602, Boston, Massachusetts 02266-8602. Orders by mail are considered received after payment by check is converted by State Street Bank into federal funds. This is generally the next business day after State Street Bank receives the check.

#### MINIMUM INVESTMENT REQUIRED

The minimum initial investment in the Fund is \$25,000. However, an account may be opened with a smaller amount as long as the \$25,000 minimum is reached within 90 days. An investor's minimum investment will be calculated by combining all accounts that the institution maintains with the Fund.

#### WHAT SHARES COST

Fund shares are sold at their net asset value next determined after an order is received. There is no sales charge imposed by the Fund.

The net asset value is determined at 4:00 p.m. (Boston time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the

value of the Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; and (iii) the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

#### EXCHANGING SECURITIES FOR FUND SHARES

Investors may exchange certain securities or a combination of securities and cash for shares of the Fund. The securities and any cash must have a market value of at least \$25,000. The Trust reserves the right to determine the acceptability of securities to be exchanged. On the day the securities are accepted by the Trust, they are valued in the same manner as the Trust values its assets. Investors wishing to exchange securities should first contact Federated Securities Corp.

Shares purchased by exchange of securities cannot be redeemed by telephone for five business days to allow time for the transfer to settle.

#### SUB-ACCOUNTING SERVICES

Institutions are encouraged to open single master accounts. However, certain institutions may wish to use the transfer agent's sub-accounting system to minimize their internal recordkeeping requirements. The transfer agent charges a fee based on the level of sub-accounting services rendered. Institutions holding Fund shares in a fiduciary, agency, custodial, or similar capacity may charge or pass through sub-accounting fees as part of or in addition to normal trust or agency account fees. They may also charge fees for other services provided which may be related to the ownership of Fund shares. This prospectus should, therefore, be read together with any agreement between the customer and the institution with regard to the services provided, the fees charged for those services, and any restrictions and limitations imposed.

#### CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Fund, Federated Services Company maintains a share account for each shareholder. Share certificates are not issued unless requested by contacting the Fund.

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

#### DIVIDENDS

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

#### CAPITAL GAINS

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

#### REDEEMING SHARES

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The Fund redeems shares at their net asset value next determined after the Fund receives the redemption request. Redemptions will be made on days on which the Fund computes its net asset value. Redemption requests must be received in proper form and can be made by telephone request or written request.

#### TELEPHONE REDEMPTION

Shareholders may redeem their shares by telephoning the Fund before 4:00 p.m. (Boston time). The proceeds will normally be wired the following business day, but in no event more than seven days, to the shareholder's account at a domestic commercial bank that is a member of the Federal Reserve System. If at any time, the Fund shall determine it necessary to terminate or modify this method of redemption, shareholders will be promptly notified.

An authorization form permitting State Street Bank or the Fund to accept

telephone requests must first be completed. Authorization forms and information on this service are available from Federated Securities Corp.

In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, another method of redemption should be considered, such as by "Written Requests."

If reasonable procedures are not followed by the Fund, it may be liable for losses due to unauthorized or fraudulent telephone instructions.

#### WRITTEN REQUESTS

Fund shares may also be redeemed by sending a written request to the Fund. Call the Fund for specific instructions before redeeming by written request. The shareholder will be asked to provide in the request his name, the Fund name, his account number, and the share or dollar amount requested. If share certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request.

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

- a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund ("BIF"), which is administered by the Federal Deposit Insurance Corporation ("FDIC");
- a member firm of the New York, American, Boston, Midwest, or Pacific Stock Exchange;
- a savings bank or savings and loan association whose deposits are insured by the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or
- any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934.

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

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

**RECEIVING PAYMENT.** Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper written redemption request.

#### REDEMPTION BEFORE PURCHASE INSTRUMENTS CLEAR

When shares are purchased by check, the proceeds from the redemption of those shares are not available, and the shares may not be exchanged, until the Fund or its agents are reasonably certain that the purchase check has cleared, which could take up to ten calendar days.

#### ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Fund may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below a required minimum value of \$25,000. This requirement does not apply, however, if the balance falls below \$25,000 because of changes in the Fund's net asset value.

Before shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

#### SHAREHOLDER INFORMATION

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#### VOTING RIGHTS

Each share of the Fund gives the shareholder one vote in Trustee elections and other matters submitted to shareholders for vote. All shares of each portfolio in the Trust have equal voting rights except that only shares of the Fund are entitled to vote on matters affecting only the Fund. As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Trust's or the Fund's operations and for the election of Trustees under certain circumstances.

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

#### MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust on behalf of the Fund. To protect shareholders of the Fund, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders of the Fund for such acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument that the Trust enters into or its Trustees enter into or sign on behalf of the Fund.

In the unlikely event a shareholder of the Fund is held personally liable for the Trust's obligations on behalf of the Fund, the Trust is required to use the property of the Fund to protect or compensate the shareholder. On request, the Trust will defend any claim made and pay any judgment against a shareholder for any act or obligation of the Trust on behalf of the Fund. Therefore, financial loss resulting from liability as a shareholder of the Fund will occur only if the Trust itself cannot meet its obligations to indemnify shareholders and pay judgments against them from the assets of the Fund.

#### TAX INFORMATION

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##### FEDERAL INCOME TAX

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

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

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions, including capital gains distributions, received. This applies whether dividends and distributions are received in cash or as additional shares. Distributions representing long-term capital gains, if any, will be taxable to shareholders as long-term capital gains no matter how long the shareholders have held their shares.

**PENNSYLVANIA CORPORATE AND PERSONAL PROPERTY TAXES.** In the opinion of Houston, Houston & Donnelly, counsel to the Trust:

- neither the Trust nor the Fund is subject to Pennsylvania corporate or personal property taxes; and
- Fund shares may be subject to personal property taxes imposed by counties, municipalities, and school districts in Pennsylvania to the extent that the portfolio securities in the Fund would be subject to such taxes if owned directly by residents of those jurisdictions.

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

#### PERFORMANCE INFORMATION

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

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

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

The Fund is sold without any sales load or other similar non-recurring charges.

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

MINI-CAP FUND

PORTFOLIO OF INVESTMENTS

OCTOBER 31, 1993

<TABLE>  
<CAPTION>  
SHARES

			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--83.9%			
AEROSPACE--0.0%			
2,400	*	Abex Inc.	\$ 9,000
AUTOMOTIVE--0.1%			
100	*	ADESA Corp.	1,650
1,200	*	Alpha Beta Technology	36,900
600	*	Astec Industries, Inc.	8,250
Total			46,800
BASIC INDUSTRIES--4.4%			
860		Aceto Corp.	11,610
500	*	Acme Metals, Inc.	7,750
2,467		ADAC Laboratories	32,071
500		AEP Industries	10,000
1,300	*	Allied Products	15,763
2,200		American Colloid Co.	52,250
300		American Filtrona Corp.	7,800
1,100	*	American Pacific Corp.	15,125
1,200		Amcast Industrial Corp.	21,750
4,100	*	AMSCO International, Inc.	51,250
2,100	*	Applied Microbiology	13,125
1,000		Athlone Industries, Inc.	17,250
1,800	*	Bayou Steel, Class A	6,413
400	*	Bio Rad Laboratories, Inc., Class A	5,000
3,650		Birmingham Steel Corp.	84,863
300		Blessings Corp.	6,600
2,700		Brush Wellman, Inc.	37,125
3,100		CalMat Co.	55,800

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MINI-CAP FUND

<TABLE>

<CAPTION>

SHARES

VALUE

<C> <C> <S>

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COMMON STOCKS--CONTINUED

BASIC INDUSTRIES--CONTINUED

700		Cambrex Corp.	\$	14,000
3,600	*	Canyon Resources Corp.		12,600
3,500		Caranstar Industries, Inc.		55,125
1,300	*	Carlisle Plastics, Inc.		9,100
1,400		Carpenter Technology Corp.		76,650
500		Castle A M & Co.		7,000
600		Chaparral St. Louis Co.		5,325
2,000		Cleveland Cliffs, Inc.		72,000
3,000		Coeur d'Alene Mines Corp.		60,375
1,700		Commercial Intertech Corp.		35,275
1,500		Commercial Metals Corp.		56,063
400	*	Continental Can Co., Inc.		8,100
2,300	*	Crown Resources Corp.		11,500
2,200	*	Dravo Corp.		24,750
800	*	Ecogen, Inc.		5,600
2,000		Embrace Systems Corp.		26,000
700		Fansteel, Inc.		5,250
1,100	*	FirstMiss Gold, Inc.		7,150
3,400		First Mississippi Corp.		39,100
1,400		FMC Gold Co.		7,525
2,500		Fuller (H.B.) Co.		80,625
8,200	*	Gaylord Container Corp., Class A		24,088
2,000		Greif Bros. Corp., Class A		80,250
2,600		Grow Group, Inc.		36,400
1,000		Guardsman Products, Inc.		14,500
1,800	*	Gundle Environmental Systems, Inc.		17,775
2,400		Handy & Harmon		31,200

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MINI-CAP FUND

<TABLE>

<CAPTION>

SHARES

VALUE



<C> <C> <S> <C>  
COMMON STOCKS--CONTINUED

BASIC INDUSTRIES--CONTINUED		
5,997	Hanson PLC	\$ 120,690
6,100	Hecla Mining Co.	64,813
1,400	* Imclone Systems, Inc.	10,325
1,500	* Imco Recycling, Inc.	21,000
550	Insteel Industries, Inc.	6,188
3,100	Intermet Corp.	24,025
300	International Aluminum Corp.	6,675
800	Kaiser Resources Inc.	13,200
1,300	Kaiser St. Louis Co.	10,075
600	* Keystone Consolidated Industries, Inc.	5,925
400	Laclede St. Louis Co.	5,800
800	Learonal	11,800
450	Lesco, Inc.	6,413
2,600	Lilly Industrial, Inc.	55,250
3,300	Lone Star Technologies, Inc.	29,700
1,200	* Lydall, Inc.	25,050
500	Macdermid, Inc.	13,500
1,100	* Maxxam, Inc.	35,750
1,000	Mosinee Paper Corp.	25,500
1,600	* Mueller Industries, Inc.	52,800
2,400	* Mycogen Corp.	27,000
600	NCH Corp.	34,800
600	National San Supply Co.	7,725
400	New Jersey Steel Corp.	6,700
2,800	N L Industries, Inc.	13,300
1,900	* Nord Resources	8,788
1,500	N S Group, Inc.	14,063

</TABLE>

MINI-CAP FUND

BASIC INDUSTRIES--CONTINUED		
700	Oil Drilling Corp.	\$ 14,263
1,400	Oregon Metallurgical Corp.	6,475
2,900	Oregon Steel Mills	68,513
400	Penn Virginia Corp.	15,400

3,300	Pentair, Inc.	103,950
800	Petrolite Corp.	31,400
1,900	* Pharmaceutical Resources, Inc.	32,063
200	Pitt Desmoines, Inc.	5,300
2,000	Pope & Talbot, Inc.	49,750
800	Pratt & Lambert, Inc.	15,700
2,000	Precision Castparts Corp.	53,500
1,300	Quaker Chemical	22,425
2,300	Quanex Corp.	46,000
7,400	* Quantum Chemical Corp.	94,350
1,000	Quixote Corp.	16,000
600	Roanoke Electrical St. Louis Corp.	7,950
3,600	* Scotts Co., Class A	65,700
3,500	* Sealed Airlines Corp.	104,563
900	Sealright Co., Inc.	13,725
2,200	* Shorewood Packaging Corp.	23,100
600	* Special Devices, Inc.	4,050
1,000	Steel Technologies, Inc.	19,750
600	* Steel West Va Inc.	6,300
5,500	Sterling Chemicals, Inc.	19,938
27,700	* Sunshine Mining Co.	79,638
900	* Sybron Chemical Industries Inc.	20,025
800	* Syntec, Inc.	8,000

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MINI-CAP FUND

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SHARES			VALUE
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COMMON STOCKS--CONTINUED			
BASIC INDUSTRIES--CONTINUED			
4,800	Terra Industries, Inc.	\$	25,200
1,500	Texas Industries, Inc.		36,563
1,500	Tredegar Industries, Inc.		22,125
1,100	Trenwick Group, Inc.		46,200
900	Tuscarora, Inc.		13,500
3,000	* Tyler Corp.		14,250
1,900	Univar Corp.		20,663
6,700	UNR Industries, Inc.		50,250
2,200	Valhi Inc.		10,725
450	Varlen Corp.		9,900
3,000	Vigoro Corp.		78,000

1,200	WD 40 Co.	53,400
4,800	Weirton Steel Corp.	36,600
1,900	* Wheeling Pittsburgh Corp.	33,725
	Total	3,330,655
	BROADCAST RADIO & TV--0.0%	
1,800	* Ackerley Communication	11,025
	BROADCASTING & CABLE--0.2%	
3,750	* Infinity Broadcasting	181,875
	CABLE TV--0.0%	
1,200	* International Cabletel, Inc.	34,650
	CAPITAL GOODS--5.7%	
2,700	AAR Corp.	37,463
1,500	AGCO Corp.	40,875
700	Acme Cleveland Corp.	7,263
3,500	* Airlines & Water Technologies Corp., Class A	48,563
5,400	* Allwaste, Inc.	23,625

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MINI-CAP FUND

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SHARES

		VALUE
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COMMON STOCKS--CONTINUED		
CAPITAL GOODS--CONTINUED		
1,500	* Alkermes, Inc.	\$ 13,875
500	* American Ecology, Inc.	5,750
2,200	* American Waste Savings, Inc., Class A	4,400
800	Ampco Pittsburgh Corp.	5,600
1,800	Apogee Enterprises, Inc.	24,750
1,900	Applied Power, Inc.	32,063
2,400	Aptargroup, Inc.	50,700
800	Arrow Int'l, Inc.	18,200
500	Astro Medical, Inc.	6,125
700	Atkinson Guy F. Co.	6,825
2,600	* Atmel Corp.	71,500
700	* Audiovox Corp., Class A	12,338
1,900	Baldor Electric Co.	54,150
700	Barnes Group, Inc.	22,750
1,200	Bearings, Inc.	34,200
300	* Bel Fuse, Inc.	2,738
800	BHA Group, Inc., Class A	8,400

315	Binks Manufacturing Co.	7,052
500	Blount, Inc., Class A	10,188
600	* BMC West Corp.	15,150
900	Brady W H Co., Class A	33,300
1,200	Brenco, Inc.	13,650
4,400	BWIP Holding Inc., Class A	102,850
600	Cascade Corp.	11,888
1,600	* C D I Corp.	15,800
1,600	* Cellpro, Inc.	46,800
6,800	Chambers Development, Inc., Class A	27,200

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MINI-CAP FUND

<TABLE>			VALUE
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SHARES			
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COMMON STOCKS--CONTINUED			
CAPITAL GOODS--CONTINUED			
1,700	Chart Industries Inc.		\$ 9,350
300	Cherry Corp.		5,588
2,100	* Clark Equipment Co.		109,200
900	* Clean Harbors, Inc.		6,075
2,800	* CMI Corp., Class A		17,850
700	Cohu Inc.		14,350
2,000	* Cognex Corp.		31,000
1,600	* Coherent, Inc.		23,200
1,700	Core Industries, Inc.		22,950
1,800	Daniel Industries, Inc.		26,100
1,600	Delta Queen Steamboat		26,000
1,900	Donaldson, Inc.		80,038
840	* D R Horton Inc.		12,810
1,000	* Dovatron International Inc.		25,250
2,100	Duriron, Inc.		47,250
1,000	* Electromedics, Inc.		4,625
600	* Emcon		3,900
3,500	* Environsource, Inc.		11,375
2,900	* Envirotest System Corp., Class A		55,100
2,900	Fisher Scientific International, Inc.		97,513
2,100	* Flow International Corp.		15,488
700	Fluke John Manufacturing, Inc.		17,325
800	* Forshne Group, Inc.		13,200
800	Franklin Electronics, Inc.		28,000

1,300	Furon Co.	18,200
1,700	Galveston Houston Co.	7,438
900	Gleason Corp.	12,825

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MINI-CAP FUND

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COMMON STOCKS--CONTINUED			
CAPITAL GOODS--CONTINUED			
900	Gorman Rupp Co.		\$ 24,075
3,800	Goulds Pumps Inc.		100,700
800	Graco, Inc.		25,600
1,200	* Groundwater Technology, Inc.		13,800
500	Hach Co.		10,438
1,400	* Harman International Industries, Inc.		29,925
1,200	Hexcel Corp.		8,700
1,000	* Harmon Industries Inc.		18,500
5,100	Harnischfeger Industries, Inc.		112,838
900	Horsehead Resource Dev., Inc.		4,050
400	Hughes Supply, Inc.		7,050
3,500	* ICF International, Inc.		16,625
2,100	* Idex Corp.		69,038
2,900	Imo Industries, Inc.		22,113
1,166	Insituform Mid American, Inc.		16,033
1,000	* Integrated Waste Services, Inc.		7,375
7,600	* Intergraph Corp.		84,550
3,600	* Interlake Corp.		10,350
1,200	Intermedia Communications		18,300
4,400	* International Technology Corp.		16,500
3,500	* Joy Technologies, Inc.		38,500
3,100	Juno Lighting, Inc.		62,000
7,000	* JWP, Inc.		7,438
2,900	Kaydon Corp.		61,263
1,700	Kennametal, Inc.		68,213
1,000	* Kent Electronics Corp.		26,125
1,000	Kuhlman Corp.		16,750

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MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
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COMMON STOCKS--CONTINUED			
-----			
CAPITAL GOODS--CONTINUED			
2,200	*	Lamson & Sessions Co.	\$ 11,000
1,400		Lawson Products, Inc.	37,800
700	*	Lindsay Manufacturing Co.	23,625
3,000	*	Magnetek, Inc.	45,375
1,600		Manitowoc, Inc.	52,000
700	*	Martech USA, Inc.	5,600
1,800	*	Material Sciences Corp.	43,650
1,000	*	Maverick Tube Corp.	13,500
2,500		Measurex Corp.	47,188
700	*	Mestek, Inc.	5,950
300	*	Micros Systems Corp.	5,513
3,400		Mid American Waste Systems, Inc.	27,625
1,700		Moorco International, Inc.	26,138
600		MTS Systems Corp.	18,450
1,400		NACCO Industries, Inc., Class A	60,375
600	*	NCI Building Systems, Inc.	10,200
800		Newcor, Inc.	10,600
2,300		Nortek, Inc.	16,100
2,500	*	Novellus Systems, Inc.	68,750
900	*	Noxso Corp.	7,200
2,700	*	Oaks Industries, Inc.	48,600
700	*	OHM Corp.	8,400
3,100	*	Omega Environment Inc.	44,175
700	*	Osmonics, Inc.	13,825
500		Park Electrochemical Corp.	8,500
1,100	*	Park-Ohio Industries, Inc.	14,575
3,200	*	PEC Israel Economic Corp.	102,000
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MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
-----			
CAPITAL GOODS--CONTINUED			
200		Penn Engineering & Manufacturing Corp.	\$ 9,200
1,700		Pioneer Standard Electronics, Inc.	33,788

800	* Powell Industries, Inc.	5,800
600	* Presstek Inc.	15,000
800	* Raymond Corp.	13,200
1,700	Regal Beloit Corp.	37,400
700	Richardson Electronics Ltd.	4,725
400	Robbins & Myers, Inc.	7,350
9,900	Rollins Environmental Services, Inc.	51,975
1,800	Roper Industries Inc.	63,000
1,300	Saint Mary Ld & Expl Co.	18,850
2,300	* Sanifill, Inc.	40,825
1,200	Scotsman Industries, Inc.	14,850
500	* Severson Environmental Services	7,250
1,100	* Sierra Semi Conductor Corp.	8,800
2,600	* Silicon Valley Group, Inc.	28,925
700	SPS Technologies, Inc.	19,688
2,300	SPX Corp.	39,675
2,000	Standex International Corp.	43,250
1,300	Sturm Ruger & Co., Inc.	41,113
600	Synalloy Corp	8,550
800	Tennant Co.	33,600
800	Terex Corp.	6,100
1,600	* Tetra Technologies, Inc.	12,400
1,000	* Thermo Fibertek Inc.	14,250
800	* Thermo Process Systems, Inc.	6,700
1,800	Thomas Industries, Inc.	22,275

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MINI-CAP FUND

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COMMON STOCKS--CONTINUED			
CAPITAL GOODS--CONTINUED			
1,000		Tokheim Corp.	\$ 12,750
2,600		Trimas Corp.	53,625
1,100	*	U.S. Filter Corp.	26,125
1,200	*	Unique Mobility Inc.	10,200
1,400		United Industrial Corp.	8,575
700	*	United Waste System Inc.	9,450
500	*	USA Waste Services Inc.	5,438
1,100		Valmont Industries, Inc.	16,500

900	* Vans, Inc.	5,400
4,300	* VMX, Inc.	16,125
900	* Wahlco Environmental Systems, Inc.	4,725
1,800	Watts Industries Inc., Class A	82,800
1,300	* Western Waste Industries	16,900
900	Wheatley TXT Corp.	10,800
3,100	Willcox & Gibbs, Inc.	22,475
1,100	Woodhead Industries	17,050
2,900	* Worldtex, Inc.	19,575
1,200	Wyman Gordon Co.	6,000
1,200	X-Rite, Inc.	25,800
2,800	Zero Corp.	42,000
2,100	Zurn Industries, Inc.	56,700
	Total	4,309,146
	CONSUMER BASICS--12.3%	
1,900	A L Laboratories, Inc., Class A	30,163
1,000	* Abbey Healthcare Group, Inc.	24,250
1,100	* Abiomed, Inc.	9,900
900	* Advanced Magnetics, Inc.	11,138

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MINI-CAP FUND

<TABLE>			<CAPTION>		
SHARES			VALUE		
<C>	<C>	<S>	<C>		
COMMON STOCKS--CONTINUED					
CONSUMER BASICS--CONTINUED					
600	* Advanced Medical, Inc.		\$	900	
4,900	* Advanced Tissue Sciences, Inc.			43,488	
300	* Advantage Health Corp.			3,675	
1,100	* Agouron Pharmaceuticals, Inc.			12,100	
2,400	* Airgas, Inc.			99,000	
600	Alico, Inc.			11,400	
2,700	* Alliance Pharmaceutical Corp.			25,650	
1,200	* Allied Clinical Laboratories, Inc.			21,000	
1,000	* Alpha 1 Biomedicals, Inc.			22,250	
1,500	* Alpine Group, Inc.			13,688	
1,000	* Alteon, Inc.			9,250	
2,500	* American Biogenetic Sciences, Class A			13,438	
3,200	* American Healthcare Management Inc.			20,400	
1,600	* American Healthcorp, Inc.			37,200	
900	American Maize Products Co., Class A			14,963	



2,800	* Amylin Pharmaceuticals, Inc.	36,400
400	* Andros, Inc.	5,900
400	* Apton Corp.	7,900
5,000	* Applied Bioscience International, Inc.	29,375
1,574	* Applied Immune Sciences, Inc.	20,856
200	* Arden Group, Inc.	10,500
700	Armor All Products Corp.	11,988
2,700	* Athena Neurosciences, Inc.	32,738
4,000	* Aura Systems, Inc.	29,250
1,200	* Auto Immune, Inc.	9,000
4,700	Ballard Medical Products	79,313
700	* Barefoot, Inc.	21,788

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<TABLE>			<CAPTION>		
SHARES			VALUE		
<C>	<C>	<S>	<C>		
COMMON STOCKS--CONTINUED					
CONSUMER BASICS--CONTINUED					
600	* Barr Laboratories, Inc.		\$	13,800	
1,100	* Ben & Jerry's Homemade, Inc.			20,625	
100	* Benson Eyecare Corp.			800	
1,300	Bindley Western Industries, Inc.			15,600	
3,200	* Bio Technology General Corp.			17,000	
900	Biocraft Laboratories, Inc.			30,262	
800	BioWhittaker, Inc.			4,800	
400	Bridgford Food Corp.			4,400	
700	* Buttrey Food & Drug Stores Co.			4,900	
785	* Cabot Medical Corp.			4,612	
4,000	* Calgene, Inc.			68,500	
3,300	* Cambridge Biotech Corp.			11,138	
1,600	* Cambridge Neuroscience, Inc.			14,800	
2,500	* Cardinal Distribution Inc.			107,500	
800	* Carrington Laboratories, Inc.			10,300	
1,300	Casey's General Stores, Inc.			27,625	
3,600	* Cel-Sci Corp.			5,400	
1,100	* Celgene Corp.			9,625	
1,400	* Celtrix Pharmaceuticals			13,650	
7,500	* Centocor, Inc.			97,500	
1,600	* Cephalon, Inc.			25,600	

4,500	* Charter Medical Corp.	113,063
800	Chattem, Inc.	6,800
1,600	Chemed Corp.	50,200
1,300	* Chemtrak Inc.	5,363
1,751	* Chock Full O'Nuts Corp.	16,853
3,300	* Circa Pharmaceuticals, Inc.	41,250

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MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
<C>	<C>	<S>	<C>	
COMMON STOCKS--CONTINUED				
-----				
CONSUMER BASICS--CONTINUED				
600	* Circon Corp.		\$	8,400
800	* Coastal Healthcare Group, Inc.			23,600
800	Coca Cola Bottling Co.			29,600
1,700	* Collagen Corp.			45,475
2,700	* Columbia Laboratories, Inc.			15,863
1,000	* Community Health Systems, Inc.			26,250
7,800	Community Psychiatric Centers			109,200
1,200	* Copley Pharmaceutical			57,600
2,600	* Cordis Corp.			103,350
475	Corning Inc.			12,291
1,700	* Coventry Corp.			66,300
1,600	Craig Corp.			23,600
900	Crown Crafts, Inc.			15,638
3,000	* Cryomedical Sciences, Inc.			13,125
400	Culbro Corp.			6,200
800	Curtice-Burns Foods, Inc., Class A			10,900
1,900	* Cygnus Therapeutic Systems			17,338
1,400	* Cytel Corp.			7,000
3,600	* Cytogen Corp.			27,900
1,300	* Cyto Therapeutics Inc.			16,413
5,200	* Cytrex Corp.			33,800
2,200	* Datascope Corp.			36,300
800	Dekalb Genetics Corp., Class B			21,600
800	Delchamps, Inc.			19,000
3,900	* Diagnostek, Inc.			70,200
1,800	Diagnostic Products Corp.			33,300
1,800	* Disonics, Inc.			5,400

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MINI-CAP FUND

<TABLE>  
<CAPTION>  
SHARES

			VALUE
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COMMON STOCKS--CONTINUED			
CONSUMER BASICS--CONTINUED			
2,200		Dibrell Bros., Inc.	\$ 66,000
2,900	*	DNA Plant Technology	18,125
1,000	*	Doskocil Cos., Inc.	11,000
2,200		Dreyers Grand Ice Cream, Inc.	66,000
1,300		Drug Emporium, Inc.	7,150
1,900	*	Eagle Food Centers, Inc.	11,163
2,900	*	Ekco Group, Inc.	23,200
900	*	Empire of Carolina, Inc.	5,513
1,100	*	Employee Benefit Plans, Inc.	10,863
2,100	*	Enzo Biochem Corp.	35,175
3,100	*	Enzon Inc.	15,113
1,300	*	Epitope, Inc.	29,738
600		Eskimo Pie Corp.	10,650
200		Farmer Bros. Co.	30,600
1,800	*	Focal Surgery Inc.	1,350
400		Frankford Corp.	12,200
1,600	*	Franklin Quest Co.	51,200
100	*	Fresenius USA Inc.	825
700	*	Fresh Choice Inc.	18,550
1,800	*	Gencare Health Systems, Inc.	50,850
2,000	*	Genesis Health Ventures, Inc.	35,500
1,700	*	Genetic Therapy, Inc.	31,450
3,300	*	Gensia, Inc.	93,638
3,100	*	Gilead Sciences Inc.	44,175
1,900	*	Glycomed, Inc.	15,200
800		Golden Enterprises, Inc.	6,400
660		Golden Poultry, Inc.	5,610

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MINI-CAP FUND

<TABLE>  
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SHARES

			VALUE
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COMMON STOCKS--CONTINUED			

CONSUMER BASICS--CONTINUED

1,000	* Graham Field Health Products, Inc.	\$ 5,125
1,600	* Grancare, Inc.	25,200
4,400	* Greenwich Pharmaceuticals, Inc.	11,000
1,100	* Grist Mill Co.	6,325
1,500	* Hallmark Healthcare Co.	20,250
800	* Hanger Orthopedic Group	5,000
1,500	* Hauser Chemical Research, Inc.	13,500
500	* Health Infusion, Inc.	3,438
3,400	* Health Management Assoc., Class A	126,650
1,800	* Health Professionals, Inc.	2,700
6,300	* Healthcare Compare Corp.	138,600
600	Healthcare Services Group, Inc.	5,775
2,300	* Healthdyne, Inc.	16,388
5,200	* Healthsouth Rehabilitation	92,300
2,350	* Healthsource, Inc.	109,863
766	* Heartland Express, Inc.	25,661
800	* Heart Technology Inc.	18,600
3,500	Herbalife International, Inc.	54,688
14,900	* Hillhaven Corp.	58,669
900	* Home Nutritional Services, Inc.	4,725
500	Home Office Reference Laboratories, Inc.	9,500
1,600	* Homedco Group, Inc.	48,000
900	Hooper Holmes, Inc.	11,813
1,100	* Horizon Healthcare Corp.	17,738
1,000	Hudson Foods, Inc.	12,750
1,400	* I-STAT Corp.	25,200
1,800	ICN Biomedicals, Inc.	9,450

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MINI-CAP FUND

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SHARES

VALUE

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COMMON STOCKS--CONTINUED

CONSUMER BASICS--CONTINUED

3,400	* ICN Pharmaceuticals, Inc.	\$ 37,825
3,000	* ICOS Corp.	19,125
900	* ICU Medical Inc.	12,375
2,800	* IDEXX Laboratories, Inc.	70,700
1,600	* IG Laboratories Inc.	15,000

1,200	* IGI Inc.	11,850
1,900	* Immulogic Pharmaceutical Corp.	20,900
2,200	* Immune Response Corp.	27,775
2,500	* Immunex Corp.	43,125
1,900	* Immunogen, Inc.	16,625
2,700	* Immunomedics, Inc.	17,888
900	Imperial Holly Corp.	9,000
1,200	* In Home Health	4,275
1,300	* Infrasonic, Inc.	7,313
1,000	Ingles Markets, Inc.	8,750
6,400	* Instrument System Corp.	57,600
2,200	* Integrated Health Services, Inc.	64,900
500	* Intergroup Healthcare	17,250
2,800	* International Dairy Queen Inc., Class A	43,400
2,400	* Interneuron Pharmaceuticals	21,300
3,500	Interstate Bakeries Corp.	49,875
2,000	Invacare Corp.	50,500
700	* Invitro International	9,188
1,000	* Ionics, Inc.	50,250
1,900	* Isis Pharmaceuticals	15,200
1,000	* Isomedix, Inc.	19,125
1,100	* J & J Snack Foods Corp.	21,313

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MINI-CAP FUND

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SHARES

			VALUE
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COMMON STOCKS--CONTINUED			
CONSUMER BASICS--CONTINUED			
1,350	* Jason, Inc.		\$ 15,863
1,000	* Jean Phillippe Frangrances, Inc.		15,000
1,000	* Jones Medical Industries, Inc.		16,750
2,500	Life Technologies, Inc.		44,375
1,800	* Ligand Pharmaceuticals, Class A		22,050
2,300	* Lincare Holdings Inc.		100,625
2,800	* Liposome Technology, Inc.		38,500
4,000	* Liposome, Inc.		28,500
1,400	* Living Centers American Inc.		31,325
100	* Longhorn Steaks Inc.		738
600	* Lunar Corp.		7,050
132	* Lynx Therapeutic, Inc.		26

1,800	* Magainin Pharmaceuticals	23,400
1,000	* Marsam Pharmaceuticals, Inc.	24,250
800	* Matrix Pharmaceuticals	9,000
1,800	* Maxicare Health Plans, Inc.	20,700
800	* Maxxim Medical, Inc.	14,500
1,100	* Medchem Products, Inc.	7,288
1,900	* Medco Research, Inc.	22,563
1,528	Medeva PLC	10,504
900	Medex, Inc.	13,050
6,600	* Medical Care America, Inc.	164,175
900	Medicine Shoppe International, Inc.	20,925
1,100	* Medimmune, Inc.	23,375
700	* Medipllex Group, Inc.	17,850
900	Mediq, Inc.	4,219
600	* Medrad, Inc.	7,950

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MINI-CAP FUND

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SHARES			VALUE	
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COMMON STOCKS--CONTINUED				
CONSUMER BASICS--CONTINUED				
113	* Mental Health Management, Inc.		\$	464
1,400	Mentor Corp.			20,650
700	Meridian Diognostic			6,475
600	* Meris Laboratories, Inc.			2,925
1,900	* MGI Pharmaceutical, Inc.			27,550
2,000	Michaels Foods			18,250
2,400	* Mid Atlantic Medical Services, Inc.			72,600
800	Midwest Grain Products, Inc.			19,400
700	Mine Safety Appliances Co.			31,500
500	* Minntech Corp.			4,813
400	* Mitek Surgical Products, Inc.			8,750
2,000	* Molecular Biosystems, Inc.			49,500
1,500	* Molecular Dynamics, Inc.			18,275
800	Monk--Austin, Inc.			12,300
800	* Mr. Coffee, Inc.			7,200
1,800	* National Vision Association			19,575
1,100	* Namic USA Corp.			9,075
1,900	Nash Finch Co.			38,000

1,800	National Health Investors, Inc.	52,650
2,800	* National Intergroup, Inc.	43,050
800	* Nature's Bounty, Inc.	13,300
1,233	Natures Sunshine Products, Inc.	13,563
2,800	* Nellcor, Inc.	63,700
2,000	* Neorx Corp.	4,938
2,600	Neutrogena Corp.	50,050
1,200	* Noven Pharmaceuticals, Inc.	15,450
1,800	* OEC Medical Systems, Inc.	13,275

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MINI-CAP FUND

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COMMON STOCKS--CONTINUED		
CONSUMER BASICS--CONTINUED		
1,000	Omega Healthcare Investors	\$ 25,000
1,500	Omnicare, Inc.	41,250
2,300	* Oncogene Science, Inc.	10,063
2,400	* Oncor, Inc.	21,000
900	* Optical Radiation Corp.	13,725
1,500	* Organogenesis, Inc.	12,000
3,300	* Ornda Healthcorp	48,675
3,650	Owens & Minor, Inc.	78,475
2,200	* Oxford Health Plans, Inc.	86,900
600	* Pacific Physician Services, Inc.	12,900
1,200	* Patterson Dental Co.	38,700
1,500	* Penn Traffic Co.	57,000
1,100	Penwest Ltd.	22,825
1,100	* Pharmaceutical Marketing Services	15,675
2,075	* Pharmos Corp.	17,897
700	* Phycor, Inc.	20,125
500	* Physicians Clinical Lab	6,250
900	* Physicians Health Services	15,863
900	Pilgrims Pride Corp.	7,200
1,400	PMC Cap, Inc.	18,550
2,100	* Preferred Healthcare Ltd.	64,575
3,100	* Primark Corp.	39,913
4,300	* Primedex Health Systems, Inc.	15,050
1,400	* Procyte Corp.	22,050
1,500	* Protein Design Laboratories, Inc.	31,500

1,000	* Pure Pacific	22,500
1,900	Puritan Bennett Corp.	31,350

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MINI-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
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COMMON STOCKS--CONTINUED		
CONSUMER BASICS--CONTINUED		
2,000	Purolator Prods Co.	\$ 38,000
2,200	* Quantum Health Research, Inc.	59,950
2,500	* Quidel Corp.	12,500
3,100	* Radiation Care Inc.	6,588
1,000	* Ramsay HMO, Inc.	30,250
800	* Regency Health Services Inc.	9,000
2,100	* Regeneron Pharmaceuticals, Inc.	38,325
700	* Rehabclinics Inc.	14,000
900	* Relife, Ince.	11,025
1,900	* Ren Corp. USA	20,425
1,400	* Repligen Corp.	11,550
1,600	* Research Industries Corp.	13,600
1,100	* Respironics, Inc.	21,450
4,300	* Response Technologies, Inc.	10,481
1,700	* Ribi Immunochem Research, Inc.	12,113
3,600	Richfood Holdings, Inc.	56,700
800	* Riser Foods, Inc.	6,800
500	RLI Corp.	12,500
1,500	* Roberts Pharmaceutical Corp.	58,125
400	* Rotech Medical Corp	5,200
4,200	* Royce Labs	11,550
2,000	Ruddick Corp.	43,250
1,800	Rykoff S E & Co.	33,075
1,000	* Salick Healthcare, Inc.	15,750
800	Sanderson Farms, Inc.	12,400
4,500	Savannah Foods & Industries, Inc.	68,625
300	* Scherer Healthcare, Inc.	6,488

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MINI-CAP FUND



<TABLE> <CAPTION> SHARES			VALUE
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COMMON STOCKS--CONTINUED			
CONSUMER BASICS--CONTINUED			
800	*	Sciclone Pharmaceuticals	\$ 19,100
5,500	*	Scios Nova, Inc.	60,500
100		Seaboard Corp.	18,800
900	*	Seragen Inc.	8,775
1,600	*	Shaman Pharmaceuticals, Inc.	20,400
1,300	*	Sierra Healthservices, Inc.	21,288
1,900	*	Smithfield Foods, Inc.	29,925
1,900	*	Solv Ex Corp.	10,806
2,200	*	Somatix Therapy Corp.	17,050
1,300	*	Somatogen, Inc.	15,275
1,800	*	Spacelabs, Inc.	42,750
900		Standard Commercial Inc.	14,850
3,200		Stanhome Inc.	88,800
1,200		Starrett L S Co., Class A	29,550
600		Stepan Chemical Co.	17,775
700	*	Sullivan Dental Products, Inc.	13,125
400	*	Summit Care Corp.	6,200
1,900		Summit Health Ltd.	13,063
2,900	*	Summit Technology, Inc.	74,675
2,500		Sunrise Medical Inc.	61,875
800	*	Sunrise Technologies, Inc.	4,500
2,000		Super Food Services, Inc.	23,000
800	*	Super Rite Foods Holdings Corp.	8,400
3,800	*	Sybron Corp.	106,400
1,500	*	Syncor International Corp.	26,250
4,200	*	Synergen Inc.	60,375
700	*	Systemix Inc.	14,000

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MINI-CAP FUND

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COMMON STOCKS--CONTINUED			
CONSUMER BASICS--CONTINUED			
7,300	*	T2 Medical Inc.	\$ 56,575
1,800	*	Taco Cabana Inc.	37,350

1,000	* Takecare, Inc.	45,125
800	Tasty Baking Corp.	11,000
1,200	* Techne Corp.	15,900
2,400	* Technological Medical Products, Inc.	40,200
1,300	Tejon Ranch Co.	20,475
2,800	* Telios Pharmaceuticals	18,550
800	* Theratech Inc. Utah	12,600
1,400	* Thermedics, Inc.	36,050
800	* Thermo Cardiosystems, Inc.	28,500
1,950	* Thermotrex Corp.	29,006
2,900	* Tokos Medical Corp. Del	18,850
300	Thorn Apple Valley, Inc.	5,250
2,100	* Total Pharmaceutical Care, Inc.	47,775
700	* Triconex Corp.	10,150
1,600	* Trimeddyne Corp.	13,000
5,500	* U.S. Bioscience, Inc.	55,000
3,300	* Unilab Corp.	19,800
2,100	Univax Biologies, Inc.	18,900
2,300	* Universal Health Services, Inc., Class B	47,438
1,350	Utah Medical Products, Inc.	12,488
500	* Vallen Corp.	6,875
2,500	* Vencor Inc.	59,375
3,500	* Ventritex, Inc.	126,000
1,300	* Vertex Pharmaceuticals, Inc.	19,500
1,800	* Vestar, Inc.	14,850

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MINI-CAP FUND

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COMMON STOCKS--CONTINUED			
CONSUMER BASICS--CONTINUED			
900	* Viratek, Inc.	\$	12,375
1,300	* Visx, Inc.		21,775
900	* Vital Signs, Inc.		17,100
2,300	* Vivra, Inc.		75,325
800	* Whole Foods Markets, Inc.		33,200
1,600	WLR Foods, Inc.		30,400
2,700	* Xoma Corp.		18,225
800	* Zenith Laboratories, Inc.		64,000
2,800	* Zila, Inc.		9,625

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	Total	9,359,717
	-----	-----
	CONSUMER DURABLES--2.9%	
	-----	-----
3,300	Aaron Rents, Inc., Class A	37,538
3,900	Albany International Corp.	70,200
3,700	Allen Group, Inc	83,250
3,300	Arctco, Inc.	76,725
3,000	* Automotive Industries Holdings, Inc.	83,250
2,500	* Bassett Furniture Industries, Inc.	75,625
2,750	* Best Buy Co., Inc.	165,688
2,400	Carlisle Cos, Inc.	80,100
900	* Chromcraft Revington Inc.	16,650
2,500	Clarcor, Inc.	44,375
900	Coachmen Industries, Inc.	13,050
200	Dart Group Corp., Class A	16,200
800	* Discount Auto Parts, Inc.	20,400
300	Douglas & Lomason Co.	5,250
600	* Durakon Industries, Inc.	8,100
600	Dynamics Corp. America	10,200

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MINI-CAP FUND

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SHARES

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COMMON STOCKS--CONTINUED		
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CONSUMER DURABLES--CONTINUED		
900	Excel Industries, Inc.	\$ 16,650
600	* Falcon Products, Inc.	6,300
3,200	Fedders USA Inc.	20,000
1,600	* Finish Line Inc., Class A	12,800
1,000	Flexsteel Industries, Inc.	16,000
2,500	* Genelabs Technologies, Inc.	12,500
400	General Housewares Corp.	5,350
660	Genovese Drug Stores, Inc., Class A	7,013
2,900	* Gentex Corp.	85,550
1,600	Hayes Wheels International Inc.	38,400
1,400	* Hi Lo Automotive, Inc.	15,575
1,000	* Insurance Automotive Auctions, Inc.	40,500
2,600	Interface Flooring, Inc., Class A	36,075
1,300	Kinetic Concepts, Inc.	5,038
800	Knape & Vogt Manufacturing Co.	17,200

2,100	LA Z Boy Chair Co.	67,200
3,000	Ladd Furniture, Inc.	29,250
100	* Larizza Industries Inc.	900
2,000	* Lechters, Inc.	23,000
440	* Lifetime Hoan Corp.	7,590
2,200	* Lo-Jack Corp.	11,688
900	LSB Industries Inc.	9,675
400	Lumex, Inc.	4,250
500	* Monro Muffler Brake, Inc.	7,375
1,400	Myers Industries, Inc.	32,550
900	National Presto Industries, Inc.	49,500
1,300	O'Sullivan Corp.	12,025

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MINI-CAP FUND

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COMMON STOCKS--CONTINUED				
CONSUMER DURABLES--CONTINUED				
3,700	Oakwood Homes Corp.		\$	99,900
1,300	OshKosh Truck Corp., Class B			12,188
1,000	* Projectivision Inc.			11,500
300	Pulaski Furniture Corp.			5,550
600	* Pure Tech International, Inc.			9,000
3,100	* Royal Appliance Mfg Co.			20,538
800	Shelby Williams Industries, Inc.			10,100
2,100	Simpsons Industries, Inc.			36,750
1,800	Skyline Corp.			32,175
1,600	(A.O.) Smith Corp.			44,800
450	* Southern Electronics Corp.			4,950
1,500	Spartan Motors, Inc.			25,313
1,500	Standard Motor Products, Inc., Class A			35,625
3,025	Standard Products Co.			103,606
4,950	* TBC Corp.			58,163
600	Thor Industries, Inc.			12,150
800	* Tops Appliance City Inc.			18,200
1,800	Toro Co.			45,675
2,000	Wabash National Corp.			54,000
1,200	Walbro Corp.			32,100
2,700	West, Inc.			64,125
1,700	* Winnebago Industries, Inc.			12,113

900	Wynns International, Inc.	17,550
5,200	* Zenith Electronics Corp.	40,950
	Total	2,203,576

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<TABLE> <CAPTION> SHARES		VALUE
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COMMON STOCKS--CONTINUED		
CONSUMER NON-DURABLES--6.4%		
1,900	* 50 Off Stores, Inc.	\$ 13,775
600	* Alexanders, Inc.	35,175
6,300	* Ames Department Stores, Inc.	10,631
300	Amoskeag Co.	11,813
1,000	Amre, Inc.	4,125
1,500	Angelica Corp.	37,313
3,800	* Ann Taylor Stores, Inc.	105,450
1,700	Arbor Drugs, Inc.	33,363
1,300	* Authentic Fitness Corp.	35,425
1,400	* Bell Sports Corp.	59,500
2,200	Baker J., Inc.	38,225
1,600	Big B, Inc.	20,800
1,300	Blair Corp.	57,525
600	* Books-A-Million, Inc.	14,100
800	* Bon Ton Stores, Inc.	6,900
1,800	Bradlees, Inc.	24,975
3,200	Brown Group, Inc.	108,800
100	* Buckle Inc.	1,813
1,800	* Cache, Inc.	10,800
3,000	* Caldor Corp.	96,750
3,500	* Canandaigua Wine, Inc., Class B	81,813
8,100	* Carter Hawley Hale	113,400
4,800	Cash America International Inc.	44,400
1,200	* Catherines Stores Corp.	21,000
3,700	Cato Corp.	85,100
1,900	* Charter Golf, Inc.	22,088
700	* Chaus Bernard, Inc.	1,750

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<TABLE> <CAPTION> SHARES			VALUE
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COMMON STOCKS--CONTINUED			
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CONSUMER NON-DURABLES--CONTINUED			
3,600		Claire S Stores, Inc.	\$ 63,900
1,300	*	Clothestime, Inc.	10,400
700	*	Concord Camera Corp.	4,113
4,400	*	Cone Mills	70,400
2,500		CPI Corp.	43,750
875		Culp, Inc.	12,250
600	*	Custom Chrome Inc.	14,550
1,200	*	Damark International, Inc., Class A	24,300
700		Deb Shops, Inc.	4,900
2,800		Delta Woodside	30,450
1,950	*	Designs, Inc.	29,250
1,600		Dixie Yarns, Inc.	14,800
2,400	*	Dress Barn, The	31,200
2,200		Dyersburg Corp.	16,500
2,800	*	Eagle Hardware & Garde	82,950
600		Elco Industries, Inc.	10,650
2,100	*	ElectroCom Automation	27,038
1,600	*	ERO Inc.	10,400
1,000	*	Ezcorp, Inc., Class A	14,500
800		Fab Industries	28,300
800	*	Fabric Centers of American, Inc.	12,500
1,800		Fays, Inc.	11,475
1,500		Fieldcrest Cannon, Inc.	40,313
2,300	*	Filenes Basement Corp.	25,300
266		Fredericks of Hollywood, Inc., Class A	1,867
532		Fredericks of Hollywood, Inc., Class B	3,325
1,200		Freds Inc., Class A	17,400
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<TABLE> <CAPTION> SHARES			VALUE
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COMMON STOCKS--CONTINUED			
-----			
CONSUMER NON-DURABLES--CONTINUED			
2,300		G & K Services, Class A	\$ 54,050
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1,700	* Galey & Lord, Inc.	19,125
600	Garan, Inc.	19,200
3,000	General Host Corp.	21,750
3,900	* Genesco, Inc.	25,350
400	Goody Products, Inc.	9,800
900	* Goodys Family Clothing, Inc.	12,825
600	* Gottschalks, Inc.	5,025
3,700	* Grossmans, Inc.	11,331
1,600	Guilford Mills, Inc.	32,000
3,600	Hancock Fabrics, Inc.	35,550
900	Hancock Holding Co.	31,725
5,600	Handleman Co.	68,600
7,900	* Hanover Direct Inc.	56,288
4,100	Hartmarx Corp.	27,675
1,350	Haverty Furniture Cos, Inc.	22,781
5,200	Hechinger Co., Class A	50,050
700	* Helen of Troy Corp.	11,725
1,000	Helene Curtis Industries, Inc.	26,500
2,400	* Hook-Super Px Inc.	16,800
3,200	House Fabrics, Inc.	26,000
2,100	Huffy Corp.	41,213
1,500	* Intertan, Inc.	7,688
400	Jacobson Stores, Inc.	4,750
3,300	* Jan Bell Marketing, Inc.	39,188
700	* Jennifer Convs Inc.	8,663
600	Johnston Industries, Inc.	11,100

</TABLE>

MINI-CAP FUND

<TABLE>			<CAPTION>		
SHARES			VALUE		
<C>	<C>	<S>	<C>		
COMMON STOCKS--CONTINUED					
CONSUMER NON-DURABLES--CONTINUED					
300	* K-Swiss, Inc., Class A		\$	6,675	
2,500	Kellwood Co.			97,500	
3,200	* LA Gear, Inc.			36,800	
1,400	Lands End Inc.			59,500	
2,200	* Leslie Fay Cos, Inc.			6,875	
800	Lillian Vernon Co.			14,500	
400	* Little Switzerland, Inc.			3,100	
700	* Luria L & Son Inc.			8,663	

5,400	* MacFrugal's Bargains CloseOuts, Inc.	86,400
450	* Mens Wearhouse, Inc.	13,613
2,200	* Michaels Stores, Inc.	80,850
3,400	* Mohawk Industries, Inc.	96,050
2,200	Morningstar Group, Inc.	15,950
5,100	* Musicland Stores, Inc.	114,750
1,100	* Natural Wonders, Inc.	12,100
500	* Nature Food Centres, Inc.	6,313
3,000	Neiman-Marcus Group	48,375
2,100	* Nutmeg Industries, Inc.	31,500
500	* Nutramax Products, Inc.	7,500
800	* Old America Stores, Inc.	10,600
400	* One Price Clothing Stores, Inc.	6,800
1,600	Oneida Ltd.	20,600
600	Optical Coating Laboratories, Inc.	4,200
1,900	OshKosh B Gosh, Inc., Class A	34,675
1,100	Oxford Industries, Inc.	25,988
1,700	* Perry Drug Stores, Inc.	11,050
6,300	Pier One Imports, Inc.	66,150

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MINI-CAP FUND

<TABLE>		<CAPTION>	
SHARES		VALUE	
<C>	<C> <S>	<C>	
COMMON STOCKS--CONTINUED			
CONSUMER NON-DURABLES--CONTINUED			
900	* Peoplesoft, Inc.	\$	34,425
1,000	* Proffitts, Inc.		33,750
1,100	* Quicksilver, Inc.		12,650
5,800	* Revco D S Inc.		89,175
4,700	* Roadmaster Industries, Inc.		24,088
1,700	Roses Stores, Inc., Class B		1,913
4,600	* Ross Stores, Inc.		71,875
1,700	Russ Berrie & Co.		23,163
600	* S&K Famous Brands Inc.		12,300
1,300	* Salem Sportswear Corp.		16,575
2,600	* Scholastic Corp.		135,200
700	* Score Board Inc.		21,700
2,700	Shopko Stores Inc.		28,013
1,200	* Signal Apparel, Inc.		9,300



1,200	* SLM International, Inc.	52,800
1,100	* Sports & Recreation Inc.	34,650
500	Saint Ives Labs Corp.	5,375
750	* Stein Mart Inc.	16,875
1,236	Strawbridge & Clothier	25,956
800	Superior Surgical Manufacturing, Inc.	10,600
1,500	* Swing-N-Slide Corp.	19,875
700	Syms Corp.	7,700
3,500	* Systemed, Inc.	14,438
900	* Tandy Brands Accessories, Inc.	16,538
600	* Tandycrafts, Inc.	9,075
1,800	* The Good Guys, Inc.	23,400
800	Thomaston Mills, Inc.	15,800

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MINI-CAP FUND

<TABLE>			
<CAPTION>			
SHARES			VALUE
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COMMON STOCKS--CONTINUED			
CONSUMER NON-DURABLES--CONTINUED			
2,400		Tiffany and Co.	\$ 78,300
1,300	*	Timberland Co., Class A	102,213
500	*	Todays Man Inc.	7,625
300	*	Trak Auto Corp.	3,825
500	*	Tuesday Morning Corp.	4,625
4,900		Tultex Corp.	39,200
6,300		Tyco Toys Inc.	70,875
700		Unifirst Corp.	23,275
1,800	*	United Retail Group Inc.	22,275
800		Unitog Co.	19,400
1,700	*	Value City Department Stores, Inc.	28,050
3,000		Venture Stores Inc.	67,125
400	*	Vista Research, Inc.	10,600
1,400		VWR Corp.	18,550
6,000	*	Waban Inc.	75,750
1,600	*	Wet Seal, Inc.	7,400
1,300	*	Williams Sonoma Corp.	34,450
2,300	*	Windmere Corp.	18,975
1,200		Wolverine World Wide, Inc.	37,350
1,500	*	Younkers Inc.	36,375
		Total	4,850,866

CONSUMER PRODUCTS--0.0%		
2,400	Figgie International Holdings, Inc., Class A	36,600
CONSUMER SERVICES--2.8%		
600	Airtran, Inc.	5,550
2,300	Alaska Air Group, Inc.	36,800
1,000	* AMC Entertainment, Inc.	13,625

MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
CONSUMER SERVICES--CONTINUED			
2,700	American Studios, Inc.		\$ 18,225
1,000	Anthony Industries, Inc		16,000
1,125	Apple South, Inc.		25,313
2,100	Applebees International, Inc.		54,600
1,500	* Au Bon Pain Co., Inc., Class A		30,000
6,300	* Aztar Corp.		44,100
400	* Baldwin Piano & Organ Co.		6,750
1,300	* Bally Gaming International, Inc.		29,250
8,400	Bally Manufacturing Corp.		84,000
1,000	* Bertuccis, Inc.		21,000
300	Bowl America, Inc., Class A		6,450
5,500	* Buffets, Inc.		129,250
1,200	* CCAIR Inc.		8,550
2,300	Callaway Golf Co.		133,400
900	* Carmike Cinemas, Inc.		17,213
900	* Chart House Enterprises, Inc.		9,338
3,000	Comair Holdings, Inc.		93,750
1,100	Cooker Restaurant Corp.		15,675
800	Donnelly Corp.		15,900
2,100	* Elsinore Corp.		14,438
6,500	* Foodmaker, Inc.		58,500
300	Frischs Restaurants, Inc.		4,725
800	* Ground Round Restaurants, Inc.		6,100
1,800	Hollywood Park Inc.		54,000
1,300	* IHOP Corp.		35,100
2,000	* Image Entertainment, Inc.		15,000
3,700	* International Family Entertainment, Inc., Class B		74,463

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MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
CONSUMER SERVICES--CONTINUED			
1,500		Jackpot Enterprises, Inc.	\$ 23,250
800	*	Johnson Worldwide Assoc., Inc.	17,800
2,800		Karcher Carl Enterprises, Inc.	25,200
600	*	Krystal Co.	7,650
2,400		La Quinta Motor Inns, Inc.	75,900
1,200		Marcus Corp.	31,500
2,700	*	National Pizza Co., Class A	18,900
1,900	*	New Line Cinemas Corp.	47,500
700	*	Old Dominion Freight Lines, Inc.	13,475
3,300		Outboard Marine Corp.	58,163
500		Petroleum Helicopters, Inc.	8,000
1,200		Piccadilly Cafeterias, Inc.	14,400
800	*	Players International Inc.	19,000
500		PS Group, Inc.	5,375
1,000	*	Quantum Restaurant Group	10,500
1,600	*	Rallys, Inc.	15,600
700		Raven Industries, Inc.	14,350
666	*	Recoton Corp.	15,485
700	*	RHI Entertainment, Inc.	15,838
3,000	*	Rio Hotel & Casino, Inc.	48,750
4,400		Rollins Truck Leasing Corp.	78,650
600		Roto Rooter, Inc.	17,850
9,700	*	Ryan's Family Steak Houses, Inc.	80,025
400	*	Sahara Gaming Co.	6,950
400		Sands Regent	6,100
1,400		Sbarro, Inc.	60,200
600	*	Sholodge Inc.	13,950

MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
<C>	<C>	<S>	<C>

## COMMON STOCKS--CONTINUED

CONSUMER SERVICES--CONTINUED		
1,700	* Showbiz Pizza Time, Inc.	\$ 24,650
2,000	Showboat, Inc.	39,750
4,100	Sizzler International, Inc.	41,513
800	Skywest Inc.	22,900
1,100	* Sonic Corp.	27,775
100	* Sportmart Inc.	1,138
700	* Spaghetti Warehouse, Inc.	7,088
2,500	TCBY Enterprises, Inc.	14,375
3,300	* TPI Enterprises Inc.	39,188
1,000	* United Gaming, Inc.	10,625
1,500	* Uno Restaurant Corp.	14,625
1,500	* Vicorp Restaurants, Inc.	31,125
1,300	* Video Lotteries Technologies, Inc.	21,450
2,400	* Worldcorp, Inc.	11,700
	Total	2,135,328
ENERGY--3.3%		
1,300	* Addington Resources, Inc.	23,725
12,600	* American Exploration Co.	18,900
9,600	* American International Petroleum Corp.	42,000
2,800	* Arabian Shield Development	7,700
1,000	Ashland Coal, Inc.	28,000
1,300	* Amos Energy Corp.	40,463
800	* Atwood Oceanics, Inc.	9,600
1,600	* Barrett Resources	19,200
500	* Basin Exploration	7,375
2,600	* Benton Oil & Gas Co.	18,200
2,600	Berry Petroleum Co., Class A	23,725

&lt;/TABLE&gt;

## MINI-CAP FUND

<TABLE> <CAPTION>			VALUE
SHARES			
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
ENERGY--CONTINUED			
2,600	* BJ Services Corp.		\$ 58,825
3,000	* Box Energy Corp., Class A		61,500
3,500	Cabot Oil & Gas Corp., Class A		84,000
3,500	* Chiles Offshore Corp.		22,750
1,600	* Coda Energy Inc.		10,000

1,300	* Coho Energy	7,475
900	Crown Center Petroleum Corp., Class A	14,175
400	* Crystal Oil Corp.	10,550
1,600	Dekalb Energy Co., Class B	27,600
3,500	Devon Energy Corp.	70,438
4,900	* Digicon, Inc.	13,475
1,700	Energen Corp.	44,625
15,600	* Energy Services, Inc.	54,600
1,600	* Energy Ventures, Inc.	29,000
3,300	* Forest Oil Corp.	13,200
1,800	* Gerrity Oil & Gas Corp.	30,375
1,100	Getty Petroleum Corp.	14,300
1,200	Giant Industries, Inc.	14,100
3,500	* Global Natural Resources, Inc.	30,188
500	* Hadson Energy Resources Corp.	7,563
400	Holly Corp.	11,100
700	* Hondo Oil & Gas Co.	5,338
1,500	* Hornbeck Offshore Service	27,938
600	Howell Corp.	6,450
1,300	* HS Resources, Inc.	31,525
4,500	* INDRESCO, Inc.	56,813
1,700	Kcs Group Inc.	49,513

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MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
<C>	<C>	<S>	<C>	
COMMON STOCKS--CONTINUED				
ENERGY--CONTINUED				
1,600	*	Kelley Oil Corp.	\$	18,800
1,100		Lufkin Industries, Inc.		23,925
7,100	*	Marine Drilling Cos., Inc.		53,250
1,200	*	Matrix Services Co.		11,100
7,000	*	Mesa, Inc.		52,500
9,400	*	Nabors Industries, Inc.		82,250
5,300	*	Noble Drilling Corp.		52,338
1,200	*	Nuevo Energy Co.		27,600
4,000	*	Oceaneering International, Inc.		68,500
1,400	*	Offshore Pipelines, Inc.		23,275
9,100	*	Parker Drilling Co.		62,563

1,600	Petroleum Heat & Power, Inc., Class B	32,000
796	Petroleum Heat & Power, Inc., Class A	7,562
700	* Phoenix Resources Cos, Inc.	23,188
1,700	Plains Petroleum Co.	41,650
1,700	* Plains Resources, Inc.	15,088
800	* Plexus Corp.	12,300
4,700	* Pogo Producing Co.	85,775
2,100	* Pool Energy Services, Co.	23,363
2,600	* Pride Petroleum Services, Inc.	16,900
1,300	Production Operations Corp.	35,100
4,600	Quaker State Corp.	63,825
5,800	* Reading & Bates Corp.	52,200
1,000	* RPC Energy Services, Inc.	8,000
6,100	* Smith International, Inc.	67,863
3,500	Snyder Oil Corp.	70,000
800	* Southern Union Co.	23,400

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MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
<C>	<C>	<S>	<C>	
COMMON STOCKS--CONTINUED				
ENERGY--CONTINUED				
900	*	Swift Energy Co.	\$	11,475
1,000	*	Tejas Power Corp.		10,250
2,100	*	Tesoro Petroleum Corp.		14,175
1,100	*	Tide West Oil Co.		10,725
2,700	*	Tuboscope Vetco International Corp.		21,938
3,600	*	Unit Corp.		13,950
1,400	*	USX-Delhi Group		27,300
4,800	*	Varco International, Inc.		37,800
1,500		Vintage Petroleum, Inc.		33,563
3,200	*	Wainoco Oil Corp.		13,600
9,000	*	Weatherford International		102,375
2,700	*	Western Co. Of North America		39,825
500		Westmoreland Coal Co.		3,375
1,751		Wilshire Oil Co.		12,038
1,300		Wiser Oil Co.		23,563
12,900	*	Zapata Corp.		17,738
		Total		2,494,309

FINANCE--15.6%		
600	1st Source Corp.	15,450
1,600	* Advanced Polymer Systems, Inc.	10,000
600	* Advantage Bancorp, Inc.	16,350
2,500	* Albank Financial Corp.	50,000
2,500	Alex Brown, Inc.	65,938
3,400	Alfa Corp.	41,650
800	Allied Capital Corp.	10,000
2,000	Allied Capital Commercial Corp.	33,250
1,200	Allied Group, Inc.	35,400

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MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
FINANCE--CONTINUED			
900	AmCore Financial, Inc.		\$ 24,750
2,900	American Bankers Insurance Group, Inc.		76,488
400	American Financial Enterprises		9,750
900	American Heritage Life Investments		17,775
2,500	American Income Holdings, Inc.		65,313
2,100	* American Residential		48,300
1,000	* American Savings		18,375
1,500	* American Travellers Corp.		20,438
5,300	* Americredit Corp.		41,075
500	Amerifed Financial Corp.		16,438
2,300	* Ampal American Israel Corp., Class A		28,463
100	* Ampex, Inc., Class A		450
2,400	* AmVestors Financial		25,500
2,300	Anchor Bancorp Wi, Inc.		59,800
3,700	Anchor Bancorp, Inc.		56,425
2,200	* Anthem Electronics		70,675
500	* Arbor National Holdings, Inc.		9,375
2,100	Asset Investment Corp.		4,988
2,090	Associated Banc Corp.		79,420
1,200	* Atlanta Sosnoff Capital Corp.		12,150
1,300	Avemco Corp.		26,975
900	Baldwin & Lyons, Inc., Class B		39,600
3,000	Baltimore Bancorp		38,250
1,200	Bancorpsouth, Inc.		48,600

100	Bank Atlantic	1,588
800	Bank Granite Corp.	24,000
7,800	Bank South Corp.	114,075

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MINI-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
<C>	<C> <S>	<C>
COMMON STOCKS--CONTINUED		
FINANCE--CONTINUED		
930	Bankers Corp.	\$ 33,248
1,200	Banknorth Group, Inc.	24,600
1,100	Bankworchester Corp.	34,925
1,000	Bay View Capital Corp.	21,375
1,000	* Bell Bancorp, Inc.	49,750
1,000	BHC Financial, Inc.	29,000
100	* BOK Financial Corp.	2,425
1,600	* Borg-Warner Security Corp.	32,000
1,100	Boston Bancorp	44,825
400	Boulevard Bancorp, Inc.	9,725
500	Brenton Banks, Inc.	14,063
400	BSB Bancorp, Inc.	17,200
525	BT Financial Corp.	16,538
4,120	* California Federal Bank Los Angeles	52,015
500	Cal Rep Bancorp Inc.	12,750
2,000	Capital Re Corp.	52,500
400	Capital Southwest Corp.	14,900
800	Capitol Transamerica Corp.	14,600
2,700	Capstead Management Corp.	104,625
1,100	Cathay Bancorp, Inc.	16,363
1,300	CCB Financial Corp.	46,800
1,600	* Centerbank Waterbury Conn.	21,400
1,100	Central Jersey Bancorp	26,675
3,100	Centura Banks, Inc.	64,713
945	Charter Bancshares Inc.	12,876
2,700	Charter One Financial, Inc.	91,125
980	Chemical Financial Corp.	46,550

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MINI-CAP FUND



<TABLE> <CAPTION> SHARES			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
FINANCE--CONTINUED			
1,000		Chittenden Corp.	\$ 18,750
900	*	Citadel Holding Corp.	15,638
700		Citfed Bancorp Inc.	18,725
1,900		Citizens Bancorp	53,200
1,800		Citizens Banking Corp.	45,000
7,400		Citizens First Bancorp, Inc.	55,500
1,100	*	Citizens, Inc., Class A	8,663
6,200		City National Corp.	47,275
1,700		CMAC Investment Corp.	57,588
1,970		CNB Bancshares, Inc.	63,286
800	*	Coastal Banc Savings Association	10,900
3,100		Coast Savings Financial, Inc.	45,338
4,350		Collective Bancorp, Inc.	94,613
1,100		Colonial Bancgroup, Inc., Class A	23,375
500	*	Columbia First Federal Savings	16,250
920		Commerce Bancorp, Inc.	15,180
1,050	*	Commercial Assets Inc.	6,694
2,300	*	Commercial Federal Corp.	48,588
500		Community Banking Systems, Inc.	15,250
900		Community First Bankshares, Inc.	13,050
1,800	*	Concord EFS, Inc.	40,950
4,900		Constellation Bancorp	53,900
3,800		Countrywide Mortgage Investments, Inc.	38,950
900		CPB, Inc.	23,400
2,400	*	Cragin Financial Corp.	88,200
900	*	Credit Acceptance Corp.	33,750
1,600	*	CSF Holdings, Inc.	36,800

MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
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COMMON STOCKS--CONTINUED			
FINANCE--CONTINUED			
1,720		Cullen Frost Bankers, Inc.	\$ 58,050

400	Cumberland Federal Bancorporation	15,850
700	CVB Financial Corp.	9,800
1,400	* Danielson Holding Corp.	10,850
400	Deerbank Corp.	15,000
400	* Delphi Financial Group, Inc.	9,300
3,000	Deposit Guaranty Corp.	87,375
10,200	Dime Savings Bank New York	82,875
1,600	Downey Savings & Loan Assn.	42,200
3,000	Duff & Phelps Corp.	62,625
1,500	Eaton Vance Corp.	52,500
800	EMC Insurance Group, Inc.	7,000
2,800	Enhance Financial Services Group	59,500
1,500	* Equicredit Corp.	36,000
500	Evergreen Bancorp, Inc.	6,250
500	F & C Bancshares, Inc.	9,250
600	F & M Bancorp	14,100
1,500	F & M National Corp.	23,813
400	Falls Financial, Inc.	9,900
1,200	Farm & Home Financial Corp.	27,600
600	Farmers Capital Bank Corp.	20,400
1,050	Fidelity National Financial, Inc.	38,588
500	* Financial Industries Corp.	9,500
860	Financial Trust Corp.	36,980
1,500	First American Financial Corp.	51,000
800	* First Armadillo Bancorporation	21,200
4,200	First Bancorp, Inc.	124,950

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MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
<C>	<C>	<S>	<C>	
COMMON STOCKS--CONTINUED				
FINANCE--CONTINUED				
1,400		First Citizens Bancshares, Inc.	\$	69,300
1,200		First Colonial Bankshares Corp., Class A		22,200
100		First Commerce Bancshares, Inc.		1,550
400		First Commerce Bank		5,700
2,100		First Commercial Corp.		69,825
1,500		First Commonwealth Financial Corp.		48,000
2,100		First Eastern Corp.		52,238
600		First Federal Capital Corp.		10,650

1,000	* First Federal Savings Bank	22,500
	** First Fidelity Bancorp	5
1,200	First Financial Bancorp	66,600
600	First Financial Caribbean	21,900
600	First Financial Corp.	18,300
3,900	First Financial Corp.	68,250
600	First Financial Holdings, Inc.	9,000
675	First Indiana Corp.	16,538
600	First Merchants Corp.	18,600
1,995	First Michigan Bank Corp.	56,858
2,100	First Midwest Bancorp, Inc.	57,225
1,850	First National Bancorp	37,925
1,327	* First Republican Bancorp, Inc.	20,403
1,300	* First Savings Bank	22,100
600	First United Bancshares	17,700
900	First United Bank Group, Inc.	22,500
935	First Western Bancorp, Inc.	29,453
1,000	Firstbank Illinois Co.	37,000
600	* Firstfed Bancshares Indiana	13,125

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MINI-CAP FUND

<TABLE>		<CAPTION>	
SHARES		VALUE	
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COMMON STOCKS--CONTINUED			
FINANCE--CONTINUED			
1,800	* Firstfed Financial Corp.	\$	32,850
2,850	Firstfed Michigan Corp.		64,125
900	F&M Distributors, Inc.		7,650
2,700	Foothill Group, Inc.		38,138
1,300	Foremost Corp.		46,800
700	Fortune Bancorp, Inc.		19,775
1,300	Fort Wayne National Corp. Inc.		52,000
2,200	Fremont General Corp.		58,025
1,070	Frontier Insurance Group, Inc.		53,500
2,420	Fulton Financial Corp.		62,920
2,614	Gainsco, Inc.		26,467
2,700	Gallagher Arthur J & Co.		99,900
800	GBC Bancorp		14,200
700	Germantown Savings Bank		36,138

140	* Glendale Federal Bank	1,068
841	Great Lakes Bancorp And Federal Savings Bank	18,923
2,200	Greater New York Savings Bank	16,500
1,600	Grenada Sunburst Systems Corp.	39,600
1,000	Guaranty National Corp.	21,250
600	Harleysville Group, Inc.	15,900
400	Harleysville National Corp.	16,800
1,200	Hawkeye Bancorporation	23,100
1,600	Health Care Retirement, Inc.	39,600
500	Heritage Bankcorp, Inc.	16,375
1,000	Heritage Financial Services, Inc.	16,750
15,100	Hibernia Corp., Class A	118,913
2,300	Hilb Rogal & Hamilton Co.	28,175

</TABLE>

MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
<C>	<C>	<S>	<C>	
COMMON STOCKS--CONTINUED				
FINANCE--CONTINUED				
3,100	Home Beneficial Corp., Class B		\$	73,625
800	Horizon Bank and Savings			14,000
1,210	Hubco, Inc.			27,830
810	Huntington Bancshares, Inc.			20,453
5,500	* I C H Corp.			29,563
1,235	Imperial Bancorp			16,364
1,500	* Imperial Credit Industries Inc.			23,625
1,900	Independence Bancorp, Inc.			52,725
1,300	Independent, Insurance Group, Inc.			20,800
533	Indiana Federal Corp.			11,859
1,400	Integon Corp.			29,225
800	* Interactive Network Inc.			10,400
500	Intercontinental Bank			9,813
1,300	Inter Regional Financial Group, Inc.			40,300
700	* Intercontinental Life Corp.			10,938
800	Interwest Savings Bank Oak			11,400
800	Iowa National Bankshares Corp.			20,000
600	Irwin Financial Corp.			14,550
800	Jefferies Group, Inc.			28,400
2,500	Jefferson Bankshares, Inc.			51,250
4,200	John Alden Financial Corp.			120,750

2,200	JSB Financial, Inc.	53,075
500	Kansas City Life Insurance Co.	27,250
2,900	Keystone Financial, Inc.	92,438
400	Keystone Heritage Group, Inc.	12,800
300	LSB Bancshares, Inc.	6,225
1,175	Lake Shore Bancorp, Inc.	35,838

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MINI-CAP FUND

<TABLE>		
<CAPTION>		
SHARES		VALUE
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COMMON STOCKS--CONTINUED		
FINANCE--CONTINUED		
700	Lawrence Insurance Group, Inc.	\$ 3,588
1,875	Legg Mason Inc.	45,703
2,000	Liberty Bancorp, Inc.	57,125
3,100	Liberty Corp. S.C.	81,763
2,100	Life Re Corp.	49,350
3,300	* Lomas Financial Corp.	33,825
1,500	Loyola Capital Corp.	24,938
450	* MAF Bancorp, Inc.	9,900
600	Magna Bancorp	24,300
2,600	Margaretten Financial Corp.	37,700
4,100	Magna Group, Inc.	79,438
1,950	Mark Twain Bancshares, Inc.	52,650
600	* Markel Corp.	23,850
300	Maryland Federal Bancorp, Inc.	8,025
1,000	McDonald & Co. Investors, Inc.	14,500
1,300	* Medstat Group, Inc.	20,150
400	Merchants Bancshares, Inc.	5,800
300	Merchants Bank New York	16,500
1,698	Meridian Bancorp, Inc.	51,789
700	Meridian Insurance Group, Inc.	8,050
900	Metro Bancshares, Inc.	15,638
5,340	Metropolitan Financial Corp.	90,780
832	Mid American Bancorp	16,016
1,950	Mid American, Inc.	27,300
400	* Mid State Federal Savings & Loan	15,700
200	Midland Co.	9,300
600	Midland Financial Group, Inc.	14,925

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MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
FINANCE--CONTINUED			
400		Money Stores, Inc.	\$ 10,850
600	*	Mobile America Corp.	9,900
2,150		Morgan Keegan, Inc.	29,831
400		Mountaineer Bankshares	17,200
1,135	*	Mutual Assurance	27,524
1,400		N S Bancorp, Inc.	43,750
700		National Bancorp Alaska, Inc.	39,200
1,700		National Community Bancorp	61,200
500		National Insurance Group	8,688
1,070		National Penn Bancshares, Inc.	42,800
400	*	National Western Life Insurance, Co., Class A	21,800
600	*	Navigators Group, Inc.	23,250
1,400		NBB Bancorp, Inc.	55,475
300		NBSC Corp.	6,375
1,100		NBT Bancorp, Inc.	20,350
900		New York Bancorp, Inc.	19,688
700		Newworld Bancorp, Inc.	23,188
3,100	*	Noel Group, Inc.	23,250
2,800		North American Mortgage Co.	92,750
2,300		North Fork Bancorp, Inc.	27,888
720		North Side Savings Bank	15,120
800		Nymagic, Inc.	21,500
3,355		Old National Bancorp	126,651
500		Omega Financial Corp.	12,750
2,595		Onbancorp, Inc.	92,771
1,780		One Valley Bancorp West Virginia, Inc.	51,175
2,125		Orion Capital Corp.	90,313

MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
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## COMMON STOCKS--CONTINUED

FINANCE--CONTINUED		
2,100	Pacific Western Bancshares, Inc.	\$ 17,588
3,000	Penncorp Financial Group, Inc.	62,625
500	Peoples Bancorp Worcester Inc.	23,375
1,200	Peoples Bank Bridgeport	10,950
2,300	Peoples Heritage Financial Group	26,450
400	Peoples Holding Co.	16,000
800	Peoples Westchester Savings Bank	30,900
1,000	Phoenix Resources Corp.	34,250
375	Piedmont Bankgroup, Inc.	8,438
500	* Piedmont Management, Inc.	7,375
600	Pinnacle Banc Group, Inc.	21,000
1,800	Pioneer Group, Inc.	46,800
800	Piper Jaffray Cos, Inc.	26,900
900	Poe & Assoc., Inc.	18,000
4,620	* Premier Bancorp, Inc.	83,160
760	Premier Bankshares Corp.	16,720
2,900	Presidential Life Corp.	28,638
2,300	Protective Life Corp.	112,125
1,200	Provident Bancorp, Inc.	32,700
1,000	Provident Bankshares Corp.	20,375
2,000	* Quality Medical, Inc.	26,500
1,040	Quick & Reilly Group, Inc.	37,310
300	Railroadmens Federal Savings & Loan	12,000
1,500	Raymond James Financial, Inc.	40,500
900	Re Capital Corp.	13,500
200	Reliable Life Insurance Co.	10,250
3,600	Reliance Group Holdings, Inc.	33,300

&lt;/TABLE&gt;

## MINI-CAP FUND

FINANCE--CONTINUED		
1,540	Republic Bancorp, Inc.	\$ 23,100
3,000	* Republic Waste Industries, Inc.	10,125
2,700	Riggs National Corp.	24,975
700	River Forest Bancorp	26,600
2,100	Rochester Community Savings Bank	30,975

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&lt;CAPTION&gt;

SHARES

VALUE

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&lt;C&gt;

COMMON STOCKS--CONTINUED

900	Roosevelt Financial Group, Inc.	41,850
400	RS Financial Corp.	8,100
900	S & T Bancorp Inc.	32,738
2,363	St. Paul Bancorp Inc.	65,869
1,200	Santa Monica Bank California	8,550
400	Scor U.S. Corp.	6,100
700	Seacoast Banking Corp., Class A	12,600
700	* Seacor Holdings, Inc.	17,675
900	Seafield Capital Corp.	32,850
1,700	Security Capital Bancorp	23,800
2,300	Selective Insurance Group, Inc.	70,725
1,200	SFFED Corp	22,200
500	Shoreline Financial	14,750
1,400	Silicon Valley Bancshares	15,050
300	Simmons 1st National Corp., Class A	8,138
5,500	Southern National Corp.	114,813
400	Southwest National Corp.	15,000
750	Southwest Securities Group, Inc.	9,000
4,039	Sovereign Bancorp, Inc.	55,029
1,349	SPI Pharmaceuticals, Inc.	18,543
1,800	State Auto Financial Corp.	23,400
1,900	Statesman Group, Inc.	26,363

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MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
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COMMON STOCKS--CONTINUED				
FINANCE--CONTINUED				
700	Stewart Information Services Corp.		\$	20,300
600	Student Loan Corp.			11,700
500	Suburban Bancorp, Class A			22,500
300	Sumitomo Bank California			9,225
4,500	Summit Bancorporation			97,313
1,625	Susquehanna Bancshares, Inc.			45,906
2,243	TCF Financial Corp.			80,468
500	Tompkins County Trust Co.			22,000
1,000	Trans Financial Bancorp, Inc.			15,500
3,525	Trustco Bank Corp.			75,869
4,200	Trustmark Corp.			75,600



1,600	U.S. Trust Corp.	86,400
600	* Unicare Financial Corp.	16,800
3,300	Union Planters Corp.	85,388
1,900	United Bankshares, Inc.	49,875
2,400	United Carolina Bancshares	55,200
1,200	United Companies Financial Corp.	43,800
200	United Countrys Bancorporation	19,400
700	United Federal Bancorp, Inc.	22,225
400	United Fire & Casualty Co.	14,800
1,000	* United Insurance Cos., Inc.	26,500
2,000	United MO Bancshares	76,500
318	United National Bancorp	10,057
800	United Postal Bancorp	23,000
1,500	UST Corp.	16,688
1,700	USLico Corp.	29,963
3,650	Valley Bancorporation	102,912

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MINI-CAP FUND

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SHARES

			VALUE
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COMMON STOCKS--CONTINUED			
FINANCE--CONTINUED			
200		Value Line, Inc.	\$ 8,100
400		Vermont Financial Services	7,400
1,000		Victoria Bankshares, Inc.	28,000
875		Warner Insurance Services, Inc.	4,922
1,500		Washington National Corp.	35,250
575		Waterhouse Investment Services, Inc.	27,169
440		Webster Financial Corp. Waterbury	10,890
1,300		WestAmerica Bancorporation	35,913
1,100		Wesbanco, Inc.	34,375
840	*	Western Bank Cos.	14,280
700		Westcorp, Inc.	7,175
1,750		Whitney Holding Corp.	62,563
2,300		Worthen Banking Corp.	55,775
770		York Financial Corp.	16,748
2,100		Zenith National Insurance Corp.	55,125
2,000		Zions Bancorp	87,500
Total			11,859,313
GENERAL BUSINESS--6.5%			

1,100	* Acxiom Corp	24,475
4,600	* Adaptec, Inc.	165,600
400	* Adelphia Communications Corp.	10,200
400	ADIA Services, Inc.	8,600
3,300	Advo Inc.	47,850
1,700	* Agency Rent A Car, Inc.	18,913
600	* Allied Research Corp.	6,825
800	American Building Maintenance Industries	13,100
2,300	* American Business Information	32,200

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MINI-CAP FUND

<TABLE>		
<CAPTION>		
SHARES		VALUE
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COMMON STOCKS--CONTINUED		
GENERAL BUSINESS--CONTINUED		
1,300	American Business Products, Inc.	\$ 28,113
500	* Ameriscribe Corp.	7,375
2,650	Amtech Corp.	74,863
900	Analysts International Corp.	15,750
1,300	* Arch Communications Group, Inc.	20,800
600	Atlantic Telephone Network, Inc.	8,550
400	* Aydin Corp.	6,200
400	* Baker Michael Corp.	3,600
700	* Barra, Inc.	4,725
2,500	* Bisys Group, Inc.	60,625
2,500	Bolt Beranek & Newman, Inc.	33,750
2,600	Bowne & Co., Inc.	52,975
900	* Business Records Corporation Holdings Co.	24,525
1,600	* Caere Corp.	11,200
1,600	* Catalina Marketing Corp.	75,800
9,600	* Catellus Development Corp.	74,400
3,000	* Centex Telemanagement, Inc.	18,750
700	* Centigram Communications	22,575
1,500	* Chipcom Corp.	70,875
4,000	* CIS Technologies, Inc.	16,000
1,050	* Clear Channel Communications	45,413
500	* Comcoa, Inc.	7,750
6,900	* Comdata Holdings Corp.	22,425
3,900	Commerce Clearing House, Class A	59,963

2,100	* Compression Labs, Inc.	36,488
400	Comptek Research, Inc.	7,000
1,500	Computer Language Research, Inc.	9,375

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MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
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COMMON STOCKS--CONTINUED				
GENERAL BUSINESS--CONTINUED				
700	Computer Task Group, Inc.		\$	4,813
900	* Corrections Corp America			6,975
2,200	Cross (A.T.) Co., Class A			30,800
400	* Crown Books Corp.			9,000
2,300	CRS, Inc.			21,563
1,200	* CSS Industries, Inc.			23,100
1,200	* DeVRY, Inc.			33,600
1,000	* Devon Group, Inc.			18,125
1,100	Duplex Products, Inc.			11,825
400	* Electro Rent			7,000
2,900	Ennis Business Forms, Inc.			36,975
2,700	* Enterra Corp.			63,450
1,600	* Envoy Corp.			25,600
1,100	* Excalibur Technologies Corp.			13,750
1,210	* Executive Telecard Ltd.			17,243
1,300	* Express Scripts Inc., Class A			59,150
500	Fair Issac & Co., Inc.			11,250
1,600	Foote Cone & Belding Communications			61,000
1,200	Foxmeyer Corp.			13,950
1,500	* Genta, Inc.			13,500
600	* Geraghty & Miller, Inc.			5,850
2,700	Gibson Greetings, Inc.			54,675
800	Gilbert Association Inc., Class A			13,300
850	* Gmis, Inc.			12,325
800	Graphic Industries, Inc.			5,700
2,000	* Great American Management & Investment, Inc.			65,000
900	Greiner Engineering, Inc.			13,275

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MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
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GENERAL BUSINESS--CONTINUED			
200		Grey Advertising, Inc.	\$ 35,700
100	*	Gymboree Corp.	101,588
600		Haggar Corp.	10,950
2,600	*	Heritage Media Corp., Class A	44,525
2,400		Houghton Mufflin Co.	113,700
1,700		Hunt Manufacturers Co.	26,775
1,800	*	Imageamerica Corp.	6,975
1,100	*	IMRS, Inc.	27,775
2,200	*	Interleaf, Inc.	12,375
4,300	*	International Cablecasting Technology, Inc.	23,113
3,000	*	Intervoice, Inc.	46,500
2,600	*	Jacobs Engineering Group Inc.	61,425
100	*	Jones Spacelink LTD New	175
1,600	*	Kendall Square Research Corp.	26,200
800	*	Kronos Inc.	14,200
1,300		Landauer, Inc.	20,638
1,600		Lawyers Title Corp.	31,600
1,100		Logicon, Inc.	31,488
2,500	*	MB Communications, Inc.	40,625
1,500	*	Mail Boxes, ETC.	19,500
1,200		McGrath Rentcorp.	17,400
1,600	*	Medaphis Corp.	48,000
2,400		Media General, Inc., Class A	72,000
800	*	Medical Marketing, Inc.	21,600
2,100		Meredith Corp.	84,263
800		Merrill Corp.	20,600
1,100	*	Metricom, Inc.	30,800
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MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
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COMMON STOCKS--CONTINUED			
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GENERAL BUSINESS--CONTINUED			
1,200	*	Microage, Inc.	\$ 34,500
1,300	*	Millicom, Inc.	40,300

1,100	Nashua Corp.	30,663
2,200	National Data Corp.	39,875
4,500	* National Education Corp.	26,438
1,300	National Media Corp.	8,450
2,700	* National Patent Development Corp.	15,525
1,800	Nelson Thomas, Inc.	37,350
2,000	New England Business Service	33,000
900	* Nichols Research Corp.	11,475
500	* Norstan, Inc.	8,125
900	* Outlook Graphics Corp.	10,125
400	* Park Communications, Inc.	9,400
1,406	* Paxar Corp.	21,270
700	* Payco American Corp.	5,600
800	PCA International, Inc.	16,900
900	* Perceptive Biosystems, Inc.	22,725
800	* Pharmacy Management Services, Inc.	6,100
700	* Pinkertons, Inc.	14,000
2,300	* Playboy Enterprises, Inc., Class B	21,275
800	Plenum Publishing Corp.	18,900
1,200	* Possis Corp.	12,300
420	Pulitzer Publishing Co.	14,123
6,100	* Physician Corp. America	126,575
1,200	* Quarterdeck Office Systems	2,625
1,500	Radiation Systems, Inc.	23,625
700	* Regis Corp Minnesota	7,875

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MINI-CAP FUND

<TABLE>			<CAPTION>		
SHARES			VALUE		
<C>	<C>	<S>	<C>		
COMMON STOCKS--CONTINUED					
GENERAL BUSINESS--CONTINUED					
1,400	*	Robert Half International, Inc.	\$	38,850	
4,500		Safecard Services, Inc.		58,500	
1,100	*	Safety 1st Inc.		26,400	
700	*	Saga Communications, Class A		13,213	
2,400		SEI Corp.		57,000	
3,600	*	SGI International		11,475	
4,300		Spelling Entertainment Group, Inc.		43,000	
2,300		Standard Register		45,425	

900	* State of the Art, Inc.	7,425
1,100	* Steris Corp.	21,725
2,300	Stewart Enterprises, Inc., Class A	92,000
1,600	Stone & Webster, Inc.	47,400
10,400	Stone Container Corp.	74,100
1,800	* Stratacom Inc.	29,025
3,400	* Sun Guard Data Systems	124,950
2,800	Sun Television & Appliances	63,700
1,000	* Supercuts, Inc.	16,750
700	* Syratech Corp	11,550
2,100	* Systems & Computer Technology	36,225
2,300	* T Cell Sciences, Inc.	17,250
2,500	TCA Cable TV Inc.	73,125
775	* Tetra Technology, Inc.	15,597
6,800	* Topps Inc.	54,400
1,100	Total System Services, Inc.	33,413
500	* Trans World Music Corp.	6,875
400	Treadco, Inc.	5,800
600	* TRM Copy Centers Corp.	7,800

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MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
<C>	<C>	<S>	<C>	
COMMON STOCKS--CONTINUED				
GENERAL BUSINESS--CONTINUED				
1,600	* U.S. Robotics, Inc.		\$	42,600
8,300	U.S. Shoe			90,263
800	* Union Corp.			9,300
2,200	United Stationers, Inc.			34,100
800	* United Television, Inc.			31,600
1,850	United Wisconsin Services, Inc.			52,725
800	Wackenhut Corp.			11,025
300	Waverly, Inc.			5,700
2,900	* Western Publishing Group, Inc.			43,138
1,200	* Weston (Roy F), Inc.			10,800
600	Wiley (John) Sons, Class A			37,500
3,000	* Zilog, Inc.			116,250
	Total			4,928,005
HEALTHCARE--0.3%				
4,100	* Acuson Corp.			55,863

1,300	Allied Healthcare Products	15,600
800	* American Medical Response	20,600
1,100	* Atrix Labs, Inc.	6,738
1,500	* ATS Medical Inc.	8,625
6,000	* Continental Medical System Inc.	57,750
832	United Healthcare Corp.	58,136
	Total	223,312
	HOSPITAL SUPPLIES--0.1%	
4,300	* Mcgaw Inc.	43,000
	INDUSTRIAL PRODUCTS--0.1%	
3,100	Kaman Corp. Cl A	29,838

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MINI-CAP FUND

<TABLE>		<CAPTION>	
SHARES		VALUE	
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COMMON STOCKS--CONTINUED			
INDUSTRIAL PRODUCTS--CONTINUED			
3,100	* Rexnord Corp.	\$	56,963
	Total		86,801
	INSURANCE--0.1%		
2,200	Acordia, Inc.		54,725
	MISCELLANEOUS--2.0%		
1,800	Actava Group, Inc.		14,400
1,200	* Alltrista Corp.		21,600
800	* Berlitz International, Inc.		10,400
3,000	* BET Holdings, Class A		54,375
1,000	* Boomtown, Inc.		19,750
1,600	* Capsure Holdings Corp.		24,800
900	* Casino American Inc.		19,800
3,600	Crimi Mae Inc.		44,100
900	* Crosscomm Corp.		28,350
1,200	Dames & Moore Inc.		20,100
700	* Data Race Inc.		5,775
3,500	Dentsply International Inc.		133,000
900	Dial Page Inc.		66,150
900	* Education Alternatice		37,800
2,400	* First Pacific Networks Inc.		32,100
7,700	* Flagstar Cos, Inc.		82,775
500	* Fritz Cos Inc.		15,125

4,400	Geotek Industries Inc.	41,800
1,200	* Global Industries Ltd.	21,600

MINI-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
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COMMON STOCKS--CONTINUED		
MISCELLANEOUS--CONTINUED		
4,500	Imp Inc.	7,875
900	Inacom Corp.	15,975
900	Intercargo Corp.	13,050

MINI-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
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COMMON STOCKS--CONTINUED		
MISCELLANEOUS--CONTINUED		
1,500	International Gaming Management	\$ 12,000
3,200	International Multifoods Corp.	74,800
2,900	* Interpool Inc.	57,638
1,100	Jmc Group Inc.	11,138
1,200	Katy Industries, Inc.	33,750
2,700	* Kemet Corp.	40,500
800	Knogo Corp.	8,500
2,000	* Landstar System Inc.	33,500
700	* Marine Harvest International, Inc.	7,350
3,200	Maybelline, Inc.	74,800
1,200	McAfee Associates, Inc.	6,750
1,000	* Nautica Enterprises, Inc.	33,500
1,300	* Nu-Kote Holdings, Inc., Class A	25,350
400	Park National Corp.	30,800
400	People First Corp.	16,600
700	Pikeville National Corp.	24,150
600	Puerto Rican Cem Inc.	15,900
550	Putnam Tr Co. Greenwich	16,019
2,900	* Retix	22,475



## MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
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COMMON STOCKS--CONTINUED			
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MISCELLANEOUS--CONTINUED			
1,400		Rival Co.	23,275
1,100	*	Sanmina Corp.	23,650
400		Sanfilippo (John B & Sons), Inc.	5,900
2,600	*	Sepracor	20,475
600		Suffolk Bancorp.	14,550
2,500		Telxon Corp.	27,188
1,300		The Colonial Group, Inc., Class A	40,950
600	*	Universal Studios Medical Labs	9,000

## MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
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MISCELLANEOUS--CONTINUED			
1,800	*	USMX Inc.	\$ 9,225
1,000	*	World Acceptance Corp.	19,750
1,100	*	Zoll Medical Corp.	40,975
		Total	1,511,158
-----			
OFFICE EQUIPMENT & SUPPLIES--0.1%			
7,200	*	Conner Peripherals, Inc.	87,300
-----			
REAL ESTATE--1.1%			
1,800		Banyan Strategic Realty	8,325
4,300		Berkshire Realty, Inc.	48,375
2,700		Bradley Real Estate Trust	24,975
200	*	Christiana Companies, Inc.	4,600
1,237		CV REIT, Inc.	11,442
1,700		Developers Diversified Realty	48,875
1,400		Dial REIT, Inc.	14,875
5,400		Health & Rehabilitation Properties, Inc.	87,075
2,200		Health Equity Properties, Inc.	21,725
1,700		Koger Equity Inc.	15,513
1,300		L T C Pptys Inc.	17,550
1,800	*	Mercer International Inc.	23,175

2,300	Merry Land and Investment Co.	46,288
1,600	Pennsylvania Real Estate Investment Trust	40,200
500	Price Reit Inc.	16,125
1,400	Real Estate Investment Trust	25,200
3,400	Resource Management Capital, Inc.	108,800
4,300	RPS Realty Trust	17,738
800	* Schuler Homes Inc.	22,900

</TABLE>

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MINI-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
COMMON STOCKS--CONTINUED		<C>
REAL ESTATE--CONTINUED		
1,400	Sizeler Property Investment, Inc.	19,075

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MINI-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
COMMON STOCKS--CONTINUED		<C>
REAL ESTATE--CONTINUED		
3,100	Storage Equities, Inc.	\$ 44,950
1,300	Universal Health Realty Trust, Inc.	22,100
1,600	Vanguard Real Estate	13,800
4,800	Washington Real Estate Investment Trust	92,400
1,100	Wellsford Residential Property Trust	32,725
2,900	Western Investment Real Estate Trust	39,513
Total		868,319
RETAILERS--0.1%		
7,100	* Payless Cashways Inc.	85,200
SHELTER--1.6%		
400	Ameron, Inc.	14,750
1,700	* Atlantic Gulf Communities Corp.	11,475
1,200	* Avatar Holdings, Inc.	41,100
700	* Butler Manufacturing Co.	20,038
1,100	* Champion Enterprises	20,350
500	Consolidated Tomoka Co.	7,500

400	Continental Homes Holdings Co.	8,700
800	Elcor Chemical Corp.	18,100
600	Engle Homes, Inc.	7,050
2,400	Fastenal Co.	73,800
1,100	Florida Rock Industries, Inc.	32,313
600	Forest City Enterprises, Inc.	24,900
2,000	Granite Construction, Inc.	38,500
1,800	* Holnam, Inc.	8,775
1,300	* Hovnanian Enterprises, Inc., Class A	23,075
2,600	Justin Industries, Inc.	46,150
4,900	* Kasler Corp.	37,975

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MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
<C>	<C>	<S>	<C>	
COMMON STOCKS--CONTINUED				
SHELTER--CONTINUED				
100	*	Kennedy-Wilson Inc.	\$	438
2,800	*	M.D.C. Holdings, Inc.		18,200
3,000		Medusa Corp.		82,500
100	*	Miles Homes, Inc.		800
900	*	Morgan Products LTD		6,975
1,600		Ply-Gem Industries, Inc.		25,400
1,000		Republic Gypsum Co.		9,125
2,600		Ryland Group, Inc.		50,375
3,100		Southdown, Inc.		75,563
4,300		Standard Pacific Corp.		40,313
2,000		TJ International Inc.		62,500
3,000	*	Toll Brothers, Inc.		47,250
600	*	U S Homecare Corp.		2,850
6,301	*	U S Home Corp. Class A		173,278
55	*	U S Home Corp., Class B		791
6,702	*	U.S.G. Corp.		147,444
2,700		Webb (Del) Corp.		35,100
600		Wolohan Lumber Co.		9,300
		Total		1,222,753
STEEL--0.0%				
2,100	*	Geneva Steel Cl A		30,975
TECHNOLOGY--11.1%				
1,000	*	ACX Technologies, Inc.		37,750

700	* Advance Circuits, Inc.	8,138
600	* Advanced Promotion	7,200
1,800	* Advanced Technology Labs Inc.	31,050
1,900	* Aldus Corp.	42,275

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MINI-CAP FUND

<TABLE> <CAPTION> SHARES		VALUE
<C>	<C> <S>	<C>
COMMON STOCKS--CONTINUED		
TECHNOLOGY--CONTINUED		
1,600	* Alliant Techsystems, Inc.	\$ 46,600
3,700	* Altera Corp.	102,213
5,747	* American Annuity Group, Inc.	51,723
400	* American City Business	9,950
2,900	* American Management System, Inc.	63,438
1,000	* America Online, Inc.	60,000
3,100	American Software, Inc., Class A	22,475
800	* American Superconductor Corp.	20,200
4,200	* Amphenol Corp., Class A	57,750
400	* Amplicon, Inc.	7,700
5,900	* Anacomp, Inc.	19,175
1,100	* Analogic Corp.	16,844
2,100	* Andrew Corp.	79,275
3,600	* Applied Magnetics Corp.	21,150
1,700	* Artissoft, Inc.	18,063
2,700	* ASK Group Inc.	37,800
1,600	Aspect Telecommunications Corp.	62,800
4,600	* AST Research, Inc., Class A	94,875
3,000	* Atari Corp.	25,500
2,600	Augat, Inc.	51,675
4,600	* Autotote Corp. Class A	121,900
800	* Babbages, Inc.	20,800
1,300	Baldwin Technology, Inc.	6,256
2,050	* Banctec, Inc.	39,463
1,100	* Banner Aerospace, Inc.	4,813
2,000	* Banyan Systems, Inc.	40,500
2,100	* BE Aerospace Inc.	24,150

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MINI-CAP FUND

<TABLE>  
 <CAPTION>  
 SHARES

			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
TECHNOLOGY--CONTINUED			
1,040		Bell Industries	\$ 19,110
400	*	Benchmark Electros, Inc.	8,250
200		BGS System, Inc.	5,300
800	*	BMC Industries Inc.	13,000
600	*	Boole & Babbage, Inc.	15,600
400		Boston Acoustics, Inc.	6,000
2,200	*	Boston Technology, Inc.	21,175
5,500	*	Breed Technologies Inc.	82,500
1,300	*	Broderbund Software, Inc.	73,450
2,700	*	Brooktree Corp.	35,775
1,200	*	Brown Tom Inc.	17,250
1,600	*	Burr Brown Corp.	11,200
400	*	C COR Electros, Inc.	7,100
7,300	*	Cadence Design Systems Inc.	84,863
1,900	*	California Microwave	43,700
800	*	Cambex Corp.	4,800
1,500	*	Cerner Corp.	53,625
1,600	*	Checkpoint System, Inc.	18,800
1,500	*	Chips & Technologies, Inc.	8,625
2,700	*	Chipsoft Inc., Class A	40,500
4,300	*	Cirrus Logic, Inc.	150,500
1,000	*	Clinicom Inc.	21,000
1,200		Communications System Inc.	18,300
2,300	*	Comptronix Corp.	10,925
2,600	*	Compucom System, Inc.	11,213
3,200	*	Computer Network Technology	27,200
5,000		Computervision Corp.	13,750

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MINI-CAP FUND

<TABLE>  
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 SHARES

			VALUE
<C>	<C>	<S>	<C>
COMMON STOCKS--CONTINUED			
TECHNOLOGY--CONTINUED			

3,100	* Comverse Technology Inc.	\$ 47,663
1,700	* Continuum Co.	33,150
2,000	* Control Data Systems Inc.	18,500
3,700	* Convex Computer Corp.	20,350
2,900	* Copytele, Inc.	32,625
1,100	* Corporate Software, Inc.	17,050
3,300	* Cray Computer Corp.	10,313
400	CTS Corp.	8,800
600	Cubic Corp.	12,600
400	Curtiss Wright Corp.	13,050
100	* CyCare System Inc.	788
6,100	* Cypress Semiconductor Corp.	72,438
800	* DH Technology, Inc.	12,400
4,200	* Dallas Semiconductor Corp.	69,825
9,000	* Data General Corp.	85,500
1,700	* Datapoint Corp.	12,963
2,200	* Digi International, Inc.	48,950
1,800	* Digital Communications Assoc.	33,300
2,100	* Digital Microwave Corp.	48,825
1,300	* Dionex Corp.	41,925
1,600	* Dynatech Corp.	36,400
2,200	* Egghead, Inc.	16,225
1,400	* Electronics For Imaging	24,850
1,200	* Empi, Inc.	33,000
1,400	* Emulex Corp.	9,100
500	* Essef Industries, Inc.	5,938
1,400	* Evans & Sutherland Computer Co.	25,900

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MINI-CAP FUND

<TABLE>			
<CAPTION>			
SHARES		VALUE	
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COMMON STOCKS--CONTINUED			
TECHNOLOGY--CONTINUED			
3,800	* Exabyte Corp.	\$ 60,325	
800	* Exar Corp.	23,800	
300	* Exide Electros Group, Inc.	5,550	
1,200	* Fairchild Corp., Class A	3,750	
400	* Ferrofluidics Corp.	3,100	
1,700	* Filenet Corp.	31,875	
1,700	* Frame Technology Corp.	16,788	

800	* Franklin Electric Publishers, Inc.	11,200
900	* Future Now Inc.	13,050
700	* Gates/FA Distributions Inc.	12,338
5,400	Gencorp, Inc.	85,050
800	General Binding Corp.	11,600
2,600	* General Datacomm Industries, Inc.	28,275
3,200	* Genrad Inc.	15,600
3,500	Gerber Scientific, Inc.	49,000
900	* Glenayre Technologies, Inc.	85,725
1,000	* Government Technology Services, Inc.	12,750
600	* GTI Corp.	18,000
1,800	* Gupta Corp.	27,000
700	* Hadco Corp.	5,338
2,500	HBO & Co.	97,813
600	Henry Jack & Assoc., Inc.	9,900
2,000	Hogan System, Inc.	22,250
400	* Howtek, Inc.	3,600
1,000	* Hutchinson Technology, Inc.	26,000
1,700	* In Focus System, Inc.	26,775
1,100	* Input/Output, Inc.	22,550

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MINI-CAP FUND

<TABLE>		<CAPTION>	
SHARES		VALUE	
<C>	<S>	<C>	
COMMON STOCKS--CONTINUED			
TECHNOLOGY--CONTINUED			
2,100	* Insituform Technologies, Inc., Class A	\$	33,863
600	Instron Corp.		8,100
850	* Integrated Circuit System, Inc.		13,813
4,200	* Integrated Device Technology		61,950
5,800	Intelligent Electros, Inc.		126,875
5,900	* Interdigital Communications Corp.		41,300
3,200	* International Rectifier Corp.		43,200
1,600	* Intersolv, Inc.		12,400
900	* Iomega Corp.		3,375
1,200	Joslyn Technology Co.		30,150
1,200	* Keane, Inc.		26,850
700	* Key Tronic Corp.		5,075
3,200	* KLA Instruments Corp.		70,400

1,700	* Knowledgeware, Inc.	27,625
2,900	* Komag, Inc.	46,400
1,200	* Kopin Corp.	29,700
1,300	* Kulicke & Soffa Industries	29,088
4,200	* Lam Research Corp.	111,300
1,900	* Landmark Graphics Corp.	46,550
3,250	* Lattice Semiconductor	50,375
900	* Learning Co.	17,100
3,100	* LTX Corp.	15,113
4,500	* M/A Com, Inc.	38,250
2,000	MacNeal Schwendler Corp.	28,000
1,300	* Marcam Corp.	13,975
1,500	* Marshall Industries	71,063
2,500	* Maxim Integrated Products, Inc.	101,875

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MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
<C>	<C>	<S>	<C>	
COMMON STOCKS--CONTINUED				
TECHNOLOGY--CONTINUED				
4,900	* Maxtor Corp.		\$	29,400
100	* Media Logic, Inc.			550
1,300	* Medic Computer Systems, Inc.			16,250
8,400	Mentor Graphics Corp.			98,700
3,800	* Merisel, Inc.			59,850
3,200	Methode Electronics, Inc., Class A			40,000
600	* Micro Warehouse, Inc.			22,650
2,400	* Microdyne Corp.			12,300
1,100	* Micronics Computers, Inc.			6,600
2,400	* Micropolis Corp.			18,900
3,200	* Molten Metal Technology, Inc.			78,400
2,300	National Computer System, Inc.			27,600
1,500	* Netframe System Inc.			23,625
1,800	* Network Computing Devices			14,850
2,500	* Network Equipment Technologies			24,375
2,400	* Network General Corp.			35,700
5,200	* Network System Corp.			44,850
700	* New Image Industries, Inc.			10,413
2,500	OEA, Inc.			72,500
2,800	* Octel Communications Corp.			70,000



1,400	QMS Inc.	14,700
800	* Optical Data System Inc.	8,700
2,100	* Orbital Sciences Corp.	41,475
900	Pacific Scientific Co.	16,875
1,100	* Parallan Computer, Inc.	23,100
1,300	* PDA Engineering	6,338
1,000	* Phoenix Technology Ltd.	4,250

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MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
<C>	<C>	<S>	<C>	
COMMON STOCKS--CONTINUED				
TECHNOLOGY--CONTINUED				
500	* Photronic, Inc.		\$	6,875
2,500	* Pictoretel Corp.			45,625
1,800	Pittway Corp., Class A			46,125
1,650	* Platinum Software Corp.			37,950
2,100	* Platinum Technology I			18,113
900	* Progress Software Corp.			49,163
1,800	* Proteon, Inc.			9,225
2,300	* Pyramid Technology Corp.			34,500
1,900	* Quadrex Corp.			8,788
600	* Rainbow Technologies, Inc.			12,600
1,300	* Rasterop's			10,400
6,200	* Read-Rite Corp.			73,625
2,000	* Recognition International Inc.			34,000
600	* Rex Stores Corp.			12,825
2,900	* Rohr Industries, Inc.			22,838
1,400	* Ross System, Inc.			12,075
700	* Safeguard Scientifics, Inc.			15,225
4,900	* SCI Systems, Inc.			89,425
3,000	Sequa Corp., Class A			100,875
5,400	* Sequent Computer System, Inc.			91,800
3,800	Shared Medical Systems Corp.			95,000
1,100	* Sierra On-Line, Inc.			26,125
2,500	* Silicon General, Inc.			41,563
2,000	Smith Corona Corp.			12,500
500	* Software, Etc. Stores Inc.			10,438
1,500	* Software PUBG Corp.			9,375

500 \* Software Spectrum, Inc. 12,000

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MINI-CAP FUND

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<CAPTION>

SHARES

VALUE

<C> <C> <S> <C>

COMMON STOCKS--CONTINUED

TECHNOLOGY--CONTINUED

3,200	* Software Toolworks Inc.	\$	48,800
10,600	* Spectrum Information Technology Inc.		99,375
1,900	* Standard Microsystems Corp.		40,850
2,642	* Sterling Software, Inc.		85,855
5,200	* Structural Dynamics Research Corp.		85,150
1,500	* Sulcus Computer Corp.		14,438
1,300	* Supermac Technology Inc.		25,675
4,800	* Symantec Corp.		97,200
3,500	* Symbol Technologies Inc.		59,063
2,400	* Synopsys, Inc.		123,600
2,000	* Syquest Technology Inc.		24,750
2,800	System Software Association, Inc.		40,600
1,200	* T*HQ, Inc.		4,163
600	* Target Therapeutics Inc.		10,725
2,900	* Tech Data Corp.		77,213
1,000	* Tech Sym Corp.		19,875
1,900	* Technology Solutions Co.		17,575
2,600	Teleflex Inc.		75,075
1,500	* Telco System, Inc.		15,000
2,800	* Telematics International, Inc.		42,700
2,100	* Tellabs, Inc.		145,950
3,500	Thiokol Corp.		92,313
2,200	* Triad System Corp.		11,825
1,500	* Trident Microsystems Inc.		9,375
2,400	* Trimble Navigation Ltd.		25,500
3,000	* Trinzic Corp.		17,250
2,100	Tseng Labs, Inc.		22,313

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MINI-CAP FUND

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<CAPTION>

SHARES

VALUE

<C> <C> <S> <C>  
COMMON STOCKS--CONTINUED

TECHNOLOGY--CONTINUED

3,100	* UNC, Inc.	\$ 24,413
1,800	* Unitrode Corp.	25,200
100	* Urethane Technologies	1,088
1,000	Versa Technologies, Inc.	13,875
2,600	* Vicor Corp.	48,100
2,300	* Viewlogic System, Inc.	55,200
2,000	* Vitesse Semiconductor Corp.	8,500
6,100	* VLSI Technology, Inc.	85,400
1,100	* Vmark Software Inc.	18,150
500	* Volt Information Sciences	9,500
2,100	* Walker Interactive System	18,900
4,000	Wallace Computer Inc.	112,500
1,000	Watkins Johnson Co.	21,500
1,400	* Weitek Corp.	14,000
800	* Westcott Communications, Inc.	26,800
6,400	* Western Digital Corp.	50,400
900	* Whittaker Corp.	11,813
2,200	Wyle Labs	37,400
1,500	* Xircom Inc.	25,125
900	* Xyplex	15,300
2,000	York Resh Corp., Class A	12,750
1,000	* Zebra Technologies Corp., Class A	51,750
	Total	8,484,083

TRANSPORTATION--1.4%

3,500	Airborne Freight Corp.	105,438
1,900	Airlines Express International Corp.	39,900
2,500	* American Freightways Corp.	48,750

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MINI-CAP FUND

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SHARES VALUE  
<C> <C> <S> <C>  
COMMON STOCKS--CONTINUED

TRANSPORTATION--CONTINUED

1,500	Arnold Industries, Inc.	\$ 60,000
1,000	Carolina Freight Corp.	12,875
5,500	Consolidated Freightways, Inc.	119,625
1,000	Expeditores International Washington, Inc.	31,250

600	Florida East Coast Industries, Inc.	38,700
800	Frozen Food Express Industries, Inc.	16,600
1,500	* GRC International	11,063
2,400	* Greyhound Lines, Inc.	33,300
1,800	Harper Group, Inc.	24,750
900	* Intellicall Inc.	11,925
300	International Shipbuilding Corp.	6,000
1,200	Intertrans Corp.	14,700
4,900	* Kirby Expl Inc.	93,713
300	* KLLM Transportation Services, Inc.	4,575
800	Kysor Indl. Corp. Del	13,200
700	Liqui Box Corp.	27,300
1,000	* M S Carriers, Inc.	23,500
800	* Matlack Systems, Inc.	11,700
3,000	* Offshore Logistics Inc.	49,500
300	Oglebay Norton Co.	6,300
4,200	OMI Corp.	26,775
1,400	Smart & Final, Inc.	16,625
200	* Swift Transportation, Inc.	6,400
3,150	TNT Freightways Corp.	70,875
300	* USA Truck Inc.	9,075
2,200	Werner Enterprises, Inc.	59,950

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MINI-CAP FUND

<TABLE>			<CAPTION>	
SHARES			VALUE	
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COMMON STOCKS--CONTINUED				
TRANSPORTATION--CONTINUED				
1,400	*	Wisconsin Central Transportation Corp.	\$	71,400
		Total		1,065,764
UTILITIES--5.7%				
950		ACC Corp.		18,763
5,200	*	ALC Communications Co.		156,000
1,200	*	Allegheny & Western Energy Corp.		9,300
2,500	*	American Oil & Gas		30,938
1,000		Aquarion Co.		26,750
2,200		Associated Natural Gas Corp.		82,775
1,000		Bangor Hydro Electric Co.		19,875
2,300		Bay State Gas Co.		72,163

2,300	Black Hills Corp.	56,063
800	California Water Service Co.	32,000
800	Cascade Natural Gas Corp.	21,900
1,500	* Cellular Communications	36,000
1,400	* Cellular, Inc.	28,350
900	* Centennial Cellular, Class A	20,475
3,000	Central Hudson Gas & Electric Corp.	95,625
4,000	Central LA Electric Co.	105,500
1,850	Central VT Public Service Cp	42,781
3,600	Chesapeake Corp.	79,200
2,300	Cilcorp, Inc.	91,713
1,300	Colonial Gas Co.	30,875
1,900	Commonwealth Energy Systems	91,200
500	Connecticut Water Service Inc.	14,875
1,200	Connecticut Energy Corp.	30,150
1,600	Connecticut Natural Gas Corp.	48,800

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<TABLE>			<CAPTION>		
SHARES			VALUE		
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COMMON STOCKS--CONTINUED					
UTILITIES--CONTINUED					
800		Consumers Water Co.	\$	15,200	
1,900	*	C TEC Corp.		59,850	
2,100	*	DWG Corp., Class A		64,838	
700		E Town		23,100	
3,400		Eastern Utilities Assn.		99,875	
5,300	*	El Paso Electric Co.		15,238	
2,200		Empire District Electric Co.		52,525	
300		Energynorth, Inc.		6,600	
700		Green Mountain Power Corp.		24,150	
400		GWC Corp.		7,400	
4,050		Indiana Energy Inc.		92,644	
1,600		Interstate Power Co.		48,400	
800		IWC Resources Corp.		18,600	
2,550		K. N. Energy, Inc.		70,125	
1,300		Laclede Gas Co.		62,725	
6,100	*	LDDS Communications, Inc.		306,525	
2,500		Lincoln Telecommunications Co.		100,625	
1,800		Madison Gas & Electric Co.		63,000	

700	Middlesex Water Co.	14,875
300	Mobile Gas Services Corp.	7,688
500	National Gas & Oil Co.	8,125
2,800	New Jersey Resources Corp.	77,000
1,100	North Carolina Natural Gas Corp.	31,488
2,200	Northwestern Natural Gas Co.	79,750
1,300	Northwestern Public Service Co.	38,513
2,600	* NTN Communications, Inc.	26,000
1,100	NUI Corp.	31,213

MINI-CAP FUND

<TABLE> <CAPTION> SHARES			VALUE
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COMMON STOCKS--CONTINUED			
UTILITIES--CONTINUED			
1,900	Otter Tail Power Co.		\$ 64,125
700	Pennsylvania Enterprises		20,300
1,200	* Peoples Telephone Co.		15,600
1,600	Philadelphia Suburban Corp.		31,600
4,700	Piedmond Nat. Gas Inc.		119,263
800	Providence Energy Corp.		16,100
2,700	Public Service Co. N C Inc.		46,575
7,600	* Public Service Co. Nm		84,550
4,700	Sierra Pacific Resources		99,875
400	SJW Corp.		15,150
1,624	South Jersey Industries, Inc.		40,397
500	* Southeastern Public Service		11,875
1,200	Southern California Water Co.		27,300
2,800	Southern Indiana Gas & Electric Co.		99,400
1,765	Southeastern Michigan Gas Energy		45,008
3,500	Southwest Gas Corp.		62,125
4,600	Southwestern Energy Co.		95,450
600	St. Joseph Light & Power Co.		21,075
1,500	* Tanknology Environment, Inc.		6,750
1,100	* Tejas Gas Corp.		62,975
1,700	* Thermo Power Corp.		17,213
1,600	TNP Enterprises, Inc.		27,000
7,300	Transco Energy Co.		117,713
27,200	* Tucson Electric Power Co.		115,600

1,900	* U.S. Long Distance Corp.	39,188
1,700	United Cities Gas Co.	32,725
3,500	United Water Resources, Inc.	53,813

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SHARES		VALUE
<C>	<C> <S>	<C>
COMMON STOCKS--CONTINUED		
UTILITIES--CONTINUED		
400	Unitil Corp.	\$ 8,800
3,900	Washington Energy Co.	77,513
2,700	WICOR, Inc.	86,063
1,800	Yankee Energy Systems, Inc.	51,750
	Total	4,301,014
	TOTAL COMMON STOCKS (IDENTIFIED COST \$59,950,150)	63,855,269

PREFERRED STOCKS--0.7%

CONSUMER BASICS--0.0%		
192	* Lynx Therapeutic Inc. Preferred (Series Xxx) A	192
REAL ESTATE--0.7%		
3,700	American Health Properties, Inc.	102,675
1,600	BRE Properties, Inc.	53,200
2,200	Burnham Pacific Properties, Inc.	43,175
2,500	Cousins Properties, Inc.	43,125
1,500	CRI Liquidating REIT, Inc.	14,063
3,300	First Union Real Estate Equity Rights	37,125
600	HRE Properties, Inc.	9,000
4,500	IRT Property Co.	54,000
1,900	MGI Properties, Inc.	27,313
6,300	Rockefeller Center Properties, Inc.	41,738
7,500	United Dominion Realty Trust, Inc.	120,000
	TOTAL	545,414
	TOTAL PREFERRED STOCKS (IDENTIFIED COST \$545,486)	545,606

</TABLE>

MINI-CAP FUND

<TABLE>  
<CAPTION>

SHARES OR PRINCIPAL AMOUNT		VALUE
-------------------------------------	--	-------

<C>	<C>	<S>	<C>
SHORT-TERM U.S. GOVERNMENT OBLIGATIONS--0.8%			
\$ 50,000	United States Treasury Bill, 2.91%, 12/30/93		\$ 248,808
300,000	United States Treasury Bill, 2.93%, 12/30/93		298,559
50,000	United States Treasury Bill, 2.94%, 12/23/93		49,788
TOTAL SHORT-TERM GOVERNMENT OBLIGATIONS (IDENTIFIED COST \$597,155)			597,155
***REPURCHASE AGREEMENT--18.9%			
\$14,395,000	J.P. Morgan Securities, Inc., 2.99%, dated 10/29/93, due 11/1/93 (at amortized cost) (Note 2B)		\$14,395,000
TOTAL INVESTMENTS (IDENTIFIED COST \$75,487,791)			\$79,393,030+

</TABLE>

The following abbreviations are used in this portfolio:

<TABLE>  
 <S> <C>  
 REIT-- Real Estate Investment Trust  
 </TABLE>

\* Non-income producing securities.

\*\* Fractional Share.

\*\*\* The repurchase agreement is fully collateralized by U.S. government obligations. The investment in the repurchase agreement is through participation in a joint account with other Federated Investors funds.

+ The cost for federal tax purposes amounts to \$75,487,791. The net unrealized appreciation of investments on a federal tax basis amounts to \$3,905,239, which is comprised of \$7,267,779 appreciation and \$3,362,540 depreciation at October 31, 1993.

Note: The categories of investments are shown as a percentage of net assets (\$76,138,965) at October 31, 1993.

(See Notes which are an integral part of the Financial Statements)

#### MINI-CAP FUND

#### STATEMENT OF ASSETS AND LIABILITIES

OCTOBER 31, 1993

<TABLE>	<S>	<C>	<C>
ASSETS:			
Investments in repurchase agreement (Note 2B)		\$14,395,000	
Investments in securities at value		64,998,030	
Total investments at amortized cost and value (Note 2A) (identified and tax cost \$75,487,791)			\$79,393,030
Cash			180,545
Receivable for investments sold			8,607,330
Receivable for Fund shares sold			264,225
Dividends and interest receivable			71,958
Receivable for daily variation margin on open futures contracts (Note 2F)			7,655
Deferred expenses (Note 2D)			6,616
Total assets			88,531,359



LIABILITIES:

Payable for investments purchased	12,318,972
Payable for Fund shares redeemed	3,319
Accrued expenses and other liabilities	70,103
<b>Total liabilities</b>	<b>12,392,394</b>
NET ASSETS for 6,012,200 shares of beneficial interest outstanding	\$76,138,965
NET ASSETS CONSIST OF:	
Paid-in capital	\$67,117,560
Net unrealized appreciation on investments and futures contracts (Note 2F)	4,100,653
Accumulated undistributed net realized gain on investments and futures contracts (Note 2F)	4,891,323
Undistributed net investment income	29,429
<b>Total</b>	<b>\$76,138,965</b>
NET ASSET VALUE, Offering Price and Redemption Price Per Share: (\$76,138,965 / 6,012,200 shares of beneficial interest outstanding)	\$12.66

</TABLE>

(See Notes which are an integral part of the Financial Statements)

MINI-CAP FUND

STATEMENT OF OPERATIONS

YEAR ENDED OCTOBER 31, 1993

	<C>	<C>	<C>
<TABLE>			
<S>			
INVESTMENT INCOME:			
INCOME--			
Dividends			\$ 622,873
Interest			230,277
<b>Total investment income (Note 2G)</b>			<b>853,150</b>
EXPENSES--			
Management fee (Note 5)	\$230,734		
Printing and postage	19,715		
Legal	6,696		
Custodian, transfer and dividend disbursing agent fees and expenses	245,748		
Trustees' fees	2,263		
Auditing fees	12,568		
Fund share registration costs	39,680		
Insurance	5,860		
Taxes	35		
Miscellaneous	2,994		
<b>Total expenses</b>	<b>566,293</b>		
Deduct--			
Waiver of Management fee (Note 5)	\$230,734		

Reimbursement of other operating expenses (Note 5)	163,469	394,203
Net expenses		172,090
Net investment income		681,060
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FUTURES CONTRACTS:		
Net realized gain on investment transactions and futures contracts (identified cost basis)		4,886,059
Net change in unrealized appreciation on investment transactions and futures contracts		3,911,777
Net realized and unrealized gain on investments and futures contracts		8,797,836
Change in net assets resulting from operations		\$9,478,896

</TABLE>

(See Notes which are an integral part of the Financial Statements)

MINI-CAP FUND

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER 31,	
	1993	1992*
<S>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS--		
Net investment income	\$ 681,060	\$ 16,684
Net realized gain on investment transactions and futures contracts (\$5,086,354 and \$384 net gains, respectively, as computed for federal tax purposes)	4,886,059	5,264
Net change in unrealized appreciation on investments and futures contracts	3,911,777	188,876
Change in net assets resulting from operations	9,478,896	210,824
DISTRIBUTIONS TO SHAREHOLDERS (NOTE 3)--		
Dividends to shareholders from net investment income	(661,325)	(6,990)
FUND SHARE (PRINCIPAL) TRANSACTIONS (NOTE 4)--		
Proceeds from sale of shares	81,602,389	8,129,286
Net asset value of shares issued to shareholders electing to receive payment of dividends in Fund shares	154,900	4,285
Cost of shares redeemed	(22,187,110)	(586,190)
Change in net assets from Fund share transactions	59,570,179	7,547,381
Change in net assets	68,387,750	7,751,215
NET ASSETS:		
Beginning of period	7,751,215	--
End of period (including undistributed net investment income of \$29,429 and \$9,694, respectively)	\$76,138,965	\$7,751,215

</TABLE>

\* For the period from August 10, 1992 (commencement of operations) to October 31, 1992.

(See Notes which are an integral part of the Financial Statements)

MINI-CAP FUND

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 1993

-----  
(1) ORGANIZATION

Federated Index Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end, management investment company with three portfolios. The financial statements included herein are only those of Mini-Cap Fund (the "Fund"). The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held.

(2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

- A. INVESTMENT VALUATIONS--Equity portfolio securities listed on the New York Stock Exchange or any other national securities exchange are valued at the last sale price or, if there has been no sale on that day, at the mean between bid and asked prices. Short-term obligations are valued at the mean between bid and asked prices as furnished by an independent pricing service. Short-term obligations with maturities of sixty days or less are valued at amortized cost, which approximates value. All other securities are appraised at fair value as determined in good faith by the Board of Trustees.
- B. REPURCHASE AGREEMENTS--It is the policy of the Trust to require the custodian bank to take possession, to have legally segregated in the Federal Reserve Book Entry System or to have segregated within the custodian bank's vault, all securities held as collateral in support of repurchase agreement investments. Additionally, procedures have been established by the Trust to monitor, on a daily basis, the market value of each repurchase agreement's underlying securities to ensure the existence of a proper level of collateral.
- The Fund will only enter into repurchase agreements with banks and other recognized financial institutions such as broker/dealers which are deemed by the Fund's manager to be creditworthy pursuant to guidelines established by the Trustees. Risks may arise from the potential inability of counterparties to honor the terms of a repurchase agreement. Accordingly, the Fund could receive less than the repurchase price on the sale of collateral securities.
- C. FEDERAL TAXES--It is the Fund's policy to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute to shareholders each year all of its taxable income, including any net realized gains on investments. Accordingly, no provision for federal tax is necessary.

MINI-CAP FUND

- 
- D. DEFERRED EXPENSES--The costs incurred by the Fund with respect to registration of its shares in its first fiscal year, excluding the initial expense of registering the shares, have been deferred and are being amortized using the straight-line method over a period of five years from the Fund's commencement date.
- E. WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS--The Fund may engage in when-issued or delayed delivery transactions. To the extent the Fund engages in such transactions, it will do so for the purpose of acquiring portfolio securities consistent with its investment objectives and policies and not for the purpose of investment leverage. The Fund will record a when-issued security and the related liability on the trade date. Until the securities are received and paid for, the Fund will maintain security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the

settlement date.

F. FUTURES CONTRACTS--Upon entering into a stock index futures contract with a broker, the Fund is required to deposit in a segregated account an amount ("initial margin") of cash or U.S. government securities approximately equal to a percentage of the contract value. The Fund agrees to receive from or pay the broker an amount of cash equal to a specific dollar amount times the difference between the closing value of the stock index and the price at which the contract was made. On a daily basis, the value of a stock index futures contract is determined and any difference between such value and the original futures contract value is reflected in the "daily variation margin" account. Daily variation margin adjustments, arising from this "marking to market" process, are recorded by the Fund as unrealized gains or losses.

The Fund may decide to close its position on a contract at any time prior to the contract's expiration. When a contract is closed, the Fund recognizes a realized gain or loss. Risks of entering into futures contracts include the possibility that there may be an illiquid market and that a change in the value of the contract may not correlate with changes in the value of the underlying securities,

G. INCOME--Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Interest income includes interest, and discount earned (net of premium) on short-term obligations, and interest earned on all other debt securities including original issue discount as required by the Internal Revenue Code. Dividends to shareholders and capital gain distributions, if any, are recorded on the ex-dividend date.

H. OTHER--Investment transactions are accounted for on the trade date of the transaction.

### (3) DIVIDENDS AND DISTRIBUTIONS

Dividends are declared and paid quarterly to all shareholders invested in the Fund on the record date. Dividends are paid from the net investment income of the Fund. Net investment income consists of all dividends or interest received by the Fund less its expenses. Capital gains realized by the Fund, if any, are distributed at least once every twelve months.

### MINI-CAP FUND

### (4) SHARES OF BENEFICIAL INTEREST

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

<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER 31,	
	1993	1992*
<S>	<C>	<C>
Shares outstanding, beginning of period	746,072	--
Shares sold	7,198,018	803,137
Shares issued to shareholders electing to receive payment of dividends in Fund shares	13,554	422
Shares redeemed	(1,945,444)	(57,487)
Shares outstanding, end of period	6,012,200	746,072

</TABLE>

\* The period from August 10, 1992 (commencement of operations) to October 31, 1992.

### (5) MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Federated Management, the Fund's Manager ("Manager"), receives for its services an annual management fee equal to .50 of 1% of the Fund's average daily net

assets. Under the Management Contract, which provides for the voluntary waiver of fee by the Manager, the Manager will voluntarily waive some or all of the management fee. The Manager can terminate its voluntary waiver of some or all of its management fee at any time in its sole discretion. For the fiscal year ended October 31, 1993, the Fund's Manager earned a management fee of \$230,734, all of which was voluntarily waived. In addition, the Manager voluntarily reimbursed \$163,469 of the Fund's other operating expenses.

Organization expenses of \$22,217 were borne initially by the Manager. The Fund has agreed to pay the Manager, at an annual rate .005 of 1% of average daily net assets for organization expenses until expenses borne by the Manager are reimbursed. During the year ended October 31, 1993, the Fund paid \$2,469 pursuant to this agreement. This commitment will expire five years from the date the Trust's portfolio became effective.

Certain of the Officers and Trustees of the Fund are Officers and Directors of the above corporations.

MINI-CAP FUND

(6) INVESTMENT TRANSACTIONS

Purchases, and sales (excluding short-term obligations) of investments, for the year ended October 31, 1993, were as follows:

<TABLE>		<C>
<S>		
PURCHASES--		
Stocks		\$70,563,504
SALES--		
Stocks		\$18,945,780

(7) FINANCIAL FUTURES CONTRACTS

At October 31, 1993 open positions in stock index futures contracts were as follows:

<TABLE>			
<CAPTION>			
EXPIRATION	OPEN CONTRACTS	POSITION	UNREALIZED APPRECIATION
<S>	<C>	<C>	<C>
December 1993	21 S&P 400 Index Futures	Long	\$ 34,415
December 1993	40 S&P 500 Index Futures	Long	\$161,000

At October 31, 1993, the Fund has deposited in a segregated account, \$400,000 of U.S. Treasury Bills, to cover margin requirements on open futures contracts.

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

To the Trustees and Shareholders of

FEDERATED INDEX TRUST:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Mini-Cap Fund (a portfolio of Federated Index Trust), as of October 31, 1993, and the related statement of operations for the year then ended and the statement of changes in net assets for year-ended October 31, 1993 and for the period from August 10, 1992 (commencement of operations) to October 31, 1992, and financial highlights (see page 2 of this prospectus) for the year ended October 31, 1993 and for the period from August 10, 1992 (commencement of operations) to October 31, 1992. 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 securities owned as of October 31, 1993, by correspondence with the custodian and brokers. 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 Mini-Cap Fund of Federated Index Trust at October 31, 1993, the results of its operations for the year then ended, and the changes in its net assets and financial highlights for the year then ended and for the period from August 10, 1992 to October 31, 1992, in conformity with generally accepted accounting principles.

ERNST & YOUNG

Pittsburgh, Pennsylvania  
December 10, 1993

ADDRESSES

<TABLE>		
<S>	<C> Mini-Cap Fund	<C> Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Manager	Federated Management	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Sub-Manager	ANB Investment Management and Trust Co.	One North LaSalle Street Chicago, Illinois 60690
Custodian	State Street Bank and Trust Company	P.O. Box 8602 Boston, Massachusetts 02266-8602
Transfer Agent and Dividend Disbursing Agent	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Legal Counsel	Houston, Houston & Donnelly	2510 Centre City Tower Pittsburgh, Pennsylvania 15222
Legal Counsel	Dickstein, Shapiro & Morin	2101 L Street, N.W. Washington, D.C. 20037
Independent Auditors	Ernst & Young	One Oxford Centre Pittsburgh, PA 15219
</TABLE>		

MINI-CAP FUND  
(A PORTFOLIO OF FEDERATED INDEX TRUST)  
PROSPECTUS

A No-Load, Open-End, Diversified  
Management Investment Company

FEDERATED SECURITIES CORP.  
(LOGO)

-----  
Distributor  
A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER  
PITTSBURGH, PA 15222-3779

2062305A (12/93)

MINI-CAP FUND  
(A PORTFOLIO OF FEDERATED INDEX TRUST)  
STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information should be read with the prospectus of the Fund dated December 31, 1993. This Statement is not a prospectus itself. To receive a copy of the prospectus, write or call the Mini-Cap Fund.

FEDERATED INVESTORS TOWER  
PITTSBURGH, PENNSYLVANIA 15222-3779

Statement dated December 31, 1993

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#### GENERAL INFORMATION ABOUT THE FUND

-----

The Mini-Cap Fund (the "Fund") is a portfolio of Federated Index Trust (the "Trust"), which was established as a Massachusetts business trust under a Declaration of Trust dated January 30, 1990.

#### INVESTMENT OBJECTIVE AND POLICIES

-----

The Fund's investment objective is to provide investment results that correspond to the aggregate price and dividend performance of the approximately 2,000 publicly traded common stocks that are ranked in terms of capitalization below the top 1,000 stocks that comprise the large and mid-range capitalization sector of the United States equity market. These stocks are included in the Russell 2000 Small Stock Index (the "Index"), an index of small capitalization stocks.

The Fund is neither affiliated with nor sponsored by the Frank Russell Company. Frank Russell's only relationship to the Fund is the licensing of the use of the Index. Frank Russell Company is the owner of the trademarks and copyrights relating to the Index.

The investment objective cannot be changed without the approval of shareholders. The policies described below may be changed by the Board of Trustees ("Trustees") without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

#### TYPES OF INVESTMENTS

In addition to the common stocks described in the prospectus, the Fund may also invest in money market instruments and U.S. government obligations and securities in such proportions as, in the judgment of the sub-manager, prevailing market conditions warrant.

#### MONEY MARKET INSTRUMENTS

The Fund may invest in the following money market instruments:

- instruments of domestic banks and savings and loans having capital, surplus, and undivided profits of over \$100,000,000, or if the principal amount of the instrument is insured in full by the Federal Deposit Insurance Corporation; and
- prime commercial paper (rated A-1 by Standard and Poor's Corporation, Prime-1 by Moody's Investors Service, Inc., or F-1 by Fitch Investors Service).

#### REPURCHASE AGREEMENTS

The Fund requires its custodian to take possession of the securities subject to repurchase agreements, and these securities are marked to market daily. To the extent that the original seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities. In the event that such a defaulting seller files for bankruptcy or becomes insolvent, disposition of such securities by the Fund might be delayed pending court action. The Fund believes that under the regular procedures normally in effect for



custody of the Fund's portfolio securities subject to repurchase agreements, a court of competent jurisdiction would rule in favor of the Fund and allow retention or disposition of such securities. The Fund will only enter into repurchase agreements with banks and other recognized financial institutions such as broker/ dealers which are deemed by the Fund's sub-manager to be creditworthy pursuant to guidelines established by the Trustees.

#### U.S. GOVERNMENT OBLIGATIONS

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

- the full faith and credit of the U.S. Treasury;
- the issuer's right to borrow from the U.S. Treasury;
- the discretionary authority of the U.S. government to purchase certain obligations of agencies or instrumentalities; or
- the credit of the agency or instrumentality issuing the obligations.

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

- Federal Land Banks;
- Central Bank for Cooperatives;
- Federal Intermediate Credit Banks;

- 
- Federal Home Loan Banks;
  - Farmers Home Administration; and
  - Federal National Mortgage Association.

#### STOCK INDEX FUTURES AND OPTIONS

The Fund may utilize stock index futures contracts and options on stocks, stock indices and stock index futures contracts for the purposes of managing cash flows into and out of the Fund's portfolio and potentially reducing transactional costs. The Fund may not use stock index futures contracts and options for speculative purposes.

As a means of reducing fluctuations in the net asset value of shares of the Fund, the Fund may attempt to hedge all or a portion of its portfolio through the purchase of listed put options on stocks, stock indices, and stock index futures contracts. These options will be used as a form of forward pricing to protect portfolio securities against decreases in value resulting from market factors such as an anticipated increase in interest rates. A put option gives the Fund, in return for a premium, the right to sell the underlying security to the writer (seller) at a specified price during the term of the option. Put options on stock indices are similar to put options on stocks except for the delivery requirements. Instead of giving the Fund the right to make delivery of stock at a specified price, a put option on a stock index gives the Fund, as holder, the right to receive an amount of cash upon exercise of the option.

The Fund may also write covered call options. As the writer of a call option, the Fund has the obligation upon exercise of the option during the option period to deliver the underlying security upon payment of the exercise price.

The Fund may only: (1) buy listed put options on stock indices and stock index futures contracts; (2) buy listed put options on securities held in its portfolio; and (3) sell listed call options either on securities held in its portfolio or on securities which it has the right to obtain without payment of further consideration (or has segregated cash in the amount of any such additional consideration). The Fund will maintain its positions in securities, option rights, and segregated cash subject to puts and calls until the options are exercised, closed, or expired.

The Fund may also enter into stock index futures contracts. A stock index futures contract is a bilateral agreement which obligates the seller to deliver (and the purchaser to take delivery of) an amount of cash equal

to a specific dollar amount times the difference between the value of a specific stock index at the close of trading of the contract and the price at which the agreement is originally made. There is no physical delivery of the stocks constituting the index, and no price is paid upon entering into a futures contract.

In general, contracts are closed out prior to their expiration. The Fund, when purchasing or selling a futures contract, will initially be required to deposit in a segregated account in the broker's name with the Fund's custodian an amount of cash or U.S. government securities approximately equal to 5%-10% of the contract value. This amount is known as "initial margin," and it is subject to change by the exchange or board of trade on which the contract is traded. Subsequent payments to and from the broker are made on a daily basis as the price of the index or the securities underlying the futures contract fluctuates. These payments are known as "variation margins," and the fluctuation in value of the long and short positions in the futures contract is a process referred to as "marking to market." The Fund may decide to close its position on a contract at any time prior to the contract's expiration. This is accomplished by the Fund taking an opposite position at the then prevailing price, thereby terminating its existing position in the contract. Because the initial margin resembles a performance bond or good faith deposit on the contract, it is returned to the Fund upon the termination of the contract, assuming that all contractual obligations have been satisfied. Therefore, the margin utilized in futures contracts is readily distinguishable from the margin employed in security transactions, since the margin employed in futures contracts does not involve the borrowing of funds to finance the transaction.

#### RESTRICTIONS ON THE USE OF FUTURES CONTRACTS AND OPTIONS

The Fund will not enter into futures contracts to the extent that, immediately thereafter, the sum of its initial margin deposits on open contracts exceeds 5% of the market value of the Fund's total assets. Further, the Fund will enter into stock index futures contracts only for bona fide hedging purposes or such other purposes permitted under Part 4 of the regulations promulgated by the Commodity Futures Trading Commission ("CFTC"). Also, the Fund may not enter into stock index futures contracts and options to the extent that the value of such contracts would exceed 20% of the Fund's total net assets and may not purchase put options to the extent that more than 5% of the value of the Fund's total assets would be invested in premiums on open put option positions.

---

#### WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

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

No fees or other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated at the trade date. These securities are marked to market daily and are maintained until the transaction is settled. As a matter of policy, the Fund does not intend to engage in when-issued and delayed delivery transactions to an extent that would cause the segregation of more than 20% of the total value of its assets.

#### LENDING OF PORTFOLIO SECURITIES

The Fund may lend its portfolio securities up to one-third of the value of its total assets to broker/dealers, banks, or other institutional borrowers of securities. The Fund will only enter into loan arrangements with broker/dealers, banks, or other institutions which the sub-manager has determined are creditworthy under guidelines established by the Trustees and will receive collateral equal to at least 100% of the value of the securities loaned.

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

interest earned on the cash or equivalent collateral to the borrower or placing broker. The Fund does not have the right to vote securities on loan, but would terminate the loan and regain the right to vote if that were considered important with respect to the investment.

#### REVERSE REPURCHASE AGREEMENTS

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

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

#### PORTFOLIO TURNOVER

The Fund will not attempt to set or meet a portfolio turnover rate since any turnover would be incidental to transactions undertaken in an attempt to achieve the Fund's investment objective. For the fiscal year ended October 31, 1993 and for the period from August 10, 1992 (commencement of operations) to October 31, 1992, the portfolio turnover rate for the Fund was 48% and 1%, respectively.

#### INVESTMENT LIMITATIONS

##### INVESTING IN COMMODITIES

The Fund will not purchase or sell commodities. However, the Fund may purchase stock index futures contracts and put options on stock indices and stock index futures contracts to the extent that not more than 5% of the Fund's total assets are required as initial margin deposit for futures contracts and not more than 20% of the Fund's total net assets are invested in futures and options at any time.

##### SELLING SHORT AND BUYING ON MARGIN

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

##### LENDING CASH OR SECURITIES

The Fund will not lend any of its assets, except portfolio securities up to one-third of the value of its total assets. This shall not prevent the Fund from purchasing or holding U.S. government obligations, money market instruments, bonds, debentures, notes, certificates of indebtedness or other debt securities, entering into

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repurchase agreements, or engaging in other transactions where permitted by the Fund's investment objective and policies and Declaration of Trust of the Trust.

##### UNDERWRITING

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

##### ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Fund will not issue senior securities, except that the Fund may borrow money and engage in reverse repurchase agreements in amounts up to one-third of the value of its total assets, including the amounts borrowed. The Fund will not borrow money or engage in reverse repurchase agreements for investment leverage, but rather as a temporary, extraordinary, or emergency measure or to facilitate management of the portfolio by enabling the Fund to meet redemption requests when the

liquidation of portfolio securities is deemed to be inconvenient or disadvantageous. The Fund will not purchase any securities while borrowings in excess of 5% of its total assets are outstanding. During the period any reverse repurchase agreements are outstanding, but only to the extent necessary to assure completion of the reverse repurchase agreements, the Fund will restrict the purchase of portfolio instruments to money market instruments maturing on or before the expiration date of the reverse repurchase agreements.

#### PLEDGING ASSETS

The Fund will not mortgage, pledge, or hypothecate any assets except to secure permitted borrowings. In those cases, it may pledge assets having a market value not exceeding the lesser of the dollar amounts borrowed or 10% of the value of total assets at the time of the borrowing.

#### DIVERSIFICATION OF INVESTMENTS

The Fund will not invest more than 5% of the value of its total assets in the securities of any one issuer, except U.S. government securities, or invest in more than 10% of the voting securities of any one issuer.

#### CONCENTRATION OF INVESTMENTS

The Fund will not invest 25% or more of the value of its total assets in securities of companies in any one industry. However, investing in U.S. government obligations shall not be considered investing in any one industry.

#### INVESTING IN REAL ESTATE

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

#### INVESTING IN RESTRICTED SECURITIES

To comply with requirements of a particular state, the Fund will limit its investment in restricted securities to 5% of the value of its total assets in securities subject to restrictions on resale under the Security Act of 1933.

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

#### INVESTING IN NEW ISSUERS

The Fund will not invest more than 5% of the value of its total assets in securities of issuers which have records of less than three years of operating history, including the operation of any predecessor.

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

The Fund will not purchase or retain the securities of any issuer if the Officers and Trustees of the Trust or the Fund's manager or sub-manager owning individually more than 1/2 of 1% of the issuer's securities together own more than 5% of the issuer's securities.

#### WRITING COVERED CALL OPTIONS

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

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#### INVESTING IN PUT OPTIONS

The Fund will not purchase put options on securities, other than put options on stock, stock indices and stock index futures contracts, unless the securities are held in the Fund's portfolio and not more than 5% of the value of the Fund's total assets would be invested in premiums on open put option positions and not more than 20% of the Fund's total net assets are invested in put options and future contracts at any time.

INVESTING IN MINERALS

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

ACQUIRING SECURITIES

The Fund will not purchase securities of other investment companies except to the extent permitted by the Investment Company Act of 1940, or except as part of a merger, consolidation, or other acquisition. It will not invest in securities for the purpose of exercising control or management.

INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 15% of its net assets in securities which are illiquid, including certain restricted securities and repurchase agreements providing for settlement more than seven days after notice.

INVESTING IN WARRANTS

The Fund will not invest in warrants.

Except with respect to borrowing money, if a percentage limitation is adhered to at the time of investment, a later increase or decrease in percentage resulting from any change in value or net assets will not result in a violation of such restriction.

The Fund does not expect to borrow money or pledge securities in excess of 5% of the value of its net assets during the coming fiscal year.

TRUST MANAGEMENT

OFFICERS AND TRUSTEES

Officers and Trustees are listed with their addresses, principal occupations, and present positions, including any affiliation with Federated Investors, Federated Management, Federated Securities Corp., and Federated Administrative Services, Inc.

<TABLE>  
<CAPTION>

NAME AND ADDRESS	POSITIONS WITH THE TRUST	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
John F. Donahue+* Federated Investors Tower Pittsburgh, PA	Chairman and Trustee	Chairman and Trustee, Federated Investors; Chairman and Trustee, Federated Advisers, Federated Management, and Federated Research; Director, Aetna Life and Casualty Company; Chief Executive Officer and Director, Trustee, or Managing General Partner of the Funds; formerly, Director, The Standard Fire Insurance Company. Mr. Donahue is the father of J. Christopher Donahue, Vice President and Trustee of the Trust.

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NAME AND ADDRESS	POSITIONS WITH THE TRUST	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
John T. Conroy, Jr. Wood/IPC Commercial Department John R. Wood and Associates, Inc., Realtors 3255 Tamiami Trail North Naples, FL	Trustee	President, Investment Properties Corporation; Senior Vice-President, John R. Wood and Associates, Inc., Realtors; President, Northgate Village Development Corporation; General Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee, or Managing General Partner of the Funds; formerly, President, Naples Property Management, Inc.
William J. Copeland One PNC Plaza 23rd Floor Pittsburgh, PA	Trustee	Director and Member of the Executive Committee, Michael Baker, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, and Director, PNC Bank, N.A., and PNC Bank Corp. and Director, Ryan Homes, Inc.

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<CAPTION>

NAME AND ADDRESS	POSITIONS WITH THE TRUST	PRINCIPAL OCCUPATIONS
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NAME AND ADDRESS <S> <C>	THE TRUST <C>	DURING PAST FIVE YEARS <C>
J. Christopher Donahue* Federated Investors Tower Pittsburgh, PA	Vice President and Trustee	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management, and Federated Research; President and Director, Federated Administrative Services, Inc.; Trustee, Federated Services Company; President or Vice President of the Funds; Director, Trustee or Managing General Partner of some of the Funds. Mr. Donahue is the son of John F. Donahue, Chairman and Trustee of the Trust.
James E. Dowd 571 Hayward Mill Road Concord, MA.	Trustee	Attorney-at-law; Director, The Emerging Germany Fund, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Director, Blue Cross of Massachusetts, Inc.
Lawrence D. Ellis, M.D. 3471 Fifth Avenue Suite 1111 Pittsburgh, PA	Trustee	Hematologist, Oncologist, and Internist, Presbyterian and Montefiore Hospitals; Clinical Professor of Medicine and Trustee, University of Pittsburgh; Director, Trustee, or Managing General Partner of the Funds.
Edward L. Flaherty, Jr.+ 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Director, Eat'N Park Restaurants, Inc., and Statewide Settlement Agency, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Counsel, Horizon Financial, F.A., Western Region.
Peter E. Madden 225 Franklin Street Boston, MA	Trustee	Consultant; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly, President, State Street Bank and Trust Company and State Street Boston Corporation and Trustee, Lahey Clinic Foundation, Inc.
Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, Eat'N Park Restaurants, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.
Wesley W. Posvar 1202 Cathedral of Learning University of Pittsburgh Pittsburgh, PA	Trustee	Professor, Foreign Policy and Management Consultant; Trustee, Carnegie Endowment for International Peace, RAND Corporation; Online Computer Library Center, Inc., and U.S. Space Foundation; Chairman, Czecho Slovak Management Center; Director, Trustee, or Managing General Partner of the Funds; President Emeritus, University of Pittsburgh, formerly, Chairman, National Advisory Council for Environmental Policy and Technology.
Marjorie P. Smuts 4905 Bayard Street Pittsburgh, PA	Trustee	Public relations/marketing consultant; Director, Trustee, or Managing General Partner of the Funds.
Glen R. Johnson Federated Investors Tower Pittsburgh, PA	President	Trustee, Federated Investors; President and/or Trustee of some of the Funds; staff member, Federated Securities Corp., Federated Administrative Services and Federated Administrative Services, Inc.
Richard B. Fisher Federated Investors Tower Pittsburgh, PA	Vice President	Executive Vice President and Trustee, Federated Investors; Chairman and Director, Federated Securities Corp.; President or Vice President of the Funds; Director or Trustee of some of the Funds.

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<CAPTION>

NAME AND ADDRESS <S> <C>	POSITIONS WITH THE TRUST <C>	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS <C>
Edward C. Gonzales Federated Investors Tower Pittsburgh, PA	Vice President and Treasurer	Vice President, Treasurer and Trustee, Federated Investors; Vice President and Treasurer, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Treasurer, and Director, Federated Securities Corp.; Chairman, Treasurer, and Director, Federated Administrative Services, Inc.; Trustee or Director of some of the Funds; Vice President and Treasurer of the Funds.
John W. McGonigle Federated Investors Tower Pittsburgh, PA	Vice President and Secretary	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary and Trustee, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Secretary, and Director, Federated Administrative Services, Inc.; Director and Executive Vice President, Federated Securities Corp.; Vice President and Secretary of the Funds.
John A. Staley, IV Federated Investors	Vice President	Vice President and Trustee, Federated Investors; Executive Vice President, Federated Securities Corp.; President and Trustee, Federated Advisers,

Tower  
Pittsburgh, PA

Federated Management, and Federated Research; Vice President of the Funds;  
Director, Trustee, or Managing General Partner of some of the Funds;  
formerly, Vice President, The Standard Fire Insurance Company and President  
of its Federated Research Division.

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\* This Trustee is deemed to be an "interested person" of the Fund or the Trust as defined in the Investment Company Act of 1940.

+ Members of the Trust's Executive Committee. The Executive Committee of the Board of Trustees handles the responsibilities of the Board of Trustees between meetings of the Board.

#### THE FUNDS

"The Funds" and "Funds" mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series II; Cash Trust Series, Inc.; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMs Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income Securities Trust; Federated Income Trust; Federated Intermediate Government Trust; Federated Master Trust; Federated Municipal Trust; Federated Short-Intermediate Government Trust; Federated Short-Term U.S. Government Trust; Federated Stock Trust; Federated Tax-Free Trust; Federated U.S. Government Bond Fund; First Priority Funds; Fixed Income Securities, Inc.; Fortress Adjustable Rate U.S. Government Fund, Inc.; Fortress Municipal Income Fund, Inc.; Fortress Utility Fund, Inc.; Fund for U.S. Government Securities, Inc.; Government Income Securities, Inc.; High Yield Cash Trust; Intermediate Municipal Trust; Investment Series Funds, Inc.; Investment Series Trust; Liberty Equity Income Fund, Inc.; Liberty High Income Bond Fund, Inc.; Liberty Municipal Securities Fund, Inc.; Liberty U.S. Government Money Market Trust; Liberty Utility Fund, Inc.; Liberty Term Trust, Inc.-1999; Liquid Cash Trust; Mark Twain Funds; Money Market Management, Inc.; Money Market Obligations Trust; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; 111 Corcoran Funds; The Planters Funds; Portage Funds; RIMCO Monument Funds; The Shawmut Funds; Short-Term Municipal Trust; Signet Select Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust For Government Cash Reserves; Trust for Short-Term U.S. Government Securities; Trust for U.S. Treasury Obligations.

#### FUND OWNERSHIP

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

As of November 29, 1993, the following shareholders of record owned 5% or more of the outstanding shares of the Fund: Citizens Trust Co., Providence, Rhode Island, owned approximately 610,124 shares (9.6%), JATO, Minneapolis, Minnesota, owned approximately 517,456 shares (8.1%); and Bozworth Company, Little Rock, Arkansas, owned approximately 1,027,044 shares (16.2%).

#### TRUSTEE LIABILITY

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

#### MANAGEMENT SERVICES

#### MANAGERS TO THE FUND

The Fund's Manager is Federated Management. It is a subsidiary of Federated Investors. All the voting securities of Federated Investors are owned by a trust, the trustees of which are John F. Donahue, his wife, and his son, J. Christopher Donahue. John F. Donahue is Chairman and Trustee of Federated Management, Chairman and Trustee of Federated Investors and Chairman and Trustee of the Trust. John A. Staley, IV is President and Trustee of Federated Management, Vice President and Trustee of Federated Investors, Executive Vice

President of Federated Securities Corp., and Vice President of the Trust. J. Christopher Donahue, Trustee of Federated Management, is President and Trustee of Federated Investors, President and Director of Federated Administrative Services, Inc., and Vice President and Trustee of the Trust. John W. McGonigle, Vice President, Secretary and Trustee of Federated Management, is Trustee, Vice President, Secretary, and General Counsel of Federated Investors, Executive Vice President, Secretary, and Director of Federated Administrative Services, Inc., Director and Executive Vice President of Federated Securities Corp. and Vice President and Secretary of the Trust.

The Fund's sub-manager is ANB Investment Management and Trust Company ("ANB"). It is a wholly-owned subsidiary of American National Bank and Trust Company of Chicago. American National Bank and Trust Company of Chicago is a wholly-owned subsidiary of American National Corporation, which, in turn, is a wholly-owned subsidiary of First Chicago Corporation. The sub-manager's directors are John R. Tilton, Thomas P. Michaels, Olivia C. Martinez, Stephen P. Manus, Neil R. Wright, Peter J. Kartalia, and Ronald J. Grayheck. The officers of ANB are John R. Tilton, President and Chief Investment Officer, and Thomas P. Michaels, Secretary, Treasurer, and Legal Counsel.

Neither the manager nor the sub-manager shall be liable to the Trust, the Fund, or any shareholder of the Fund for any losses that may be sustained in the purchase, holding, or sale of any security or for anything done or omitted by the manager or sub-manager, except acts or omissions involving willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties imposed upon either of them by their respective contracts.

#### MANAGEMENT FEES

For their management services, Federated Management receives an annual fee as described in the prospectus. ANB receives an annual fee for its services, which will be paid by the manager, as described in the prospectus.

For the fiscal year ended October 31, 1993 and for the period from August 10, 1992 (commencement of operations) to October 31, 1992 the manager earned \$230,734, and \$4,073 all of which was voluntarily waived due to undertaking to limit the funds expenses.

#### STATE EXPENSE LIMITATIONS

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

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

This arrangement is not part of the Management Contract and may be amended or rescinded in the future.

#### OTHER RELATED SERVICES

Affiliates of the manager may, from time to time, provide certain electronic equipment and software to institutional customers in order to facilitate the purchase of shares of funds offered by Federated Securities Corp.

#### ADMINISTRATIVE SERVICES

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Federated Administrative Services, Inc., a subsidiary of Federated Investors, provides administrative personnel and services to the Fund at approximate cost through an agreement with the Fund's manager. John A. Staley, IV, an officer of the Trust, and Dr. Henry J. Gailliot, an officer of Federated Management, the adviser to the Fund, each hold approximately 15% and 20%, respectively, of the outstanding common stock and serve as directors of Commercial Data Services, Inc., a company which provides computer processing services to Federated Administrative Services, Inc. For the fiscal years ended October 31, 1993 and 1992, Federated Administrative Services, Inc. paid approximately \$165,431 and \$189,741 for services provided by Commercial Data Services, Inc.



## BROKERAGE TRANSACTIONS

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

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

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

Research services provided by brokers and dealers may be used by the Managers or by affiliates of Federated Investors in advising Federated Funds and other accounts. To the extent that receipt of these services may supplant services for which the Managers or their affiliates might otherwise have paid, it would tend to reduce their expenses.

For the fiscal year ended October 31, 1993, and for the period from August 10, 1992 (commencement of operations) to October 31, 1992, the Fund paid \$165,152, and \$11,504 in commissions on brokerage transactions.

## PURCHASING SHARES

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Shares are sold at their net asset value without a sales charge on days the New York Stock Exchange is open for business. The procedure for purchasing shares of the Fund is explained in the prospectus under "Investing in the Fund."

## CONVERSION TO FEDERAL FUNDS

It is the Fund's policy to be as fully invested as possible so that maximum interest may be earned. To this end, all payments from shareholders must be in federal funds or be converted into federal funds. State Street Bank acts as the shareholder's agent in depositing checks and converting them to federal funds.

## EXCHANGING SECURITIES FOR FUND SHARES

Investors may exchange securities they already own for Fund shares, or they may exchange a combination of securities and cash for Fund shares. Any securities to be exchanged must meet the investment objective and policies of the Fund, must have a readily ascertainable market value, must be liquid, and must not be subject to restrictions on resale. An investor should forward the securities in negotiable form with an authorized letter of transmittal to Federated Securities Corp. The Fund will notify the investor of its acceptance and valuation of the securities within five business days of their receipt by State Street Bank.

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

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

## TAX CONSEQUENCES

Exercise of this exchange privilege is treated as a sale for federal income tax purposes. Depending upon the cost basis of the securities exchanged for Fund shares, a gain or loss may be realized by the investor.

#### DETERMINING NET ASSET VALUE

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

#### DETERMINING MARKET VALUE OF SECURITIES

Market values of the Fund's portfolio securities are determined as follows:

- - for equity securities, according to the last sale price on a national securities exchange, if available;
- - in the absence of recorded sales for equity securities, according to the mean between the last closing bid and asked prices;
- - for bonds and other fixed income securities, at the last sale price on a national securities exchange if available, otherwise as determined by an independent pricing service;
- - for short-term obligations, according to the mean between bid and asked prices as furnished by an independent pricing service or for short-term obligations with maturities of less than 60 days, at amortized cost; or
- - for all other securities, at fair value as determined in good faith by the Trustees.

Prices provided by independent pricing services may be determined without relying exclusively on quoted prices and may reflect: institutional trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data.

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

#### REDEEMING SHARES

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

#### REDEMPTION IN KIND

Although the Fund intends to redeem shares in cash, it reserves the right under certain circumstances to pay the redemption price in whole or in part with securities from the Fund's portfolio.

Such securities will be valued with the same valuation techniques employed in determining net asset value, and the securities will be selected in a manner the Trustees determine to be fair and equitable.

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

#### TAX STATUS

##### THE FUND'S TAX STATUS

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

- - derive at least 90% of its gross income from dividends, interest, and gains from the sale of securities;
- - derive less than 30% of its gross income from the sale of securities held less

than three months;

- - invest in securities within certain statutory limits; and
- - distribute to its shareholders at least 90% of its net income earned during the year.

#### SHAREHOLDERS' TAX STATUS

Shareholders are subject to federal income tax on dividends received as cash or additional shares. No portion of any income dividend paid by the Fund is eligible for the dividends received deduction available to corporations. These dividends, and any short-term capital gains, are taxable as ordinary income.

#### CAPITAL GAINS

Shareholders will pay federal tax at capital gains rates on long-term capital gains distributed to them regardless of how long they have held the Fund shares.

#### TOTAL RETURN

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The Fund's average annual total return for the one-year period ended October 31, 1993, and for the period from September 16, 1992 (the effective date of the Fund's registration statement) to October 31, 1993, was 23.73% and 24.50%, respectively.

The average annual total return for the Trust is the average compounded rate of return for a given period that would equate a \$1,000 initial investment to the ending redeemable value of that investment. The ending redeemable value is computed by multiplying the number of shares owned at the end of the period by the offering price per share at the end of the period. The number of shares owned at the end of the period is based on the number of shares purchased at the beginning of the period with \$1,000, adjusted over the period by any additional shares, assuming the monthly/ quarterly reinvestment of all dividends and distributions.

#### YIELD

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The Fund's yield for the thirty-day period ended October 31, 1993 was 1.14%.

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

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

#### PERFORMANCE COMPARISONS

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The Fund's performance depends upon such variables as:

- - portfolio quality;
- - average portfolio maturity;
- - type of instruments in which the portfolio is invested;
- - changes in interest rates and market value of portfolio securities;
- - changes in Fund expenses;
- - the relative amount of Fund cash flow; and
- - various other factors.

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

From time to time, the Fund may advertise its performance compared to similar funds or portfolios using the following:

- - LIPPER ANALYTICAL SERVICES, INC. ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all capital gains distributions and income dividends and takes into account any change in offering price over a specific period of time. From time to time, the Fund will quote its Lipper ranking in the "index funds" category in advertising and sales literature.
- - RUSSELL 2000 INDEX--is a broadly diversified index consisting of approximately 2,000 small capitalization common stocks that can be used to compare to the total returns of funds whose portfolios are invested primarily in small capitalization common stocks.
- - STANDARD & POOR'S DAILY STOCK PRICE INDEX OF 500 COMMON STOCKS--is a composite index of common stocks in industry, transportation, and financial and public utility companies that can be used to compare to the total returns of funds whose portfolios are invested primarily in common stocks. In addition, the Standard & Poor's index assumes reinvestments of all dividends paid by stocks listed on its index. Taxes due on any of these distributions are not included, nor are brokerage or other fees calculated in Standard & Poor's figures.
- - WILSHIRE 5000 EQUITY INDEXES--consists of nearly 5,000 common equity securities, covering all stocks in the U.S. for which daily pricing is available, and can be used to compare to the total returns of funds whose portfolios are invested primarily in common stocks.
- - MORNINGSTAR, INC., an independent rating service, is the publisher of the bi-weekly Mutual Fund Values. Mutual Fund Values rates more than 1,000 NASDAQ-listed mutual funds of all types, according to their risk-adjusted returns. The maximum rating is five stars, and ratings are effective for two weeks.

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Investors may use such indices or reporting services in addition to the Fund's prospectus to obtain a more complete view of the Fund's performance before investing. Of course, when comparing Fund performance to any index, conditions such as composition of the index and prevailing market conditions should be considered in assessing the significance of such comparisons. When comparing funds using reporting services, or total return and yield, investors should take into consideration any relevant differences in funds such as permitted portfolio compositions and methods used to value portfolio securities and compute offering price.

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

#### FRANK RUSSELL COMPANY

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Frank Russell Company reserves the right, at any time and without notice, to alter, amend, terminate or in any way change its Index. Frank Russell Company has no obligation to take the needs of any particular fund or its participants or any other product or person into consideration in determining, composing or calculating the index.

Frank Russell Company's publication of the Index in no way suggests or implies an opinion by Frank Russell Company as to the attractiveness or appropriateness of investment in any or all securities upon which the Index is based. FRANK RUSSELL COMPANY MAKES NO REPRESENTATION, WARRANTY, OR GUARANTEE AS TO THE ACCURACY, COMPLETENESS, RELIABILITY, OR OTHERWISE OF THE INDEX OR ANY DATA INCLUDED IN THE INDEX. FRANK RUSSELL COMPANY MAKES NO REPRESENTATION OR WARRANTY REGARDING THE USE OR THE RESULTS OF USE, OF THE INDEX OR ANY DATA INCLUDED THEREIN, OR ANY SECURITY (OR COMBINATION THEREOF) COMPRISING THE INDEX. FRANK RUSSELL COMPANY MAKES NO OTHER EXPRESS OR IMPLIED WARRANTY, AND EXPRESSLY

MINI-CAP FUND

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INVESTMENT REVIEW

The total return of the Mini-Cap Fund over the past 12 months was 23.73%.

Over the 12 months ended October 31, 1993, U.S. stocks have registered excellent results. Driven by the recovery in corporate profits, falling interest rates, and large flows of money into mutual funds, the S&P 500 Index recorded a total return of 14.92% for the year ended October 31, 1993. Small capitalization stocks were the standout, however, as the Russell 2000 Index had a total return of 32.41% for the same period. Perhaps the most important factor was the decline in interest rates. The yield on the 30-year U.S. Treasury bond dropped from 6.7% to 5.7% between May and September. Interest rate sensitive groups such as the Finance and Utility sectors performed well in response. Expected market weakness in September and October proved to be unfounded, although the market advance became more labored as a number of groups experienced minor corrections.

Sustainability of market strength over the coming year will be importantly influenced by strength in corporate profits and interest rates. We expect the economy to continue on its recovery path well into 1994 with further significant gains in corporate profits. Assuming the pace of the recovery remains in the 3% (real GDP--annual rate) area, inflation should remain subdued, and any backup in interest rates should not be too damaging to the stock market. Over the next 12 months we expect positive returns from U.S. equities, although probably less than the outstanding performance in the year ended October 31, 1993.

PERFORMANCE COMPARISON

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COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE

IN MINI-CAP FUND AND RUSSELL 2000 INDEX+.

Graphic representation "D omitted. See Appendix.

Past Performance is not indicative of future performance. Your investment return and principal value will fluctuate so when shares are redeemed, they may be worth more or less than original cost. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.

This annual report incorporates by reference and accompanies the prospectus dated December 31, 1993.

\* Reflects operations of Mini-Cap Fund from the start of business 9/16/92 through 10/31/93.

\*\* The Fund's performance assumes the reinvestment of all dividends and distributions. The Russell 2000 Index is adjusted to reflect reinvestment of dividends on securities in the index.

+ The Russell 2000 Index is not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Fund's performance.

++ Returns reflect maximum applicable fees.

FEDERATED SECURITIES CORP.  
(LOGO)

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Distributor

## Appendix

A. The graphic presentation here displayed consists of a line graph comparison of the change in value of a \$10,000 purchase in the Max-Cap Fund Institutional Service Shares against the Standard and Poor's 500 Index (S & P 500). The "x" axis reflects the costs of investments, the "y" axis reflects the computation periods from September 6, 1993 through October 31, 1993. A dotted line represents an investment in the S & P 500 Index of \$10,000 on September 6, 1993 and tracks its growth to \$10,211 on October 31, 1993. A solid line directly beneath the dotted line shows an investment in the Max-Cap Fund Institutional Service Shares of \$10,000. This \$10,000 investment on September 6, 1993, is showing growth to \$10,170 by October 31, 1993. The chart further indicates the average annual total return for the period ended October 31, 1993. It shows a 1.70% return since September 6, 1993, the date from the start of business to October 31, 1993.

B. The graphic presentation here displayed consists of a line graph comparison of the change in value of a \$10,000 purchase in the Max-Cap Institutional Shares against the Standard & Poor's 500 Index (S & P 500). The "x" axis reflects the costs of investments, the "y" axis reflects the computation periods from July 11, 1990 through October 31, 1993. A dotted line represents an investment in the S & P 500 of \$10,000 on July 11, 1990 and tracks its growth to \$14,281 on October 31, 1993. A solid line line shows an investment in the Max-Cap Institutional Shares of \$10,000. This \$10,000 investment on July 11, 1990, is showing growth to \$14,328 by October 31, 1993. The chart further indicates the average annual total return for the period ended October 31, 1993. It shows an 11.38% return since July 11, 1990 to October 31, 1993, and a 14.35% return for 1 year.

C. The graphic presentation here displayed consists of a line graph comparison of the change in value of a \$10,000 purchase in the Mid-Cap Fund against the Standard and Poor's MidCap 400 Index (S & P MidCap 400). The "x" axis reflects the costs of investments, the "y" axis reflects the computation periods from November 5, 1992 through October 31, 1993. A dotted line represents an investment in the S & P MidCap 400 of \$10,000 on November 5, 1992 and tracks its growth to \$12,155 on October 31, 1993. A line directly beneath the dotted line shows an investment in the Mid-Cap Fund of \$10,000. This \$10,000 investment on November 5, 1992, is showing growth to \$11,733 by October 31, 1993. The chart further indicates the average annual total return for the period ended October 31, 1993. It shows a 17.33% return since November 5, 1992, the date from the start of business to October 31, 1993.

D. The graphic presentation here displayed consists of a line graph comparison of the change in value of a \$10,000 purchase in the Mini-cap Fund against the Russell 2000 Index. The "x" axis reflects the costs of invesments, the "y" axis reflects the computation periods from September 16, 1992 through October 31, 1993. A dotted line represents an investment in the Russell 2000 Index of \$10,000 on September 16, 1992 and tracks its growth to \$13,662 on October 31, 1993. A line directly beneath the dotted line shows an investment in the Mini-Cap Fund of \$10,000. This \$10,000 investment on September 16, 1992 is showing growth to \$12,682 by October 31, 1993. The chart further indicates the average annual total return for the period ended October 31, 1993. It shows a 24.50% return since September 16, 1992, to October 31, 1993 and a 23.73% return for 1 year.