

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

**WATERHOUSE INVESTORS CASH MANAGEMENT FUND
INC**

Mailing Address
100 WALL ST
NEW YORK NY 10005

Business Address
100 WALL STREET
NEW YORK NY 10005
2128063580

CIK: **949881** | State of Incorporation: **MD** | Fiscal Year End: **1031**
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1997
ANNUAL REPORT

October 31, 1997

Waterhouse
Investors Cash
Management
Funds

Three money market portfolios to choose from:
Money Market o U.S. Government o Municipal

[LOGO]
WATERHOUSE
Investors Services

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
Board of Directors and Executive Officers

Directors

George F. Staudter
Director of Koger Equity, Inc.
Independent Financial Consultant

Richard W. Dalrymple
President of Teamwork Mgmt., Inc.

Theodore Rosen
Chairman
U.S. Energy Systems, Inc.

Lawrence J. Toal
Chairman/President/CEO of
Dime Savings Bank of N.Y., FSB

Executive Officers

Richard W. Ingram*
President, Treasurer
and Chief Financial Officer

Christopher J. Kelley*
Vice President and Secretary

* Affiliated person of the Distributor

WATERHOUSE ASSET MANAGEMENT, INC.
Board of Directors and Executive Officers

Directors

Lawrence M. Waterhouse, Jr.
Chairman and

Chief Executive Officer
Waterhouse Investor Services, Inc.

Frank J. Petrilli
President and
Chief Operating Officer
Waterhouse Investor Services, Inc.

Richard H. Neiman
Executive Vice President
General Counsel and Secretary
Waterhouse Investor Services, Inc.

Senior Officers

David A. Hartman
Senior Vice President
Chief Investment Officer

M. Bernard Siegel
Senior Vice President
Chief Financial Officer & Treasurer

Michele R. Teichner
Senior Vice President
Operations & Compliance

Service Providers

Investment Manager
Waterhouse Asset Management, Inc.
100 Wall Street
New York, NY 10005

Administrator &
Shareholder Servicing
Waterhouse Securities, Inc.
100 Wall Street
New York, NY 10005
Customer Service Department
(800) 934-4410

Transfer Agent
Waterhouse National Bank
One North Lexington Avenue
White Plains, NY 10601

Custodian
The Bank of New York
90 Washington Street
New York, NY 10286

Distributor
Funds Distributor, Inc.
60 State Street
Boston, MA 02109

Independent Auditors
Ernst & Young LLP
787 Seventh Avenue
New York, NY 10019

Legal Counsel
Shereff, Friedman, Hoffman, & Goodman LLP
919 Third Avenue
New York, NY 10022

WATERHOUSE INVESTORS FAMILY OF FUNDS, INC.
formerly Waterhouse Investors Cash Management Fund, Inc. (A)

Dear Shareholder:

I am pleased to provide you with the Waterhouse Investors Family of Funds (the "Fund") annual report for the fiscal year ended October 31, 1997.

The Fund is currently comprised of the Waterhouse Investors Cash Management

Funds having three money market portfolios: Money Market, U.S. Government and Municipal.

During the year, each of the Fund's Portfolios attempted to provide maximum current income from high quality money market securities while maintaining a conservative investment portfolio to ensure safety of principal. By the fiscal year end, assets in the three portfolios increased to a total of \$2.46 billion.

Portfolio Results*

For the fiscal year ended October 31, 1997, the Fund's three money market portfolios had the following annualized returns.**

- o The Money Market Portfolio had an annualized return of 4.89%.
- o The U.S. Government Portfolio had an annualized return of 4.79%.
- o The Municipal Portfolio had an annualized return of 3.01% and a tax equivalent return of 4.70%.⁽¹⁾

Over the past year, the economy has continued on a moderate-to-strong growth path while maintaining a low inflation rate. The recent correction in the global stock markets appears to have put the Federal Reserve on hold for any near term increases in short-term interest rates. We anticipate a relatively stable environment for short-term money market instruments which should bode well for our shareholders, providing an attractive yield in a low inflation environment.

Thank you for investing in the Fund and for your confidence in us. Waterhouse Securities was ranked the best discount broker in the July 1997 Wall Street Journal's SmartMoney magazine.⁽²⁾ SmartMoney magazine "...went looking for 17 perks everything from free research materials to free check writing - and Waterhouse had a perfect score".

We look forward to continuing to meet your expanding investment needs in the years to come.

Sincerely,

/s/ Lawrence M. Waterhouse, Jr.

Lawrence M. Waterhouse, Jr.
Chairman and Chief Executive Officer
Waterhouse Investor Services, Inc.

(A) As of December 18, 1997, Waterhouse Investors Cash Management Fund, Inc. changed its name to Waterhouse Investors Family of Funds, Inc.

* An investment in the Fund is neither FDIC insured nor guaranteed by the U.S. Government and is not a deposit or obligation of, or guaranteed by, any bank. There can be no assurance that a Portfolio of the Fund will be able to maintain a stable net asset value of \$1 per share.

** These returns are based on a constant investment throughout the fiscal year, include reinvestment of dividends and reflect a net return to the shareholder after all expenses, inclusive of fee waivers. For the fiscal year ended October 31, 1997, the Investment Manager and its affiliates waived a portion of their fee for the Money Market, U.S. Government and Municipal Portfolios. Without these fee waivers in effect, the annualized returns would have been 4.81%, 4.72% and 2.91%, respectively. The annualized tax equivalent return for the Municipal Portfolio would have been 4.55%.⁽¹⁾

(1) Taxable equivalent yield at 36% marginal federal income tax rate.

(2) This rating is based on the best combination of price, products and services as compared to 21 discount brokerage firms in the SmartMoney Magazine, July 1997 issue.

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WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS

Statements of Assets and Liabilities
October 31, 1997

<TABLE>

<CAPTION>

<u><S></u>	<u><C></u>	<u><C></u>	<u><C></u>
Assets	Money Market Portfolio	U.S. Government Portfolio	Municipal Portfolio
Investments in securities, at value (including repurchase agreements of \$27,972,000, \$73,432,000, and \$0, respectively) (Note 2)	\$ 1,813,994,290	\$ 459,968,854	\$ 265,440,650
Cash	1,258	3,055,316	4,494
Interest receivable	11,317,609	4,982,310	1,575,575
Other assets	4,007	1,030	687
	-----	-----	-----
Total Assets	1,825,317,164	468,007,510	267,021,406
 Liabilities			
Dividends payable to shareholders	244,257	52,951	21,592
Payable for securities purchased	36,007,480	64,980,400	1,197,465
Payable to Investment Manager and its affiliates (Note 3)	1,147,378	263,108	154,539
Accrued expenses and other liabilities	131,272	25,740	24,114
	-----	-----	-----
Total Liabilities	37,530,387	65,322,199	1,397,710
	-----	-----	-----
Net Assets	\$ 1,787,786,777	\$ 402,685,311	\$ 265,623,696
	=====	=====	=====
Net assets consist of:			
Paid-in capital	\$ 1,787,789,596	\$ 402,685,073	\$ 265,627,109
Accumulated net realized gains (losses) from security transactions/distributions in excess of net realized gains	(2,819)	238	(3,413)
	-----	-----	-----
Net assets, at value	\$ 1,787,786,777	\$ 402,685,311	\$ 265,623,696
	=====	=====	=====
Shares outstanding (\$.0001 par value common stock, 60 billion, 20 billion, and 20 billion shares authorized, respectively)	1,787,789,596	402,685,073	265,627,109
	=====	=====	=====
Net asset value, redemption price and offering price per share (Note 2)	\$ 1.00	\$ 1.00	\$ 1.00
	=====	=====	=====

</TABLE>

Please see accompanying notes to financial statements.

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS

Statements of Operations
For the year ended October 31, 1997

<TABLE>
<CAPTION>

	Money Market Portfolio	U.S. Government Portfolio	Municipal Portfolio
Investment Income			
Interest income	\$ 89,563,425	\$ 21,919,970	\$ 9,370,922
Expenses			
Investment management fees (Note 3)	5,512,519	1,394,481	883,242
Administration fees (Note 3)	1,591,931	398,423	252,319
Transfer agent fees (Note 3)	3,183,862	796,847	504,638
Shareholder servicing fees (Note 3)	3,183,862	677,320	277,561
Registration fees	463,458	129,842	91,576
Shareholder reports and mailing	325,071	65,014	43,343
Custody fees	96,995	22,351	30,189
Professional fees	38,702	13,895	9,785
Directors' fees	15,384	15,384	15,384
Other expenses	54,831	6,857	22,652
Total Expenses	14,466,615	3,520,414	2,130,689
Fees waived by the Investment Manager and certain of its affiliates (Note 3)	(1,199,480)	(291,674)	(252,458)
Net Expenses	13,267,135	3,228,740	1,878,231
Net Investment Income	76,296,290	18,691,230	7,492,691
NET REALIZED GAINS (LOSSES) FROM SECURITY TRANSACTIONS	21,960	449	(2,642)
NET INCREASE IN NET ASSETS FROM OPERATIONS	\$ 76,318,250	\$ 18,691,679	\$ 7,490,049

</TABLE>

Please see accompanying notes to financial statements.

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS

Statements of Changes in Net Assets

<TABLE>
<CAPTION>

	Money Market Portfolio	U.S. Government Portfolio	Municipal Portfolio			
	Year Ended October 31, 1997	Period Ended October 31, 1996*	Year Ended October 31, 1997	Period Ended October 31, 1996*	Year Ended October 31, 1997	Period Ended October 31, 1996*
OPERATIONS						
Net investment income	\$ 76,296,290	\$ 44,429,799	\$ 18,691,230	\$ 11,802,638	\$ 7,492,691	\$ 4,935,546
Net realized gain (loss) from security transactions	21,960	(795)	449	(211)	(2,642)	(771)
Net increase in net assets from operations	76,318,250	44,429,004	18,691,679	11,802,427	7,490,049	4,934,775

DISTRIBUTIONS TO
SHAREHOLDERS

From net investment income	(76,296,290)	(44,429,799)	(18,691,230)	(11,802,638)	(7,492,691)	(4,935,546)
From net realized gains	(23,984)	-	-	-	-	-
Decrease in net assets from distributions to shareholders	(76,320,274)	(44,429,799)	(18,691,230)	(11,802,638)	(7,492,691)	(4,935,546)

CAPITAL SHARE
TRANSACTIONS

(\$1.00 per share)						
Proceeds from shares sold	5,645,355,075	4,317,083,085	1,215,495,738	1,126,273,406	742,968,364	711,316,179
Shares issued in reinvestment of dividends	78,797,634	41,684,198	19,383,642	11,057,275	7,760,110	4,646,535
Payments for shares redeemed	(5,278,973,994)	(3,016,216,402)	(1,203,241,288)	(766,303,700)	(711,355,530)	(489,728,549)
Net increase in net assets from capital share transactions	445,178,715	1,342,550,881	31,638,092	371,026,981	39,372,944	226,234,165
Total Increase In Net Assets	445,176,691	1,342,550,086	31,638,541	371,026,770	39,370,302	226,233,394
Net Assets						
Beginning of period	1,342,610,086	60,000	371,046,770	20,000	226,253,394	20,000
End of period	\$ 1,787,786,777	\$ 1,342,610,086	\$ 402,685,311	\$ 371,046,770	\$ 265,623,696	\$ 226,253,394

</TABLE>

* The Portfolio commenced operations on December 20, 1995.

Please see accompanying notes to financial statements.

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS

Financial Highlights

Contained below is per share operating performance data for a share of common stock outstanding, total investment return, ratios to average net assets and other supplemental data for each period indicated. This information has been derived from each Portfolio's financial statements.

	Money Market Portfolio		U.S. Government Portfolio		Municipal Portfolio	
	Year Ended October 31, 1997	Period Ended October 31, 1996*	Year Ended October 31, 1997	Period Ended October 31, 1996*	Year Ended October 31, 1997	Period Ended October 31, 1996*
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Per Share Operating Performance						
Net asset value, beginning of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
Net investment income	0.048	0.041	0.047	0.041	0.030	0.026
Distributions from net investment income	(0.048)	(0.041)	(0.047)	(0.041)	(0.030)	(0.026)
Net asset value, end of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
Ratios						
Ratio of net expenses to average net assets**	0.83%	0.79% (A)	0.81%	0.73% (A)	0.74%	0.62% (A)
Ratio of net investment income to average net assets**	4.79%	4.64% (A)	4.69%	4.64% (A)	2.97%	2.90% (A)
Decrease reflected in above net expense ratio due to waivers/						

reimbursements by the Investment Manager and its affiliates (Note 3)	0.08%	0.13% (A)	0.07%	0.18% (A)	0.10%	0.23% (A)
Supplemental Data						
Total investment return (B)	4.89%	4.82% (A)	4.79%	4.82% (A)	3.01%	3.05% (A)
Net assets, end of period	\$1,787,786,777	\$1,342,610,086	\$ 402,685,311	\$ 371,046,770	\$ 265,623,696	\$ 226,253,394

</TABLE>

* The Portfolio commenced operations on December 20, 1995.

** The average net assets for the periods ended October 31, 1997 and October 31, 1996, were \$1,592,722,254 and \$1,104,558,438 for the Money Market Portfolio; \$398,635,777 and \$293,708,330 for the U.S. Government Portfolio; and \$252,444,536 and \$196,592,413 for the Municipal Portfolio.

(A) Annualized.

(B) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of the period reported and includes reinvestment of dividends.

Please see accompanying notes to financial statements.

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS

Notes to Financial Statements - October 31, 1997

Note 1 - Organization

The Waterhouse Investors Family of Funds, Inc. (the "Fund") was organized as a Maryland corporation on August 16, 1995. On December 18, 1997, Waterhouse Investors Cash Management Fund, Inc. changed its name to Waterhouse Investors Family of Funds, Inc. The Fund is registered as an open-end, diversified management investment company with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended (the "Act") and the Securities Act of 1933, as amended. The investment objective of the Money Market Portfolio, the U.S. Government Portfolio and the Municipal Portfolio is to seek maximum current income to the extent consistent with liquidity and preservation of capital. The Money Market Portfolio has the flexibility to invest broadly in U.S. dollar-denominated securities of domestic and foreign issuers. The U.S. Government Portfolio offers an added measure of safety by investing exclusively

in obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities. The Municipal Portfolio offers investors federally tax-exempt income by investing primarily in municipal securities.

Waterhouse Securities, Inc. ("Waterhouse Securities") absorbed all organizational expenses other than securities registration fees. The securities registration fees were deferred and amortized from the date operations commenced, December 20, 1995 through October 31, 1997.

Note 2 - Significant Accounting Policies

The following is a summary of the Fund's significant accounting policies:

Computation of Net Asset Value - It is the Fund's policy to maintain a continuous net asset value of \$1.00 per share for each Portfolio. The Fund has adopted certain investment, portfolio valuation and dividend and distribution policies to enable it to do so. There is no assurance, however, that each Portfolio will be able to maintain a stable net asset value of \$1.00 per share.

Securities Valuation - Each Portfolio's securities are valued using the amortized cost method, which approximates market value. The amortized cost method involves initially valuing a security at its original cost and thereafter assuming a constant amortization to maturity of any discount or premium.

Repurchase Agreements - The Fund may enter into repurchase agreements with financial institutions, deemed to be creditworthy by the Fund's Investment Manager, subject to the seller's agreement to repurchase and the Fund's agreement to resell such securities at a mutually agreed upon price. Securities purchased subject to repurchase agreements are deposited with the Fund's custodian and, pursuant to the terms of the repurchase agreement, must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. If the value of the underlying securities falls below the value of the repurchase price plus accrued interest, the Fund will require the seller to deposit additional collateral by the next business day. If the request for additional collateral is not met, or the seller defaults on its repurchase obligation, the Fund maintains the right to sell the underlying securities at market value and may claim any resulting loss against the seller.

Investment Income - Interest income is accrued as earned. Discounts and premiums on securities purchased are amortized in accordance with income tax regulations which approximate generally accepted accounting principles.

Distributions to Shareholders - Dividends arising from net investment income are declared daily and paid monthly. With respect to each Portfolio, net realized short-term capital gains, if any, may be distributed during the year and net realized long-term capital gains, if any, are distributed at least once each year. Income distributions and capital gain distributions are determined in accordance with income tax regulations.

Securities Transactions - Securities transactions are accounted for on the trade date. Realized gain and loss from securities transactions are recorded on a specific identification basis.

Expenses - Expenses directly attributable to each Portfolio are charged to that Portfolio's operations. Expenses which are applicable to all Portfolios are allocated on a pro rata basis.

Use of Estimates - The Fund's financial statements are prepared in accordance with generally accepted accounting principles, which may require the use of management estimates and assumptions. Actual results could differ from these estimates.

Federal Income Taxes - It is each Portfolio's policy to comply with the special provisions of the Internal Revenue Code available to regulated investment companies. As provided therein, in any fiscal year in which a Portfolio so qualifies, and distributes at least 90% of its taxable net income, the Portfolio (but not the shareholders) will be relieved of federal income tax on the income distributed. Accordingly, no provision for income taxes has been made.

In order to avoid imposition of the excise tax applicable to regulated investment companies, it is also each Portfolio's intention to declare as dividends in each calendar year at least 98% of its net investment income (earned during the calendar year) and 98% of its net realized capital gains plus undistributed amounts from prior years.

Note 3 - Investment Management Fees and Other Transactions with Affiliates of the Investment Manager

Under the terms of an Investment Management Agreement with Waterhouse Asset Management, Inc. (the "Investment Manager"), an indirect wholly owned subsidiary of The Toronto-Dominion Bank, for the investment management services furnished to each Portfolio, such Portfolio pays the Investment Manager a monthly investment management fee at an annual rate, on a graduated basis, equal to .35 of 1% of the first \$1 billion of average daily net assets of each such Portfolio, .34 of 1% of the next \$1 billion, and .33 of 1% of average daily net assets of each such Portfolio over \$2 billion. The Investment Manager has agreed to waive a portion of its fee payable by the Municipal Portfolio through October 15, 1998, so that the actual fee payable annually by such Portfolio during such period will be equal to .25 of 1% of its average daily net assets. For the year ended October 31, 1997, the Investment Manager voluntarily waived \$252,458 of its investment management fee for the Municipal Portfolio.

Until June 11, 1997, the Investment Manager was retained under an Administration Agreement to perform certain administrative services for the Fund. For the administrative services rendered to the Fund, each Portfolio paid the Investment Manager a monthly fee at an annual rate of .10 of 1% of each Portfolio's average net assets. Effective June 11, 1997, the Fund retained Waterhouse Securities, an affiliate of the Investment Manager, to provide the administrative services formerly provided by the Investment Manager on substantially identical terms.

Waterhouse Securities has been retained under a Shareholder Services Agreement to perform shareholder servicing necessary for the operation of the Fund. The shareholder service plan adopted by the Fund provides that each Portfolio pay Waterhouse Securities a monthly fee at an annual rate of up to .25 of 1% of average daily net assets. The Fund's Board has determined to limit the annual fee payable through October 15, 1998 under the Shareholder Servicing Plan so as

not to exceed .20 of 1% of average daily net assets in the case of the Money Market Portfolio, .17 of 1% of average daily net assets in the case of the U.S. Government Portfolio and .11 of 1% of average daily net assets in the case of the Municipal Portfolio (the "Current Servicing Rates"). For the fiscal year ended October 31, 1997, Waterhouse Securities voluntarily waived from the Current Servicing Rates \$1,199,480 and \$291,674 of its shareholder servicing fee for the Money Market Portfolio and the U.S. Government Portfolio, respectively.

The Fund has entered into a Transfer Agency and Dividend Disbursing Agency Agreement with Waterhouse National Bank (the "Bank"), an affiliate of the Investment Manager, to perform transfer and dividend disbursing agency-related

services. For such services each Portfolio pays the Bank a monthly fee at an annual rate of .20 of 1% of average daily net assets.

Each Director who is not an "interested person" as defined in the Act receives from the Fund \$3,000 per quarter and \$2,000 for each meeting attended.

Note 4 - Federal tax Information (Unaudited)

In accordance with Federal tax requirements, the Municipal Portfolio designates substantially all the dividends paid from net investment income during the fiscal year ended October 31, 1997 as "exempt - interest dividends". As required by Federal regulations, shareholders will receive notification of their portion of the Fund's taxable ordinary dividends and capital gains distributions paid (if any) for the 1997 calendar year early in 1998.

 WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
 Money Market Portfolio o Schedule of Investments
 October 31, 1997

<TABLE>
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PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>	<C>	<C>
	CORPORATE OBLIGATIONS:		
	ASSET-BACKED COMMERCIAL PAPER -- 6.1%		
\$ 32,000,000	Asset-Backed Securities Investment Trust Ser. 97-F, Variable Rate Notes, 5.585%, due 11/17/97 (Insured: MBIA) (Note A)	5.59	\$ 32,000,000
12,500,000	Corporate Asset Funding Co., Inc., due 12/12/97	5.76	12,420,278
30,500,000	Corporate Asset Funding Co., Inc., due 1/8/98	5.69	30,181,410
10,000,000	Corporate Receivables Corp., due 2/11/98	5.71	9,843,317
25,000,000	CXC, Inc., due 11/13/97	5.58	24,954,000

			109,399,005

	BROKER/DEALER OBLIGATIONS -- 11.7%		
45,000,000	Bear Stearns Cos., Inc., Variable Rate Notes, 5.665%, due 11/3/97 (Note A)	5.67	45,000,000
5,000,000	Bear Stearns Cos., Inc., Variable Rate Notes, 5.775%, due 11/14/97 (Note A)	5.60	5,004,701
7,000,000	Bear Stearns Cos., Inc., Variable Rate Notes, 5.636%, due 11/28/97 (Note A)	5.64	7,000,000
20,000,000	Bear Stearns Cos., Inc., Variable Rate Notes, 5.669%, due 12/1/97 (Note A)	5.67	20,000,000
2,630,000	Bear Stearns Cos., Inc., 9.125%, due 4/15/98	5.73	2,668,562
55,000,000	Merrill Lynch & Co., Inc., Variable Rate Notes, 5.67%, due 11/3/97 (Note A)	5.67	55,000,000
15,000,000	Merrill Lynch & Co., Inc., Variable Rate Notes, 5.66%, due 11/3/97 (Note A)	5.66	14,999,248
20,000,000	Merrill Lynch & Co., Inc., Variable Rate Notes, 5.616%, due 11/26/97 (Note A)	5.62	20,000,000
40,000,000	Morgan Stanley Group, LP, Variable Rate Notes, 5.616%, due 11/28/97 (Note A)	5.59	40,000,000

			209,672,511

	FINANCE & INSURANCE CO. OBLIGATIONS -- 9.2%		
10,000,000	Advanta Corp., Variable Rate Notes, 6.0725%, due 1/26/98 (Insured: MBIA) (Note A)	5.80	10,006,197
3,600,000	Avco Financial Services, Inc., 5.50%, due 5/1/98	5.76	3,594,438
5,000,000	CIT Group Holdings, Inc., 5.625%, due 4/1/98	5.74	4,996,000
4,500,000	CIT Group Holdings, Inc., 8.75%, due 4/15/98	5.75	4,557,921
2,000,000	Ford Motor Credit Co., 6.25%, due 2/26/98	5.75	2,002,319
2,455,000	Ford Motor Credit Co., 9.10%, due 5/4/98	5.75	2,494,976
6,000,000	Ford Motor Credit Co., 5.83%, due 6/29/98	5.74	6,002,707
2,000,000	Ford Motor Credit Co., 9.70%, due 10/5/98	5.95	2,066,457
5,000,000	Ford Motor Credit Co., Variable Rate Notes, 5.899%, due 11/3/97 (Note A)	5.70	5,000,069
2,055,000	General Electric Capital Co., 7.875%, due 12/29/97	5.90	2,060,329
5,000,000	General Electric Capital Co., 8.625%, due 3/12/98	5.65	5,046,835
5,000,000	General Motors Acceptance Corp. CP, due 11/12/97	6.01	4,991,093
10,000,000	General Motors Acceptance Corp. CP, due 11/19/97	5.96	9,971,100
15,000,000	General Motors Acceptance Corp., Variable Rate Notes, 5.74%, due 11/3/97 (Note A)	5.71	15,002,301
15,000,000	General Motors Acceptance Corp., Variable Rate Notes, 5.74%, due 11/3/97 (Note A)	5.69	15,002,301
5,000,000	General Motors Acceptance Corp., Variable Rate Notes, 5.794%, due 11/7/97 (Note A)	5.68	5,000,093
10,000,000	General Motors Acceptance Corp., Variable Rate Notes, 5.599%, due 12/22/97 (Note A)	5.66	9,994,240
5,000,000	GMAC Australia Finance, Variable Rate Notes, 5.969%, due 11/23/97 (Note A)	5.70	5,004,357
30,000,000	Household Finance Co., Variable Rate Notes, 5.79%, due 11/3/97 (Note A)	5.71	29,996,526
14,000,000	International Lease Finance Corp., 7.00%, due 6/1/98	5.80	14,090,839
7,000,000	Xerox Credit Corp. CP, due 3/17/98	5.81	6,852,440

			163,733,538

	TOTAL CORPORATE OBLIGATIONS--27.0%		482,805,054

</TABLE>

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
 Money Market Portfolio o Schedule of Investments
 October 31, 1997

<TABLE>

<CAPTION>

PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>	<C>	<C>
	BANK OBLIGATIONS:		
	BANKERS' ACCEPTANCES -- 0.7%		
\$ 6,600,000	Chase Manhattan Bank, N.A., due 12/1/97	5.63	\$ 6,569,475
5,000,000	First National Bank of Boston, due 11/3/97	5.90	4,998,408

			11,567,883

	BANK NOTES -- 8.2%		
19,500,000	American Express Centurion Bank, Variable Rate Notes, 5.695%, due 11/17/97 (Note A)	5.58	19,504,809
10,000,000	BankBoston, N.A., 5.69%, due 4/14/98	5.69	10,000,000
25,000,000	FCC National Bank, Variable Rate Notes, 5.536%, due 11/3/97 (Note A)	5.71	24,988,520
5,000,000	First Bank, N.A., Variable Rate Notes, 5.545%, due 11/19/97 (Note A)	5.57	4,999,554
2,000,000	First USA Bank, Variable Rate Notes, 6.019%, due 11/19/97 (Note A)	5.69	2,003,391
3,000,000	First USA Bank, Variable Rate Notes, 6.058%, due 1/21/98 (Note A)	5.73	3,004,416
15,000,000	LaSalle National Bank, 5.74%, due 4/20/98	5.74	15,000,000
15,000,000	LaSalle National Bank, 5.76%, due 7/10/98	5.76	15,000,000
20,000,000	PNC Bank, N.A., Variable Rate Notes, 5.59%, due 11/3/97 (Note A)	5.68	19,987,403
20,000,000	PNC Bank, N.A., Variable Rate Notes, 5.59%, due 11/3/97 (Note A)	5.66	19,988,948
5,000,000	PNC Bank, N.A., Variable Rate Notes, 5.652%, due 11/5/97 (Note A)	5.63	5,000,577
2,500,000	Wachovia Bank, 6.19%, due 4/27/98	5.83	2,503,320
5,000,000	Wells Fargo Bank, N.A., Variable Rate Notes, 5.875%, due 11/28/97 (Notes A, E)	5.70	5,006,871

			146,987,809

	BANK SUPPORTED OBLIGATIONS -- 20.4%		
9,250,000	Adult Community Total Services, Inc., Ser. 1996 VRDN, 5.70% (LOC: LaSalle National Bank) (Note C)	5.70	9,250,000
10,000,000	Assisted Living Funding, LLC Ser. 1997 VRDN, 5.65% (LOC: First Union National Bank) (Note C)	5.65	10,000,000
15,000,000	Banco Bandeirantes S.A. CP, due 6/18/98 (LOC: Barclays Bank, PLC)	5.90	14,465,667
9,000,000	Banco de Colombia S.A. CP, due 12/10/97 (LOC: Barclays Bank, PLC)	5.64	8,945,887
5,000,000	Banco de Colombia S.A. CP, due 3/25/98 (LOC: Barclays Bank, PLC)	5.69	4,889,200
10,000,000	Bavaria Asset Corp. CP, due 12/22/97 (LOC: Bayerische Vereinsbank AG)	5.60	9,921,517
10,000,000	Bavaria Asset Corp. CP, due 12/22/97 (LOC: Bayerische Vereinsbank AG)	5.62	9,921,517
3,100,000	Baylis Group Partnership Ser. 1992 VRDN, 5.75% (LOC: Kredietbank) (Note C)	5.70	3,100,000
3,355,000	Benedictine Health System CP, due 1/5/98 (LOC: LaSalle National Bank)	5.76	3,320,653
5,000,000	China International Marine Containers Co. Ltd. CP, due 2/13/98 (LOC: Socie Comision Federal de Electricidad, Series A CP, due 11/17/97	5.66	4,919,833
5,000,000	(LOC: Westdeutsche Landesbank GZ)	5.59	4,987,622
10,000,000	Daewoo Int'l. (America) Corp. CP, due 2/26/98 (LOC: Credit Suisse First Boston)	5.70	9,819,300
13,000,000	Dean Health Systems, Inc. CP, due 11/21/97 (LOC: Rabobank Nederland)	5.70	12,959,050
15,000,000	Demir Funding Corp. I CP, due 1/12/98 (LOC: Bayerische Vereinsbank AG)	5.68	14,831,700
15,000,000	Demir Funding Corp. I CP, due 3/16/98 (LOC: Bayerische Vereinsbank AG)	5.71	14,686,687
9,600,000	Edward Obligated Grp., Ser. 1997B VRDN, 5.60% (Insured: AMBAC; LIQ: Harris Trust & Savings Bank) (Note C)	5.60	9,600,000
7,400,000	Formosa Plastics Corp., USA - Ser. A CP, due 12/5/97 (LOC: ABN Amro, N.V.)	5.63	7,361,212
15,000,000	Formosa Plastics Corp., USA - Ser. A CP, due 2/13/98 (LOC: Bank of America NT & SA)	5.72	14,759,067
20,000,000	Galicia Funding Corp. CP, due 12/3/97 (LOC: Bayerische Vereinsbank AG)	5.85	19,899,022
2,000,000	Galicia Funding Corp. CP, due 12/5/97 (LOC: Bayerische Vereinsbank AG)	5.74	1,989,422
15,000,000	Garanti Funding Corp. I CP, due 3/25/98 (LOC: Bayerische Vereinsbank AG)	5.79	14,665,200
10,000,000	KOC Funding Corp. CP, due 2/13/98 (LOC: Credit Suisse First Boston) (Note B)	6.06	9,832,444
11,000,000	Long Lane Master Trust II, Ser. 1997-B, 5.769%, due 12/26/97 (Counter Party: BankBoston, N.A.) (Notes A, B)	5.77	11,000,000
20,000,000	Long Lane Master Trust III, Ser. 1997-C, 5.78%, due 2/2/98 (Counter Party: BankBoston, N.A.) (Notes A, B)	5.78	20,000,000
31,550,000	Metrocrest Hospital Authority, Series A CP, due 11/3/97 (LOC: Bank of New York)	5.65	31,540,241
9,900,000	NuFunding Inc. VRDN, 5.725% (LOC: LaSalle National Bank) (Note C)	5.73	9,900,000
15,000,000	Petroleo Brasileiro S.A. II Ser. D CP, due 12/1/97 (LOC: Barclays Bank, PL)	5.63	14,930,625
15,000,000	Petroleo Brasileiro S.A. Ser. B CP, due 5/26/98 (LOC: Barclays Bank, PLC)	5.80	14,521,908

</TABLE>

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
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October 31, 1997

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>	<C>	<C>
\$ 4,000,000	Rockland Industries, Inc. Ser. 1997 VRDN, 5.60% (LOC: First Union National Bank) (Note C)	5.60	\$ 4,000,000
4,050,000	Senior Systems Technology LLC VRDN, 5.65% (LOC: Comerica Bank) (Note C)	5.65	4,050,000
8,400,000	Sinochem America C.P. Inc. CP, due 11/6/97 (LOC: Credit Suisse First Boston)	5.61	8,393,548
24,995,000	The Society of New York Hospital Fund, Inc. CP, due 11/13/97 (LOC: Chase Manhattan Bank N.A.)	5.61	24,948,687
3,584,000	The Society of New York Hospital Fund, Inc. CP, due 11/13/97 (LOC: Chase Manhattan Bank N.A.)	5.59	3,577,359
4,000,000	Trap Rock Industries, Inc. Ser. 1997 VRDN, 5.75% (LOC: CoreStates Bank, N.A.) (Note C)	5.75	4,000,000

			364,987,368

	BANK TIME DEPOSITS -- 2.2%		
15,000,000	Societe Generale, 5.70%, due 4/10/98	5.70	15,000,000
25,000,000	Svenska Handelsbanken AB, 5.59%, due 12/31/97	5.59	25,000,000

			40,000,000

	DOMESTIC CERTIFICATES OF DEPOSIT -- 6.2%		
10,000,000	Bankers Trust Co., NY, 5.94%, due 9/10/98	6.00	9,995,112
15,000,000	Bankers Trust Co., NY, Variable Rate Notes, 5.59%, due 11/3/97 (Note A)	5.69	14,990,155
40,000,000	Bankers Trust Co., NY, Variable Rate Notes, 5.62%, due 11/3/97 (Note A)	5.68	39,987,077
25,000,000	Bankers Trust Co., NY, Variable Rate Notes, 5.67%, due 11/3/97 (Note A)	5.68	24,997,959
10,000,000	LaSalle National Bank, 5.96%, due 2/13/98	5.96	10,000,000
10,000,000	LaSalle National Bank, 5.96%, due 2/26/98	5.96	10,000,000

			109,970,303

	EURODOLLAR BANK CERTIFICATES OF DEPOSIT -- 2.2%		
40,000,000	Credit Agricole Indosuez S.A., 5.69%, due 2/20/98	5.70	39,999,268

	YANKEE BANK CERTIFICATES OF DEPOSIT -- 9.1%		
21,000,000	Banque Nationale de Paris, 5.87%, due 12/8/97	5.73	21,002,744
11,000,000	Banque Nationale de Paris, 5.78%, due 2/4/98	5.75	10,996,823
20,000,000	Banque Nationale de Paris, 5.96%, due 6/30/98	5.90	20,006,356
10,000,000	Barclays Bank PLC, 5.845%, due 1/21/98	5.77	10,000,000
20,000,000	Dresdner Bank AG, 5.95%, due 4/10/98	5.88	20,005,766
10,000,000	Rabobank Nederland, 6.05%, due 3/27/98	6.16	9,995,801
10,000,000	Societe Generale, Variable Rate Notes, 5.625%, due 11/3/97 (Note A)	5.69	9,994,581
15,000,000	Societe Generale, Variable Rate Notes, 5.63%, due 11/3/97 (Note A)	5.67	14,998,537
25,000,000	Societe Generale, Variable Rate Notes, 5.66%, due 11/3/97 (Note A)	5.68	24,997,526
20,000,000	Svenska Handelsbanken AB, 5.86%, due 9/18/98	5.89	19,994,789

			161,992,923

	TOTAL BANK OBLIGATIONS 49.0%		875,505,554

	MUNICIPAL OBLIGATIONS:		
	TAXABLE OBLIGATIONS -- 23.9%		
2,270,000	Berks Co., PA IDA VRDN, 5.75% (LOC: CoreStates Bank, N.A.) (Note C)	5.75	2,270,000
20,000,000	Brazos River Auth., TX, Collateralized PCR (TX Utilities Elect. Co. Proj.) Ser. 1991D, 5.61%, due 12/8/97 (LOC: Morgan Guaranty Trust Co. of NY)	5.61	20,000,000
20,000,000	Broward Cty., FL Pro. Sports Fac. Tax & Rev. Bonds (Broward Cty. Civic Arena Proj.) Ser. 1996B, (TTR 14), 5.648%, Optional Put 11/3/97 (Insured: MBIA; LIQ: Citibank, N.A.)	5.65	20,000,000
5,000,000	Calif. Pollution Control Fin. Auth. Env. Imp. Rev. Bonds (Shell Oil Co. Proj.) Ser. 1996, 5.63%, due 11/5/97	5.63	5,000,000
35,000,000	Calif. Pollution Control Fin. Auth. Solid Waste Disp. Rev. Bonds (Browning Ferris Industries) Ser. 1997A, 5.63%, due 11/18/97 (LOC: Texas Commerce Bank, N.A.)	5.63	35,000,000

</TABLE>

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
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<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>	<C>	<C>
\$19,120,000	City of New York, NY G.O. Fiscal 1996 SubSer. A-2, 5.70%, due 11/5/97 (LOC: Societe Generale)	5.62	\$ 19,120,000
3,000,000	City of New York, NY G.O. Ser. 1992B, 5.65%, due 11/6/97 (Insured: FGIC)	5.57	3,000,000
4,300,000	City of New York, NY G.O. Ser. 1993E, 5.66%, due 11/12/97 (Insured: FGIC)	5.58	4,300,000
10,000,000	City of New York, NY G.O. Ser. 1993E, 5.68%, due 11/12/97 (Insured: FGIC)	5.60	10,000,000
24,075,000	City of New York, NY G.O. Ser. 1993E, 5.73%, due 11/13/97 (Insured: FGIC)	5.65	24,075,000
11,695,000	City of New York, NY G.O. Ser. 1993E, 5.73%, due 12/17/97 (Insured: FGIC)	5.65	11,695,000
3,000,000	City of New York, NY, Ser. H, Subseries H-7, 5.70%, due 11/4/97 (Insured: FGIC)	5.62	3,000,000
8,000,000	City of New York, NY, Ser. H, Subseries H-7, 5.70%, due 11/5/97 (Insured: FGIC)	5.62	8,000,000
5,000,000	City of New York, NY, Ser. H, Subseries H-7, 5.65%, due 11/6/97 (Insured: FGIC)	5.57	5,000,000
23,500,000	City of Whiting, IN Indus. Sewage and Solid Waste Disp. Rev. Bonds (Amoco Corp. Proj.) Ser. 1995 5.60%, due 12/10/97 (LOC: Nationsbank, N.A.)	5.60	23,500,000
30,800,000	City of Worcester, MA BAN, 5.68%, due 12/1/97	5.65	30,800,682
6,490,000	Denver City & County COP (Commons Open Space & Rec. Area Proj.) Ser. 1996 VRDN, 5.65% (LOC: Canadian Imperial Bank of Commerce) (Note C)	5.65	6,490,000
12,420,000	Downtown Marietta, GA Dev. Auth. (Marietta Conference Center) Ser. B VRDN, 5.57% (LOC: Canadian Imperial Bank of Commerce) (Note C)	5.56	12,420,000
10,000,000	Gulf Coast Waste Disp. Auth. PCR (Amoco Corp. Proj.) Ser. 1995, 5.64%, due 11/13/97	5.64	10,000,000
26,000,000	Ill. Dev. Auth. Rev. Bonds Ser. 1996 VRDN, 5.70% (LOC: Northern Trust Co.) (Note C)	5.70	26,000,000
6,295,000	Ill. Health Facilities Auth. Ser. 1996F VRDN, 5.70% (LOC: LaSalle National Bank) (Note C)	5.75	6,295,000
20,000,000	Ill. Student Asst. Comm. Student Loan Rev. Bonds Ser. 1997B, VRDN, 5.61% (LOC: First Nat'l Bank of Chicago) (Note C)	5.61	20,000,000
4,000,000	Miss. Bus. Fin. Corp. Rev. Bonds (AB Co. Inc. Proj.) Ser. B VRDN, 5.60% (LOC: First Union National Bank) (Note C)	5.60	4,000,000
3,800,000	NJ EDA (The Morey Organization, Inc. Proj.) Ser. 1997 VRDN, 5.75% (LOC: CoreStates Bank, N.A.) (Note C)	5.75	3,800,000
6,000,000	NJ EDA State Pension Fdg. Bonds Ser. 1997A, 5.64%, Optional Put 11/3/97 (Insured: MBIA; LIQ: Citibank, N.A.)	5.64	6,000,000
10,000,000	NY State Housing Fin. Agy. Svc. Contract Obligation Rev. Ser. 1997B VRDN, 5.65% (LOC: Commerzbank AG) (Note C)	5.58	10,000,000
20,000,000	Oakland-Alameda Cty., CA, Coliseum Auth. Lease Rev. Bonds Ser. 1996 A1, 5.57%, due 11/10/97 (LOC: Canadian Imperial Bank of Commerce)	5.57	20,000,000
5,000,000	Oakland-Alameda Cty., CA, Coliseum Auth. Lease Rev. Bonds Ser. 1995 B1, 5.58%, due 11/19/97 (LOC: Canadian Imperial Bank of Commerce)	5.58	5,000,000
11,000,000	Oakland-Alameda Cty., CA, Coliseum Auth. Lease Rev. Bonds Ser. 1995 B2, 5.59%, due 11/17/97 (LOC: Canadian Imperial Bank of Commerce)	5.59	11,000,000
10,000,000	Oakland-Alameda Cty., CA, Coliseum Auth. Lease Rev. Bonds Ser. 1995 B2, 5.61%, due 12/17/97 (LOC: Canadian Imperial Bank of Commerce)	5.63	10,000,000
6,400,000	Oakland-Alameda Cty., CA, Coliseum Auth. Lease Rev. Bonds Ser. 1996 A2, 5.62%, due 11/13/97 (LOC: Canadian Imperial Bank of Commerce)	5.62	6,400,000
4,000,000	PA Econ. Dev. Fin. Auth. Dev. Rev. Bonds (Country Meadows of Allentown Proj.) Ser. 1996B VRDN, 5.65% (LOC: Mellon Bank, N.A.) (Note C)	5.75	4,000,000
5,046,000	Passaic Cty., NJ Utilities Auth. Proj. Notes Ser. 1997A, 5.95%, due 8/4/98 (Insured: MBIA)	5.87	5,046,000
13,500,000	State of Ohio, Taxable Dev. Asst. Ser. 1996; Optional Put 11/3/97, 5.656% (Insured: AMBAC; LIQ: Citibank, N.A.)	5.63	13,500,000
20,000,000	State of Ohio, Taxable Dev. Asst. Ser. CR16T; Optional Put 11/3/97, 5.656% (Insured: AMBAC; LIQ: Citibank, N.A.)	5.63	20,000,000
3,000,000	Westchester County NY IDA (BWP Distributors Inc. Proj.) Ser. 1997 VRDN, 5.60% (LOC: First Union National Bank) (Note C)	5.60	3,000,000
	TOTAL MUNICIPAL OBLIGATIONS 23.9%		----- 427,711,682 -----

</TABLE>

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
Money Market Portfolio o Schedule of Investments
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<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>	<C>	<C>
\$ 27,972,000	REPURCHASE AGREEMENTS -- 1.6% Smith Barney Securities Inc., -dated 10/31/97, due 11/3/97, in the amount of \$27,985,403, -fully collateralized by \$28,458,459 U.S. Gov't. Securities, value \$28,531,440	5.75	\$ 27,972,000
	TOTAL INVESTMENTS -- 101.5%		1,813,994,290
	OTHER ASSETS AND LIABILITIES, NET -- (1.5%)		(26,207,513)
	NET ASSETS -- 100.0%		\$ 1,787,786,777

</TABLE>

Please see accompanying notes to the schedules of investments
and financial statements.

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
U.S. Government Portfolio o Schedule of Investments
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<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>	<C>	<C>
4,300,000	AGENCY FOR INTERNATIONAL DEVELOPMENT -- 1.1% Notes, 5.25%, due 3/15/98	5.64	\$ 4,292,908
	FEDERAL FARM CREDIT BANK -- 14.0%		
1,715,000	Notes, 5.60%, due 11/3/97	5.49	1,715,010
3,170,000	Notes, 5.40%, due 12/2/97	5.55	3,169,560
1,605,000	Notes, 6.25%, due 1/30/98	5.63	1,606,869
10,000,000	Variable Rate Notes, 5.426%, due 11/1/97 (Note A)	5.51	9,993,064
15,000,000	Variable Rate Notes, 5.35%, due 11/3/97 (Note A)	5.32	15,000,024
25,000,000	Variable Rate Notes, 5.49%, due 11/3/97 (Note A)	5.55	24,990,282
			56,474,809
	FEDERAL HOME LOAN BANK -- 53.0%		
5,000,000	Discount Notes, due 12/2/97	5.62	4,976,449
5,000,000	Discount Notes, due 12/4/97	5.55	4,975,525
2,000,000	Notes, 8.15%, due 11/17/97	5.51	2,002,073
6,000,000	Notes, 5.54%, due 11/26/97	5.59	5,998,690
9,410,000	Notes, 5.655%, due 11/26/97	5.60	9,408,400
3,150,000	Notes, 6.32%, due 12/4/97	5.55	3,151,765
1,000,000	Notes, 7.87%, due 12/15/97	5.54	1,002,566
1,000,000	Notes, 5.63%, due 12/17/97	5.51	999,778
4,000,000	Notes, 5.65%, due 12/26/97 (Note E)	5.81	3,997,852
3,300,000	Notes, 5.595%, due 1/22/98	5.62	3,299,879
10,600,000	Notes, 5.81%, due 1/30/98 (Note E)	5.60	10,598,754
4,000,000	Notes, 5.875%, due 1/30/98 (Note E)	5.60	4,000,000
5,000,000	Notes, 5.805%, due 2/13/98 (Note E)	5.62	4,998,366
1,000,000	Notes, 5.87%, due 2/13/98	5.64	999,987
5,105,000	Notes, 5.875%, due 3/18/98	5.64	5,105,980
1,055,000	Notes, 5.82%, due 6/16/98	5.62	1,055,916
4,000,000	Notes, 6.02%, due 7/24/98 (Note E)	5.76	4,000,000
8,600,000	Notes, 5.85%, due 10/15/98 (Note E)	5.75	8,600,000
10,000,000	Variable Rate Notes, 5.657%, due 11/2/97 (Note A)	5.54	10,011,186
5,450,000	Variable Rate Notes, 5.55%, due 11/4/97 (Note A)	5.49	5,451,500
9,000,000	Variable Rate Notes, 5.552%, due 11/4/97 (Note A)	5.51	9,005,199
25,000,000	Variable Rate Notes, 5.418%, due 11/7/97 (Note A)	5.51	24,984,116
50,000,000	Variable Rate Notes, 5.73%, due 11/11/97 (Note A)	5.76	49,985,500
15,000,000	Variable Rate Notes, 5.40%, due 11/17/97 (Note A)	5.48	14,989,611
20,000,000	Variable Rate Notes, 5.459%, due 12/30/97 (Note A)	5.55	19,983,943

213,583,035

FEDERAL HOME LOAN MORTGAGE CORP. -- 0.7%

1,755,464	Mortgage Pool L90042, 6.00%, due 8/1/98	5.82	1,755,263
1,000,000	Notes, 5.40%, due 3/16/98 (Note E)	5.65	998,897

			2,754,160

FEDERAL NATIONAL MORTGAGE ASSOC. -- 18.1%

5,000,000	Discount Notes, due 11/17/97	5.66	4,987,778
1,000,000	Notes, 7.68%, due 12/1/97	5.53	1,001,582
3,720,000	Notes, 9.55%, due 12/10/97	5.55	3,734,888
1,000,000	Notes, 5.59%, due 12/18/97	5.58	999,722
5,000,000	Notes, 5.375%, due 1/13/98 (Note E)	5.57	4,996,117
6,000,000	Notes, 5.375%, due 1/13/98 (Note E)	5.58	5,995,341
2,400,000	Notes, 5.625%, due 2/12/98	5.56	2,399,099
2,000,000	Notes, 5.00%, due 2/25/98 (Note E)	5.61	1,995,508
2,010,000	Notes, 5.69%, due 3/13/98	5.64	2,009,761
2,950,000	Notes, 5.71%, due 3/18/98	5.64	2,950,272
7,210,000	Notes, 5.79%, due 3/25/98	5.83	7,208,032
5,000,000	Notes, 6.02%, due 4/15/98	5.65	5,006,759
1,300,000	Notes, 5.25%, due 5/13/98 (Note E)	5.69	1,296,793

</TABLE>

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
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<TABLE>

<CAPTION>

PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>	<C>	<C>
\$ 1,875,000	Notes, 5.22%, due 7/10/98 (Note E)	5.83	\$ 1,867,203
1,250,000	Notes, 5.35%, due 8/12/98 (Note E)	5.82	1,245,455
15,000,000	Variable Rate Notes, 5.635%, due 11/11/97 (Note A)	5.67	14,994,900
10,000,000	Variable Rate Notes, 5.503%, due 1/5/98 (Note A)	5.59	9,992,293

			72,681,503

STUDENT LOAN MARKETING ASSOC. -- 9.1%			
5,000,000	Notes, 5.71%, due 11/18/97	5.60	4,999,542
3,800,000	Notes, 5.71%, due 2/19/98 (Note E)	5.60	3,798,151
5,000,000	Notes, 5.60%, due 8/11/98	5.77	4,993,681
23,000,000	Variable Rate Notes, 5.30%, due 11/4/97 (Note A)	5.44	22,959,065

			36,750,439

REPURCHASE AGREEMENTS -- 18.2%			
38,432,000	Smith Barney Securities, Inc., ~dated 10/31/97, due 11/3/97, in the amount of \$38,450,415	5.75	38,432,000
~fully collateralized by \$39,228,639 U.S. Gov't. Securities, value \$39,200,640 Morgan Stanley & Co., Inc.,			
20,000,000	~dated 10/29/97, due 11/5/97, in the amount of \$20,021,739	5.59	20,000,000
15,000,000	~dated 10/22/97, due 11/12/97, in the amount of \$15,048,388	5.53	15,000,000
~both fully collateralized by \$191,669,208 U.S. Gov't. Securities, value \$35,962,592			

			73,432,000

TOTAL INVESTMENTS -- 114.2%			459,968,854
OTHER ASSETS AND LIABILITIES, NET -- (14.2%)			(57,283,543)

NET ASSETS -- 100.0%			\$402,685,311
			=====

</TABLE>

Please see accompanying notes to the schedules of investments
and financial statements.

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
Municipal Portfolio o Schedule of Investments
October 31, 1997

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>		<C>
	MUNICIPAL OBLIGATIONS:		
	ALABAMA -- 0.8%		
\$ 2,200,000	Decatur IDR Solid Waste Disp. Rev. (Amoco Chem. Co.) Ser. 1995, VRDN, 4.25% (Note C)	4.25	\$ 2,200,000 -----
	ALASKA -- 0.2%		
100,000	Anchorage Elec. Util. Rev. Bonds, 4.70%, due, 12/1/97 (Insured: MBIA)	3.75	100,075
455,000	Anchorage Elec. Util. Rev. Bonds, Ser. B, 4.75%, due 2/1/98 (Insured: MBIA)	3.86	455,958
100,000	North Slope Boro, Ser. A, 4.85%, due 6/30/98 (Insured: MBIA)	4.00	100,544 -----
			656,577 -----
	ARIZONA -- 1.3%		
3,500,000	Salt River Proj. Agricultural Imp. & Power Dist., 3.60%, due 11/12/97	3.60	3,500,000 -----
	ARKANSAS -- 1.9%		
5,100,000	Pulaski Cty. (Chenel Park Apts. Proj.) VRDN, 3.80% (LOC: PNC Bank) (Note C)	3.80	5,100,000 -----
	CALIFORNIA -- 3.1%		
300,000	California Alternative Energy Source Fin. Auth., Ser. 1986 VRDN, 3.55% (LOC: Banque Nationale de Paris) (Note C)	3.55	300,000
3,800,000	California RANS, VRDN, 4.00% (LIQ: Bank of New York) (Note C)	4.00	3,800,000
4,000,000	California School Cash Reserve Notes, Ser. 1997A, 4.75%, due 7/2/98	3.85	4,023,062 -----
			8,123,062 -----
	COLORADO -- 5.4%		
3,000,000	Denver City & County Airport Rev. Bonds, Ser. 1997A, 3.80%, due 11/6/97 (LOC: Bayerische Landesbank)	3.80	3,000,000
5,000,000	Denver City & County Airport Rev. Bonds, Ser. 1997A, 3.65%, due 11/13/97 (LOC: Bayerische Landesbank)	3.65	5,000,000
6,200,000	Pueblo Cty. IDR (Kaiser Aero Space & Elec. Proj.) VRDN, 3.85% (LOC: ABN-AMRO Bank) (Note C)	3.85	6,200,000
175,000	Westminster Special Purpose Sales & Use Tax Rev. Bonds (Post Project) Ser. B, 3.65%, due 12/1/97 (Insured: FGIC)	3.65	175,000 -----
			14,375,000 -----
	CONNECTICUT-- 0.1%		
105,000	Hebron G.O. Bonds, 6.10%, due 11/15/98 (Insured: MBIA)	4.00	107,214 -----
	DISTRICT OF COLUMBIA -- 1.2%		
100,000	Washington D.C. G.O. Bonds, Ser. C, 7.30%, due 6/1/98 (Insured: AMBAC)	4.00	101,869
100,000	Washington D.C. G.O. Bonds, Ser. B-3, 4.40%, due 6/1/98 (Insured: MBIA)	4.00	100,223
3,000,000	Washington D.C. G.O. Notes, Ser. 1997, VRDN, 3.70% (LOC: First Union National Bank) (Note C)	3.70	3,000,000 -----
			3,202,092 -----
	FLORIDA -- 8.2%		
2,000,000	Dade Cty. G.O. Bonds, 12.00%, due 10/1/98 (Insured: FGIC)	3.95	2,142,924
365,000	Florida Board of Educ. G.O. Bonds, Ser. 1988B1, 7.875%, due 6/1/98, Prerefunded @ 102 (Note D)	3.90	380,328
120,000	Florida Board of Educ. G.O. Bonds, 5.40%, due 5/1/98, (Escrow to Maturity) (Note D)	4.00	120,819
140,000	Florida HFA, SFM, Ser. A, 5.40%, due 1/1/98 (Collateralized: GNMA/FNMA)	4.50	140,201
5,000,000	Indian River Cty. Hosp. Dist., Ser. 1990, 3.75%, due 12/3/97 (LOC: Kredietbank)	3.75	5,000,000
800,000	Jacksonville Elec. Auth. Tax Exempt CP Notes, 3.60%, due 11/13/97 (RCA: Morgan Guaranty)	3.60	800,000
6,000,000	Lee Cty. Hosp. Board of Dir. (Lee Memorial Hosp. Proj.) Ser. 1995A, 3.90%, due 11/21/97 (LINE: SunBank)	3.90	6,000,000

4,700,000	Lee Cty. Hosp. Board of Dir. (Lee Memorial Hosp. Proj.) Ser. 1995A, 3.75%, due 12/2/97 (LINE: SunBank)	3.75	4,700,000
100,000	Ocala Power Supply Rev. Bonds, 6.75%, due 10/1/98 (Insured: MBIA)	5.76	100,861
2,500,000	Orlando Cap. Imp. CP Notes, Ser. 1994A, 3.85%, due 1/15/98 (LOC: Morgan Guaranty)	3.85	2,500,000

			21,885,133

</TABLE>

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
Municipal Portfolio o Schedule of Investments
October 31, 1997

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>	<C>	
	GEORGIA -- 0.9%		
\$ 2,000,000	Burke Cty. Dev. Auth. PCR (Oglethorpe Power Corp.- Vogtle Proj.) Ser. A, 3.60%, due 12/1/97 (Insured: AMBAC)	3.60	\$ 2,000,000
150,000	Cobb Cty. Hosp. Auth. Rev. Bonds (Kennestone Hospital), 7.30%, due 8/1/98 (Insured: MBIA)	4.00	153,595
200,000	Gwinnett Cty. Water & Sewer COP Rev. Bonds, 8.05%, due 8/1/98	4.00	205,862

			2,359,457

	HAWAII -- 0.7%		
100,000	Department of Budget & Fin. (Queens Med. Ctr. Proj.), 6.80%, due 7/1/98, Prerefunded @ 102 (Note D)	4.00	103,752
1,700,000	Honolulu City & Cty. CP, 3.70%, due 12/8/97 (LINE: Canadian Imperial Bank of Commerce)	3.70	1,700,000

			1,803,752

	ILLINOIS -- 9.7%		
2,500,000	Arcola IDR (Herff Jones, Inc. Proj.) VRDN, 3.90% (LOC: Wachovia Bank & Trust Co.) (Note C)	3.90	2,500,000
2,900,000	Chicago (Muni. Sec. Trust Receipts) Ser. A2 VRDN, 3.80%		
	(Insured: AMBAC; LIQ: Credit Suisse) (Note C)	3.80	2,900,000
7,000,000	Chicago O'Hare Intl. Airport (Northwest Airlines) Ser. A VRDN, 3.90% (LOC: Bank of Tokyo-Mitsubishi) (Note C)	3.90	7,000,000
600,000	Illinois COP, Ser. 1995A, 4.30%, due 7/1/98 (Insured: MBIA)	4.30	600,000
3,000,000	Illinois Dev. Fin. Auth. (Citizens Util. Co. Proj.) VRDN, 3.80% (Note C)	3.80	3,000,000
375,000	Illinois Dev. Fin. Auth. (D.E. Akin Seed Proj.) VRDN, 3.90% (LOC: Bank One) (Note C)	3.90	375,000
1,850,000	Illinois Dev. Fin. Auth. (Emtech Machining & Grinding Inc., Proj.) VRDN, 3.90% (LOC: LaSalle National Bank) (Note C)	3.90	1,850,000
3,100,000	Illinois Hlth. Fac. Auth. Rev. Bonds (Rush Presbyterian-St. Luke's Med. Ctr. Group) Ser. 1996B, 3.70%, due 11/20/97 (LOC: Northern Trust)	3.70	3,100,000
1,800,000	North Aurora IDA (Oberweiss Dairy, Inc. Proj.) VRDN, 3.90% (LOC: LaSalle National Bank) (Note C)	3.90	1,800,000
2,470,000	Oak Lawn IDR (Lavergne Partners Proj.) VRDN, 3.90% (LOC: LaSalle National Bank) (Note C)	3.90	2,470,000
100,000	Rosemont G.O. Bonds, 5.70%, due 2/1/98 (Insured: FGIC)	3.95	100,426

			25,695,426

	INDIANA -- 1.1%		
3,000,000	Newton Cty. IDR (Intec Group, Inc. Proj.) VRDN, 3.90% (LOC: LaSalle National Bank) (Note C)	3.90	3,000,000

	IOWA -- 1.9%		
4,500,000	Dubuque (Jeld-Wen, Inc. Proj.) Ser. 1988 VRDN, 4.10% (LOC: ABN-AMRO Bank) (Note C)	4.10	4,500,000
500,000	Iowa Student Loan Ser. C, 6.30%, due 12/1/97 (Insured: AMBAC)	4.05	500,896
100,000	North Central Iowa Community Sch. Dist., 4.50%, due 5/1/98 (Insured: AMBAC)	4.00	100,240

5,101,136

KANSAS -- 1.1%		
1,500,000	Burlington PCR (Kansas City Power & Light) Ser. 1985B, 3.85%, due 1/15/98 (LOC: Societe Generale)	3.85 1,500,000
1,500,000	Burlington PCR (Kansas City Power & Light) Ser. 1985B, 3.70%, due 11/19/97 (LOC: Societe Generale)	3.70 1,500,000
		----- 3,000,000 -----
KENTUCKY -- 7.1%		
4,915,000	Danville Multi-City Lease Rev. Bonds, 3.80%, due 11/18/97 (LOC: PNC Bank)	3.80 4,915,000
700,000	Daviess Cty. Solid Waste Disp. Rev. Bonds (Scott Paper Co. Proj.) Ser. 1993A VRDN, 4.05% (Note C)	4.05 500,000
500,000	Daviess Cty. Solid Waste Disp. Rev. Bonds (Scott Paper Co. Proj.) Ser. 1994A VRDN, 4.05% (Note C)	4.05 700,000
800,000	Daviess Cty. Solid Waste Disp. Rev. Bonds (Scott Paper Co. Proj.) Ser. 1994B VRDN, 4.05% (Note C)	4.05 800,000

</TABLE>

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
Municipal Portfolio o Schedule of Investments
October 31, 1997

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>	<C>	
\$ 1,200,000	Mayfield (Kentucky League of Cities Pooled Lease Fin. Prog.) Ser. 1996 VRDN, 3.80% (LOC: PNC Bank) (Note C)	3.80	\$ 1,200,000
8,800,000	Pendleton Cty. (Kentucky Assoc. of Counties Lease Trust Prog.) Ser. 1989, 3.85%, due 11/7/97 (LOC: Commonwealth Bank of Australia)	3.85	8,800,000
2,000,000	Pulaski Cty. Solid Waste Disp. (National Rural CFC, Eastern Kentucky) Ser. B, 3.70%, Mandatory Put 2/15/98	3.70	2,000,000
			----- 18,915,000 -----
LOUISIANA -- 0.6%			
1,300,000	Calcasieu Parish (Citgo Petroleum Corp.) Ser. 1994 VRDN, 4.30% (LOC: Banque Nationale de Paris) (Note C)	4.30	1,300,000
250,000	Louisiana Gas & Fuels Tax Rev. Bonds, Ser. A, 6.80%, due 11/15/97, (Insured: FGIC)	4.00	250,258
			----- 1,550,258 -----
MARYLAND -- 4.9%			
500,000	Anne Arundel Cty. (Baltimore Gas & Electric Proj.) Ser. 1988, 3.75%, due 11/10/97 (SPBA: Bank of New York, Chemical Bank)	3.75	500,000
8,100,000	Anne Arundel Cty. (Baltimore Gas & Electric Proj.) Ser. 1988, 3.75%, due 12/10/97 (SPBA: Bank of New York, Chemical Bank)	3.75	8,100,000
4,100,000	Anne Arundel Cty. (Baltimore Gas & Electric Proj.) Ser. 1988, 3.75%, due 12/15/97 (SPBA: Bank of New York, Chemical Bank)	3.75	4,100,000
170,000	Maryland Community Dev. Auth. Ser. 1992, 5.75%, due 4/1/98	4.00	171,193
250,000	Maryland G.O., 8.20%, due 3/1/98	4.10	253,271
			----- 13,124,464 -----
MASSACHUSETTS -- 2.3%			
6,000,000	Worcester BANS, 4.25%, due 8/28/98	3.87	6,018,000
MICHIGAN -- 3.1%			
3,670,000	Michigan Hsg. Dev. Auth., Ser. 1988A, 3.70%, due 11/24/97 (LOC: Credit Suisse)	3.70	3,670,000
1,700,000	Michigan Strategic Fund (United Fixtures Co. Proj.) Ser. 1995 VRDN, 3.90% (LOC: Bankers Trust)	3.90	1,700,000
2,750,000	Michigan Underground Storage Tank Fin. Assurance Auth., CP Notes, Ser. 1, 3.70%, due 12/1/97 (LOC: Canadian Imperial Bank of Commerce) (Note C)	3.70	2,750,000

8,120,000

MINNESOTA -- 0.2%		
205,000	Dakota Cty. Hsg. & Redev. Auth. (Ind. Sch. Dist. #196 Proj.) 3.90%, due 2/1/98 (Insured: MBIA)	3.90 205,000
200,000	Minnesota G.O.Bonds, 6.60%, due 8/1/98, Prerefunded @ 100 (Note D)	4.00 203,778

		408,778

MISSISSIPPI -- 2.9%		
5,325,000	Clairborne Cty. PCR (South Mississippi Elec. Power Assoc. - National Rural CFC) Ser. 1985G-2, 3.75%, due 12/4/97	3.75 5,325,000
1,000,000	Clairborne Cty. PCR (South Mississippi Elec. Power Assoc. - National Rural CFC) Ser. 1985G-2, 3.75%, due 12/16/97	3.75 1,000,000
645,000	Dept. of Corrections COP (Wilkinson Cty. Correctional Fac.) Ser. A, 4.00%, due 2/1/98 (Insured: MBIA)	4.00 645,000
700,000	Jackson Cty. Sewer Fac. Rev. Bonds (Chevron USA Inc. Proj.) VRDN, 4.25% (Note C)	4.25 700,000

		7,670,000

MISSOURI -- 0.2%		
500,000	Missouri Hlth. & Educ. Facs. Auth. (SSM Hlth. Care) Ser. AA, 4.90%, due 6/1/98 (Insured: MBIA)	4.00 502,527

NEBRASKA -- 1.5%		
4,000,000	Lincoln (Lincoln Elec. Sys.) 3.70%, due 11/5/97 (LIQ: Morgan Guaranty)	3.70 4,000,000

</TABLE>

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS

Municipal Portfolio o Schedule of Investments
October 31, 1997

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>	<C>	
NEVADA -- 2.2%			
\$ 5,000,000	Clark Cty. IDR (Nevada Power Co. Proj.) VRDN, 3.80% (LOC: Barclays Bank) (Note C)	3.80	\$ 5,000,000
800,000	Washoe Cty. Water Fac. Rev. Bonds (Sierra Pacific Power Co. Proj.) VRDN, 4.25% (LOC: Union Bank of Switzerland) (Note C)	4.25	800,000

			5,800,000

NEW JERSEY -- 0.3%			
175,000	Camden Cty. G.O., Ser. A, 5.00%, due 2/1/98 (Insured: FGIC)	3.80	175,510
500,000	Jersey City Incinerator Auth. Rev. Bonds, 6.90%, due 11/15/98 (Insured: FGIC)	4.10	513,940
100,000	New Jersey Transportation Fund Auth. (Transportation Sys.) Ser. A, 5.00%, due 12/15/97 (Escrow to Maturity) (Note D)	3.90	100,127

			789,577

NEW MEXICO -- 0.1%			
205,000	New Mexico Educ. Asst. Fund, Ser. IIA, 4.20%, due 12/1/97	3.75	205,072

NEW YORK -- 0.2%			
100,000	Brookhaven G.O. Bonds, Ser. B, 7.00%, due 5/1/98 (Insured: MBIA)	4.00	101,453
150,000	New York State Dorm. Auth. Rev. Bonds (Spec. Obl.) Ser. A, 6.55%, due 5/1/98 (Escrow to Maturity) (Note D)	4.05	151,801
250,000	New York State Thruway Auth. (Highway & Bridge Fund) Ser. A, 5.00%, due 4/1/98 (Insured: AMBAC)	4.05	250,952

			504,206

175,000	NORTH CAROLINA -- 0.1% Concord COP, Ser. A, 4.60%, due 6/1/98 (Insured: MBIA)	4.00	175,588
OHIO -- 1.1%			
2,500,000	Ohio Air Quality Dev. Auth. PCR (Ohio Edison Co. Proj.) Ser. B, 4.10%, Optional Put 5/1/98 (LOC: Union Bank of Switzerland)	4.11	2,499,750
100,000	Ohio G.O. Bonds, 5.50%, due 8/1/98 (LOC: Wachovia Bank & Trust Co.)	4.00	101,086
315,000	Toledo G.O. Bonds, 4.50%, due 12/1/97 (Insured: AMBAC)	3.80	315,170
			2,916,006
OREGON -- 0.9%			
500,000	Klamath Falls Elec. Rev. Bonds (Salt Caves Hydro-Electric Project) Ser. B, 4.50%, Mandatory Put 5/1/98 (Escrow to Maturity) (Note D)	4.00	500,000
2,000,000	Oregon G.O. Vet. Welfare Bonds, Ser. 76C, 4.05%, Mandatory Put 2/2/98	4.05	2,000,000
			2,500,000
PENNSYLVANIA -- 4.7%			
1,000,000	Beaver Cty. IDA (Duquesne Light Co. Proj.) Ser.1993A, 3.80%, due 12/18/97 (LOC: Union Bank of Switzerland)	3.80	1,000,000
2,000,000	Carbon Cty. IDA Res. Rec. Rev. (Panther Creek Proj.) Ser. 1990A, 3.80%, due 11/4/97 (LOC: National Westminster Bank)	3.80	2,000,000
385,000	Dauphin Cty. Gen. Hlth. Sys. Rev. Bonds (Pinnacle Hlth. Sys. Proj.) 4.00%, due 5/15/98 (Insured: MBIA)	4.00	385,000
225,000	Luzerne Cty. G.O., 3.75%, due 12/15/97 (Insured: FGIC)	3.75	225,000
100,000	Montgomery Cty. Higher Educ. & Hlth. Auth. Hosp. Rev. Bonds (Bryn Mawr Hosp. Proj.) 9.375%, due 12/1/97, Prerefunded @ 102 (Note D)	4.00	102,423
255,000	Norristown G.O., 5.45%, due 12/15/97 (Insured: FGIC)	4.00	255,431
100,000	Pennsylvania COP, Ser. A, 4.25%, due 7/1/98 (Insured: AMBAC)	4.00	100,158
160,000	Pennsylvania G.O., 4.75%, due 6/15/98	4.00	160,711
200,000	Pennsylvania Higher Educ. Facs. Auth. Rev. Bonds, Ser. K, 4.00%, due 6/15/98 (Insured: AMBAC)	4.00	200,000
7,900,000	Venango IDA (Scrubgrass Proj.) Ser. 1990A, 3.75%, due 12/19/97 (LOC: National Westminster Bank)	3.75	7,900,000
285,000	Williams Valley Sch. Dist. G.O. Bonds, 3.85%, due 9/1/98 (Insured: FSA)	3.85	284,644
			12,613,367

</TABLE>

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
Municipal Portfolio o Schedule of Investments
October 31, 1997

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		ANNUALIZED YIELD (%)	VALUE
<S>	<C>	<C>	
	RHODE ISLAND -- 0.8%		
\$ 100,000	Pawtucket G.O. Bonds, 5.20%, due 6/15/98 (Insured: MBIA)	4.00	\$ 100,721
1,900,000	Rhode Island Ind. Fac. Corp. IDR (NFA Corp. Proj.) VRDN, 4.00% (LOC: Bank of Boston) (Note C)	4.00	1,900,000
			2,000,721
SOUTH CAROLINA -- 4.7%			
2,800,000	Florence Cty. Solid Waste Disp. Rev. Bonds (Roche Carolina, Inc.) Ser. 97, VRDN, 4.25% (LOC: Swiss Bank) (Note C)	4.25	2,800,000
6,700,000	South Carolina Jobs EDA (Zeuna Starker USA, Inc. Proj.) VRDN, 3.80% (LOC: Bayerische Landesbank) (Note C)	3.80	6,700,000
3,000,000	South Carolina Public Service Auth., 3.70%, due 12/3/97 (RCA: Nationsbank)	3.70	3,000,000
50,000	South Carolina Public Service Auth., Ser. B, 5.00%, due 1/1/98 (Insured: FGIC)	4.50	50,040
			12,550,040

SOUTH DAKOTA -- 3.5%

1,345,000	South Dakota Hsg. Dev. Auth. (Homeownership Mortgage Bds.) Ser. 1997G, 3.95%, due 8/13/98	3.95	1,345,000
2,145,000	South Dakota Hsg. Dev. Auth. (Homeownership Mortgage Bds.) Ser. 1997H, 3.95%, due 8/13/98	3.95	2,145,000
5,800,000	South Dakota Hsg. Dev. Auth. (Homeownership Mortgage Bds.) Ser. 1997E, VRDN, 3.90% (GIC: Westdeutsche Landesbank GZ)	3.90	5,800,000

			9,290,000

TENNESSEE -- 1.0%			
2,650,000	Franklin Cty. IDR (Franklin Ind. Inc. Proj.) VRDN, 3.80% (LOC: Nationsbank) (Note C)	3.80	2,650,000
100,000	Shelby Cty. Hlth., Educ., & Hsg. Fac. Rev. Bonds (Methodist Hlth. Systems) Ser. 1989A, 7.10%, due 6/1/98 (Insured: MBIA)	4.00	101,746

			2,751,746

TEXAS -- 14.2%			
135,000	Arlington Ind. Sch. Dist., 7.00%, due 8/15/98 (Escrow to Maturity) (Note D)	4.00	138,093
240,000	Arlington Ind. Sch. Dist., 7.00%, due 8/15/98, Prerefunded @ 100 (Note D)	4.00	245,496
2,500,000	Brazos River Auth. (Texas Util. Elec. Co. Proj.) Ser. 1994A, 3.75%, due 12/9/97 (LOC: Canadian Imperial Bank of Commerce)	3.75	2,500,000
600,000	Brazos River Auth. (Texas Util. Elec. Co. Proj.) Ser. 1995C VRDN, 4.25%, (LOC: Swiss Bank) (Note C)	4.25	600,000
1,500,000	Brazos River Auth. (Texas Util. Elec. Co. Proj.) Ser. 1996A VRDN, 4.25%, (Insured: AMBAC; LIQ: Bank of New York) (Note C)	4.25	1,500,000
1,800,000	Brazos River Auth. (Texas Util. Elec. Co. Proj.) Ser. 1997B VRDN, 4.05%, (Insured: MBIA; LIQ: Bank of New York) (Note C)	4.05	1,800,000
2,000,000	Dallas Area Rapid Transit, Sales Tax Rev. CP Notes, Ser. A, 3.75%, due 11/3/97 (LOC: Credit Suisse, Swiss Bank)	3.75	2,000,000
2,500,000	Dallas Area Rapid Transit, Sales Tax Rev. CP Notes, Ser. A, 3.75%, due 11/5/97 (LOC: Credit Suisse, Swiss Bank)	3.75	2,500,000
100,000	Dallas - Fort Worth Airport Rev. Bonds, Ser. A, 4.60%, due 11/1/97 (Insured: MBIA)	4.00	100,000
500,000	Gulf Coast Waste Disposal Auth. Solid Waste Rev. Bonds (Amoco Oil Proj.) Ser. 1993, VRDN 4.25% (Note C)	4.25	500,000
200,000	Gulf Coast Waste Disposal Auth. Solid Waste Rev. Bonds (Amoco Oil Proj.) Ser. 1995, VRDN 4.25% (Note C)	4.25	200,000
700,000	Gulf Coast Waste Disposal Auth. Solid Waste Rev. Bonds (Citgo Petroleum Corp. Proj.) Ser. 1994, VRDN 4.30%, (LOC: Wachovia Bank) (Note C)	4.30	700,000
250,000	Harris Cty., Rev. Bonds (Toll Road) 8.10%, due 8/1/98, Prerefunded @ 102 (Note D)	4.00	262,296
250,000	Harris Cty., Rev. Bonds (Toll Road) 8.125%, due 8/1/98, Prerefunded @ 102 (Note D)	4.00	262,341
2,200,000	Houston Airport CP Notes Ser. A, 3.75%, due 12/9/97 (LOC: Canadian Imperial Bank of Commerce, Commerzbank)	3.75	2,200,000
200,000	Houston Water & Sewer Rev. Bonds, 8.125%, due 12/1/97, Prerefunded @ 102 (Note D)	4.00	204,644
1,200,000	Matagorda Cty. Nav. Dist. Rev. Bonds (Houston Power & Light Co.) VRDN, 4.05% (Insured: AMBAC; LIQ: Union Bank of Switzerland) (Note C)	4.05	1,200,000
3,000,000	San Antonio Water System CP Notes Ser. 1995, 3.75%, due 12/2/97 (RCA: Westdeutsche Landesbank GZ)	3.75	3,000,000
3,000,000	San Antonio Water System CP Notes Ser. 1995, 3.75%, due 12/4/97 (RCA: Westdeutsche Landesbank GZ)	3.75	3,000,000

</TABLE>

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS
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October 31, 1997

<TABLE>
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<S>	<C>	<C>	
\$ 2,000,000	Texas Municipal Power Agency, BANS, 3.70%, due 11/17/97 (RCA: Morgan Guaranty, Bank of America, Canadian Imperial Bank of Commerce)	3.70	\$ 2,000,000
1,000,000	Texas Municipal Power Agency, BANS, 3.70%, due 12/19/97 (RCA: Morgan Guaranty, Bank of America, Canadian Imperial Bank of Commerce)	3.70	1,000,000
100,000	Texas Pub. Bldg. Auth. Rev. Bonds, 6.25%, due 8/1/98 (Insured: MBIA)	4.00	101,632
5,000,000	Texas TRANS, CP Ser. 1997B, 3.60%, due 12/29/97	3.60	5,000,000
300,000	University of Houston, Ser. B, 7.00%, due 2/15/98 (Insured: MBIA)	3.85	302,655
5,500,000	University of Texas Board of Regents, Ser. A, 3.80%, due 11/14/97	3.80	5,500,000
900,000	West Side Calhoun Cty. (BP Chemicals) VRDN, 4.25% (Note C)	4.25	900,000

			37,717,157

VERMONT -- 0.2%		
400,000	Vermont G.O. Bonds, 6.40%, due 2/1/98	3.87 402,468
VIRGINIA -- 1.3%		
1,000,000	King George Cty. (Birchwood Power Proj.) Ser. 1997, VRDN, 4.25% (LOC: Credit Suisse) (Note C)	4.25 1,000,000
600,000	King George Cty. (Birchwood Power Proj.) Ser. 1995, VRDN, 4.25% (LOC: Credit Suisse) (Note C)	4.25 600,000
1,500,000	Louisa IDA (Virginia Elec. Power Co.), 3.90%, due 12/5/97	3.90 1,500,000
430,000	Virginia Hsg. Dev. Auth., Ser. B, 5.00%, due 5/1/98	4.00 432,071
		3,532,071
WASHINGTON -- 3.1%		
215,000	Auburn Util. Sys. Rev. Bonds, 6.00%, due 11/1/97 (Insured: MBIA)	3.60 215,000
8,000,000	Pierce Cty. TANS, 3.75%, due 12/30/97	3.70 8,000,625
150,000	Washington G.O., Ser. A & AT6, 5.10%, due 2/1/98	4.13 150,406
		8,366,031
WEST VIRGINIA -- 0.9%		
2,500,000	West Virginia Public Energy Auth. (Morgantown Energy Assoc. Proj.) Ser. 1989A, 3.80%, due 11/4/97 (LOC: Swiss Bank)	3.80 2,500,000
WISCONSIN-- 0.2%		
200,000	Wisconsin G.O., Ser. A, 6.40%, due 5/1/98, Prerefunded @ 101 (Note D)	4.10 204,170
200,000	Wisconsin G.O., Ser. C, 6.80%, due 5/1/98, Prerefunded @ 101 (Note D)	4.10 204,554
		408,724
TOTAL MUNICIPAL OBLIGATIONS -- 99.9%		265,440,650
OTHER ASSETS AND LIABILITIES, NET -- 0.1%		183,046
NET ASSETS -- 100.0%		\$265,623,696

</TABLE>

Please see accompanying notes to the schedules of investments
and financial statements.

WATERHOUSE INVESTORS CASH MANAGEMENT FUNDS

Notes to Schedules of Investments
October 31, 1997

- (A) Variable rate securities. The rates shown are the current rates on October 31, 1997. Dates shown represent the next interest reset date.
- (B) These obligations were acquired for investment, not with intent to distribute or sell. They are restricted as to public resale. These obligations were acquired at a cost of par. At October 31, 1997, the aggregate value of these securities is \$40,832,444, representing 2.3% of net assets and are valued at amortized cost.
- (C) Securities payable on demand. The interest rate, which is subject to change, is based upon bank prime rates or an index of market interest rates.
- (D) Bonds which are prerefunded or escrowed to maturity are collateralized by U.S. Government securities which are held in escrow and are used to pay principal and interest on the municipal issue and to retire the bonds in full at the earliest refunding date.

(E) Security may be redeemed prior to maturity date at the discretion of the issuer.

Description of Abbreviations

AMBAC	AMBAC Assurance Corp.
BANS	Bond Anticipation Notes
COP	Certification of Participation
CP	Commercial Paper
EDA	Economic Development Authority
FGIC	Financial Guaranty Insurance Company
FNMA	Federal National Mortgage Association
FSA	Financial Securities Assurance Inc.
GIC	Guaranteed Investment Contract
GNMA	Government National Mortgage Association
G.O.	General Obligation
HFA	Housing Finance Authority
IDA	Industrial Development Authority
IDR	Industrial Development Revenue Bond
LINE	Line of Credit
LIQ	Liquidity Agreement
LOC	Letter of Credit
MBIA	MBIA Insurance Corp.
PCR	Pollution Control Revenue Bond
RANS	Revenue Anticipation Notes
RCA	Revolving Credit Agreement
SBPA	Standby Bond Purchase Agreement
SFM	Single Family Mortgage
TANS	Tax Anticipation Notes
TRANS	Tax Revenue Anticipation Notes
VRDN	Variable Rate Demand Notes

This Report has been prepared for shareholders and may be distributed to others only if preceded or accompanied by a current prospectus.

Report of Ernst & Young LLP, Independent Auditors

Shareholders and Board of Directors
Waterhouse Investors Family of Funds, Inc.

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Waterhouse Investors Family of Funds, Inc. (comprising, respectively, the Money Market Portfolio, the U.S. Government Portfolio and the Municipal Portfolio of Waterhouse Investors Cash Management Funds) as of October 31, 1997, and the related statements of operations for the year then ended, and the statements of changes in net assets and the financial highlights for the year then ended and for the period from December 20, 1995 (commencement of operations) to October 31, 1996. 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 and financial highlights. Our procedures included confirmation of securities owned as of October 31, 1997 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 each of the respective Portfolios constituting Waterhouse Investors Family of Funds, Inc. at October 31, 1997, the results of their operations for the year then ended, and the changes in their net assets and the financial highlights for the year then ended and for the period from December 20, 1995 to October 31, 1996, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

New York, New York
December 1, 1997

WATERHOUSE SECURITIES, INC.
Member New York Stock Exchange o SIPC
National Headquarters
100 Wall Street o New York, New York 10005

CUSTOMER SERVICE o (800) 934-4410
