

# SECURITIES AND EXCHANGE COMMISSION

## FORM 485BPOS

Post-effective amendments [Rule 485(b)]

Filing Date: **1996-04-08**  
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### FILER

#### FEDERATED EQUITY FUNDS

CIK: **745968** | IRS No.: **251470423** | State of Incorporation: **MA** | Fiscal Year End: **1031**  
Type: **485BPOS** | Act: **33** | File No.: **333-01567** | Film No.: **96544984**

Mailing Address  
*FEDERATED INVESTORS  
TOWER  
PITTSBURGH PA 15222-3779*

Business Address  
*FEDERATED INVESTORS  
TWR  
PITTSBURGH PA 15222  
4122887496*

1933 Act File No. 333-1567  
1940 Act File No. 811-4017

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-14  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933  
Pre-Effective Amendment No.

--  
X Post-Effective Amendment No. 1  
(Check appropriate box or boxes)

FEDERATED EQUITY FUNDS  
(Exact Name of Registrant as Specified in Charter)

(412) 288-1900  
(Area Code and Telephone Number)

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

JOHN W. MCGONIGLE, ESQUIRE  
Federated Investors Tower  
Pittsburgh, Pennsylvania 15222-3779  
(Name and Address of Agent for Service)

Copies to:

J. Crilley Kelly, Esquire  
Corporate Counsel  
Federated Investors  
Federated Investors Tower  
Pittsburgh, PA 15222

Matthew G. Maloney, Esquire  
Dickstein, Shapiro & Morin, L.L.P.  
2101 L Street, N.W.  
Washington, D.C. 20037

It is proposed that this filing will become effective on April 7, 1996, or as soon thereafter as is practicable, pursuant to Rule 488. (Approximate Date of Proposed Public Offering)

Registrant has filed with the Securities and Exchange Commission a declaration pursuant to Rule 24f-2 under the Investment Company Act of 1940 that it elects to register an indefinite amount of securities under the Securities Act of 1933 and filed the Notice required by that Rule for Registrant's fiscal year ended October 31, 1994 on December 15, 1994 and filed the Notice required by Rule 24e-2 for its fiscal year ended October 31, 1995 on December 15, 1995. Accordingly, no filing fee is submitted herewith.

CROSS REFERENCE SHEET  
PURSUANT TO ITEM 1(A) OF FORM N-14 SHOWING LOCATION IN  
PROSPECTUS OF INFORMATION REQUIRED BY FORM N-14

This Registration Statement is comprised of two prospectus/proxy statements, and a related statement of additional information relating to the acquisition by the Registrant of the assets of Capital Growth Fund in exchange for Class A Shares of Federated Growth Strategies Fund, a Portfolio of the Registrant, to be issued to holders of Class A Shares of Capital Growth Fund and in exchange for Class C Shares of Federated Growth Strategies Fund to be issued to holders of Class C Shares of Capital Growth Fund. The cross-references below are applicable to each such prospectus/proxy statement.

Item of Part A of Form N-14 and Caption or Location in  
Caption Each Prospectus

- |                                                                                         |                                                                                |
|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| 1. Beginning of Registration<br>Statement and Outside Front<br>Cover Page of Prospectus | Cross Reference Sheet;<br>Cover Page                                           |
| 2. Beginning and Outside Back<br>Cover Page of Prospectus                               | Table of Contents                                                              |
| 3. Fee Table, Synopsis Information<br>and Risk Factors                                  | Summary of Expenses; Summary;<br>Risk Factors                                  |
| 4. Information About the<br>Transaction                                                 | Information About the<br>Reorganization                                        |
| 5. Information About the<br>Registrant                                                  | Information About the<br>Fund, the Trust, the Portfolio<br>and the Corporation |
| 6. Information About the<br>Company Being Acquired                                      | Information About the Fund,<br>the Trust, the Portfolio and the<br>Corporation |
| 7. Voting Information                                                                   | Voting Information                                                             |
| 8. Interest of Certain Persons<br>and Experts                                           | Not Applicable                                                                 |

Item of Part A of Form N-14 and Caption or Location in  
Caption Each Prospectus

9. Additional Information  
Required for Reoffering by

Incorporate by reference pursuant to Rule 411 under the Securities Act of 1933, Parts A and B of Registrant's Initial Registration Statement filed on Form N-14 on March 8, 1996, in their entirety. (File No. 333-1567 and File No. 811-4017).

PART C - OTHER INFORMATION

Item 15. Indemnification

Indemnification is provided to trustees and officers of the Registrant pursuant to the Registrant's Declaration of Trust, except where such indemnification is not permitted by law. However, the Declaration of Trust does not protect the trustees or officers from liability based on willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of their office.

Trustees and officers of the Registrant are insured against certain liabilities, including liabilities arising under the Securities Act of 1933 (the "Act").

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

Insofar as indemnification for liabilities may be permitted pursuant to Section 17 of the Investment Company Act of 1940 for trustees, officers, or controlling persons of the Registrant by the Registrant pursuant to the Declaration of Trust or otherwise, the Registrant is aware of the position of the Securities and Exchange Commission as set forth in Investment Company Act Release No. IC-11330. Therefore, the Registrant undertakes that in addition to complying with the applicable provisions of the Declaration of Trust or otherwise, in the absence of a final decision on the merits by a court or other body before which the proceeding was brought, that an indemnification payment will not be made unless in the absence of such a decision, a reasonable determination based upon factual review has been made (i) by a majority vote of a quorum of non-party trustees who are not interested persons of the Registrant or (ii) by independent legal counsel in a written opinion that the indemnitee was not liable for an act of willful misfeasance, bad faith, gross negligence, or reckless disregard of duties. The Registrant

further undertakes that advancement of expenses incurred in the defense of a proceeding (upon undertaking for repayment unless it is ultimately determined that indemnification is appropriate) against an officer, trustee, or controlling person of the Registrant will not be made absent the fulfillment of at least one of the following conditions: (i) the indemnitee provides security for his undertaking; (ii) the Registrant is insured against losses arising by reason of any lawful advances; or (iii) a majority of a quorum of disinterested non-party trustees or independent legal counsel in a written opinion makes a factual determination that there is reason to believe the indemnitee will be entitled to indemnification.

Item 16. Exhibits

1.1 Conformed Copy of Declaration of Trust of the Registrant(1)

2.1 Bylaws of the Registrant, as amended(1)

2.2 Amendment No. 2 to Bylaws of the Registrant effective February 2, 1987(2)

2.3 Amendment No. 3 to Bylaws of the Registrant effective August 25, 1988(3)

3 Not Applicable

4 Agreement and Plan of Reorganization dated February 29, 1996, between Investment Series Funds, Inc., a Maryland corporation, on behalf of its portfolio, Capital Growth Fund, and Federated Equity Funds, a Massachusetts business trust, on behalf of its portfolio Federated Growth Strategies Fund(8)

5 Copy of Specimen Certificate for Shares of Beneficial Interest of Federated Growth Strategies Fund(4)

6.1 Conformed Copy of Investment Advisory Contract on behalf of Federated Growth Trust(5)

6.2 Conformed Copy of Investment Advisory Contract on behalf of Federated Equity Funds(6)

7.1 Conformed Copy of Distributor's Contract on behalf of Federated Growth Trust(5)

7.2 Conformed Copy of Distributor's Contract on behalf of Federated Equity Funds(6)

7.3 The Registrant hereby incorporates the conformed copy of the specimen Mutual Funds Sales and Service Agreement; Mutual Funds Service Agreement; and Plan Trustee/Mutual Funds Service Agreement from Item 24(b)(6) of the Cash Trust Series II Registration Statement on Form N-1A, filed with the Commission on July 24, 1995. (File Nos. 33-38550 and 811-6269)

8 Not Applicable

9 Conformed Copy of Custodian Agreement of the Registrant(7)

10.1 Conformed Copy of Distribution Plan of the Registrant(6)

10.2 The Registrant hereby incorporates the conformed copy of the specimen Multiple Class Plan from Item 24(b)(18) of the World Investment Series, Inc. Registration Statement on Form N-1A, filed with the Commission on January 26, 1996. (File Nos. 33-52149 and 811-07141)

10.3 The responses described in Item 16 (7.3) are hereby incorporated by reference

11 Opinion of S. Elliott Cohan, Deputy General Counsel, Federated Investors regarding legality of shares being issued(8)

12 Opinion of Dickstein, Shapiro & Morin, L.L.P. regarding tax consequences

of Reorganization\*

- 13.1 Conformed Copy of Shareholder Services Agreement of the Registrant(7)
  - 13.2 Conformed Copy of Administrative Services Agreement of the Registrant(7)
  - 13.3 Conformed Copy of Agreement for Fund Accounting, Shareholder Recordkeeping and Custody Services Procurement(7)
  - 13.4 The responses described in Item 16 (7.3) and Item 16 (10.2) are hereby incorporated by reference
    - 14.1 Conformed copy of Consent of Independent Auditors, Ernst & Young LLP(8)
    - 14.2 Consent of Legal Counsel, Dickstein, Shapiro & Morin, L.L.P. (contained in Exhibit 12)
  - 15 Not Applicable
    - 16 Conformed Copy of Power of Attorney(8)
    - 17.1 Declaration under Rule 24f-2(8)
    - 17.2 Form of Proxy of Capital Growth Fund Class A Shares(8)
    - 17.3 Form of Proxy of Capital Growth Fund Class C Shares(8)
- \* Filed electronically.

(1) Response is incorporated by reference to Registrant's Pre-Effective Amendment No. 1 on Form N-1A filed on July 9, 1984 (File Nos. 2-91090 and 811-4017).

(2) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 5 on Form N-1A filed on July 21, 1987 (File Nos. 2-91090 and 811-4017).

(3) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 10 on Form N-1A filed on December 31, 1988 (File Nos. 2-91090 and 811-4017).

(4) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 22 on Form N-1A filed July 17, 1995.

(5) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 11 on Form N-1A filed October 23, 1989.

(6) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 26 on Form N-1A filed on September 12, 1995 (File Nos. 2-91090 and 811-4017).

(7) Response is incorporated by reference to Registrant's Post-Effective Amendment No. 20 on Form N-1A filed on December 29, 1994 (File Nos. 2-91090 and 811-4017).

(8) Response is incorporated by reference to Registrant's Initial Registration Statement on Form N-14 filed on March 8, 1996 (File Nos. 333-1567 and 811-4017).

#### Item 17. Undertakings

- (1) The undersigned Registrant agrees that prior to any public

reoffering of the securities registered through the use of a prospectus which is a part of this Registration Statement by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c) of the Securities Act of 1933, the reoffering prospectus will contain the information called for by the applicable registration form for reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(2) The undersigned Registrant agrees that every prospectus that is filed under paragraph (1) above will be filed as a part of an amendment to the Registration Statement and will not be used until the amendment is effective, and that, in determining any liability under the Securities Act of 1933, each post-effective amendment shall be deemed to be a new Registration Statement for the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering of them.

#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant, Federated Equity Funds, has duly caused this Amendment to its Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Pittsburgh, Commonwealth of Pennsylvania on April 8, 1996.

FEDERATED EQUITY FUNDS

(Registrant)

By: \*  
Glen R. Johnson  
President

#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, this Amendment to its Registration Statement has been signed below by the following persons in the capacities indicated on April 8, 1996:

\* Chairman and Trustee  
John F. Donahue  
(Chief Executive Officer)

\* President  
Glen R. Johnson

\* Treasurer  
David M. Taylor  
(Principal Financial and  
Accounting Officer)

- \* Trustee  
Thomas G. Bigley
  
- \* Trustee  
John T. Conroy, Jr.
  
- \* Trustee  
William J. Copeland
  
- \* Trustee  
James E. Dowd
  
- \* Trustee  
Lawrence D. Ellis, M.D.
  
- \* Trustee  
Edward L. Flaherty, Jr.
  
- \* Trustee  
Peter E. Madden
  
- \* Trustee  
Gregor F. Meyer
  
- \* Trustee  
John E. Murray, Jr., J.D., S.J.D.
  
- \* Trustee  
Wesley W. Posvar
  
- \* Trustee  
Marjorie P. Smuts

1\* By: /s/ S. Elliott Cohan  
Attorney in Fact





DICKSTEIN, SHAPIRO & MORIN, L.L.P.  
2101 L STREET, N.W.  
WASHINGTON, D.C. 20037

March 8, 1996

Federated Equity Funds, on behalf of its portfolio,  
Federated Growth Strategies Fund  
Federated Investors Tower  
Pittsburgh, Pennsylvania 15222-3779

Investment Series Funds, Inc., on behalf of its portfolio,  
Capital Growth Fund  
Federated Investors Tower  
Pittsburgh, Pennsylvania 15222-3779

Ladies and Gentlemen:

We have acted as special counsel in connection with, and you have requested our opinion concerning the federal income tax consequences of, a transaction (the "Reorganization") in which all of the assets of Capital Growth Fund, (the "Acquired Fund"), a portfolio of Investment Series Funds, Inc., a Maryland corporation ("Corporation"), will be acquired by Federated Equity Funds, a Massachusetts business trust ("Trust"), on behalf of its portfolio, Federated Growth Strategies Fund (the "Acquiring Fund"), in exchange solely for Class A and Class C Shares of Acquiring Fund (the "Acquiring Fund Shares"). The terms and conditions of this transaction are set forth in an Agreement and Plan of Reorganization dated February 29, 1996 between Trust, on behalf of the Acquiring Fund, and Corporation, on behalf of the Acquired Fund (the "Agreement"). This opinion is rendered to you pursuant to paragraph 8.5 of the Agreement, and all terms used herein have the meanings assigned to them in the Agreement.

Both Trust and Corporation are open-end, management investment companies which qualify as regulated investment companies described in Section 851(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The Acquired Fund and the Acquiring Fund are engaged in the business of investing in professionally managed portfolios of equity securities.

On the Closing Date under the Agreement, the Acquired Fund will transfer its entire investment portfolio to the Acquiring Fund. In exchange, the Acquiring Fund will transfer, to the Acquired Fund, Acquiring Fund Shares in an amount equal in value to the assets transferred by the Acquired Fund to the Acquiring Fund. The Acquired Fund will thereupon liquidate and distribute its Acquiring Fund Shares pro rata to its shareholders ("Acquired Fund Shareholders") as provided under the Agreement.

We have reviewed and relied upon the representations contained in the Agreement and in such other documents and instruments as we have deemed necessary for the purposes of this opinion, and have reviewed the applicable

provisions of the Code, current regulations and administrative rules thereunder and pertinent case law.

Based upon the foregoing, and assuming that the Reorganization and related transactions will take place as described in the Agreement, we are of the opinion that, for federal income tax purposes:

The transfer of all of the Acquired Fund assets in exchange for the Acquiring Fund Shares and the distribution of the Acquiring Fund Shares to the Acquired Fund Shareholders in liquidation of the Acquired Fund will constitute a "reorganization" within the meaning of Section 368(a)(1)(C) of the Code; No gain or loss will be recognized by the Acquiring Fund upon the receipt of the assets of the Acquired Fund solely in exchange for the Acquiring Fund Shares;

No gain or loss will be recognized by the Acquired Fund upon the transfer of the Acquired Fund assets to the Acquiring Fund in exchange for the Acquiring Fund Shares or upon the distribution (whether actual or constructive) of the Acquiring Fund Shares to Acquired Fund Shareholders in exchange for their shares of the Acquired Fund;

No gain or loss will be recognized by the Acquired Fund Shareholders upon the exchange of their Acquired Fund shares for the Acquiring Fund Shares;

The tax basis of the Acquired Fund assets acquired by the Acquiring Fund will be the same as the tax basis of such assets to the Acquired Fund immediately prior to the Reorganization;

The tax basis of the Acquiring Fund Shares received by each of the Acquired Fund Shareholders pursuant to the Reorganization will be the same as the tax basis of the Acquired Fund shares held by such shareholder immediately prior to the Reorganization;

The holding period of the assets of the Acquired Fund in the hands of the Acquiring Fund will include the period during which those assets were held by the Acquired Fund; and

The holding period of the Acquiring Fund Shares received by each Acquired Fund Shareholder will include the period during which the Acquired Fund shares exchanged therefor were held by such shareholder (provided the Acquired Fund shares were held as capital assets on the date of the Reorganization).

We hereby consent to the filing of a copy of this opinion with the Securities and Exchange Commission as an exhibit to the Registration Statement on Form N-14 filed by Trust in connection with the Reorganization, and to the references to this firm and this opinion in the Prospectus/Proxy Statement which is contained in such Registration Statement.

Very truly yours,

/s/ Dickstein, Shapiro & Morin, L.L.P.