

# 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

#### **NEW YORK MUNICIPAL CASH TRUST**

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NEW YORK MUNICIPAL CASH TRUST  
INSTITUTIONAL SERVICE SHARES  
PROSPECTUS

The Institutional Service Shares of New York Municipal Cash Trust (the "Trust") offered by this prospectus represent interests in a non-diversified portfolio of securities (the "Fund"). The Trust is an open-end management investment company (a mutual fund).

AN INVESTMENT IN THE FUND IS NEITHER INSURED NOR GUARANTEED BY THE U.S. GOVERNMENT. THE FUND ATTEMPTS TO MAINTAIN A STABLE NET ASSET VALUE OF \$1.00 PER SHARE; THERE CAN BE NO ASSURANCE THAT THE FUND WILL BE ABLE TO DO SO.

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.

The investment objective of the Fund is to provide current income exempt from federal regular income tax and the personal income taxes imposed by New York State and New York municipalities consistent with stability of principal. The Fund invests primarily in short-term New York municipal securities. Institutional Service Shares are sold at net asset value.

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 Cash II 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 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--  
INSTITUTIONAL SERVICE SHARES

<TABLE>			
<S>			
	SHAREHOLDER TRANSACTION EXPENSES	<C>	<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 INSTITUTIONAL SERVICE SHARES OPERATING EXPENSES (As a percentage of average net assets)			
Management Fee (after waiver) (1).....			0.23%
12b-1 Fee (2).....			0.08%
Other Expenses.....			0.23%
Total Institutional Service Shares Operating Expenses (3).....			0.54%
</TABLE>			

(1)The management fee has been reduced to reflect the waiver of a portion of the management fee. The maximum management fee is 0.40%.

(2)The maximum 12b-1 fee is 0.10%.

(3)The Total Institutional Service Shares Operating Expenses would have been 0.71% absent the 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, SEE "INVESTING IN INSTITUTIONAL SERVICE SHARES" AND "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 fee for Institutional Service Shares.....				
	\$6	\$17	\$30	\$68
</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 Service Shares of the Fund. The Fund offers another class of shares called Cash II Shares. Institutional Service Shares and Cash II Shares are subject to certain of the same expenses; however, Cash II Shares are subject to a 12b-1 fee of 0.25%. See "Other Classes of Shares."

NEW YORK MUNICIPAL CASH TRUST  
FINANCIAL HIGHLIGHTS--  
INSTITUTIONAL SERVICE SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

<S>	YEAR ENDED OCTOBER 31,									
	1993	1992	1991	1990	1989	1988	1987	1986	1985	
<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	
-----										
INCOME FROM INVESTMENT OPERATIONS										
Net investment income	0.02	0.03	0.04	0.05	0.06	0.05	0.04	0.04	0.05	
-----										
LESS DISTRIBUTIONS										
Dividends to shareholders from net investment income	(0.02)	(0.03)	(0.04)	(0.05)	(0.06)	(0.05)	(0.04)	(0.04)	(0.05)	
-----										
NET ASSET VALUE, END OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	
-----										
TOTAL RETURN*	2.16%	3.01%	4.59%	5.51%	5.70%	4.66%	3.90%	4.35%	4.88%	
-----										
RATIOS/SUPPLEMENTAL DATA										
-----										
Ratio of expenses to average net assets	0.54%	0.57%	0.52%	0.54%	0.55%	0.51%	0.47%	0.47%	0.47%	
-----										
Ratio of net investment income to average net assets	2.14%	2.99%	4.48%	5.36%	5.56%	4.57%	3.81%	4.18%	4.75%	
-----										
Expense waiver/reimbursement (a)	0.17%	--	--	--	--	--	--	--	--	
-----										
Net assets, end of period (000 omitted)	\$274,357	\$164,492	\$191,616	\$197,213	\$245,542	\$212,786	\$141,040	\$183,941	\$83,085	

<S>	1984
<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 1.00
-----	
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.06
-----	
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.06)
-----	
NET ASSET VALUE, END OF PERIOD	\$ 1.00
-----	
TOTAL RETURN*	5.94%
-----	
RATIOS/SUPPLEMENTAL DATA	
-----	
Ratio of expenses to average net assets	0.12%
-----	
Ratio of net investment income to average net assets	5.65%
-----	
Expense waiver/reimbursement (a)	0.36
-----	
Net assets, end of period (000 omitted)	\$58,969

&lt;/TABLE&gt;

\* 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 4).

(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 March 17, 1982. 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 Trustees have established two classes of shares of the Fund, known as Institutional Service Shares and Cash II Shares. This prospectus relates only to Institutional Service Shares of the Fund.

Institutional Service Shares ("Shares") of the Fund are designed primarily for banks and other institutions that hold assets for individuals, trusts, estates, or partnerships. A minimum initial investment of \$25,000 over a 90-day time period is required. The Fund may not be a suitable investment for non-New York taxpayers or retirement plans since it invests primarily in New York municipal securities.

The Fund attempts to stabilize the value of a share at \$1.00. Shares are currently sold and redeemed at that price.

#### INVESTMENT INFORMATION

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##### INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide current income exempt from federal regular income tax and the personal income taxes imposed by New York State and New York municipalities consistent with stability of principal. Interest income of the Fund that is exempt from these income taxes retains its tax-free status when distributed to the Fund's 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. The investment objective and the policies and limitations described below cannot be changed without approval of shareholders. Income distributed by the Fund may not necessarily be exempt from state or municipal taxes in states other than New York.

##### INVESTMENT POLICIES

The Fund pursues its investment objective by investing primarily in a portfolio of short-term New York Municipal Securities (as defined below), with remaining maturities of one year or less at the time of purchase by the Fund. The Fund invests its assets so that at least 80% of its annual interest income is exempt from federal regular, New York State, and New York municipal income taxes. The average maturity of the securities in the Fund's portfolio, computed on a dollar weighted basis, will be 120 days or less. As a matter of operating policy, the Fund will limit the average maturity of portfolio securities to 90 days or less to meet certain regulatory requirements.

**ACCEPTABLE INVESTMENTS.** The Fund invests primarily in debt obligations issued by or on behalf of New York and its political subdivisions and financing authorities, and obligations of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the income from which is, in the opinion of qualified legal counsel, exempt from both federal regular income tax and New York state income tax imposed upon non-corporate taxpayers ("Municipal Securities"). Examples of Municipal Securities include, but are not limited to:

tax and revenue anticipation notes ("TRANS") issued to finance working capital needs in anticipation of receiving taxes or other revenues;

bond anticipation notes ("BANs") that are intended to be refinanced through a later issuance of longer-term bonds;

municipal commercial paper and other short-term notes;

variable rate demand notes;

municipal bonds (including bonds having serial maturities and pre-refunded bonds) and leases;

construction loan notes insured by the Federal Housing Administration and financed by the Federal or Government National Mortgage Associations; and

participation, trust, and partnership interests in any of the foregoing obligations.

**VARIABLE RATE DEMAND NOTES.** Variable rate demand notes are long-term Municipal Securities that have variable or floating interest rates and provide the Fund with the right to tender the security for repurchase at its stated principal amount plus accrued interest. Such securities typically bear interest at a rate that is intended to cause the securities to trade at par. The interest rate may float or be adjusted at regular intervals (ranging from daily to annually), and is normally based on a municipal interest index or a stated percentage of a prime rate or another published rate. Most variable rate demand notes allow the Fund to demand the repurchase of the security on not more than seven days prior notice. Other notes only permit the Fund to tender the security at the time of each interest rate adjustment or at other fixed intervals. See "Demand Features." The Fund treats variable rate demand notes as maturing on the later of the date of the next interest adjustment or the date on which the Fund may next tender the security for repurchase.

**PARTICIPATION INTERESTS.** The Fund may purchase interests in Municipal Securities from financial institutions such as commercial and investment banks, savings and loan associations, and insurance companies. These interests may take the form of participations, beneficial interests in a trust, partnership interests, or any other form of indirect ownership that allows the Fund to treat the income from the investment as exempt from federal income tax. The Fund invests in these participation interests in order to obtain credit enhancement or demand features that would not be available through direct ownership of the underlying Municipal Securities.

**RATINGS.** The Municipal Securities in which the Fund invests must either be rated in one of the two highest short-term rating categories by one or more nationally recognized statistical rating organizations ("NRSROs") or be of comparable quality to securities having such ratings. A NRSRO's two highest rating categories are determined without regard for sub-categories and gradations. For example, securities rated SP-1+, SP-1 or SP-2 by Standard & Poor's Corporation ("S&P"), MIG-1 or MIG-2 by Moody's Investors Service, Inc. ("Moody's"), or FIN-1+, FIN-1 and FIN-2 by Fitch Investors Service, Inc. ("Fitch") are all considered rated in one of the two highest short-term rating categories. The Fund will follow applicable regulations in determining whether a security rated by more than one NRSRO can be treated as being in one of the two highest short-term rating categories; currently, such securities must be rated by two NRSROs in one of their two highest categories. See "Regulatory Compliance."

**CREDIT ENHANCEMENT.** Certain of the Fund's acceptable investments may have been credit enhanced by a guaranty, letter of credit, or insurance. The Fund typically evaluates the credit quality and ratings of credit enhanced securities based upon the financial condition and ratings of the party providing the credit enhancement (the "credit enhancer"), rather than the issuer. The bankruptcy, receivership, or default of the credit enhancer will adversely affect the quality and marketability of the underlying security.

The Fund may have more than 25% of its total assets invested in securities credit enhanced by banks.

**DEMAND FEATURES.** The Fund may acquire securities that are subject to puts and standby commitments ("demand features") to purchase the securities at their principal amount (usually with accrued interest) within a fixed period (usually seven days) following a demand by the Fund. The demand feature may be issued by the issuer of the underlying securities, a dealer in the securities, or by another third party, and may not be transferred separately from the underlying security. The Fund uses these arrangements to provide the Fund with liquidity and not to protect against changes in the market value of the underlying securities. The bankruptcy, receivership, or default by the issuer of the demand feature, or a default on the underlying security or other event that terminates the demand feature before its exercise, will adversely affect the liquidity of the underlying security. Demand features that are exercisable even after a payment default on the underlying security may be treated as a form of credit enhancement.

**RESTRICTED AND ILLIQUID SECURITIES.** The Fund may invest in restricted

securities. Restricted securities are any securities in which the Fund may invest pursuant to its investment objective and policies, but which are subject to restrictions on resale under federal securities laws. Under criteria established by the Board of Trustees, certain restricted securities are considered liquid. To the extent restricted securities are deemed to be illiquid, the Fund will limit their purchase, together with other securities considered to be illiquid, to 10% of its net assets.

**WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS.** The Fund may purchase Municipal Securities on a when-issued or delayed delivery basis. 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.

**TEMPORARY INVESTMENTS.** From time to time on a temporary basis, or when the investment adviser determines that market conditions call for a temporary defensive posture, the Fund may invest in short-term temporary investments. Interest income from temporary investments may be taxable to shareholders as ordinary income. All temporary investments will satisfy the same credit quality standards as the Fund's acceptable investments. See "Ratings" above. Temporary investments include: obligations issued by or on behalf of municipal or corporate issuers; marketable obligations issued or guaranteed by the U.S. government, its agencies, or instrumentalities; instruments issued by a U.S. branch of a domestic bank or savings and loan having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of investment; repurchase agreements; and prime commercial paper rated A-1 by S&P, Prime-1 by Moody's, or F-1 by Fitch.

Although the Fund is permitted to make taxable, temporary investments, there is no current intention of generating income subject to federal regular income tax or personal income taxes imposed by New York and New York municipalities.

#### NEW YORK MUNICIPAL SECURITIES

New York Municipal Securities are generally issued to finance public works, such as airports, bridges, highways, housing, hospitals, mass transportation projects, schools, streets, and water and sewer works. They are also issued to repay outstanding obligations, to raise funds for general operating expenses, and to make loans to other public institutions and facilities.

New York Municipal Securities include industrial development bonds issued by or on behalf of public authorities to provide financing aid to acquire sites or construct and equip facilities for privately or publicly owned corporations. The availability of this financing encourages these corporations to locate within the sponsoring communities and thereby increases local employment.

The two principal classifications of Municipal Securities are "general obligation" and "revenue" bonds. General obligation bonds are secured by the issuer's pledge of its full faith and credit and taxing power for the payment of principal and interest. Interest on and principal of revenue bonds, however, are payable only from the revenue generated by the facility financed by the bond or other specified sources of revenue. Revenue bonds do not represent a pledge of credit or create any debt or charge against the general revenues of a municipality or public authority. Industrial development bonds are typically classified as revenue bonds.

#### STANDBY COMMITMENTS

Some securities dealers are willing to sell Municipal Securities to the Fund accompanied by their commitments to repurchase the Municipal Securities prior to maturity, at the Fund's option, for the amortized cost of the Municipal Securities at the time of repurchase. These arrangements are not used to protect against changes in the market value of Municipal Securities. They permit the Fund, however, to remain fully invested and still provide liquidity to satisfy redemptions. The cost of Municipal Securities accompanied by these "standby" commitments could be greater than the cost of Municipal Securities without such commitments. Standby commitments are not marketable or otherwise assignable and have value only to the Fund. The default or bankruptcy of a securities dealer giving such a commitment would not affect the quality of the Municipal Securities purchased. However, without a standby commitment, these securities could be more difficult to sell. The Fund enters into standby commitments only with those dealers whose credit the investment adviser believes to be of high quality.

#### NEW YORK INVESTMENT RISKS



Yields on New York Municipal Securities depend on a variety of factors, including: the general conditions of the short-term municipal note market and of the municipal bond market; the size of the particular offering; the maturity of the obligations; and the rating of the issue. Further, any adverse economic conditions or developments affecting the State or City of New York could impact the Fund's portfolio. The ability of the Fund to achieve its investment objective also depends on the continuing ability of the issuers of New York Municipal Securities and demand features for such securities, or the credit enhancers of either, to meet their obligations for the payment of interest and principal when due. Investing in New York Municipal Securities which meet the Fund's quality standards may not be possible if the State and City of New York do not maintain their current credit ratings. An expanded discussion of the current economic risks associated with the purchase of New York Municipal Securities is contained in the Combined Statement of Additional Information.

#### NON-DIVERSIFICATION

The Fund is a non-diversified investment portfolio. As such, there is no limit on the percentage of assets which can be invested in any single issuer. An investment in the Fund, therefore, will entail greater risk than would exist in a diversified investment company because the higher percentage of investments among fewer issuers may result in greater fluctuation in the total market value of the Fund's portfolio. Any economic, political, or regulatory developments affecting the value of the securities in the Fund's portfolio will have a greater impact on the total value of the portfolio than would be the case if the portfolio were diversified among more issuers.

The Fund will attempt to minimize the risks associated with a non-diversified portfolio so as not to impair its ability to stabilize its net asset value at \$1.00 per share by limiting, with respect to 75% of the Fund's total assets, investments in one issuer to not more than 10% of the value of its total assets. The total amount of the remaining 25% of the value of the Fund's total assets would be invested in a single issuer if the investment adviser believes such a strategy to be prudent. In addition, the Fund intends to comply with Subchapter M of the Internal Revenue Code, as amended. This undertaking requires that at the end of each quarter of the taxable year, the aggregate value of all investments in any one issuer (except U.S. government obligations, cash, and cash items) which exceed 5% of the Fund's total assets not exceed 50% of the value of its total assets; beyond that, no more than 25% of its total assets are invested in the securities of a single issuer.

#### INVESTMENT LIMITATIONS

The Fund will not:

- borrow money or pledge securities except, under certain circumstances, the Fund may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of total assets to secure such borrowings;
- with respect to securities comprising 75% of its assets, invest more than 10% of its total assets in the securities of any one issuer;
- invest more than 5% of its total assets in securities of issuers (or in the alternative, guarantors, where applicable) that have records of less than three years of continuous operations; or
- commit more than 10% of its total assets to illiquid obligations, including repurchase agreements with maturities longer than seven days.

Certain instruments in which the Fund may invest, such as certain collateralized municipal notes, could be considered illiquid.

#### REGULATORY COMPLIANCE

The Fund may follow non-fundamental operational policies that are more restrictive than its fundamental investment limitations, as set forth in this prospectus and its Statement of Additional Information, in order to comply with applicable laws and regulations, including the provisions of and regulations under the Investment Company Act of 1940, as amended. In particular, the Fund will comply with the various requirements of Rule 2a-7, which regulates money market mutual funds. The Fund will determine the effective maturity of its investments, as well as its ability to consider a security as having received the requisite short-term ratings by NRSROs, according to Rule 2a-7. The Fund may change these operational policies to reflect changes in the laws and regulations without the approval of its shareholders.

#### 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 the powers of the Trust except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Board's responsibilities between meetings of the Board.

**INVESTMENT ADVISER.** Pursuant to an investment advisory contract with the Trust, investment decisions for the Fund are made by Federated Management, the Fund's investment adviser, subject to direction by the Trustees. The adviser continually conducts investment research and supervision for the Fund and is responsible for the purchase or sale of portfolio instruments, for which it receives an annual fee from the Fund.

**ADVISORY FEES.** The Fund's adviser receives an annual investment advisory fee equal to .40 of 1% of the Fund's average daily net assets. Under the investment advisory contract, the adviser will reimburse the Fund the amount, limited to the amount of the investment advisory fee, by which the Fund's aggregate annual operating expenses, including its investment advisory fee and organizational expenses, but excluding interest, taxes, brokerage commissions, distribution fees paid pursuant to the Fund's Plan adopted in accordance with Investment Company Act Rule 12b-1, expenses of registering and qualifying the Fund and its shares under federal and state laws and regulations, expenses of withholding taxes, and extraordinary expenses, exceed .45 of 1% of its average daily net assets. (If the fee paid pursuant to the Rule 12b-1 Plan were included in the calculation, the aggregate annual operating expenses of Shares would be limited to .55 of 1%). This does not include reimbursement to the Fund of any expenses incurred by shareholders who use the transfer agent's subaccounting facilities. The adviser has also undertaken to reimburse the Fund for operating expenses in excess of limitations established by certain states.

**ADVISER'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.

#### DISTRIBUTION OF INSTITUTIONAL SERVICE SHARES

Federated Securities Corp. is the principal distributor for Institutional Service Shares. 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.

**DISTRIBUTION PLAN.** Pursuant to the provisions of a distribution plan adopted in accordance with Investment Company Act Rule 12b-1 (the "Plan"), the distributor may select financial institutions (such as broker/dealers and depository institutions, such as commercial banks and savings and loan associations) to provide sales and administrative services as agents for their clients. Administrative services may include, but are not limited to, the following functions: providing office space, equipment, telephone facilities, and various personnel including 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.

The distributor will pay administrators an annual fee not to exceed .10 of 1% of the average daily net asset value of Shares owned by their clients or customers for which they perform sales and administrative services. Any fees paid by the distributor under the distribution plan will be reimbursed from the assets of Shares of the Fund.

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 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 administrative 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.

SHAREHOLDER SERVICING ARRANGEMENTS. The distributor may also pay administrators a fee based upon the average aggregate net asset value of their customers' Shares for providing distribution and administrative services. This fee is in addition to the amounts paid under the distribution plan for administrative services, and, if paid, will be reimbursed by the adviser and not the Fund.

#### ADMINISTRATION OF THE FUND

ADMINISTRATIVE SERVICES. Federated Administrative Services, Inc., a subsidiary of Federated Investors, provides the Fund with the administrative personnel and services necessary to operate the Fund. Such services include shareholder servicing and certain legal and accounting services. Federated Administrative Services, Inc. provides these at approximate cost.

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, Pennsylvania and Dickstein, Shapiro & Morin, Washington, D.C. Special New York tax counsel to the Fund is White & Case, New York, New York.

INDEPENDENT AUDITORS. The independent auditors for the Fund are Deloitte & Touche, Boston, Massachusetts.

#### EXPENSES OF THE FUND AND INSTITUTIONAL SERVICE SHARES

Holders 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, 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 Board of 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 attempts to stabilize the net asset value of its Shares at \$1.00 by valuing the portfolio securities using the amortized cost method. The net asset

value per Share is determined by adding the interest of the Shares in the 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 Fund cannot guarantee that its net asset value will always remain at \$1.00 per Share.

#### INVESTING IN INSTITUTIONAL SERVICE SHARES

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#### SHARE PURCHASES

Shares are sold on days on which the New York Stock Exchange and the Federal Reserve Wire System are open. Shares may be purchased either by wire or mail. The Fund reserves the right to reject any purchase request.

To purchase Shares, open an account by calling Federated Securities Corp. Information needed to establish the account will be taken over the telephone.

**BY WIRE.** To purchase Shares by Federal Reserve wire, call the Fund before 3:00 P.M. (Boston time) to place an order. The order is considered received immediately. Payment by federal funds must be received before 3:00 P.M. (Boston time) that same day. Federal funds should be wired as follows: State Street Bank and Trust Company, Boston, Massachusetts; Attention: EDGEWIRE; For Credit to: New York Municipal Cash Trust--Institutional Service Shares; Fund Number (this number can be found on the account statement or by contacting the Fund); Group or Order Number; Nominee or Institution Name; ABA Number 011000028. Shares cannot be purchased on days on which the New York Stock Exchange is closed and on federal holidays restricting wire transfers.

**BY MAIL.** To purchase Shares by mail, send a check made payable to New York Municipal Cash Trust--Institutional Service Shares to 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 it maintains with the Fund.

Individual accounts established through a non-affiliated bank or broker may be subject to a different minimum investment requirement.

#### 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 12:00 noon (Boston time), 3:00 p.m. (Boston time), and 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.

Monthly confirmations are sent to report transactions, such as purchases and redemptions, as well as dividends paid during the month.

#### DIVIDENDS

Dividends are declared daily and paid monthly. Shares purchased by wire before 3:00 p.m. (Boston time) begin earning dividends that day. Shares purchased by check begin earning dividends on the day after the check is converted, upon instruction of the transfer agent, into federal funds. Dividends are automatically reinvested on payment dates in additional Shares unless cash payments are requested by contacting the Fund.

#### CAPITAL GAINS

Capital gains, if any, could result in an increase in dividends. Capital losses, if any, could result in a decrease in dividends. If for some extraordinary reason the Fund realizes net long-term or short-term capital gains, it will distribute them 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 by written request.

#### TELEPHONE REDEMPTION

Shareholders may redeem their Shares by telephoning the Fund before 12:00 noon (Boston time). Telephone redemption instructions may be recorded. The proceeds will be wired the same day 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.

A daily dividend will be paid on shares redeemed if the redemption request is received after 12:00 noon (Boston time). However, the proceeds are not wired until the following business day. Redemption requests received before 12:00 noon (Boston time) will be paid the same day, but will not be entitled to that day's dividend.

An authorization form permitting 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, 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 firm of the New York, American, Boston, Midwest, or Pacific Stock Exchanges;

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 due to shareholder redemptions.

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.

#### REDEMPTION IN KIND

The Trust is obligated to redeem shares solely in cash up to \$250,000 or 1% of the respective class' net asset value, whichever is less, for any one shareholder within a 90-day period. To the extent available, such securities will be readily marketable.

Any redemption beyond this amount will also be in cash unless the Trustees determine that payments should be in kind. In such a case, the Trust will pay all or a portion of the remainder of the redemption in portfolio instruments, valued in the same way that net asset value is determined. The portfolio instruments will be selected in a manner that the Trustees deem fair and equitable.

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

#### 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 all portfolios of the Trust have equal voting rights except that, in matters affecting only a particular portfolio or class, only shares of that portfolio 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 for this purpose shall be called by the Trustees upon the written request of shareholders owning at least 10% of the outstanding shares of the Trust entitled to vote.

#### MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for obligations of the Trust. To protect

shareholders of the Fund, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of its shareholders for acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument the Trust or its Trustees enter into or sign on behalf of the Fund.

In the unlikely event a shareholder is held personally liable for the Trust's obligations, the Trust is required to use its property 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. Therefore, financial loss resulting from liability as a shareholder will occur only if the Trust itself cannot meet its obligations to indemnify shareholders and pay judgments against them from its assets.

#### 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, as amended, applicable to regulated investment companies and to receive the special tax treatment afforded to such companies.

Shareholders are not required to pay the federal regular income tax on any dividends received from the Fund that represent net interest on tax-exempt municipal bonds. However, under the Tax Reform Act of 1986, dividends representing net interest earned on some municipal bonds may be included in calculating the federal individual alternative minimum tax or the federal alternative minimum tax for corporations.

The alternative minimum tax, equal to up to 28% of alternative minimum taxable income for individuals and 20% for corporations, applies when it exceeds the regular tax for the taxable year. Alternative minimum taxable income is equal to the regular taxable income of the taxpayer increased by certain "tax preference" items not included in regular taxable income and reduced by only a portion of the deductions allowed in the calculation of the regular tax.

The Tax Reform Act of 1986 treats interest on certain "private activity" bonds issued after August 7, 1986, as a tax preference item for both individuals and corporations. Unlike traditional governmental purpose municipal bonds, which finance roads, schools, libraries, prisons, and other public facilities, private activity bonds provide benefits to private parties. The Fund may purchase all types of municipal bonds, including private activity bonds. Thus, should it purchase any such bonds, a portion of the Fund's dividends may be treated as a tax preference item.

In addition, in the case of a corporate shareholder, dividends of the Fund which represent interest on municipal bonds may be subject to the 20% corporate alternative minimum tax because the dividends are included in a corporation's "adjusted current earnings." The corporate alternative minimum tax treats 75% of the excess of the taxpayer's pre-tax "adjusted current earnings" over the taxpayer's alternative minimum taxable income as a tax preference item. "Adjusted current earnings" is based upon the concept of a corporation's "earnings and profits." Since "earnings and profits" generally includes the full amount of any Fund dividend, and alternative minimum taxable income does not include the portion of the Fund's dividend attributable to municipal bonds which are not private activity bonds, the difference will be included in the calculation of the corporation's alternative minimum tax.

Dividends of the Fund representing net interest income earned on some temporary investments and any realized net short-term gains are taxed as ordinary income.

These tax consequences apply whether dividends are received in cash or as additional Shares. Information on the tax status of dividends and distributions is provided annually.

##### NEW YORK STATE TAX CONSIDERATIONS

In the opinion of White & Case, special New York tax counsel to the Fund, income to the Fund that is exempt from New York State personal income tax and personal income taxes imposed by New York municipalities will retain its exempt status when distributed to New York shareholders. Dividends of the Fund are not exempt from the New York taxes payable by corporations.

##### OTHER STATE AND LOCAL TAXES

Distributions representing net interest received on tax-exempt municipal securities are not necessarily free from regular state income taxes of any state or local taxing authority. State laws differ on this issue, and 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 yield, effective yield, and tax-equivalent yield for Institutional Service Shares.

The yield of Institutional Service Shares represents the annualized rate of income earned on an investment in Institutional Service Shares over a seven-day period. It is the annualized dividends earned during the period on the investment, shown as a percentage of the investment. The effective yield is calculated similarly to the yield, but, when annualized, the income earned by an investment in Institutional Service Shares is assumed to be reinvested daily. The effective yield will be slightly higher than the yield because of the compounding effect of this assumed reinvestment. The tax-equivalent yield of Institutional Service Shares is calculated similarly to the yield, but is adjusted to reflect the taxable yield that Institutional Service Shares would have had to earn to equal their actual yield, assuming a specific tax rate.

Advertisements and other sales literature may also refer to total return. Total return represents the change, over a specified period of time, in the value of an investment in Institutional Service Shares after reinvesting all income distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

Yield, effective yield, and tax-equivalent yield will be calculated separately for Institutional Service Shares and Cash II Shares. Because Institutional Service Shares and Cash II Shares are subject to different 12b-1 fees, the yield, effective yield, and tax-equivalent yield for each class of shares for the same period will differ. Specifically, because the 12b-1 fee for Cash II Shares exceeds the 12b-1 fee for Institutional Service Shares, the yield, effective yield, and tax-equivalent yield for the same period will be lower than that of Institutional Service Shares based upon the difference in the amount of the 12b-1 fee.

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

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Cash II Shares are sold to corporations, municipalities, and individual accounts seeking a high level of cash management services from the participating institutions. Cash II Shares are sold at net asset value, without a sales charge. Investments in Cash II Shares are also subject to a minimum initial investment of \$25,000.

Like Institutional Service Shares, Cash II Shares are distributed pursuant to a 12b-1 Plan adopted by the Trust. The distributor is paid a fee of .25 of 1% of the average daily net assets of the Cash II Shares. 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 distributor may, in addition to fees paid pursuant to the Rule 12b-1 Plan, pay an administrative fee to a financial institution or broker for administrative services provided to the Institutional Service class. Any fee paid by the distributor for administrative services will not be an expense of the class but will be reimbursed to the distributor by the investment adviser.

The difference between class expenses and distribution expenses borne by shares of each respective class will cause the amount of dividends payable to a particular class of shares to exceed the amount of dividends payable to another class of shares whose distribution expenses are greater. Thus, because Institutional Service Shares are subject to a lower 12b-1 fee than are Cash II Shares, the Institutional Service Shares' dividends will exceed the dividends for the Cash II Shares.

The stated advisory fee is the same for each class of shares.

NEW YORK MUNICIPAL CASH TRUST



FINANCIAL HIGHLIGHTS--  
CASH II SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

Reference is made to the Independent Auditors' Report on page 37.

<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER 31,		
	<C> 1993	<C> 1992	<C> 1991*
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00
INCOME FROM INVESTMENT OPERATIONS			
Net investment income	0.02	0.03	0.02
LESS DISTRIBUTIONS			
Dividends to shareholders from net investment income	(0.02)	(0.03)	(0.02)
NET ASSET VALUE, END OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00
TOTAL RETURN**	1.98%	2.86%	2.20%
RATIOS/SUPPLEMENTAL DATA			
Ratio of expenses to average net assets	0.71%	0.73%	0.46 (a)
Ratio of net investment income to average net assets	1.96%	2.46%	4.08 (a)
Expense waiver/reimbursement (b)	0.17%	--	--
Net assets, end of period (000 om)	\$58,884	\$4,641	\$56

</TABLE>

\* For the period from April 25, 1991 (date of initial public investment) to October 31, 1991.

\*\* 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 4).

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

NEW YORK MUNICIPAL CASH TRUST  
PORTFOLIO OF INVESTMENTS

OCTOBER 31, 1993

<TABLE>  
<CAPTION>

PRINCIPAL AMOUNT	<S>	CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>		<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--102.3%			
NEW YORK--1.01%			

\$ 790,000	Amherst, NY, IDA Weekly VRDNs (Nanhardt/Alexander Inc.)/(Marine Midland Bank LOC)/(Subject to AMT)	A-2	\$ 790,000
620,000	Babylon, NY, IDA Weekly VRDNs (M. Goldfarb-My Florist)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	620,000
3,500,000	Bethlehem, NY, 3.125% BANS, 3/1/94	NR(3)	3,503,683
3,500,000	Binghamton, NY, 2.60% GO BANS, 5/20/94	NR(4)	3,502,800
600,000	Campbell Savona, NY, 2.65% Central School District BANS, 3/11/94	NR	600,103
4,700,000	Chautauqua County, NY, IDA Weekly VRDNs (Cliffstar Corp.)/(Union Bank of Switzerland LOC)/(Subject to AMT)	P-1	4,700,000
3,900,000	Chautauqua County, NY, IDA Weekly VRDNs (Mogen David Wine Corp.)/(Mellon Bank N.A. LOC)/(Subject to AMT)	P-1	3,900,000
1,300,000	Colonie, NY, IDA Weekly VRDNs (Herbert S. Ellis)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2	1,300,000
875,000	Colonie, NY, IDA Weekly VRDNs (Series 1988)/(13 Green Mountain Drive)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2	875,000
2,000,000	Corning, NY, Community College, 3.00% RANS, 2/11/94	NR	2,002,076
1,750,000	Cortland County, NY, IDA Weekly VRDNs (General Signal Corp.)/(Wachovia Bank of Georgia N.A. LOC)	A-1+	1,750,000
1,000,000	Dundee, NY, Central School District, 3.34% BANS, 12/7/93	NR	1,000,319

</TABLE>

NEW YORK MUNICIPAL CASH TRUST

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PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 1,000,000	Dundee, NY, Central School District, 3.375% BANS (Yates & Schuyler Counties), 12/7/93	NR	\$ 1,000,311
4,600,000	Eastchester, NY, United Free School District, 3.00% TANS, 5/19/94	NR(3)	4,604,913
1,440,000	Erie County, NY, IDA Weekly VRDNs (Data-Rex, Inc.)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2	1,440,000
1,349,200	Fort Plain, NY, 2.74% BANS, 5/11/94	NR	1,349,680
1,800,000	Franklin County, NY, IDA Weekly VRDNs (Series 1991A)/(KES Chateaugay)/(Bank of Tokyo, Ltd. LOC)	A-1+	1,800,000
1,500,000	Guilderland, NY, IDA Weekly VRDNs (Series 1993A)/(Northeastern Industrial Park, Inc.)/(Chemical Bank LOC)	P-1	1,500,000
1,900,000	Herkimer County, NY, IDA Weekly VRDNs (Granny's Kitchens, Ltd.)/(Chemical Bank LOC)/(Subject to AMT)	A-1	1,900,000
10,975,000	Islip, NY, 3.125%, GO BANS, 11/20/93	NR(3)	11,010,998
4,000,000	Islip, NY, 3.25% GO BANS, 11/12/93	NR(3)	4,000,292
5,000,000	Longwood Central School District, NY, 3.25% TANS, 6/30/94	NR	5,004,798
3,250,000	Lyons, NY, 2.43% Central School District BANS, 12/29/93	NR	3,250,150
2,325,000	Madison County, NY, IDA Monthly VRDNs (Series 1989A)/(Upstate Metals Corp.)/(Fleet Bank of New York, N.A. LOC)/(Subject to AMT)	A-1	2,325,000

15,000,000	Marine Midland, NY, Premium Tax-Exempt Bond & Loan Trust Weekly VRDNs (Marine Midland Bank N.A. LOC)	P-1	15,000,000
3,295,000	Mechanicville and Town of Stillwater, NY, IDA Weekly VRDNs (1987 Tagsons Paper, Inc.)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2	3,295,000
3,640,000	Monroe County, NY, 3.00% RANS, 4/29/94	NR(3)	3,644,218

</TABLE>

NEW YORK MUNICIPAL CASH TRUST

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PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 6,300,000	Monroe County, NY, IDA Monthly VRDNs (Neu Lac DeVille Associates, Inc.)/(Fleet Bank of New York, N.A., LOC)	A-1	\$ 6,300,000
3,000,000	Nassau County, NY, 3.25% BANs, 8/15/94	SP-1	3,005,724
10,000,000	Nassau County, NY, 3.35% GO Notes (Sakura Bank, Ltd. LOC), 4/15/94	SP-1	10,028,749
3,500,000	Nassau County, NY, 3.75% GO BANs (Series 1993A)/ (Mitsubishi Bank, Ltd. LOC), 11/15/93	MIG1	3,501,645
725,000	Nassau County, NY, IDA Weekly VRDNs (465 Endo Associates)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	725,000
1,512,495	Nassau County, NY, IDA Weekly VRDNs (D.L. Blair Corp.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit Co. BPA)	P-1	1,512,495
1,950,000	Nassau County, NY, IDA Weekly VRDNs (R.M. Pascucci Corp.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	1,950,000
5,500,000	New Rochelle, NY, IDA Weekly VRDNs (Charles Sadek Import Co.)/(Bank of New York LOC)	P-1	5,500,000
3,700,000	New York City HDC Weekly VRDNs (Series 1993A)/ (Columbus Gardens)/(Citibank N.A. LOC)	A-1	3,700,000
6,000,000	New York City Municipal Water Finance Authority Weekly VRDNs (Series 1992A)/(MBIA Insured)	VMIG1	6,000,000
3,000,000	New York City Municipal Water Finance Authority, 2.45% Semi-Annual TOBs (MBIA Insured), Optional Tender 12/15/93	NR(1)	3,000,000
2,500,000	New York City, NY, 3.50% RANS, 4/15/94	SP-1	2,507,551
416,667	New York City, NY, IDA Weekly VRDNs (David Rosen Bakers Supply, Inc.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	416,667

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NEW YORK MUNICIPAL CASH TRUST

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PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
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SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 466,688	New York City, NY, IDA Weekly VRDNs (Feature Enterprise)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor		

	Credit BPA)	P-1	\$	466,688
626,668	New York City, NY, IDA Weekly VRDNs (Lomar Development Corp.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1		626,668
1,100,000	New York City, NY, IDA Weekly VRDNs (Mindel Associates)/(Chemical Bank LOC)/(Subject to AMT)	A-1		1,100,000
297,929	New York City, NY, IDA Weekly VRDNs (MLN Associates)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1		297,929
1,900,000	New York City, NY, IDA Weekly VRDNs Special Facility Revenue Bonds (Series 1990)/(Air France)/(Societe Generale LOC)/(Subject to AMT)	A-1+		1,900,000
4,000,000	New York State Dormitory Authority Weekly VRDNs (Series 1993A)/(Metropolitan Museum of Art Guaranty)	A-1+		4,000,000
7,115,000	New York State Dormitory Authority Weekly VRDNs (Series 1993B)/(Metropolitan Museum of Art Guaranty)	A-1+		7,115,000
2,800,000	New York State Dormitory Authority, 2.60% CP (Series 1989A)/(Sloan-Kettering Memorial Cancer Center)/(Fuji Bank, Ltd. LOC), Mandatory Tender 1/19/94	A-1		2,800,000
1,100,000	New York State Energy Research & Development Authority, 2.50% TOBs (Series 1985A)/(Long Island Lighting Co.)/(Deutsche Bank AG LOC), Mandatory Tender 3/1/94	VMIG1		1,100,000
7,395,000	New York State Energy Research & Development Authority, 3.10% (Rochester Gas & Electric Co.)/(Westpac Banking Corp. LOC), Optional Tender 11/15/93	A-1		7,395,000
7,000,000	New York State Energy Research & Development, 2.50% Annual TOBs (New York State Electrical & Gas)/(Morgan Bank, Delaware LOC), 3/15/94	P-1		7,000,000

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NEW YORK MUNICIPAL CASH TRUST

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PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 8,000,000	New York State Floating Rate Trust Certificate Weekly VRDNs (Series 144A)/(AMBAC Insured)	A-1+	\$ 8,030,000
1,000,000	New York State HFA Weekly VRDNs (Normandie Corp.)/(Bankers Trust Company LOC)/(Subject to AMT)	VMIG1	1,000,000
13,920,000	New York State HFA Weekly VRDNs (Special Surgery Hospital)/(Chemical Bank LOC)	VMIG1	13,920,000
1,445,000	New York State Job Development Authority Weekly VRDNs (New York State, Guaranty)/(Subject to AMT)	VMIG1	1,445,000
1,745,000	New York State Job Development Authority Weekly VRDNs (Sumitomo Bank, Ltd. LOC)/(Subject to AMT)	VMIG1	1,745,000
8,000,000	New York State Medical Care Facilities Finance Agency Weekly VRDNs (Series 1993G)/(St. Luke's-Roosevelt Hospital Center)/(FHA Insured, Hong Kong & Shanghai Banking Corp. BPA)	A-1+	8,000,000
8,000,000	New York State Power Authority VRDC Trust Certificates Weekly VRDNs (Series 1993H)	A-1+	8,000,000
6,300,000	New York State, 2.50% CP (Series N), Mandatory Tender 1/13/94	A-1	6,300,000
13,000,000	New York State, 2.75% TRANS, 12/31/93	SP-1+	13,010,483
6,000,000	Niagara County, NY, 3.25% BANS, 9/16/94	NR	6,017,754
3,000,000	Niagara County, NY, IDA Weekly VRDNs (Allegheny Ludlum Steel Corp.)/(PNC Bank N.A. LOC)	A-1	3,000,000

3,700,000	Niagara Falls, NY, Toll Bridge System Revenue Bonds Weekly VRDNs (Series 1993A)/(FGIC Insured, Industrial Bank of Japan, Ltd. BPA)	A-1+	3,700,000
923,000	Northville, NY, 2.78% Central School District BANs, 6/17/94	NR(4)	923,445
1,725,000	Onondaga County, NY, IDA Weekly VRDNs (W.W. Grainger, Inc.)	A-1+	1,725,000

</TABLE>

NEW YORK MUNICIPAL CASH TRUST

<TABLE>  
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 1,240,000	Onondaga County, NY, IDA Weekly VRDNs (Beverage Corp.)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2	\$ 1,240,000
1,175,000	Onondaga County, NY, IDA Weekly VRDNs (Series 1987)/(Southern Container Corp.)/(Chemical Bank LOC)/(Subject to AMT)	VMIG1	1,175,000
1,600,000	Ontario, NY, IDA Weekly VRDNs (Hillcrest Enterprises/ Buckey Corrugated, Inc. Facility)/(National City Bank, Cleveland LOC)/(Subject to AMT)	P-1	1,600,000
5,700,000	Oswego County, NY, IDA Weekly VRDNs (Copperweld Co.)/(PNC Bank, N.A. LOC)	P-1	5,700,000
7,300,000	Plainview--Old Bethpage, NY, 3.00% TANs, 6/29/94	NR	7,299,678
3,000,000	Port Authority of New York and New Jersey Special Project Bonds Weekly VRDNs (Series 3)/(KIAC Partners)/(Subject to AMT)/(Deutsche Bank AG LOC)	A-1+	3,000,000
15,000,000	Port Authority of New York and New Jersey Weekly VRDNs	A-1+	15,000,000
1,000,000	Port Authority of New York and New Jersey Weekly VRDNs (Series 1991-4)/(Subject to AMT)	P-1	1,000,000
15,000,000	Port Authority of New York and New Jersey Weekly VRDNs (Subject to AMT)	A-1+	15,000,000
5,000,000	Rochester, NY, 3.05% GO BANs, 11/5/93	NR(2)	5,000,010
886,875	Schenectady, NY, IDA Weekly VRDNs (McClellan Street Associates)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	886,875
960,000	Schuylerville, NY, Central School District, 2.74% BANs, 6/22/94	NR	960,534
4,200,000	South Seneca, NY, Central School District, 2.65% BANs, 6/24/94	NR	4,201,301

</TABLE>

NEW YORK MUNICIPAL CASH TRUST

<TABLE>  
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 1,000,000	Suffolk County, NY, 3.00% TANs (Series II)/		

	(Chemical Bank LOC) 9/15/94	MIG1	\$	1,001,270
3,998,000	Suffolk County, NY, 3.25% RANs, 10/28/94	NR		4,013,343
4,200,000	Suffolk County, NY, IDA Weekly VRDNs (C & J Realty Corp.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1		4,200,000
725,833	Suffolk County, NY, IDA Weekly VRDNs (CS Property/ Tara Toy, Inc.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1		725,834
704,000	Suffolk County, NY, IDA Weekly VRDNs (D.A. Yaron)/ (Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)/(Subject to AMT)	P-1		704,000
1,350,000	Suffolk County, NY, IDA Weekly VRDNs (Poly Research Corp.)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2		1,350,000
1,800,000	Suffolk County, NY, IDA, 3.90% Semi-Annual TOBs (W.W. Grainger, Inc. Guaranty) Optional Tender 12/1/93	A-1+		1,800,000
6,495,000	Warren & Washington Counties, NY, IDA, Monthly VRDNs (Sandy Hill Corp.)/(Fleet Bank of New York N.A. LOC)/(Subject to AMT)	A-1		6,495,000
2,500,000	Waterville, NY, Central School District, 2.75% BANs, 4/15/94	NR(3)		2,500,542
1,665,000	Yates County, NY, IDA, Weekly VRDNs (Series 1992A)/ (Clearpass Containers, Inc.)/(Norstar Bank of Upstate NY LOC)/(Subject to AMT)	A-1		1,665,000
4,000,000	Yonkers, NY, IDA Weekly VRDNs (Consumers Union Facility)/(Industrial Bank of Japan Ltd. LOC)	VMIG1		4,000,000
	Total			334,953,526

</TABLE>

NEW YORK MUNICIPAL CASH TRUST

<TABLE>  
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
	PUERTO RICO--2.2%		
\$ 3,100,000	Government Development Bank of Puerto Rico Weekly VRDNs (Credit Suisse and Sumitomo Bank Ltd., LOCs)	A-1+	\$ 3,100,000
4,275,000	Puerto Rico Industrial Medical and Environmental Pollution Control Facilities Authority, 3.35% Annual TOBs, (American Home Products Guaranty), Optional Tender 12/1/93	P-1	4,275,000
	Total		7,375,000
	TOTAL INVESTMENTS, AT AMORTIZED COST		\$ 342,328,526\

</TABLE>

\* See Notes to Portfolio of Investments.

\ Also represents cost for federal tax purposes.

Note: The categories of investments are shown as a percentage of net assets (\$333,241,974) at October 31, 1993.

The following abbreviations may be used in this portfolio:

AMBAC--American Municipal Bond Assurance Corporation  
 AMT--Alternative Minimum Tax  
 BANs--Bond Anticipation Notes  
 BPA--Bond Purchase Agreement  
 CP--Commercial Paper  
 FGIC--Financial Guaranty Insurance Company

FHA--Federal Housing Administration  
GO--General Obligation  
HDC--Housing Development Corporation  
HFA--Housing Finance Authority/Agency  
IDA--Industrial Development Authority  
LOC--Letter of Credit  
LOCs--Letters of Credit  
MBIA--Municipal Bond Investors Assurance  
RANs--Revenue Anticipation Notes  
TANs--Tax Anticipation Notes  
TOBs--Tender Option Bonds  
TRANs--Tax and Revenue Anticipation Notes  
VRDNs--Variable Rate Demand Notes

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

NEW YORK MUNICIPAL CASH TRUST

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NOTES TO PORTFOLIO OF INVESTMENTS

NOTE RATINGS

S&P

A Standard & Poor's note rating reflects the liquidity concerns and market access risks unique to notes.

SP-1 Very strong or strong capacity to pay principal and interest. Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.

SP-2 Satisfactory capacity to pay principal and interest.

MOODY'S

Moody's short-term ratings are designated Moody's Investment Grade (MIG OR VMIG (SEE BELOW)). The purpose of the MIG or VMIG ratings is to provide investors with a simple system by which the relative investment qualities of short-term obligations may be evaluated.

MIG1 This designation denotes best quality. There is present strong protection by established cash flows, superior liquidity support or demonstrated broad-based access to the market for refinancing.

MIG2 This designation denotes high quality. Margins of protection are ample although not so large as in the preceding group.

VARIABLE RATE DEMAND NOTES (VRDN)  
AND  
TENDER OPTION BONDS (TOB)

S&P

Standard & Poor's assigns dual ratings to all long-term debt issues that have as part of their provisions a variable rate demand feature. The first rating (long-term rating) addresses the likelihood of repayment of principal and interest when due, and the second rating (short-term rating) describes the demand characteristics. Several examples are AAA/A-1+, AA/A-1+, A/A-1. (The definitions for the long-term and the short-term ratings are provided below.)

MOODY'S

Short-term ratings on issues with demand features are differentiated by the use of the VMIG symbol to reflect such characteristics as payment upon periodic demand rather than fixed maturity dates and payment relying on external liquidity.

In this case, two ratings are usually assigned, (for example, Aaa/VMIG-1); the first representing an evaluation of the degree of risk associated with scheduled principal and interest payments, and the second representing an evaluation of the degree of risk associated with the demand feature. The VMIG

NEW YORK MUNICIPAL CASH TRUST  
-----

rating can be assigned a 1 or 2 designation using the same definitions described above for the MIG rating.

COMMERCIAL PAPER (CP)

S&P

A Standard & Poor's commercial paper rating is a current assessment of the likelihood of timely payment of debt having an original maturity of no more than 365 days.

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

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

MOODY'S

P-1 Issuers rated PRIME-1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations.

P-2 Issuers rated PRIME-2 (or related supporting institutions) have a strong capacity for repayment of short-term promissory obligations.

LONG TERM DEBT

S&P

AAA Debt rated "AAA" has the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.

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

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



MOODY'S

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

Aa Bonds that are rated AA are judged to be of high quality by all standards. Together with the AAA group they comprise what are generally known as high grade bonds. They are rated lower than the

NEW YORK MUNICIPAL CASH TRUST

best bonds because margins of protection may not be as large as in AAA securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in AAA securities.

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

\*Those securities marked with a single asterisk (\*) in the Fund's portfolio have not been rated by Moody's or S&P, but the rating given is either the Moody's or S&P rating assigned to either short-term or long-term securities of the guarantor.

NR indicates the bonds or notes are not rated by Moody's or Standard & Poor's.

- (1) The underlying issuer/obligor/guarantor has other outstanding debt rated "AAA" by Standard & Poor's or "Aaa" by Moody's.
- (2) The underlying issuer/obligor/guarantor has other outstanding debt rated "AA" by Standard & Poor's or "Aa" by Moody's.
- (3) The underlying issuer/obligor/guarantor has other outstanding debt rated "A" by Standard & Poor's or Moody's.

NEW YORK MUNICIPAL CASH TRUST  
STATEMENT OF ASSETS AND LIABILITIES  
OCTOBER 31, 1993

<TABLE>	<S>	<C>	<C>
ASSETS:			
Investments, at amortized cost and value (Note 1A)		\$	342,328,526
Cash			501,180
Interest receivable			2,105,676
Total assets			344,935,382
LIABILITIES:			
Payable for investments purchased		\$	11,010,998

Dividends payable	494,123
Accrued expenses and other liabilities	188,287
Total liabilities	11,693,408
NET ASSETS for 333,259,904 shares of beneficial interest outstanding	\$ 333,241,974
NET ASSETS CONSIST OF:	
Paid-in capital	\$ 333,259,904
Accumulated net realized loss on investments	(17,930)
Total	\$ 333,241,974
NET ASSET VALUE, Offering Price, and Redemption Price Per Share--Institutional Service Shares (\$274,357,415 / 274,375,542 shares of beneficial interest outstanding)	\$1.00
NET ASSET VALUE, Offering Price, and Redemption Price Per Share--Cash II Shares (\$58,884,559 / 58,884,362 shares of beneficial interest outstanding)	\$1.00

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

NEW YORK MUNICIPAL CASH TRUST  
STATEMENT OF OPERATIONS  
YEAR ENDED OCTOBER 31, 1993

	<C>	<C>	<C>
<TABLE>			
<S>			
INVESTMENT INCOME:			
Interest Income (Note 1B)			\$ 7,135,989
EXPENSES:			
Investment advisory fee (Note 4)	\$	1,065,970	
Trustees' fees		13,454	
Administrative personnel and services (Note 4)		329,428	
Custodian, transfer, dividend disbursing agent fees and expenses		169,411	
Distribution Services fees (Note 4)		264,066	
Trust share registration costs		28,939	
Legal fees		24,897	
Auditing fees		18,046	
Printing and postage		24,896	
Taxes		403	
Insurance premiums		10,078	
Miscellaneous		2,987	
Total expenses		1,952,575	
Deduct--			
Waiver of investment advisory fee (Note 4)	\$	460,455	
Waiver of distribution services fees (Note 4)		313	460,768
Net expenses			1,491,807
Net investment income			\$ 5,644,182
Net realized gain on investments--identified cost basis			1,437
Net increase in net assets resulting from operations			\$ 5,645,619

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

NEW YORK MUNICIPAL CASH TRUST  
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	\$ 5,644,182	\$ 6,217,219
Net realized gain on investments--identified cost basis	1,437	1,089
Net increase in net assets resulting from operations	5,645,619	6,218,308
-----		
DISTRIBUTIONS TO SHAREHOLDERS (NOTE 2)--		
-----		
Dividends to shareholders from net investment income:		
Institutional Service Shares	(4,957,980)	(5,805,237)
Dividends to shareholders from net investment income:		
Cash Series Shares	(2,054)	(362,632)
Dividends to shareholders from net investment income:		
Cash II Shares	(684,148)	(49,350)
Change in net assets resulting from distributions	(5,644,182)	(6,217,219)
-----		
TRUST SHARE (PRINCIPAL) TRANSACTIONS (NOTE 3)--		
-----		
Proceeds from sales of shares	705,610,755	454,674,027
Net asset value of shares issued to shareholders in payment of dividends declared	903,326	660,253
Cost of shares redeemed	(553,583,683)	(479,066,956)
Change in net assets from Trust share transactions	152,930,398	(23,732,676)
Change in net assets	152,931,835	(23,731,587)
-----		
NET ASSETS:		
-----		
Beginning of period	180,310,139	204,041,726
End of period	\$ 333,241,974	\$ 180,310,139
-----		
(See Notes which are an integral part of the Financial Statements		
</TABLE>		

NEW YORK MUNICIPAL CASH TRUST  
NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 1993

(1) SIGNIFICANT ACCOUNTING POLICIES

The Trust is registered under the Investment Company Act of 1940, as amended, as a non-diversified, open-end, management investment company. The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

New York Municipal Cash Trust provides two classes of shares ("Institutional Service Shares" and "Cash II Shares"). Each class of shares is sold pursuant to a distribution plan ("Plan") adopted in accordance with Investment Company Act Rule 12b-1. Prior to August 27, 1992, the Trust had provided a third class of shares ("Cash Series Shares"). On that date the Board of Trustees voted to reduce the 12b-1 fee of the Cash Series Shares to 0.25 of 1% of average daily net assets, and to combine these shares with Cash II Shares, both effective November 9, 1992.

A. VALUATION OF INVESTMENTS--The Board of Trustees (the "Trustees") has determined that the best method currently available for valuing portfolio

securities is amortized cost. The Trust's use of the amortized cost method to value its portfolio securities is conditioned on its compliance with Rule 2a-7 under the Investment Company Act of 1940, as amended.

Since the New York Municipal Cash Trust may invest a substantial portion of its assets in issuers located in one state, it will be more susceptible to factors adversely affecting issuers of that state, than would be a comparable general tax-exempt mutual fund. In order to reduce the risk associated with such factors, at October 31, 1993, 59.4% of the securities in the portfolio were backed by various letters of credit. The aggregate by financial institution ranges from 0.29% to 7.39% of total investments.

- B. INCOME--Interest income is recorded on the accrual basis. Interest income includes interest earned net of premium, and original issue discount as required by the Internal Revenue Code.
- C. FEDERAL TAXES--It is the Trust's policy to comply with the provisions of the Internal Revenue Code, as amended, (the "Code") applicable to investment companies and to distribute to shareholders each year all of its taxable income. Accordingly, no provision for federal income or excise tax is necessary. Dividends paid by the Trust representing net interest received on tax-exempt municipal securities are not includable by shareholders as gross income for federal tax purposes because the Trust intends to meet certain requirements of the Code applicable to regulated investment companies which will enable the Trust to pay exempt interest dividends. The portion of such interest, if any, earned on private activity bonds issued after August 7, 1986, may be considered a tax preference item to shareholders. At October 31, 1993, the Trust, for federal tax purposes, has a capital loss carryforward of \$17,930 which will reduce the Trust's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, and thus will reduce the amount of the distributions to shareholders which would otherwise be necessary to relieve the Trust of any liability for federal tax. Pursuant to the Code, such capital loss carryforward will expire in 1996.
- D. WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS--The Trust may engage in when-issued or delayed delivery transactions. To the extent the Trust engages in such transactions, it will do so for the purposes of acquiring portfolio securities consistent with its investment objectives and policies and not for the purpose of investment leverage. The Trust will record a when-issued security and the related liability on the trade date. Until the securities are received and paid for, the Trust 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.
- E. OTHER--Investment transactions are accounted for on the date of the transaction.
- F. EXPENSES--Expenses of the Fund (other than distribution services fees) and waivers and reimbursements, if any, are allocated to each class of shares based on its relative daily average net assets.

(2) DIVIDENDS

The Trust computes its net income daily and, immediately prior to the calculation of its net asset value at the close of business, declares and records dividends to shareholders of record at the time of the previous computation of the Trust's net asset value. Payment of dividends is made monthly in cash or in additional shares at the net asset value on the payable date.

(3) 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 Trust shares were as follows:

<TABLE>  
<CAPTION>

INSTITUTIONAL SERVICE SHARES	YEAR ENDED OCTOBER 31,	
	1993	1992
<S>	<C>	<C>
Shares outstanding, beginning of period	164,491,602	191,616,115
Shares sold	547,195,442	422,241,067
Shares issued to shareholders in payment of dividends declared	399,406	301,103

Shares redeemed	(437,710,908)	(449,666,683)
Shares outstanding, end of period	274,375,542	164,491,602

</TABLE>

NEW YORK MUNICIPAL CASH TRUST

<TABLE>  
<CAPTION>

CASH SERIES SHARES*	YEAR ENDED OCTOBER 31,	
	1993	1992
<S>	<C>	<C>
Shares outstanding, beginning of period	11,196,839	12,390,511
Shares sold	34,712	20,649,454
Shares issued to shareholders in payment of dividends declared	--	357,566
Shares redeemed	--	(22,200,692)
Shares exchanged for Cash II Shares	(11,231,551)	--
Shares outstanding, end of period	--	11,196,839

</TABLE>

<TABLE>  
<CAPTION>

CASH II SHARES*	YEAR ENDED OCTOBER 31,	
	1993	1992
<S>	<C>	<C>
Shares outstanding, beginning of period	4,641,065	55,556
Shares sold	147,149,050	11,783,506
Shares issued in exchange for Cash Series Shares	11,231,551	
Shares issued to shareholders in payment of dividends declared	503,920	1,584
Shares redeemed	(104,641,224)	(7,199,581)
Shares outstanding, end of period	58,884,362	4,641,065

</TABLE>

\*\_ Beginning November 9, 1992, the Rule 12b-1 fee for Cash Series Shares was reduced to 0.25 of 1% of average daily net assets, and these shares were combined with Cash II Shares.

(4) INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Federated Management, the Trust's investment adviser ("Adviser"), receives for its services an annual investment advisory fee equal to .40 of 1% of the Trust's average daily net assets, subject to an undertaking to reimburse the Trust to the extent of its advisory fee, the amount, if any, by which the Trust's aggregate annual operating expenses (excluding interest, taxes, brokerage commissions, distribution service fees paid directly by the Trust, federal and state registration expenses, and extraordinary expenses) exceed .45 of 1% of average daily net assets. For the year ended October 31, 1993, Adviser earned an investment advisory fee of \$1,065,970 of which \$460,455 was waived.

The Trust has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act of 1940. The Trust will reimburse Federated Securities Corp., ("FSC"), the principal distributor, from assets of the Trust, for fees it paid which relate to the distribution and administration of the Trust's Institutional Service Shares, Cash Series Shares, and Cash II Shares. The Plan provides that the Trust may incur distribution expenses up to .10 of 1% of the average daily net assets of the Trust's Institutional Service Shares, .50 of 1% of the average daily net assets of the Cash Series Shares, and .25 of 1% of the average daily net assets of the Cash II Shares, annually, to pay commissions, maintenance fees and to compensate the distributor. During the year ended October 31, 1993, FSC was

paid \$176,146 in distribution services fees for Institutional Service Shares and \$625 for Cash Series Shares of which \$313 was voluntarily waived. The Cash II Series Shares incurred \$87,295 of distribution fees, none of which was waived.

Administrative personnel and services were provided at approximate cost by Federated Administrative Services Inc. Certain of the Officers and Trustees of the Trust are Officers and Directors of the above corporations.

During the year ended October 31, 1993 the Trust engaged in purchase and sale transactions with other funds advised by the adviser pursuant to rule 17A-7 of the Investment Company Act of 1940 amounting to \$245,475,568 and \$235,041,393, respectively. These purchases and sales were conducted on an arms-length basis insofar as they were transacted for cash consideration only, at independent current market prices and without brokerage commission, fee or other remuneration.

(5) CURRENT CREDIT RATINGS

Current credit ratings and related notes are unaudited.

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Shareholders of  
NEW YORK MUNICIPAL CASH TRUST:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of New York Municipal Cash Trust as of October 31, 1993, the related statement of operations for the year then ended, the statement of changes in net assets for the years ended October 31, 1993 and 1992, and the financial highlights (see pages 2 and 18 of the prospectus) for each of the years in the ten-year period ended October 31, 1993. These financial statements and financial highlights are the responsibility of the Trust'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 the securities owned as of October 31, 1993 by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. 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, such financial statements and financial highlights present fairly, in all material respects, the financial position of New York Municipal Cash Trust as of October 31, 1993, the results of its operations, the changes in its net assets, and its financial highlights for the respective stated periods in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE

Boston, Massachusetts  
December 17, 1993

ADDRESSES

<TABLE>		
<S>	<C>	<C>
	New York Municipal Cash Trust Institutional Service Shares	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
-----		
Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
-----		
Investment Adviser	Federated Management	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
-----		
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
-----		
Legal Counsel	White & Case	1155 Avenue of the Americas New York, New York 10036
-----		
Independent Auditor	Deloitte & Touche	125 Summer Street Boston, Massachusetts 02110-1617
-----		

</TABLE>  
NEW YORK MUNICIPAL  
CASH TRUST  
INSTITUTIONAL SERVICE SHARES  
PROSPECTUS

A Non-Diversified Portfolio of New York  
Municipal Cash Trust, an Open-End  
Management Investment Company  
December 31, 1993

[LOGO] FEDERATED SECURITIES CORP.  
-----  
DISTRIBUTOR  
A SUBSIDIARY OF FEDERATED INVESTORS  
  
FEDERATED INVESTORS TOWER  
PITTSBURGH, PA 15222-3779

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NEW YORK MUNICIPAL CASH TRUST  
CASH II SHARES  
PROSPECTUS

The Cash II Shares of New York Municipal Cash Trust (the "Trust") offered by this prospectus represent interests in a non-diversified portfolio of securities (the "Fund"). The Trust is an open-end management investment company (a mutual fund).

AN INVESTMENT IN THE FUND IS NEITHER INSURED NOR GUARANTEED BY THE U.S. GOVERNMENT. THE FUND ATTEMPTS TO MAINTAIN A STABLE NET ASSET VALUE OF \$1.00 PER SHARE; THERE CAN BE NO ASSURANCE THAT THE FUND WILL BE ABLE TO DO SO.

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.

The investment objective of the Fund is to provide current income exempt from federal regular income tax and the personal income taxes imposed by New York State and New York municipalities consistent with stability of principal. The Fund invests primarily in short-term New York municipal securities. Cash II Shares are sold at net asset value.

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 Cash II Shares and Institutional Service Shares 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 Combined Statement of Additional Information free of charge by calling 1-800-235-4669. To obtain other information, or 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--CASH II SHARES	

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 Fees (as a percentage of amount redeemed, if applicable).....		None
Exchange Fee.....		None
ANNUAL CASH II SHARES OPERATING EXPENSES (As a percentage of average net assets)		
Management Fee (after waiver) (1).....		0.23%
12b-1 Fee.....		0.25%
Other Expenses.....		0.23%
Total Cash II Shares Operating Expenses (2).....		0.71%

(1) The management fee has been reduced to reflect the waiver of a portion of the management fee. The maximum management fee is 0.40%.

(2) The total Cash II Shares operating expenses would have been 0.88% absent the waiver of a portion of the investment advisory fee.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF CASH II SHARES WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "TRUST INFORMATION" AND "INVESTING IN CASH II SHARES." WIRE-TRANSFERRED REDEMPTIONS OF LESS THAN \$5,000 MAY BE SUBJECT TO ADDITIONAL FEES.

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 fee for Cash II Shares.....	\$7	\$23	\$40	\$88

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 Cash II Shares of the Fund. The Fund also offers one additional class of shares, Institutional Service Shares. Institutional Service Shares are subject to certain of the same expenses as Cash II Shares. However, Institutional Service Shares are subject to a 12b-1 fee up to 0.10%. See "Other Classes of Shares."

NEW YORK MUNICIPAL CASH TRUST  
FINANCIAL HIGHLIGHTS--  
CASH II SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

Reference is made to the Independent Auditors' Report on page 38.

<TABLE>  
<CAPTION>

	YEAR ENDED OCTOBER 31,		
	1993	1992	1991*
	<C>	<C>	<C>
<S>			
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00
-----			
INCOME FROM INVESTMENT OPERATIONS			
-----			
Net investment income	0.02	0.03	0.02
-----			
LESS DISTRIBUTIONS			
-----			
Dividends to shareholders from net investment income	(0.02)	(0.03)	(0.02)
-----			
NET ASSET VALUE, END OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00
-----			
TOTAL RETURN**	1.98%	2.86%	2.20%
-----			
RATIOS/SUPPLEMENTAL DATA			
-----			
Ratio of expenses to average net assets	0.71%	0.73%	0.46% (a)
-----			
Ratio of net investment income to average net assets	1.96%	2.46%	4.08% (a)
-----			
Expense waiver/reimbursement (b)	0.17%	--	--
-----			
Net assets, end of period (000 omitted)	\$58,884	\$4,641	\$56
-----			

</TABLE>

\* For the period from April 25, 1991 (date of initial public investment) to October 31, 1991.

\*\* 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 4).

(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 March 17, 1982. 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 Trustees have established two classes of shares of the Fund, known as Cash II Shares and Institutional Service Shares. This prospectus relates only to Cash II Shares of the Fund.

Cash II Shares ("Shares") of the Fund are designed to provide a cash management vehicle for certain customers of financial institutions which would include corporations and municipalities, as well as larger individual accounts, seeking a high level of cash management services from the participating institution. A minimum initial investment of \$25,000 over a 90-day period is required. The Fund may not be a suitable investment for non-New York taxpayers or retirement plans since it invests primarily in New York municipal securities.

The Fund attempts to stabilize the value of a Share at \$1.00. Shares are currently sold and redeemed at that price.

INVESTMENT INFORMATION

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INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide current income exempt from

federal regular income tax (federal regular income tax does not include the federal individual alternative minimum tax) and the personal income taxes imposed by New York State and New York municipalities consistent with stability of principal. Interest income of the Fund that is exempt from these income taxes retains its tax-free status when distributed to the Fund's 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. The investment objective and the policies and limitations described below cannot be changed without approval of shareholders. Income distributed by the Fund may not necessarily be exempt from state or municipal taxes in states other than New York.

#### INVESTMENT POLICIES

The Fund pursues its investment objective by investing primarily in a portfolio of short-term New York Municipal Securities (as defined below) with remaining maturities of one year or less at the time of purchase by the Fund. The Fund invests its assets so that at least 80% of its annual interest income is exempt from federal regular, New York State, and New York municipal income taxes. The average maturity of the securities in the Fund's portfolio, computed on a dollar weighted basis, will be 120 days or less. As a matter of operating policy, the Trust will limit the average maturity of portfolio securities to 90 days or less to meet certain regulatory requirements.

ACCEPTABLE INVESTMENTS. The Fund invests primarily in debt obligations issued by or on behalf of New York and its political subdivisions and financing authorities, and obligations of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the income from which is, in the opinion of qualified legal counsel, exempt from both federal regular income tax and New York state income tax imposed upon non-corporate taxpayers ("Municipal Securities"). Examples of Municipal Securities include, but are not limited to:

tax and revenue anticipation notes ("TRANS") issued to finance working capital needs in anticipation of receiving taxes or other revenues;

bond anticipation notes ("BANs") that are intended to be refinanced through a later issuance of longer-term bonds;

municipal commercial paper and other short-term notes;

variable rate demand notes;

municipal bonds (including bonds having serial maturities and pre-refunded bonds);

construction loan notes insured by the Federal Housing Administration and financed by the Federal or Government National Mortgage Associations; and

participation, trust, and partnership interests in any of the foregoing obligations.

VARIABLE RATE DEMAND NOTES. Variable rate demand notes are long-term Municipal Securities that have variable or floating interest rates and provide the Fund with the right to tender the security for repurchase at its stated principal amount plus accrued interest. Such securities typically bear interest at a rate that is intended to cause the securities to trade at par. The interest rate may float or be adjusted at regular intervals (ranging from daily to annually), and is normally based on a municipal interest index or a stated percentage of a prime rate or another published rate. Most variable rate demand notes allow the Fund to demand the repurchase of the security on not more than seven days prior notice. Other notes only permit the Fund to tender the security at the time of each interest rate adjustment or at other fixed intervals. See "Demand Features." The Fund treats variable rate demand notes as maturing on the later of the date of the next interest adjustment or the date on which the Fund may next tender the security for repurchase.

PARTICIPATION INTERESTS. The Fund may purchase interests in Municipal Securities from financial institutions such as commercial and investment banks, savings and loan associations, and insurance companies. These interests may take the form of participations, beneficial interests in a trust, partnership interests, or any other form of indirect ownership that allows the Fund to treat the income from the investment as exempt from federal income tax. The Fund invests in these participation interests in order to obtain credit enhancement or demand features that would not be available through direct ownership of the underlying Municipal Securities.

**RATINGS.** The Municipal Securities in which the Fund invests must either be rated in one of the two highest short-term rating categories by one or more nationally recognized statistical rating organizations ("NRSROs") or be of comparable quality to securities having such ratings. A NRSRO's two highest rating categories are determined without regard for sub-categories and gradations. For example, securities rated SP-1+, SP-1 or SP-2 by Standard & Poor's Corporation ("S&P"), MIG-1 OR MIG-2 by Moody's Investors Service, Inc. ("Moody's"), or FIN-1+, FIN-1 and FIN-2 by Fitch Investors Service, Inc. ("Fitch") are all considered rated in one of the two highest short-term rating categories. The Fund will follow applicable regulations in determining whether a security rated by more than one NRSRO can be treated as being in one of the two highest short-term rating categories; currently, such securities must be rated by two NRSROs in one of their two highest categories. See "Regulatory Compliance."

**CREDIT ENHANCEMENT.** Certain of the Fund's acceptable investments may have been credit enhanced by a guaranty, letter of credit, or insurance. The Fund typically evaluates the credit quality and ratings of credit enhanced securities based upon the financial condition and ratings of the party providing the credit enhancement (the "credit enhancer"), rather than the issuer. The bankruptcy, receivership, or default of the credit enhancer will adversely affect the quality and marketability of the underlying security.

The Fund may have more than 25% of its total assets invested in securities credit enhanced by banks.

**DEMAND FEATURES.** The Fund may acquire securities that are subject to puts and standby commitments ("demand features") to purchase the securities at their principal amount (usually with accrued interest) within a fixed period (usually seven days) following a demand by the Fund. The demand feature may be issued by the issuer of the underlying securities, a dealer in the securities, or by another third party, and may not be transferred separately from the underlying security. The Fund uses these arrangements to provide the Fund with liquidity and not to protect against changes in the market value of the underlying securities. The bankruptcy, receivership, or default by the issuer of the demand feature, or a default on the underlying security or other event that terminates the demand feature before its exercise, will adversely affect the liquidity of the underlying security. Demand features that are exercisable even after a payment default on the underlying security may be treated as a form of credit enhancement.

**RESTRICTED AND ILLIQUID SECURITIES.** The Fund may invest in restricted securities. Restricted securities are any securities in which the Fund may invest pursuant to its investment objective and policies, but which are subject to restrictions on resale under federal securities laws. Under criteria established by the Board of Trustees, certain restricted securities are considered liquid. To the extent restricted securities are deemed to be illiquid, the Fund will limit their purchase, together with other securities considered to be illiquid, to 10% of its net assets.

**WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS.** The Fund may purchase Municipal Securities on a when-issued or delayed delivery basis. 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.

**TEMPORARY INVESTMENTS.** From time to time on a temporary basis, or when the investment adviser determines that market conditions call for a temporary defensive posture, the Fund may invest in short-term temporary investments. Interest income from temporary investments may be taxable to shareholders as ordinary income. All temporary investments will satisfy the same credit quality standards as the Fund's acceptable investments. See "Ratings" above. Temporary investments include: obligations issued by or on behalf of municipal or corporate issuers; marketable obligations issued or guaranteed by the U.S. government, its agencies, or instrumentalities; instruments issued by a U.S. branch of a domestic bank or savings and loan having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of investment; repurchase agreements; and prime commercial paper rated A-1 by S&P, Prime-1 by Moody's or F-1 by Fitch.

Although the Fund is permitted to make taxable, temporary investments, there is no current intention of generating income subject to federal regular income tax or personal income taxes imposed by New York and New York municipalities.

#### NEW YORK MUNICIPAL SECURITIES

New York Municipal Securities are generally issued to finance public works, such as airports, bridges, highways, housing, hospitals, mass transportation projects, schools, streets, and water and sewer works. They are also issued to repay outstanding obligations, to raise funds for general operating expenses, and to make loans to other public institutions and facilities.

New York Municipal Securities include industrial development bonds issued by or on behalf of public authorities to provide financing aid to acquire sites or construct and equip facilities for privately or publicly owned corporations. The availability of this financing encourages these corporations to locate within the sponsoring communities and thereby increases local employment.

The two principal classifications of Municipal Securities are "general obligation" and "revenue" bonds. General obligation bonds are secured by the issuer's pledge of its full faith and credit and taxing power for the payment of principal and interest. Interest on and principal of revenue bonds, however, are payable only from the revenue generated by the facility financed by the bond or other specified sources of revenue. Revenue bonds do not represent a pledge of credit or create any debt of or charge against the general revenues of a municipality or public authority. Industrial development bonds are typically classified as revenue bonds.

#### STANDBY COMMITMENTS

Some securities dealers are willing to sell Municipal Securities to the Fund accompanied by their commitments to repurchase the Municipal Securities prior to maturity, at the Fund's option, for the amortized cost of the Municipal Securities at the time of repurchase. These arrangements are not used to protect against changes in the market value of municipal securities. They permit the Fund, however, to remain fully invested and still provide liquidity to satisfy redemptions. The cost of Municipal Securities accompanied by these "standby" commitments could be greater than the cost of Municipal Securities without such commitments. Standby commitments are not marketable or otherwise assignable and have value only to the Fund. The default or bankruptcy of a securities dealer giving such a commitment would not affect the quality of the Municipal Securities purchased. However, without a standby commitment, these securities could be more difficult to sell. The Fund enters into standby commitments only with those dealers whose credit the investment adviser believes to be of high quality.

#### NEW YORK INVESTMENT RISKS

Yields on New York Municipal Securities depend on a variety of factors, including: the general conditions of the short-term municipal note market and of the municipal bond market; the size of the particular offering; the maturity of the obligations; and the rating of the issue. Further, any adverse economic conditions or developments affecting the State or City of New York could impact the Fund's portfolio. The ability of the Fund to achieve its investment objective also depends on the continuing ability of the issuers of New York Municipal Securities and demand features for such securities, or the credit enhancers of either, to meet their obligations for the payment of interest and principal when due. Investing in New York Municipal Securities which meet the Fund's quality standards may not be possible if the State and City of New York do not maintain their current credit ratings. An expanded discussion of the current economic risks associated with the purchase of New York Municipal Securities is contained in the Combined Statement of Additional Information.

#### NON-DIVERSIFICATION

The Fund is a non-diversified investment portfolio. As such, there is no limit on the percentage of assets which can be invested in any single issuer. An investment in the Fund, therefore, will entail greater risk than would exist in a diversified investment company because the higher percentage of investments among fewer issuers may result in greater fluctuation in the total market value of the Fund's portfolio. Any economic, political, or regulatory developments affecting the value of the securities in the Fund's portfolio will have a greater impact on the total value of the portfolio than would be the case if the portfolio were diversified among more issuers.

The Fund will attempt to minimize the risks associated with a non-diversified portfolio so as not to impair its ability to stabilize its net asset value at \$1.00 per share by limiting, with respect to 75% of the Fund's total assets, investments in one issuer to not more than 10% of the value of its total assets. The total amount of the remaining 25% of the value of the Fund's total assets would be invested in a single issuer if the investment adviser believes such a strategy to be prudent. In addition, the Fund intends to comply with Subchapter M of the Internal Revenue Code, as amended. This undertaking requires that at the end of each quarter of the taxable year, the aggregate value of all investments in any one issuer (except U.S. government obligations, cash, and cash items) which exceed 5% of the Fund's total assets not exceed 50% of the value of its total assets; beyond that, no more than 25% of its total assets are invested in the securities of a single issuer.

#### INVESTMENT LIMITATIONS

The Fund will not:

borrow money or pledge securities except, under certain circumstances, the Fund may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of total assets to secure such borrowings;

with respect to securities comprising 75% of its assets, invest more than 10% of its total assets in the securities of any one issuer;

invest more than 5% of its total assets in securities of issuers (or in the alternative, guarantors, where applicable) that have records of less than three years of continuous operations; or

commit more than 10% of its total assets to illiquid obligations, including repurchase agreements with maturities longer than seven days.

Certain instruments in which the Fund may invest, such as certain collateralized municipal notes, could be considered illiquid.

#### REGULATORY COMPLIANCE

The Fund may follow non-fundamental operational policies that are more restrictive than its fundamental investment limitations, as set forth in this prospectus and its Statement of Additional Information, in order to comply with applicable laws and regulations, including the provisions of and regulations under the Investment Company Act of 1940, as amended. In particular, the Fund will comply with the various requirements of Rule 2a-7, which regulates money market mutual funds. The Fund will determine the effective maturity of its investments, as well as its ability to consider a security as having received the requisite short-term ratings by NRSROs, according to Rule 2a-7. The Fund may change these operational policies to reflect changes in the laws and regulations without the approval of its shareholders.

#### 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 the Trust's powers except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Board's responsibilities between meetings of the Board.

**INVESTMENT ADVISER.** Pursuant to an investment advisory contract with the Trust, investment decisions for the Fund are made by Federated Management, the Fund's investment adviser, subject to direction by the Trustees. The adviser continually conducts investment research and supervision for the Fund and is responsible for the purchase or sale of portfolio instruments, for which it receives an annual fee from the Fund.

**ADVISORY FEES.** The Fund's adviser receives an annual investment advisory fee equal to .40 of 1% of the Fund's average daily net assets. Under the investment advisory contract, the adviser will reimburse the Fund the amount, limited to the amount of the investment advisory fee, by which the Fund's aggregate annual operating expenses, including its investment advisory fee and organizational expenses, but excluding interest, taxes, brokerage commissions, distribution fees paid pursuant to the Fund's Plan adopted in accordance with Investment Company Act Rule 12b-1, expenses of registering and qualifying the Fund and its shares under federal and state laws and regulations, expenses of withholding taxes, and extraordinary expenses, exceed .45 of 1% of its average daily net assets. (If the fee paid pursuant to the Rule 12b-1 Plan were included in the calculation, the aggregate annual operating expenses of Shares would be limited to .70 of 1%). This does not include reimbursement to the Fund of any expenses incurred by shareholders who use the transfer agent's subaccounting facilities. The adviser has also undertaken to reimburse the Fund for operating expenses in excess of limitations established by certain states.

**ADVISER'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.

#### DISTRIBUTION OF CASH II SHARES

Federated Securities Corp. is the principal distributor for Cash II Shares. 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.

**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 .25 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 broker/dealers and depository institutions, such as commercial banks and savings and loan associations) to provide sales and administrative services as agents for their clients. 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.

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 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.

**SHAREHOLDER SERVICING ARRANGEMENTS.** The distributor may also pay financial institutions a fee with respect to the average aggregate net asset value of their customers' Shares for providing administrative services. This fee is in addition to amounts paid under the Plan, and if paid, will be reimbursed by the adviser and not the Fund.

#### ADMINISTRATION OF THE FUND

**ADMINISTRATIVE SERVICES.** Federated Administrative Services, Inc., a subsidiary of Federated Investors, provides the Fund with the administrative personnel and services necessary to operate the Fund. Such services include shareholder servicing and certain legal and accounting services. Federated Administrative Services, Inc. provides these at approximate cost.

**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, Pennsylvania and Dickstein, Shapiro & Morin, Washington, D.C. Special New York tax counsel to the Fund is White & Case, New York.

**INDEPENDENT AUDITORS.** The independent auditors for the Fund are Deloitte & Touche, Boston, Massachusetts.



EXPENSES OF THE FUND AND CASH II SHARES

Holders 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, 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 Board of 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 attempts to stabilize the net asset value of Shares at \$1.00 by valuing the portfolio securities using the amortized cost method. The net asset value per Share is determined by adding the interest of the Shares in the 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 Fund, of course, cannot guarantee that its net asset value will always remain at \$1.00 per Share.

INVESTING IN CASH II SHARES

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SHARE PURCHASES

Shares are sold on days on which the New York Stock Exchange and the Federal Reserve Wire System are open for business. Shares may be purchased through a financial institution which has a sales agreement with the distributor or directly from the distributor, Federated Securities Corp. The Fund reserves the right to reject any purchase request.

THROUGH A FINANCIAL INSTITUTION. An investor may call his financial institution (such as a bank or an investment dealer) to place an order to purchase Shares. Orders through a financial institution are considered received when the Fund receives payment by wire or converts payment by check from the financial institution into federal funds. It is the financial institution's responsibility to transmit orders promptly.

DIRECTLY FROM THE DISTRIBUTOR. An investor may place an order to purchase Shares directly from the distributor. To do so: complete and sign the new account form available from the Fund; enclose a check payable to New York Municipal Cash Trust--Cash II Shares; and mail both to New York Municipal Cash Trust, P.O. Box 8604, Boston, MA 02266-8604.

The order is considered received after the check is converted by State Street Bank and Trust Company into federal funds. This is generally the next business day after State Street Bank receives the check.

To purchase Shares by wire, call the Fund. All information needed will be taken over the telephone, and the order is considered received when State Street Bank receives payment by wire. Federal funds should be wired as follows: State Street Bank and Trust Company, Boston, Massachusetts; Attention: EDGEWIRE; For Credit to: New York Municipal Cash Trust; Fund Number (this number can be found on the account statement or by contacting the Fund); Group Number or Order Number;

Title or Name of Account; ABA Number 011000028. Shares cannot be purchased on days on which the New York Stock Exchange is closed and on federal holidays restricting wire transfers.

#### 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 averaging all accounts it maintains with the Fund.

Individual accounts established through a bank or broker may be subject to a different minimum investment requirement.

#### 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 12:00 noon (Boston time), 3:00 p.m. (Boston time), and 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

Financial institutions are encouraged to open single master accounts. However, certain financial 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. Financial 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 financial institution with regard to the services provided, the fees charged for those services, and any restrictions and limitations imposed.

#### SYSTEMATIC INVESTMENT PROGRAM

Once an account has been opened, shareholders may add to their investment on a regular basis in a minimum amount of \$500. Under this program, funds may be automatically withdrawn periodically from the shareholder's checking account and invested in Fund shares. A shareholder may apply for participation in this program through his financial institution or directly through the Fund.

#### 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.

Monthly confirmations are sent to report transactions, such as purchases and redemptions, as well as dividends paid during the month.

#### DIVIDENDS

Dividends are declared daily and paid monthly. Shares purchased by wire before 3:00 p.m. (Boston time) begin earning dividends that day. Shares purchased by check begin earning dividends on the next business day after the check is converted, upon instruction of the transfer agent into federal funds. Unless shareholders request cash payments on an application or by writing to Federated Securities Corp., dividends are automatically reinvested on payment dates in additional Shares.

#### CAPITAL GAINS

Capital gains, if any, could result in an increase in dividends. Capital losses, if any, could result in a decrease in dividends. If, for some extraordinary reason, the Fund realizes net long-term or short-term capital gains, it will distribute them at least once every 12 months.

#### REDEEMING CASH II SHARES

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. Redemptions can be made through a financial institution or directly from the Fund. Redemption requests must be received in proper form.

#### THROUGH A FINANCIAL INSTITUTION

A shareholder may redeem Shares by calling his financial institution (such as a bank or an investment dealer) to request the redemption. Telephone redemption instructions may be recorded. Shares will be redeemed at the net asset value next determined after State Street Bank receives the redemption request from the financial institution. The financial institution is responsible for promptly submitting redemption requests and providing proper written redemption instructions to the Fund. The financial institution may charge customary fees and commissions for this service. 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 the Fund to accept redemption requests by telephone 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, such as "By Mail", 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.

RECEIVING PAYMENT. Pursuant to instructions from the financial institution, redemptions will be made by check or by wire.

BY CHECK. 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 redemption request. Dividends are paid up to and including the day that a redemption request is processed.

BY WIRE. Proceeds for redemption requests received before 12:00 noon (Boston time) will be wired the same day but will not be entitled to that day's dividend. Redemption requests received after 12:00 noon (Boston time) will receive that day's dividends and will be wired the following business day.

#### DIRECTLY FROM THE FUND

BY MAIL. Any shareholder may redeem Shares by sending a written request to the transfer agent. The written request should include the shareholder's name, the Fund name and class of shares, the 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. Shareholders should contact the Fund for assistance in redeeming by mail.

Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper written redemption request. Dividends are paid up to and including the day that a redemption request is processed.

SIGNATURES. Individual 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 Exchanges;

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.

CHECKWRITING. At the shareholder's request, the transfer agent will establish a checking account for redeeming Shares. A fee is charged for this service. With a Fund checking account, Shares may be redeemed simply by writing a check. The redemption will be made at the net asset value on the date that the transfer agent presents the check to the Fund. A check may not be written to close an account. If a shareholder wishes to redeem Shares and have the proceeds available, a check may be written and negotiated through the shareholder's bank. Checks should never be sent to the transfer agent to redeem Shares. Cancelled checks are sent to the shareholder each month. For further information, contact the Fund.

DEBIT CARD. At the shareholder's request, a debit card is available. A fee may be charged for this service. For further information, contact Federated Securities Corp.

#### 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 would take up to ten calendar days.

#### SYSTEMATIC WITHDRAWAL PROGRAM

If a shareholder's account has a value of at least \$25,000, a Systematic Withdrawal Program may be established whereby automatic redemptions are made from the account and transferred electronically to any commercial bank, savings bank, or credit union that is an Automated Clearing House ("ACH") member. Depending upon the amount of the withdrawal payments and the amount of dividends paid, with respect to Shares, redemptions may reduce, and eventually deplete, the shareholder's investment in Shares. For this reason, payments under this program should not be considered as yield or income on the shareholder's investment in Shares.

#### ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Fund may redeem Shares in any account, except retirement plans, and pay the proceeds to the shareholder if the account balance falls below a required minimum value of \$25,000 due to shareholder redemptions.

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.

#### REDEMPTION IN KIND

The Trust is obligated to redeem Shares solely in cash up to \$250,000 or 1% of the respective class' net asset value, whichever is less, for any one shareholder within a 90-day period. To the extent available, such securities will be readily marketable.

Any redemption beyond this amount will also be in cash unless the Trustees determine that further cash payments will have a material adverse effect on remaining shareholders. In such a case, the Trust will pay all or a portion of the remainder of the redemption in portfolio instruments, valued in the same way that net asset value is determined. The portfolio instruments will be selected in a manner that the Trustees deem fair and equitable.

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

#### 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 all portfolios of the Trust have equal voting rights except that, in matters

affecting only a particular portfolio or class, only shares of that portfolio 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 for this purpose shall be called by the Trustees upon the written request of shareholders owning at least 10% of the outstanding shares of the Trust entitled to vote.

#### MASSACHUSETTS PARTNERSHIP LAW

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

In the unlikely event a shareholder is held personally liable for obligations of the Trust, the Trust is required to use its property 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. Therefore, financial loss resulting from liability as a shareholder will occur only if the Trust itself cannot meet its obligations to indemnify shareholders and pay judgments against them from its assets.

#### 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, as amended, applicable to regulated investment companies and to receive the special tax treatment afforded to such companies.

Shareholders are not required to pay the federal regular income tax on any dividends received from the Fund that represent net interest on tax-exempt municipal bonds. However, under the Tax Reform Act of 1986, dividends representing net interest earned on some municipal bonds may be included in calculating the federal individual alternative minimum tax or the federal alternative minimum tax for corporations.

The alternative minimum tax, equal to up to 28% of alternative minimum taxable income for individuals and 20% for corporations, applies when it exceeds the regular tax for the taxable year. Alternative minimum taxable income is equal to the regular taxable income of the taxpayer increased by certain "tax preference" items not included in regular taxable income and reduced by only a portion of the deductions allowed in the calculation of the regular tax.

The Tax Reform Act of 1986 treats interest on certain "private activity" bonds issued after August 7, 1986, as a tax preference item for both individuals and corporations. Unlike traditional governmental purpose municipal bonds, which finance roads, schools, libraries, prisons, and other public facilities, private activity bonds provide benefits to private parties. The Fund may purchase all types of municipal bonds, including private activity bonds. Thus, should it purchase any such bonds, a portion of the Fund's dividends may be treated as a tax preference item.

In addition, in the case of a corporate shareholder, dividends of the Fund which represent interest on municipal bonds may be subject to the 20% corporate alternative minimum tax because the dividends are included in a corporation's "adjusted current earnings." The corporate alternative minimum tax treats 75% of the excess of the taxpayer's pre-tax "adjusted current earnings" over the taxpayer's alternative minimum taxable income as a tax preference item. "Adjusted current earnings" is based upon the concept of a corporation's "earnings and profits." Since "earnings and profits" generally includes the full amount of any Fund dividend, and alternative minimum taxable income does not include the portion of the Fund's dividend attributable to municipal bonds which are not private activity bonds, the difference will be included in the calculation of the corporation's alternative minimum tax.

Dividends of the Fund representing net interest income earned on some temporary investments and any realized net short-term gains are taxed as ordinary income.

These tax consequences apply whether dividends are received in cash or as additional Shares. Information on the tax status of dividends and distributions is provided annually.

## NEW YORK STATE TAX CONSIDERATIONS

In the opinion of White & Case, special New York tax counsel to the Fund, income to the Fund that is exempt from New York State personal income tax and personal income taxes imposed by New York municipalities will retain its exempt status when distributed to New York shareholders. Dividends of the Fund are not exempt from the New York taxes payable by corporations.

## OTHER STATE AND LOCAL TAXES

Distributions representing net interest received on tax-exempt municipal securities are not necessarily free from regular state income taxes of any state or local taxing authority. State laws differ on this issue, and 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 yield, effective yield, and tax-equivalent yield for Cash II Shares.

The yield of Cash II Shares represents the annualized rate of income earned on an investment in Cash II Shares over a seven-day period. It is the annualized dividends earned during the period on the investment, shown as a percentage of the investment. The effective yield is calculated similarly to the yield, but, when annualized, the income earned by an investment in Cash II Shares is assumed to be reinvested daily. The effective yield will be slightly higher than the yield because of the compounding effect of this assumed reinvestment. The tax-equivalent yield of Cash II Shares is calculated similarly to the yield, but is adjusted to reflect the taxable yield that Cash II Shares would have had to earn to equal their actual yield, assuming a specific tax rate.

Advertisements and other sales literature may also refer to total return. Total return represents the change, over a specified period of time, in the value of an investment in Cash II Shares after reinvesting all income distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

Yield, effective yield and tax equivalent yield will be calculated separately for Cash II Shares and Institutional Service Shares. Because Cash II Shares and Institutional Service Shares are subject to different 12b-1 fees, the yield, effective yield, and tax-equivalent yield for each class of shares for the same period will differ. Specifically, because the 12b-1 fee for Cash II Shares exceeds the 12b-1 fee for Institutional Service Shares, the yield, effective yield, and tax-equivalent yield of Cash II Shares for the same period will be lower than that of Institutional Service Shares based upon the difference in the amount of the 12b-1 fee.

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

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Institutional Service Shares are sold to banks and other institutions that hold assets for individuals, trusts, estates, or partnerships. Cash II shares are sold at net asset value without a sales charge. Investments in Institutional Service Shares are subject to a minimum initial investment of \$25,000.

Like Cash II Shares, Institutional Service Shares are distributed pursuant to a 12b-1 Plan adopted by the Trust. The distributor is paid a fee of .10 of 1% of the average daily net assets of the Institutional Service Shares. 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 distributor may pay an administrative fee to a financial institution or broker for administrative services provided to the Institutional Service Shares class. Any fee paid by the distributor for administrative services will not be an expense of the class, but will be reimbursed to the distributor by the investment adviser.

The difference between class expenses and distribution expenses borne by shares of each respective class will cause the amount of dividends payable to a particular class of shares to exceed the amount of dividends payable to another class of shares whose distribution expenses are greater. Because Institutional Service Shares are subject to a 12b-1 fee of .10 of 1%, the class's dividends will exceed the dividends paid by Cash II Shares.

The stated advisory fee is the same for each class of shares.

NEW YORK MUNICIPAL CASH TRUST  
FINANCIAL HIGHLIGHTS--  
INSTITUTIONAL SERVICE SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

Reference is made to the Independent Auditors' Report on page 38.

<TABLE>  
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	YEAR ENDED OCTOBER 31,									
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
INCOME FROM INVESTMENT OPERATIONS										
Net investment income	0.02	0.03	0.04	0.05	0.06	0.05	0.04	0.04	0.05	0.06
LESS DISTRIBUTIONS										
Dividends to shareholders from net investment income	(0.02)	(0.03)	(0.04)	(0.05)	(0.06)	(0.05)	(0.04)	(0.04)	(0.05)	(0.06)
NET ASSET VALUE, END OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
TOTAL RETURN*	2.16%	3.01%	4.59%	5.51%	5.70%	4.66%	3.90%	4.35%	4.88%	5.94%
RATIOS/SUPPLEMENTAL DATA										
Ratio of expenses to average net assets	0.54%	0.57%	0.52%	0.54%	0.55%	0.51%	0.47%	0.47%	0.47%	0.12%
Ratio of net investment income to average net assets	2.14%	2.99%	4.48%	5.36%	5.56%	4.57%	3.81%	4.18%	4.75%	5.65%
Expense waiver/reimbursement (a)	0.17%	--	--	--	--	--	--	--	--	0.36%
Net assets, end of period (000 omitted)	\$274,357	\$164,492	\$191,616	\$197,213	\$245,542	\$212,786	\$141,040	\$183,941	\$83,085	\$58,969

</TABLE>

\* 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 4).

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

NEW YORK MUNICIPAL CASH TRUST  
PORTFOLIO OF INVESTMENTS

OCTOBER 31, 1993

<TABLE>  
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--102.3%			
NEW YORK--1.01%			
\$ 790,000	Amherst, NY, IDA Weekly VRDNs (Nanhardt/Alexander Inc.)/(Marine Midland Bank LOC)/(Subject to AMT)	A-2	\$ 790,000
620,000	Babylon, NY, IDA Weekly VRDNs (M. Goldfarb-My Florist)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	620,000
3,500,000	Bethlehem, NY, 3.125% BANS, 3/1/94	NR(3)	3,503,683
3,500,000	Binghamton, NY, 2.60% GO BANS, 5/20/94	NR(4)	3,502,800
600,000	Campbell Savona, NY, 2.65% Central School District BANS, 3/11/94	NR	600,103
4,700,000	Chautauqua County, NY, IDA Weekly VRDNs (Cliffstar Corp.)/(Union Bank of Switzerland LOC)/(Subject to AMT)	P-1	4,700,000
3,900,000	Chautauqua County, NY, IDA Weekly VRDNs (Mogen David Wine Corp.)/(Mellon Bank N.A. LOC)/(Subject to AMT)	P-1	3,900,000
1,300,000	Colonie, NY, IDA Weekly VRDNs (Herbert S. Ellis)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2	1,300,000
875,000	Colonie, NY, IDA Weekly VRDNs (Series 1988)/(13 Green Mountain Drive)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2	875,000
2,000,000	Corning, NY, Community College, 3.00% RANS, 2/11/94	NR	2,002,076
1,750,000	Cortland County, NY, IDA Weekly VRDNs (General Signal Corp.)/(Wachovia Bank of Georgia N.A. LOC)	A-1+	1,750,000
1,000,000	Dundee, NY, Central School District, 3.34% BANS, 12/7/93	NR	1,000,319

</TABLE>

NEW YORK MUNICIPAL CASH TRUST

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PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 1,000,000	Dundee, NY, Central School District, 3.375% BANS (Yates & Schuyler Counties), 12/7/93	NR	\$ 1,000,311
4,600,000	Eastchester, NY, United Free School District, 3.00% TANS, 5/19/94	NR(3)	4,604,913
1,440,000	Erie County, NY, IDA Weekly VRDNs (Data-Rex, Inc.)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2	1,440,000
1,349,200	Fort Plain, NY, 2.74% BANS, 5/11/94	NR	1,349,680
1,800,000	Franklin County, NY, IDA Weekly VRDNs (Series 1991A)/(KES Chateaugay)/(Bank of Tokyo, Ltd. LOC)	A-1+	1,800,000
1,500,000	Guilderland, NY, IDA Weekly VRDNs (Series 1993A)/(Northeastern Industrial Park, Inc.)/(Chemical Bank LOC)	P-1	1,500,000



1,900,000	Herkimer County, NY, IDA Weekly VRDNs (Granny's Kitchens, Ltd.)/(Chemical Bank LOC)/(Subject to AMT)	A-1	1,900,000
10,975,000	Islip, NY, 3.125%, GO BANS, 11/20/93	NR(3)	11,010,998
4,000,000	Islip, NY, 3.25% GO BANS, 11/12/93	NR(3)	4,000,292
5,000,000	Longwood Central School District, NY, 3.25% TANs, 6/30/94	NR	5,004,798
3,250,000	Lyons, NY, 2.43% Central School District BANS, 12/29/93	NR	3,250,150
2,325,000	Madison County, NY, IDA Monthly VRDNs (Series 1989A)/(Upstate Metals Corp.)/(Fleet Bank of New York, N.A. LOC)/(Subject to AMT)	A-1	2,325,000
15,000,000	Marine Midland, NY, Premium Tax-Exempt Bond & Loan Trust Weekly VRDNs (Marine Midland Bank N.A. LOC)	P-1	15,000,000
3,295,000	Mechanicville and Town of Stillwater, NY, IDA Weekly VRDNs (1987 Tagsons Paper, Inc.)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2	3,295,000
3,640,000	Monroe County, NY, 3.00% RANS, 4/29/94	NR(3)	3,644,218

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NEW YORK MUNICIPAL CASH TRUST

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PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 6,300,000	Monroe County, NY, IDA Monthly VRDNs (Neu Lac DeVille Associates, Inc.)/(Fleet Bank of New York, N.A., LOC)	A-1	\$ 6,300,000
3,000,000	Nassau County, NY, 3.25% BANS, 8/15/94	SP-1	3,005,724
10,000,000	Nassau County, NY, 3.35% GO Notes (Sakura Bank, Ltd. LOC), 4/15/94	SP-1	10,028,749
3,500,000	Nassau County, NY, 3.75% GO BANS (Series 1993A)/(Mitsubishi Bank, Ltd. LOC), 11/15/93	MIG1	3,501,645
725,000	Nassau County, NY, IDA Weekly VRDNs (465 Endo Associates)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	725,000
1,512,495	Nassau County, NY, IDA Weekly VRDNs (D.L. Blair Corp.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit Co. BPA)	P-1	1,512,495
1,950,000	Nassau County, NY, IDA Weekly VRDNs (R.M. Pascucci Corp.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	1,950,000
5,500,000	New Rochelle, NY, IDA Weekly VRDNs (Charles Sadek Import Co.)/(Bank of New York LOC)	P-1	5,500,000
3,700,000	New York City HDC Weekly VRDNs (Series 1993A)/(Columbus Gardens)/(Citibank N.A. LOC)	A-1	3,700,000
6,000,000	New York City Municipal Water Finance Authority Weekly VRDNs (Series 1992A)/(MBIA Insured)	VMIG1	6,000,000
3,000,000	New York City Municipal Water Finance Authority, 2.45% Semi-Annual TOBs (MBIA Insured), Optional Tender 12/15/93	NR(1)	3,000,000
2,500,000	New York City, NY, 3.50% RANS, 4/15/94	SP-1	2,507,551
416,667	New York City, NY, IDA Weekly VRDNs (David Rosen Bakers Supply, Inc.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	416,667

</TABLE>

NEW YORK MUNICIPAL CASH TRUST

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PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
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SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 466,688	New York City, NY, IDA Weekly VRDNs (Feature Enterprise)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	\$ 466,688
626,668	New York City, NY, IDA Weekly VRDNs (Lomar Development Corp.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	626,668
1,100,000	New York City, NY, IDA Weekly VRDNs (Mindel Associates)/(Chemical Bank LOC)/(Subject to AMT)	A-1	1,100,000
297,929	New York City, NY, IDA Weekly VRDNs (MLN Associates)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	297,929
1,900,000	New York City, NY, IDA Weekly VRDNs Special Facility Revenue Bonds (Series 1990)/(Air France)/(Societe Generale LOC)/(Subject to AMT)	A-1+	1,900,000
4,000,000	New York State Dormitory Authority Weekly VRDNs (Series 1993A)/(Metropolitan Museum of Art Guaranty)	A-1+	4,000,000
7,115,000	New York State Dormitory Authority Weekly VRDNs (Series 1993B)/(Metropolitan Museum of Art Guaranty)	A-1+	7,115,000
2,800,000	New York State Dormitory Authority, 2.60% CP (Series 1989A)/(Sloan-Kettering Memorial Cancer Center)/(Fuji Bank, Ltd. LOC), Mandatory Tender 1/19/94	A-1	2,800,000
1,100,000	New York State Energy Research & Development Authority, 2.50% TOBs (Series 1985A)/(Long Island Lighting Co.)/(Deutsche Bank AG LOC), Mandatory Tender 3/1/94	VMIG1	1,100,000
7,395,000	New York State Energy Research & Development Authority, 3.10% (Rochester Gas & Electric Co.)/(Westpac Banking Corp. LOC), Optional Tender 11/15/93	A-1	7,395,000
7,000,000	New York State Energy Research & Development, 2.50% Annual TOBs (New York State Electrical & Gas)/(Morgan Bank, Delaware LOC), 3/15/94	P-1	7,000,000

</TABLE>

NEW YORK MUNICIPAL CASH TRUST

<TABLE>  
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
-----			
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 8,000,000	New York State Floating Rate Trust Certificate Weekly VRDNs (Series 144A)/(AMBAC Insured)	A-1+	\$ 8,030,000
1,000,000	New York State HFA Weekly VRDNs (Normandie Corp.)/(Bankers Trust Company LOC)/(Subject to AMT)	VMIG1	1,000,000
13,920,000	New York State HFA Weekly VRDNs (Special Surgery Hospital)/(Chemical Bank LOC)	VMIG1	13,920,000
1,445,000	New York State Job Development Authority Weekly VRDNs (New York State, Guaranty)/(Subject to AMT)	VMIG1	1,445,000
1,745,000	New York State Job Development Authority Weekly VRDNs (Sumitomo Bank, Ltd. LOC)/(Subject to AMT)	VMIG1	1,745,000

8,000,000	New York State Medical Care Facilities Finance Agency Weekly VRDNs (Series 1993G)/(St. Luke's-Roosevelt Hospital Center)/(FHA Insured, Hong Kong & Shanghai Banking Corp. BPA)	A-1+	8,000,000
8,000,000	New York State Power Authority VRDC Trust Certificates Weekly VRDNs (Series 1993H)	A-1+	8,000,000
6,300,000	New York State, 2.50% CP (Series N), Mandatory Tender 1/13/94	A-1	6,300,000
13,000,000	New York State, 2.75% TRANS, 12/31/93	SP-1+	13,010,483
6,000,000	Niagara County, NY, 3.25% BANS, 9/16/94	NR	6,017,754
3,000,000	Niagara County, NY, IDA Weekly VRDNs (Allegheny Ludlum Steel Corp.)/(PNC Bank N.A. LOC)	A-1	3,000,000
3,700,000	Niagara Falls, NY, Toll Bridge System Revenue Bonds Weekly VRDNs (Series 1993A)/(FGIC Insured, Industrial Bank of Japan, Ltd. BPA)	A-1+	3,700,000
923,000	Northville, NY, 2.78% Central School District BANS, 6/17/94	NR(4)	923,445
1,725,000	Onondaga County, NY, IDA Weekly VRDNs (W.W. Grainger, Inc.)	A-1+	1,725,000

</TABLE>

NEW YORK MUNICIPAL CASH TRUST

<TABLE>  
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 1,240,000	Onondaga County, NY, IDA Weekly VRDNs (Beverage Corp.)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2	\$ 1,240,000
1,175,000	Onondaga County, NY, IDA Weekly VRDNs (Series 1987)/(Southern Container Corp.)/(Chemical Bank LOC)/ (Subject to AMT)	VMIG1	1,175,000
1,600,000	Ontario, NY, IDA Weekly VRDNs (Hillcrest Enterprises/ Buckey Corrugated, Inc. Facility)/(National City Bank, Cleveland LOC)/(Subject to AMT)	P-1	1,600,000
5,700,000	Oswego County, NY, IDA Weekly VRDNs (Copperweld Co.)/(PNC Bank, N.A. LOC)	P-1	5,700,000
7,300,000	Plainview--Old Bethpage, NY, 3.00% TANS, 6/29/94	NR	7,299,678
3,000,000	Port Authority of New York and New Jersey Special Project Bonds Weekly VRDNs (Series 3)/(KIAC Partners)/ (Subject to AMT)/(Deutsche Bank AG LOC)	A-1+	3,000,000
15,000,000	Port Authority of New York and New Jersey Weekly VRDNs	A-1+	15,000,000
1,000,000	Port Authority of New York and New Jersey Weekly VRDNs (Series 1991-4)/(Subject to AMT)	P-1	1,000,000
15,000,000	Port Authority of New York and New Jersey Weekly VRDNs (Subject to AMT)	A-1+	15,000,000
5,000,000	Rochester, NY, 3.05% GO BANS, 11/5/93	NR(2)	5,000,010
886,875	Schenectady, NY, IDA Weekly VRDNs (McClellan Street Associates)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	886,875
960,000	Schuylerville, NY, Central School District, 2.74% BANS, 6/22/94	NR	960,534
4,200,000	South Seneca, NY, Central School District, 2.65% BANS, 6/24/94	NR	4,201,301

</TABLE>

## NEW YORK MUNICIPAL CASH TRUST

<TABLE>  
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
\$ 1,000,000	Suffolk County, NY, 3.00% TANS (Series II)/ (Chemical Bank LOC) 9/15/94	MIG1	\$ 1,001,270
3,998,000	Suffolk County, NY, 3.25% RANs, 10/28/94	NR	4,013,343
4,200,000	Suffolk County, NY, IDA Weekly VRDNs (C & J Realty Corp.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	4,200,000
725,833	Suffolk County, NY, IDA Weekly VRDNs (CS Property/ Tara Toy, Inc.)/(Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)	P-1	725,834
704,000	Suffolk County, NY, IDA Weekly VRDNs (D.A. Yaron)/ (Dai-Ichi Kangyo Bank, Ltd. LOC, Ford Motor Credit BPA)/(Subject to AMT)	P-1	704,000
1,350,000	Suffolk County, NY, IDA Weekly VRDNs (Poly Research Corp.)/(Marine Midland Bank N.A. LOC)/(Subject to AMT)	A-2	1,350,000
1,800,000	Suffolk County, NY, IDA, 3.90% Semi-Annual TOBs (W.W. Grainger, Inc. Guaranty), Optional Tender 12/1/93	A-1+	1,800,000
6,495,000	Warren & Washington Counties, NY, IDA, Monthly VRDNs (Sandy Hill Corp.)/(Fleet Bank of New York N.A. LOC)/(Subject to AMT)	A-1	6,495,000
2,500,000	Waterville, NY, Central School District, 2.75% BANs, 4/15/94	NR(3)	2,500,542
1,665,000	Yates County, NY, IDA, Weekly VRDNs (Series 1992A)/ (Clearpass Containers, Inc.)/(Norstar Bank of Upstate NY LOC)/(Subject to AMT)	A-1	1,665,000
4,000,000	Yonkers, NY, IDA Weekly VRDNs (Consumers Union Facility)/(Industrial Bank of Japan Ltd. LOC)	VMIG1	4,000,000
	Total		334,953,526

&lt;/TABLE&gt;

## NEW YORK MUNICIPAL CASH TRUST

<TABLE>  
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P* (NOTE 5)	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
	PUERTO RICO--2.2%		
\$ 3,100,000	Government Development Bank of Puerto Rico Weekly VRDNs (Credit Suisse and Sumitomo Bank Ltd., LOCs)	A-1+	\$ 3,100,000
4,275,000	Puerto Rico Industrial Medical and Environmental Pollution Control Facilities Authority, 3.35% Annual TOBs, (American Home Products Guaranty), Optional Tender 12/1/93	P-1	4,275,000
	Total		7,375,000
	TOTAL INVESTMENTS, AT AMORTIZED COST		\$ 342,328,526\

&lt;/TABLE&gt;

\* See Notes to Portfolio of Investments.

\ Also represents cost for federal tax purposes.

Note: The categories of investments are shown as a percentage of net assets (\$333,241,974) at October 31, 1993.

The following abbreviations may be used in this portfolio:

AMBAC--American Municipal Bond Assurance Corporation  
AMT--Alternative Minimum Tax  
BANS--Bond Anticipation Notes  
BPA--Bond Purchase Agreement  
CP--Commercial Paper  
FGIC--Financial Guaranty Insurance Company  
FHA--Federal Housing Administration  
GO--General Obligation  
HDC--Housing Development Corporation  
HFA--Housing Finance Authority/Agency  
IDA--Industrial Development Authority  
LOC--Letter of Credit  
LOCs--Letters of Credit  
MBIA--Municipal Bond Investors Assurance  
RANs--Revenue Anticipation Notes  
TANs--Tax Anticipation Notes  
TOBs--Tender Option Bonds  
TRANS--Tax and Revenue Anticipation Notes  
VRDNs--Variable Rate Demand Notes

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

NEW YORK MUNICIPAL CASH TRUST  
-----

## NOTES TO PORTFOLIO OF INVESTMENTS

### NOTE RATINGS

#### S&P

A Standard & Poor's note rating reflects the liquidity concerns and market access risks unique to notes.

SP-1 Very strong or strong capacity to pay principal and interest. Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.

SP-2 Satisfactory capacity to pay principal and interest.

#### MOODY'S

Moody's short-term ratings are designated Moody's Investment Grade (MIG OR VMIG (SEE BELOW)). The purpose of the MIG or VMIG ratings is to provide investors with a simple system by which the relative investment qualities of short-term obligations may be evaluated.

MIG1 This designation denotes best quality. There is present strong protection by established cash flows, superior liquidity support or demonstrated broad-based access to the market for refinancing.

MIG2 This designation denotes high quality. Margins of protection are ample although not so large as in the preceding group.

VARIABLE RATE DEMAND NOTES (VRDN)  
AND  
TENDER OPTION BONDS (TOB)

S&P

Standard & Poor's assigns dual ratings to all long-term debt issues that have as part of their provisions a variable rate demand feature. The first rating (long-term rating) addresses the likelihood of repayment of principal and interest when due, and the second rating (short-term rating) describes the demand characteristics. Several examples are AAA/A-1+, AA/A-1K, A/A-1. (The definitions for the long-term and the short-term ratings are provided below.)

MOODY'S

Short-term ratings on issues with demand features are differentiated by the use of the VMIG symbol to reflect such characteristics as payment upon periodic demand rather than fixed maturity dates and payment relying on external liquidity.

In this case, two ratings are usually assigned, (for example, Aaa/VMIG-1); the first representing an evaluation of the degree of risk associated with scheduled principal and interest payments, and the second representing an evaluation of the degree of risk associated with the demand feature. The VMIG rating can be assigned a 1 or 2 designation using the same definitions described above for the MIG rating.

COMMERCIAL PAPER (CP)

S&P

A Standard & Poor's commercial paper rating is a current assessment of the likelihood of timely payment of debt having an original maturity of no more than 365 days.

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

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

MOODY'S

P-1 Issuers rated PRIME-1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations.

P-2 Issuers rated PRIME-2 (or related supporting institutions) have a strong capacity for repayment of short-term promissory obligations.

#### LONG TERM DEBT

#### S&P

AAA Debt rated "AAA" has the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.

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

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

#### MOODY'S

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

Aa Bonds that are rated AA are judged to be of high quality by all standards. Together with the AAA group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in AAA securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in AAA securities.

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

\*Those securities marked with a single asterisk (\*) in the Fund's portfolio have not been rated by Moody's or S&P, but the rating given is either the Moody's or S&P rating assigned to either short-term or long-term securities of the guarantor.

NR indicates the bonds or notes are not rated by Moody's or Standard & Poor's.

- (1) The underlying issuer/obligor/guarantor has other outstanding debt rated "AAA" by Standard & Poor's or "Aaa" by Moody's.
- (2) The underlying issuer/obligor/guarantor has other outstanding debt rated "AA" by Standard & Poor's or "Aa" by Moody's.
- (3) The underlying issuer/obligor/guarantor has other outstanding debt rated "A" by Standard & Poor's or Moody's.

NEW YORK MUNICIPAL CASH TRUST  
STATEMENT OF ASSETS AND LIABILITIES  
OCTOBER 31, 1993

<S>	<C>	<C>
<b>ASSETS:</b>		
Investments, at amortized cost and value (Note 1A)		\$ 342,328,526
Cash		501,180
Interest receivable		2,105,676
Total assets		344,935,382
<b>LIABILITIES:</b>		
Payable for investments purchased	\$ 11,010,998	
Dividends payable	494,123	
Accrued expenses and other liabilities	188,287	
Total liabilities		11,693,408
NET ASSETS for 333,259,904 shares of beneficial interest outstanding		\$ 333,241,974
<b>NET ASSETS CONSIST OF:</b>		
Paid-in capital		\$ 333,259,904
Accumulated net realized loss on investments		(17,930)
Total		\$ 333,241,974
NET ASSET VALUE, Offering Price, and Redemption Price Per Share--Institutional Service Shares (\$274,357,415 / 274,375,542 shares of beneficial interest outstanding)		\$1.00
NET ASSET VALUE, Offering Price, and Redemption Price Per Share--Cash II Shares (\$58,884,559 / 58,884,362 shares of beneficial interest outstanding)		\$1.00
(See Notes which are an integral part of the Financial Statements)		

NEW YORK MUNICIPAL CASH TRUST  
STATEMENT OF OPERATIONS  
YEAR ENDED OCTOBER 31, 1993

<S>	<C>	<C>	<C>
<b>INVESTMENT INCOME:</b>			
Interest Income (Note 1B)			\$ 7,135,989
<b>EXPENSES:</b>			
Investment advisory fee (Note 4)	\$ 1,065,970		
Trustees' fees		13,454	
Administrative personnel and services (Note 4)		329,428	
Custodian, transfer, dividend disbursing agent fees and expenses		169,411	
Distribution Services fees (Note 4)		264,066	
Trust share registration costs		28,939	
Legal fees		24,897	
Auditing fees		18,046	
Printing and postage		24,896	



Taxes		403
Insurance premiums		10,078
Miscellaneous		2,987
Total expenses		1,952,575
Deduct--		
Waiver of investment advisory fee (Note 4)	\$ 460,455	
Waiver of distribution services fees (Note 4)	313	460,768
Net expenses		1,491,807
Net investment income		\$ 5,644,182
Net realized gain on investments--identified cost basis		1,437
Net increase in net assets resulting from operations		\$ 5,645,619

(See Notes which are an integral part of the Financial Statements)  
</TABLE>

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NEW YORK MUNICIPAL CASH TRUST  
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	\$ 5,644,182	\$ 6,217,219
Net realized gain on investments--identified cost basis	1,437	1,089
Net increase in net assets resulting from operations	5,645,619	6,218,308
DISTRIBUTIONS TO SHAREHOLDERS (NOTE 2)--		
Dividends to shareholders from net investment income:		
Institutional Service Shares	(4,957,980)	(5,805,237)
Dividends to shareholders from net investment income:		
Cash Series Shares	(2,054)	(362,632)
Dividends to shareholders from net investment income:		
Cash II Shares	(684,148)	(49,350)
Change in net assets resulting from distributions	(5,644,182)	(6,217,219)
TRUST SHARE (PRINCIPAL) TRANSACTIONS (NOTE 3)--		
Proceeds from sales of shares	705,610,755	454,674,027
Net asset value of shares issued to shareholders in payment of dividends declared	903,326	660,253
Cost of shares redeemed	(553,583,683)	(479,066,956)
Change in net assets from Trust share transactions	152,930,398	(23,732,676)
Change in net assets	152,931,835	(23,731,587)
NET ASSETS:		
Beginning of period	180,310,139	204,041,726
End of period	\$ 333,241,974	\$ 180,310,139

(See Notes which are an integral part of the Financial Statements)  
</TABLE>

OCTOBER 31, 1993

-----  
(1) SIGNIFICANT ACCOUNTING POLICIES

The Trust is registered under the Investment Company Act of 1940, as amended, as a non-diversified, open-end, management investment company. The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

New York Municipal Cash Trust provides two classes of shares ("Institutional Service Shares" and "Cash II Shares"). Each class of shares is sold pursuant to a distribution plan ("Plan") adopted in accordance with Investment Company Act Rule 12b-1. Prior to August 27, 1992, the Trust had provided a third class of shares ("Cash Series Shares"). On that date the Board of Trustees voted to reduce the 12b-1 fee of the Cash Series Shares to 0.25 of 1% of average daily net assets, and to combine these shares with Cash II Shares, both effective November 9, 1992.

- A. VALUATION OF INVESTMENTS--The Board of Trustees (the "Trustees") has determined that the best method currently available for valuing portfolio securities is amortized cost. The Trust's use of the amortized cost method to value its portfolio securities is conditioned on its compliance with Rule 2a-7 under the Investment Company Act of 1940, as amended.

Since the New York Municipal Cash Trust may invest a substantial portion of its assets in issuers located in one state, it will be more susceptible to factors adversely affecting issuers of that state, than would be a comparable general tax-exempt mutual fund. In order to reduce the risk associated with such factors, at October 31, 1993, 59.4% of the securities in the portfolio were backed by various letters of credit. The aggregate by financial institution ranges from 0.29% to 7.39% of total investments.

- B. INCOME--Interest income is recorded on the accrual basis. Interest income includes interest earned net of premium, and original issue discount as required by the Internal Revenue Code.
- C. FEDERAL TAXES--It is the Trust's policy to comply with the provisions of the Internal Revenue Code, as amended, (the "Code") applicable to investment companies and to distribute to shareholders each year all of its taxable income. Accordingly, no provision for federal income or excise tax is necessary. Dividends paid by the Trust representing net interest received on tax-exempt municipal securities are not includable by shareholders as gross income for federal tax purposes because the Trust intends to meet certain requirements of the Code applicable to regulated investment companies which will enable the Trust to pay exempt interest dividends. The portion of such interest, if any, earned on private activity bonds issued after August 7, 1986, may be considered a tax preference item to shareholders. At October 31, 1993, the Trust, for federal tax purposes, has a capital loss carryforward of \$17,930 which will reduce the Trust's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, and thus will reduce the amount of the distributions to shareholders which would otherwise be necessary to relieve the Trust of any liability for federal tax. Pursuant to the Code, such capital loss carryforward will expire in 1996.
- D. WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS--The Trust may engage in when-issued or delayed delivery transactions. To the extent the Trust engages in such transactions, it will do so for the purposes of acquiring portfolio securities consistent with its investment objectives and policies and not for the purpose of investment leverage. The Trust will record a when-issued security and the related liability on the trade date. Until the securities are received and paid for, the Trust 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.
- E. OTHER--Investment transactions are accounted for on the date of the transaction.
- F. EXPENSES--Expenses of the Fund (other than distribution services fees) and

waivers and reimbursements, if any, are allocated to each class of shares based on its relative daily average net assets.

(2) DIVIDENDS

The Trust computes its net income daily and, immediately prior to the calculation of its net asset value at the close of business, declares and records dividends to shareholders of record at the time of the previous computation of the Trust's net asset value. Payment of dividends is made monthly in cash or in additional shares at the net asset value on the payable date.

(3) 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 Trust shares were as follows:

<TABLE>  
<CAPTION>

INSTITUTIONAL SERVICE SHARES	YEAR ENDED OCTOBER 31,	
	1993	1992
<S>	<C>	<C>
Shares outstanding, beginning of period	164,491,602	191,616,115
Shares sold	547,195,442	422,241,067
Shares issued to shareholders in payment of dividends declared	399,406	301,103
Shares redeemed	(437,710,908)	(449,666,683)
Shares outstanding, end of period	274,375,542	164,491,602

</TABLE>

NEW YORK MUNICIPAL CASH TRUST

<TABLE>  
<CAPTION>

CASH SERIES SHARES*	YEAR ENDED OCTOBER 31,	
	1993*	1992
<S>	<C>	<C>
Shares outstanding, beginning of period	11,196,839	12,390,511
Shares sold	34,712	20,649,454
Shares issued to shareholders in payment of dividends declared	--	357,566
Shares redeemed	--	(22,200,692)
Shares exchanged for Cash II Shares	(11,231,551)	--
Shares outstanding, end of period	--	11,196,839

</TABLE>

<TABLE>  
<CAPTION>

CASH II SHARES*	YEAR ENDED OCTOBER 31,	
	1993	1992
<S>	<C>	<C>
Shares outstanding, beginning of period	4,641,065	55,556
Shares sold	147,149,050	11,783,506
Shares issued in exchange for Cash Series Shares	11,231,551	--
Shares issued to shareholders in payment of dividends declared	503,920	1,584
Shares redeemed	(104,641,224)	(7,199,581)
Shares outstanding, end of period	58,884,362	4,641,065

</TABLE>

\*\_ Beginning November 9, 1992, the Rule 12b-1 fee for Cash Series Shares was reduced to 0.25 of 1% of average daily net assets, and these shares were combined with Cash II Shares.

(4) INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Federated Management, the Trust's investment adviser ("Adviser"), receives for its services an annual investment advisory fee equal to .40 of 1% of the Trust's average daily net assets, subject to an undertaking to reimburse the Trust to the extent of its advisory fee, the amount, if any, by which the Trust's aggregate annual operating expenses (excluding interest, taxes, brokerage commissions, distribution service fees paid directly by the Trust, federal and state registration expenses, and extraordinary expenses) exceed .45 of 1% of average daily net assets. For the year ended October 31, 1993, Adviser earned an investment advisory fee of \$1,065,970 of which \$460,455 was waived.

The Trust has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act of 1940. The Trust will reimburse Federated Securities Corp., ("FSC"), the principal distributor, from assets of the Trust, for fees it paid which relate to the distribution and administration of the Trust's Institutional Service Shares, Cash Series Shares, and Cash II Shares. The Plan provides that the Trust may incur distribution expenses up to .10 of 1% of the average daily net assets of the Trust's Institutional Service Shares, .50 of 1% of the average daily net assets of the Cash Series Shares, and .25 of 1% of the average daily net assets of the Cash II Shares, annually, to pay commissions, maintenance fees and to compensate the distributor. During the year ended October 31, 1993, FSC was

paid \$176,146 in distribution services fees for Institutional Service Shares and \$625 for Cash Series Shares of which \$313 was voluntarily waived. The Cash II Series Shares incurred \$87,295 of distribution fees, none of which was waived.

Administrative personnel and services were provided at approximate cost by Federated Administrative Services Inc. Certain of the Officers and Trustees of the Trust are Officers and Directors of the above corporations.

During the year ended October 31, 1993 the Trust engaged in purchase and sale transactions with other funds advised by the adviser pursuant to rule 17A-7 of the Investment Company Act of 1940 amounting to \$245,475,568 and \$235,041,393, respectively. These purchases and sales were conducted on an arms-length basis insofar as they were transacted for cash consideration only, at independent current market prices and without brokerage commission, fee or other remuneration.

(5) CURRENT CREDIT RATINGS

Current credit ratings and related notes are unaudited.

INDEPENDENT AUDITORS' REPORT

-----  
To the Board of Trustees and Shareholders of  
NEW YORK MUNICIPAL CASH TRUST:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of New York Municipal Cash Trust as of October 31, 1993, the related statement of operations for the year then ended, the statement of changes in net assets for the years ended October 31, 1993, and 1992, and the financial highlights (see pages 2, and 19 of the prospectus) for each of the years in the ten-year period ended October 31, 1993. These financial statements and financial highlights are the responsibility of the Trust'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 the securities owned as of October 31, 1993 by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. 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, such financial statements and financial highlights present fairly, in all material respects, the financial position of New York Municipal Cash Trust as of October 31, 1993, the results of its operations, the changes in its net assets, and its financial highlights for the respective stated periods in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE

Boston, Massachusetts  
December 17, 1993

ADDRESSES

<TABLE>		
<S>	<C>	<C>
	New York Municipal Cash Trust Cash II Shares	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779

Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
-------------	----------------------------	--

Investment Adviser	Federated Management	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
--------------------	----------------------	--

Custodian	State Street Bank and Trust Company	P.O. Box 8604 Boston, Massachusetts 02266-8604
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Transfer Agent and Dividend Disbursing Agent	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
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Legal Counsel	Houston, Houston & Donnelly	2510 Centre City Tower Pittsburgh, Pennsylvania 15222
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Legal Counsel	Dickstein, Shapiro & Morin	2101 L Street, N.W. Washington, D.C. 20037
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Legal Counsel	White & Case	1155 Avenue of the Americas New York, New York 10036
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Independent Auditor	Deloitte & Touche	125 Summer Street Boston, Massachusetts 02110-1617
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</TABLE>

NEW YORK MUNICIPAL  
CASH TRUST  
CASH II SHARES  
PROSPECTUS

A Non-Diversified Portfolio of New York

December 31, 1993

[LOGO] FEDERATED SECURITIES CORP.

-----  
A SUBSIDIARY OF FEDERATED INVESTORS

FEDERATED INVESTORS TOWER  
PITTSBURGH, PA 15222-3779

8120103A-CII (12/93)

NEW YORK MUNICIPAL CASH TRUST  
CASH II SHARES  
INSTITUTIONAL SERVICE SHARES  
COMBINED STATEMENT OF ADDITIONAL INFORMATION

This Combined Statement of Additional Information should be read with the respective prospectus for Cash II Shares and Institutional Service Shares of New York Municipal Cash Trust (the "Trust") dated December 31, 1993. This Statement is not a prospectus itself. To receive a copy of either prospectus, write or call the Fund.

FEDERATED INVESTORS TOWER  
PITTSBURGH, PENNSYLVANIA 15222-3779

Statement dated December 31, 1993

[LOGO] FEDERATED SECURITIES CORP.

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Distributor  
A subsidiary of FEDERATED INVESTORS

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GENERAL INFORMATION ABOUT THE TRUST

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New York Municipal Cash Trust was established as a Massachusetts business trust under a Declaration of Trust dated March 17, 1982.

Shares of the Fund are offered in two classes, Cash II 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

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The Fund's investment objective is to provide current income exempt from federal regular income tax and the personal income taxes imposed by New York State and New York municipalities consistent with stability of principal. The Fund invests in New York Municipal Securities with remaining maturities of one year or less at the time of purchase by the Fund. This investment policy and the objective stated above cannot be changed without approval of shareholders.

ACCEPTABLE INVESTMENTS

The Fund invests primarily in debt obligations issued by or on behalf of New York and of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the income from which is, in the opinion of qualified legal counsel, exempt from federal regular income tax and New York state income tax imposed upon non-corporate taxpayers ("Municipal Securities"). When determining whether a Municipal Security presents minimal credit risks, the investment adviser considers the creditworthiness of the issuer of a New York Municipal Security, the issuer of a demand feature if the Fund has the unconditional right to demand payment for the Municipal Securities, or the guarantor of payment by either of those issuers.

If a security loses its rating or the security's rating is reduced below the required minimum after the Fund purchased it, the Fund is not required to sell the security. The investment adviser considers this event, however, in its determination of whether the Fund should continue to hold the security in its portfolio. If ratings made by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Corporation ("Standard & Poor's") change because of changes in those organizations or in their rating systems, the Fund will try to use comparable ratings or standards in accordance with the investment policies described in the Fund's prospectus.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

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.

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

No fees or other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated on the Fund's records at the trade date. These securities are marked to market daily and maintained until the transaction is settled.

#### TEMPORARY INVESTMENTS

The Fund may also invest temporarily in high quality investments during times of unusual market conditions for defensive purposes and to maintain liquidity. During the last fiscal year, the Fund did not invest in temporary investments and does not presently intend to do so in the current fiscal year.

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

From time to time, such as when suitable New York Municipal Securities are not available, the Fund may invest a portion of its assets in cash. Any portion of the Fund's assets maintained in cash will reduce the amount of assets in New York Municipal Securities and thereby reduce the Fund's yield.

#### NEW YORK INVESTMENT RISKS

The Fund invests in obligations of New York issuers which results in the Fund's performance being subject to risks associated with the overall conditions present within the State. The following information is a brief summary of the recent prevailing economic conditions and a general summary of the state's financial status. This information is based on official statements relating to securities that have been offered by New York issuers and from other sources believed to be accurate but should not be relied upon as a complete description of all relevant information.

The State of New York has experienced fiscal problems for several years as a result of negligible growth, increased human service needs and the lingering recession that hit the State harder than others. Though the State enjoyed good growth throughout the early to mid-1980's, unemployment has risen drastically and over 250,000 jobs have been lost in the past four years. The State's economy is highly developed with a large emphasis in service, trade, financial services, and real estate. While very diverse, extensive job losses in each of these areas has placed a burden on the State to maintain employment, company development and a stable tax base.

As reflected in the financial results, the State has a large accumulated deficit that is over 20% of the 1993 budgeted revenues of the General Fund. The overall wealth of the State's population as reflected by the per capita income offers a positive credit enhancement and is among the highest in the nation. The debt per capita, though, is also among the highest and poses a large burden on its residents.

The importance of New York City to the State's economy is also an important consideration since it represents a significant portion of the overall economy of the State. The City has struggled to maintain fiscal stability and has performed adequately in contrast to the difficult economic conditions in the New York/New Jersey metropolitan area. Any major changes to the financial condition



of the City would ultimately have an effect on the State.

The overall financial condition of the State can also be illustrated by the changes of its debt ratings. During the last several years during which the State experienced its financial difficulties, its general obligation long-term debt ratings as determined by Moody's declined from A1 to A in 1990 while S&P downgraded the State's debt from A to A- in early 1992. The State has the second lowest long term debt rating among those states with outstanding general obligation ratings. The short-term debt ratings are within the top two rating categories: MIG2 for Moody's and SP-1 for S&P.

The Fund's concentration in securities issued by the State and its political subdivisions provides a greater level of risk than a fund which is diversified across numerous states and municipal entities. The ability of the State or its municipalities to meet their obligations will depend on the availability of tax and other revenues; economic, political, and demographic conditions within the State; and the underlying fiscal condition of the State and its municipalities.

#### INVESTMENT LIMITATIONS

The Fund will not change any of the investment limitations described below without approval of shareholders.

##### SELLING SHORT AND BUYING ON MARGIN

The Fund will not sell any securities short or purchase any securities on margin but may obtain such short-term credits as are necessary for the clearance of transactions.

##### BORROWING MONEY

The Fund will not borrow money except as a temporary measure for extraordinary or emergency purposes and then only in amounts not in excess of 5% of the value of its total assets or in an amount up to one-third of the value of its total assets, including the amount borrowed, in order to meet redemption requests without immediately selling portfolio instruments. This borrowing provision is not for investment leverage but solely to facilitate management of the portfolio by enabling the Fund to meet redemption requests when the liquidation of portfolio instruments would be inconvenient or disadvantageous.

Interest paid on borrowed funds will serve to reduce the Fund's income. The Fund will liquidate any such borrowings as soon as possible and may not purchase any portfolio instruments while any borrowings are outstanding.

##### 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 10% of the value of total assets at the time of the pledge.

##### INVESTING IN REAL ESTATE

The Fund will not purchase or sell real estate, although it may invest in New York municipal securities secured by real estate or interests in real estate.

##### INVESTING IN COMMODITIES AND MINERALS

The Fund will not purchase or sell commodities, commodity contracts, or oil, gas, or other mineral exploration or development programs.

##### 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 securities in accordance with its investment objective, policies, and limitations.

##### MAKING LOANS

The Fund will not make loans except that it may acquire publicly or nonpublicly issued New York municipal securities, in accordance with its investment objective, policies, and limitations.

##### ACQUIRING SECURITIES

The Fund will not acquire the voting securities of any issuer, except as part of a merger, consolidation, reorganization, or acquisition of assets. It will not invest in securities issued by any other investment company or investment trust.

## INVESTMENTS IN ANY ONE ISSUER

With respect to securities comprising 75% of its assets, the Fund will not invest more than 10% of its total assets in the securities of any one issuer.

Under this limitation, each governmental subdivision, including states and the District of Columbia, territories, possessions of the United States, or their political subdivisions, agencies, authorities, instrumentalities, or similar entities, will be considered a separate issuer if its assets and revenues are separate from those of the governmental body creating it and the security is backed only by its own assets and revenues.

Industrial development bonds backed only by the assets and revenues of a nongovernmental user are considered to be issued solely by that user. If in the case of an industrial development bond or government-issued security, a governmental or other entity guarantees the security, such guarantee would be considered a separate security issued by the guarantor as well as the other issuer, subject to limited exclusions allowed by the Investment Company Act of 1940.

## INVESTING IN NEW ISSUERS

The Fund will not invest more than 5% of the value of its total assets in securities of issuers (or in the alternative, guarantors, where applicable) which have records of less than three years of continuous operations, including the operation of any predecessor.

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

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

## DEALING IN PUTS AND CALLS

The Fund will not purchase or sell puts, calls, straddles, spreads, or any combination of them, except that the Fund may purchase municipal securities accompanied by agreements of sellers to repurchase them at the Fund's option.

## INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 10% of the value of its total assets in illiquid securities, including repurchase agreements maturing in more than seven days.

## ISSUING SENIOR SECURITIES

The Fund will not issue senior securities, except as permitted by the investment objective and policies and investment limitations of the Fund.

In order to permit the sale of the Fund's shares in certain states, the Fund may make commitments more restrictive than the investment limitations described above. Accordingly, the Fund has undertaken not to invest in: real estate limited partnerships; and oil, gas, or other mineral leases. Should the Fund determine that any such commitment is no longer in the best interests of the Fund and its shareholders, it will revoke the commitment by terminating sales of its shares in the state involved.

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 total assets during the last fiscal year and has no present intent to do so in the coming fiscal year.

The Fund does not consider the issuance of separate classes of shares to constitute an issue of 'senior securities' within the meaning of the investment limitations set forth above.

## CONCENTRATION OF INVESTMENTS

With respect to temporary investments, the Fund will not purchase securities (other than securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities) if, as a result of such purchase, more than 25% of the value of the Fund's total assets would be invested in any one industry.

However, the Fund may invest more than 25% of the value of its assets in cash or cash items (including time and demand deposits of U.S. branches of domestic

banks, such as certificates of deposit), securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities, or instruments secured by these money market instruments, such as repurchase agreements.

TRUST MANAGEMENT

OFFICERS AND TRUSTEES

Officers and Trustees are listed with their addresses, principal occupations, and present positions, including any affiliation with Federated Management, Federated Investors, Federated Securities Corp., and Federated Administrative Services, Inc., and the Funds (as defined below).

<TABLE>

<CAPTION>

NAME AND ADDRESS <S>	POSITION WITH THE TRUST <C>	PRINCIPAL OCCUPATION 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, President 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.
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 & 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.
John A. Staley, IV* Federated Investors Tower Pittsburgh, PA	Vice President and Trustee	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.
J. Christopher Donahue Federated Investors Tower	Vice President	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management, and Federated Research; President and Director,

Pittsburgh, PA

Federated Administrative Services, Inc.; 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.

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.

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. and Federated Administrative Services, Inc.

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.

</TABLE>

\*This Trustee is deemed to be an "interested person" of 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 Inc.; Cash Trust Series II; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMS Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income Trust; Federated Income Securities Trust; Federated Index Trust; Federated Intermediate Government Trust; Federated Master Trust; Federated Municipal Trust; Federated Short-Intermediate Government Trust; Federated Short-Term U.S. Government Trust; Federated Stock Trust; Federated Tax-Free Trust; Federated U.S. Government Bond Fund; 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 Term Trust, Inc.--1999; Liberty U.S. Government Money Market Trust; Liberty Utility Fund, Inc.; 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; and Trust for U.S. Treasury Obligations.

#### TRUST OWNERSHIP

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

As of November 29, 1993, the following shareholder of record owned 5% or more of the outstanding Cash II Shares of the Fund: Charles Schwab & Co. Inc., San Francisco, California, owned approximately 49,596,393 shares (71.07%); North Fork Bank and Trust Company, Mattituck, New York, owned approximately 10,046,038 shares (15.32%).

As of November 29, 1993, the following shareholders of record owned 5% or more of the outstanding Institutional Service Shares of the Fund: Fiduciary Trust Company International, New York, New York, owned approximately 58,062,900 shares

(22.37%), Fleet Securities Corporation, Rochester, New York, owned approximately 55,474,786

shares (21.37%), The Bank of New York, New York, New York, owned approximately 42,005,313 shares (16.18%), Republic National Bank of New York, Brooklyn, New York, owned approximately 21,875,072 shares (8.42%) and Schneider Mills, Inc., New York, New York owned approximately 14,549,283 shares (5.60%).

While such shares are held as nominee on behalf of numerous customers, to the extent that the record holders may exercise voting rights over such shares, they may be in a position to control the outcome of certain matters in the event that any such matters are submitted for a vote of the shareholders.

#### 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.

#### INVESTMENT ADVISORY SERVICES

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#### ADVISER TO THE FUND

The Fund's investment adviser is Federated Management. It is a subsidiary of Federated Investors. All of 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, Chairman and Trustee of Federated Management; Chairman and Trustee of Federated Investors; and Chairman and Trustee of the Trust. John A. Staley, IV, President and Trustee of Federated Management; Vice President and Trustee of Federated Investors; Executive Vice President of Federated Securities Corp.; and Trustee and Vice President of the Trust. J. Christopher Donahue is Trustee, Federated Management; President and Trustee of Federated Investors; President and Director of Federated Administrative Services, Inc.; and Vice President of the Trust. John W. McGonigle is Vice President, Secretary and Trustee, Federated Management; Trustee, Vice President, Secretary, and General Counsel, Federated Investors; Director, Executive Vice President, and Secretary; Federated Administrative Services, Inc.; Director and Executive Vice President; Federated Securities Corp.; and Vice President and Secretary of the Trust.

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

#### ADVISORY FEES

For its advisory services, Federated Management receives an annual investment advisory fee as described in the prospectus. During the fiscal years ended October 31, 1993, 1992, and 1991, the Fund's adviser earned \$1,065,970, \$839,082, and \$889,667, which was reduced by \$460,455, \$413,760, and \$287,685, respectively, because of undertakings to limit the Fund's expenses.

#### STATE EXPENSE LIMITATIONS

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

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

These arrangements are not part of the advisory contract and have been established only to comply with applicable state authorities. They may be amended or rescinded in the future.

#### ADMINISTRATIVE ARRANGEMENTS

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For the fiscal years ended October 31, 1993 and 1992, the distributor paid \$286,080 and \$254,888 to financial institutions for distribution and administrative services. The administrative services include, but are not limited to, providing office space, equipment, telephone facilities, and various personnel, including clerical, supervisory, and computer, as is necessary or beneficial to establish and maintain shareholders' accounts and records, process purchase and redemption transactions, process automatic investments of client account cash balances, answer routine client inquiries regarding the Fund, assist clients in changing dividend options, account designations, and addresses, and providing such other services as the Fund may reasonably request.

#### 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. For the fiscal years ended October 31, 1993, 1992, and 1991, the Fund incurred costs for administrative services of \$329,428, \$280,632, and \$228,824, respectively. John A. Staley, IV, an officer of the Fund, 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, 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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When selecting brokers and dealers to handle the purchase and sale of portfolio instruments, the adviser looks for prompt execution of the order at a favorable price. In working with dealers, the investment adviser will generally use those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. The adviser makes decisions on portfolio transactions and selects brokers and dealers subject to review by the Board of Trustees.

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

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

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

Research services provided by brokers may be used by the adviser 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 adviser or its affiliates might otherwise have paid, it would tend to reduce their expenses.

#### 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 and the Federal Reserve Wire System are open for business. The procedure for purchasing Shares is explained in the respective prospectus under "Investing in Cash II Shares" and "Investing in Institutional Service Shares."

#### DISTRIBUTION PLAN

With respect to the Cash II Shares and Institutional Service Shares classes of

the Fund, the Trust 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 accounting 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, and providing training and supervision of broker personnel; posting and reinvesting dividends to 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 Board of Trustees expects 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 objectives. 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 redemptions 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 an 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. 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.

#### DETERMINING NET ASSET VALUE

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The Fund attempts to stabilize the value of a share at \$1.00. The days on which net asset value is calculated by the Fund are described in the prospectus.

#### USE OF THE AMORTIZED COST METHOD

The Trustees have decided that the best method for determining the value of portfolio instruments is amortized cost. Under this method, portfolio instruments are valued at the acquisition cost as adjusted for amortization of premium or accumulation of discount rather than at current market value.

The Fund's use of the amortized cost method of valuing portfolio instruments depends on its compliance with certain conditions in Rule 2a-7, as amended (the "Rule"), under the Investment Company Act of 1940. Under the Rule, the Trustees must establish procedures reasonably designed to stabilize the net asset value per share, as computed for purposes of distribution and redemption, at \$1.00 per share, taking into account current market conditions and the Fund's investment objective.

Under the Rule, the Fund is permitted to purchase instruments which are subject to demand features or standby commitments. As defined by the Rule as amended, a demand feature entitles the Fund to receive the principal amount of the instrument from the issuer or a third party (1) on no more than 30 days' notice or (2) at specified intervals not exceeding one year on no more than 30 days' notice. A standby commitment entitles the Fund to achieve same day settlement and to receive an exercise price equal to the amortized cost of the underlying instrument plus accrued interest at the time of exercise.

The Fund acquires instruments subject to demand features and standby commitments to enhance the instruments' liquidity. The Fund treats demand features and standby commitments as part of the underlying instruments, because the Fund does not acquire them for speculative purposes and cannot transfer them separately from the underlying instruments. Therefore, although the Rule defines demand features and standby commitments as "puts", the Fund does not consider them to be separate investments for purposes of its investment policies.

MONITORING PROCEDURES

The Trustees' procedures include monitoring the relationship between the amortized cost value per share and the net asset value per share based upon available indications of market value. The Trustees will decide what, if any, steps should be taken if there is a difference of more than .5 of 1% between the two values. The Trustees will take any steps they consider appropriate (such as redemption in kind or shortening the average portfolio maturity) to minimize any material dilution or other unfair results arising from differences between the two methods of determining net asset value.

INVESTMENT RESTRICTIONS

The Rule requires that the Fund limit its investments to instruments that, in the opinion of the Trustees, present minimal credit risk and have received the requisite rating from one or more nationally recognized statistical rating organizations. If the instruments are not rated, the Trustees must determine that they are of comparable quality. The Rule also requires the Fund to maintain a dollar weighted average portfolio maturity (not more than 90 days) appropriate to the objective of maintaining a stable net asset value of \$1.00 per share. In addition, no instrument with a remaining maturity of more than one year can be purchased by the Fund. For the treatment of variable rate municipal securities with demand payment features, refer to "Variable Rate Demand Notes" in the prospectus.

Should the disposition of a portfolio security result in a dollar weighted average portfolio maturity of more than 90 days, the Fund will invest its available cash to reduce the average maturity to 90 days or less as soon as possible.

The Fund may attempt to increase yield by trading portfolio securities to take advantage of short-term market variations. This policy may, from time to time, result in high portfolio turnover. Under the amortized cost method of valuation, neither the amount of daily income nor the net asset value is affected by any unrealized appreciation or depreciation of the portfolio.

In periods of declining interest rates, the indicated daily yield on shares of the Fund computed by dividing the annualized daily income on the Fund's portfolio by the net asset value computed as above may tend to be higher than a similar computation made by using a method of valuation based upon market prices and estimates.

In periods of rising interest rates, the indicated daily yield on shares of the Fund computed the same way may tend to be lower than a similar computation made by using a method of calculation based upon market prices and estimates.

REDEEMING SHARES

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The Fund redeems Shares at the next computed net asset value after the Fund receives the redemption request. Redemption procedures are explained in the respective prospectus under "Redeeming Cash II Shares" and "Redeeming Institutional Service Shares." Although the transfer agent does not charge for telephone redemptions, it reserves the right to charge a fee for the cost of wire-transferred redemptions of less than \$5,000.

REDEMPTION IN KIND

Although the Trust 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 respective 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 Trust has elected to be governed by Rule 18f-1 of the Investment Company Act of 1940 under which the Trust is obligated to redeem Shares for any one shareholder in cash only up to the lesser of \$250,000 or 1% of the respective class'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 it expects to meet the requirements of Subchapter M of the Internal Revenue Code applicable to



regulated investment companies and to receive the special tax treatment afforded to such companies. To qualify for this treatment, the Fund must, among other requirements:

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

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

invest in securities within certain statutory limits; and

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

#### YIELD

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The Fund calculates its yield daily for all classes of shares, based upon the seven days ending on the day of calculation, called the "base period." This yield is computed by:

determining the net change in the value of a hypothetical account with a balance of one share at the beginning of the base period, with the net change excluding capital changes but including the value of any additional shares purchased with dividends earned from the original one share and all dividends declared on the original and any purchased shares;

dividing the net change in the account's value by the value of the account at the beginning of the base period to determine the base period return; and

multiplying the base period return by (365/7).

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

The Fund's yield for the Cash II Shares seven-day period ended October 31, 1993 was 1.89%. The yield for the Institutional Service Shares was 2.06% for the same period.

#### EFFECTIVE YIELD

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The Fund's effective yield for all classes of shares is computed by compounding the unannualized base period return by:

adding 1 to the base period return;

raising the sum to the 365/7th power; and

subtracting 1 from the result.

The Fund's effective yield for Cash II Shares the seven-day period ended October 31, 1993 was 1.91%. The effective yield for the Institutional Service Shares was 2.08% for the same period.

#### TAX-EQUIVALENT YIELD

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The tax-equivalent yield for all classes of shares of the Fund is calculated similarly to the yield, but is adjusted to reflect the taxable yield that either class of shares would have had to earn to equal its actual yield, assuming a 28% or 31% federal tax rate and the regular personal income tax rate imposed by New York, and assuming that income earned by the Fund is 100% tax-exempt on a regular federal, state, and local basis.

The Fund's tax-equivalent yield for the Cash II Shares for the seven-day period ended October 31, 1993 was 3.09%. The tax-equivalent yield for the Institutional Service Shares was 3.37% for the same period. In each case, a combined federal and state marginal tax rate of 38.9% was assumed.

#### TAX EQUIVALENCY TABLE

Each class of shares may also use a tax equivalency table in advertising and sales literature for all classes of shares. The interest earned by the municipal bonds in the Fund's portfolio generally remains free from federal regular income

tax, and from the regular personal income tax imposed by New York.\* As the table below indicates, a "tax-free" investment is an attractive choice for investors, particularly in times of narrow spreads between "tax-free" and taxable yields.

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
	TAXABLE YIELD EQUIVALENT FOR 1993 STATE OF NEW YORK				
	COMBINED FEDERAL AND STATE				
	22.875%	35.875%	38.875%	43.875%	47.475%
JOINT RETURN:	\$1- 36,900	\$36,901- 89,150	\$89,151- 140,000	\$140,001- 250,000	OVER 250,000
SINGLE RETURN:	\$1- 22,100	\$22,101- 53,500	\$53,501- 115,000	\$115,001- 250,000	OVER 250,000
	TAX-EXEMPT YIELD		TAXABLE YIELD EQUIVALENT		
	1.50%	1.94%	2.34%	2.45%	2.67%
	2.00	2.59	3.12	3.27	3.56
	2.50	3.24	3.90	4.09	4.45
	3.00	3.89	4.68	4.91	5.35
	3.50	4.54	5.46	5.73	6.24
	4.00	5.19	6.24	6.54	7.13
	4.50	5.83	7.02	7.36	8.02
	5.00	6.48	7.80	8.18	8.91
	5.50	7.13	8.58	9.00	9.80
	6.00	7.78	9.36	9.82	10.69
					11.42

</TABLE>

Note: The maximum marginal tax rate for each bracket was used in calculating the taxable yield equivalent. Furthermore, additional state and local taxes paid on comparable taxable investments were not used to increase federal deductions.

The chart above is for illustrative purposes only and only uses tax brackets that went into effect beginning January 1, 1993. It is not an indicator of past or future performance of either class of shares.

\*Some portion of the Fund's income may be subject to the federal alternative minimum tax and state and local taxes.

#### PERFORMANCE COMPARISONS

The performance of all classes of shares depends upon such variables as:

- portfolio quality;
- average portfolio maturity;
- type of instruments in which the portfolio is invested;
- changes in interest rates on money market instruments;
- changes in Fund expenses or either class of share's expenses; and
- the relative amount of Fund cash flow.

From time to time the Fund may advertise the performance of any or all classes 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 income dividends and capital gains distributions, if any. From time to time, the Fund will quote its Lipper ranking in the "money market instruments fund" category in advertising and sales literature.

Investors may use such reporting services in addition to the prospectuses of either of the classes of shares of the Fund to obtain a more complete view of the performance of that class before investing. Of course, when comparing performance of either class to any index, factors 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 composition and methods used to

value portfolio securities and compute offering price.

Advertisements and other sales literature for all classes of shares may refer to total return. Total return is the historic change in the value of an investment in any of the classes based on the monthly reinvestment of dividends over a specified period of time.

APPENDIX

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STANDARD AND POOR'S CORPORATION SHORT-TERM MUNICIPAL OBLIGATION RATING DEFINITIONS

SP-1--Very strong or strong capacity to pay principal and interest. Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.

SP-2--Satisfactory capacity to pay principal and interest.

MOODY'S INVESTORS SERVICE, INC. SHORT-TERM MUNICIPAL OBLIGATION RATING DEFINITIONS

MIG1/VMIG1--Notes which are rated MIG1/VMIG are of the best quality. There is present strong protection by established cash flows, superior liquidity support, or demonstrated broad-based access to the market for refinancing.

MIG2/VMIG2--Notes which are rated MIG2/VMIG2 are of high quality. Margins of protection are ample although not so large as in MIG1/VMIG1 ratings.

FITCH INVESTORS SERVICE, INC. TAX-EXEMPT INVESTMENT NOTE RATING DEFINITIONS

FIN-1--Notes regarded as having the strongest degree of assurance for timely payment.

FIN-2--Notes reflecting a degree of assurance for timely payment only slightly less in degree than the highest category.

STANDARD & POOR'S CORPORATION COMMERCIAL PAPER RATING DEFINITIONS

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

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

MOODY'S INVESTORS SERVICE, INC. COMMERCIAL PAPER RATING DEFINITIONS

P-1--Issuers (or supporting institutions) rated Prime-1 (P-1) have a superior ability for repayment of senior short-term debt obligations. P-1 repayment ability will often be evidenced by many of the following characteristics:

Leading market positions in well-established industries.

High rates of return on funds employed.

Conservative capitalization structure with moderate reliance on debt and ample asset protection.

Broad margins in earnings coverage of fixed financial charges and high internal cash generation.

Well-established access to a range of financial markets and assured sources of alternate liquidity.

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

FITCH INVESTORS SERVICE, INC. SHORT-TERM RATING DEFINITIONS

F-1+--(Exceptionally Strong Credit Quality). Issues assigned this rating are regarded as having the strongest degree of assurance for timely payment.

F-1--(Very Strong Credit Quality). Issues assigned this rating reflect an assurance of timely payment only slightly less in degree than issues rated "F-1+".

F-2--(Good Credit Quality). Issues carrying this rating have a satisfactory degree of assurance for timely payment, but the margin of safety is not as great

as the "F-1+" and "F-1" categories.

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