

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

FIRST PRAIRIE DIVERSIFIED ASSET FUND

CIK: **762126** | State of Incorporation: **NY** | Fiscal Year End: **1231**
Type: **N-30D** | Act: **40** | File No.: **811-04210** | Film No.: **94514178**

Mailing Address
C/O DREYFUS CORP
200 PARK AVENUE, 8TH
FLOOR
NEW YORK NY 10166

Business Address
666 OLD COUNTRY RD
GARDEN CITY NY 11530
2123022168

PRESIDENT'S LETTER

Dear Shareholder:

We are pleased to report that for the fiscal year ended December 31, 1993, the First Prairie Diversified Asset Fund provided a total return of 10.70%, based upon net asset value per share.* This compares with a return of 10.06% for the Standard & Poor's 500 Composite Stock Price Index** and 11.03% for the widely followed Lehman Brothers Government/Corporate Bond Index for the same period.***

For the same 12-month period, the Fund provided a distribution rate per share of 5.16%, based on the maximum offering price on December 31, 1993, adjusted for capital gain distributions.

We are also pleased that Morningstar, Inc., an acknowledged leader in mutual fund ratings, continued to award the Fund its highest rating - five stars. Morningstar ratings are based on its overall assessment of a fund's risk level and historical return, net of expenses and sales loads, as compared to other funds in its class. A five star rating is awarded to a fund if it provides above average returns with below average risk within its peer group.

Your Fund's primary objective is to maximize income through a mixture of income producing securities, with capital appreciation a secondary consideration. At the end of the year, the allocation of net assets was as follows:

Bonds and Notes.....	33%
Common Stocks and Convertibles.....	51%
Cash and Cash Equivalents.....	16%

As the stock market has rotated leadership, we believe we have found some attractive investments, particularly in currently out-of-favor health care, financial and electric utility stocks. Throughout the fiscal year, we purchased Pfizer, Bristol Myers-Squibb and Schering Plough, in the Health Care area. In Financials, we added to our holdings of Aon and First Union. Late in the year, we purchased Texas Utilities, Long Island Lighting Company, and Pleo. In September, as interest rates were reaching their lowest levels in over 25 years, we reduced our long-term bond holdings, reduced the portfolio allocation of bonds, and significantly reduced the average maturity of the bond portfolio. We believe we have already seen the low point in interest rates for the long-term U.S. Treasury Bond for this cycle.

The economic recovery in the U.S. continued throughout 1993 and picked up steam in the fourth quarter. We expect economic growth to continue through 1994 at a moderate rate and inflation and interest rates to increase somewhat over the cyclical low levels of 1993. Therefore, the Fund currently intends to focus more toward equity and convertible investments, consistent with its investment objective, this year.

In 1993, our investment performance was helped by the decline in interest rates as our bonds increased in value. However, this decline in interest levels as well as the low level of short-term rates and the sizeable amount of cash equivalents in the Fund hindered our performance. Stock groups that added to our overall performance last year were telecommunications and autos, specifically Sprint, U.S. West, General Motors and Ford Motor Company. Stock groups that detracted from Fund performance were tobacco and healthcare, specifically Philip Morris, RJR Nabisco, Bristol Myers-Squibb, Glaxo and Johnson & Johnson.

As always, we will continue to watch economic, political and market events during the months ahead, ready to take action to maintain portfolio income for our shareholders.

Sincerely,

Joseph S. DiMartino
President

January 27, 1994
New York, N.Y.

* Total return represents the change during the period in a hypothetical account with dividends reinvested.

** SOURCE: LIPPER ANALYTICAL SERVICES, INC. - Reflects the reinvestment of income dividends and, where applicable, capital gain distributions. The Standard & Poor's 500 Composite Stock Price Index is a widely accepted unmanaged index of stock market performance.

*** Source: Lehman Brothers - Lehman Brothers Government/Corporate Bond Index is a widely accepted, unmanaged index of Government and Corporate bond market performance and consists of all public obligations of the U.S. Treasury, all publicly traded issued debt of U.S. Government agencies and quasi-federal corporations, corporate debt guaranteed by the U.S. Government and all publicly issued fixed rate, nonconvertible investment grade, dollar denominated, SEC-registered corporate debt and debt issued by foreign sovereign governments, municipalities, or governmental agencies, or international agencies.

Distribution rate per share is based upon dividends per share declared from net investment income during the period, divided by the maximum offering price per share at the end of the period, adjusted for

capital gain distributions.

Source: Morningstar, Inc. - Morningstar proprietary ratings reflect historical risk-adjusted performance as of 12/31/93. The ratings are subject to change every month. Past performance is no guarantee of future results. Morningstar ratings are calculated from the fund's three and five-year average annual returns with appropriate fee adjustments and a risk factor that reflects fund performance relative to three-month Treasury bill monthly returns. Ten percent of the funds in an investment category receive five stars.

FIRST PRAIRIE DIVERSIFIED ASSET FUND December 31, 1993
 COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN FIRST
 PRAIRIE DIVERSIFIED ASSET FUND
 AND THE STANDARD & POOR'S 500 COMPOSITE STOCK PRICE INDEX
 AND LEHMAN BROTHERS GOVERNMENT/CORPORATE BOND INDEX

[Exhibit A]

Past performance is not predictive of future performance.

The above illustration compares a \$10,000 investment made in the First Prairie Diversified Asset Fund on 1/23/86 (Inception Date) to a \$10,000 investment made in the Standard & Poor's 500 Composite Stock Price Index and Lehman Brothers Government/Corporate Bond Index on that date. For comparative purposes, the value of the Indices on 1/31/86 are used as the beginning value on 1/23/86. All dividends and capital gain distributions are reinvested.

The Fund's performance takes into account the maximum initial sales charge and all other applicable fees and expenses. The Standard & Poor's 500 Composite Stock Price Index is a widely accepted, unmanaged index of overall stock market performance. The Lehman Brothers Government/Corporate Bond Index is a widely accepted, unmanaged index of Government and Corporate bond market performance and consists of all public obligations of the U.S. Treasury, all publicly traded issued debt of U.S. Government agencies and quasi-federal corporations, corporate debt guaranteed by the U.S. Government and all publicly issued fixed rate, nonconvertible investment grade, dollar denominated, SEC-registered corporate debt and debt issued by foreign sovereign governments, municipalities, or governmental agencies, or international agencies. Neither index takes into account charges, fees and other expenses. Further information relating to Fund performance, including expense reimbursement, if applicable, is contained in the Condensed Financial Information section of the Prospectus and elsewhere in this report.

*Source: Lipper Analytical Services, Inc.

**Source: Lehman Brothers

<TABLE>
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FIRST PRAIRIE DIVERSIFIED ASSET FUND
 STATEMENT OF INVESTMENTS

		DECEMBER 31, 1993	
		PRINCIPAL AMOUNT	VALUE
		-----	-----
BONDS AND NOTES-33.0%			
<S>		<C>	<C>
	AUTOMOTIVE-1.0%		
	Hertz		
	6 5/8%, 2000.....	\$ 500,000	\$ 500,013

	BANKING-5.3%		
	Barclays American Corp., Deb.,		
	9 1/8%, 1997.....	750,000	840,016
	Chemical Banking Corp., Sub. Notes,		
	7 5/8%, 2003.....	500,000	537,549
	Citicorp:		
	9 3/4%, 1999.....	250,000	293,279
	8 5/8%, 2002.....	350,000	398,934
	NationsBank Corp., Sub. Notes,		
	8 1/8%, 2002.....	350,000	389,325
	Westpac Banking Corp., Sub. Deb.,		
	9 1/8%, 2001.....	250,000	289,660

			2,748,763

	BASIC INDUSTRIES-1.0%		
	USX-Marathon Group,		
	6 3/8%, 1998.....	500,000	490,508

	ENERGY-3.3%		
	Burlington Resources,		
	8 1/2%, 2001.....	250,000	285,038
	Coastal Corp., Sr. Deb.,		
	10 1/4%, 2004.....	500,000	597,500
	Occidental Petroleum, Sr. Notes,		
	11 1/8%, 2010.....	400,000	550,941
	Shell Canada Corp., Deb.,		
	7 3/8%, 1999.....	250,000	270,000

			1,703,479
ENTERTAINMENT-1.0%	Time Warner, Notes, 7.95%, 2000.....	500,000	535,000
FINANCE-6.8%	Associates Corp. of North America, Med.-Term Sr. Notes, 8 3/4%, 1996.....	200,000	216,902
	Discover Credit Card Corp., Notes, 8.37%, 1999.....	250,000	274,925
	General Motors Acceptance Corp., Deb.: 8.65%, 1996.....	400,000	430,724
	7 3/4%, 1997.....	250,000	265,913
	7%, 2000.....	500,000	515,311
	International Lease Finance Corp., Notes, 8.35%, 1998.....	500,000	551,887
	KFW International Finance, Mortgage Guaranteed Notes, 8.85%, 1999.....	250,000	287,378
	Salomon, Sr. Notes, 7 1/2%, 2003.....	500,000	522,693
	Wells Fargo & Co., Sub. Notes, 8 3/8%, 2002.....	400,000	446,081
			3,511,814
FOOD AND BEVERAGES-5.0%	Grand Metro Investment Corp., Deb., 9%, 2011.....	250,000	297,886
	Philip Morris Corp., Deb.: 8 5/8%, 1999.....	500,000	563,929
	7 1/8%, 2004.....	250,000	260,983
FIRST PRAIRIE DIVERSIFIED ASSET FUND STATEMENT OF INVESTMENTS (CONTINUED)	DECEMBER 31, 1993		
BONDS AND NOTES (CONTINUED)		PRINCIPAL AMOUNT	VALUE
FOOD AND BEVERAGES (CONTINUED)	RJR Nabisco Guaranteed Sr. Notes: 8.30%, 1999.....	\$ 750,000	\$ 750,937
	8 5/8%, 2002.....	700,000	689,009
			2,562,744
RETAIL-.6%	May Department Stores, Notes, 9.45%, 1999.....	250,000	285,270
TECHNOLOGY-1.1%	Digital Equipment, Deb., 8 5/8%, 2012.....	500,000	559,204
UTILITIES-2.1%	Commonwealth Edison, First Mortgage, Ser. 81, 8 5/8%, 2022.....	250,000	267,313
	Long Island Lighting, Notes, 9%, 2022.....	300,000	313,164
	Pacific Bell, Notes, 7%, 2004.....	500,000	526,156
			1,106,633
U.S. GOVERNMENT AND AGENCIES-5.8%	Federal Home Loan Banks, Notes, 8 1/4%, 1996.....	100,000	108,360
	Federal National Mortgage Assn., Deb.: 7.60%, 1997.....	400,000	432,095
	8.35%, 1999.....	500,000	569,451
	Student Loan Marketing Assn., ECU/YEN Reverse Principal Exchange Rate Linked Securities, 10 3/8%, 1995.....	200,000	112,500
	FHLMC Series 98, 8 1/4%, 2020.....	500,000	520,625
	U.S. Treasury Notes: 8 1/2%, 1997.....	100,000	111,594
	8 1/8%, 1998.....	500,000	557,578
	8%, 2001.....	500,000	571,953
			2,984,156
	TOTAL BONDS AND NOTES (cost \$16,172,418).....		\$ 16,987,584
EQUITY-RELATED SECURITIES-50.9% (COMMON STOCKS AND CONVERTIBLE SECURITIES)			
COMMON STOCKS-31.8%		SHARES	

BANKING-4.3%	BankAmerica.....	18,000	\$ 834,750
	First Union.....	19,000	783,750
	NationsBank.....	11,912	583,688

			2,202,188

BASIC INDUSTRIES-.9%	Union Camp.....	10,000	476,250

FIRST PRAIRIE DIVERSIFIED ASSET FUND
STATEMENT OF INVESTMENTS (CONTINUED)
EQUITY-RELATED SECURITIES (CONTINUED)
COMMON STOCKS (CONTINUED)

DECEMBER 31, 1993

		SHARES	VALUE
		-----	-----
DRUGS AND HEALTH CARE-7.5%	Bristol-Myers Squibb.....	20,000	\$ 1,162,500
	Glaxo Holdings PLC A.D.R.....	24,000	501,000
	Johnson and Johnson.....	11,000	492,250
	Pfizer.....	17,000	1,173,000
	Schering-Plough.....	8,000	548,000

			3,876,750

ENERGY-3.7%	Atlantic Richfield.....	5,000	526,250
	British Petroleum PLC A.D.S.....	9,000	576,000
	Occidental Petroleum.....	20,000	342,500
	Texaco.....	7,500	484,687

			1,929,437

FINANCE-1.5%	American Express.....	20,000	795,000

FOOD AND BEVERAGES-2.2%	Philip Morris Cos.....	20,000	1,115,000

HOSPITAL RELATED-3.0%	National Health Investors.....	55,000	1,526,250

MANUFACTURING-1.0%	Jostens Inc.....	25,000	493,750

TECHNOLOGY-1.0%	International Business Machines.....	9,000	508,500

UTILITIES-6.7%	British Telecommunications.....	10,000	321,250
	GTE.....	14,000	490,000
	Long Island Lighting.....	20,000	487,500
	Philadelphia Electric.....	16,000	484,000
	Sprint.....	20,000	695,000
	Texas Utilities.....	12,000	519,000
	U.S. West.....	10,000	458,750

			3,455,500

	TOTAL COMMON STOCKS		16,378,625

CONVERTIBLE PREFERRED STOCKS-14.4%			
AUTOMOTIVE-4.3%	Ford Motor, Ser.A, Cum., \$4.20.....	8,000	868,000
	General Motors, Ser.A, Cum., \$3.31.....	15,000	765,000
	General Motors, Ser.C, Cum., \$3.25.....	11,000	602,250

			2,235,250

BANKING-3.8%	BankAmerica, Ser.G, Cum., \$3.25.....	7,000	414,750
	Citicorp, Cum., \$1.22.....	25,000	496,875
	Citicorp, Cum., \$5.375.....	6,000 (a)	651,750
	National City, Cum., \$4.00.....	6,000	411,000

			1,974,375

ENERGY-1.0%	Snyder Oil, Cum., \$6.00.....	20,000	540,000

FOOD AND BEVERAGES-1.8%	Conagra, Ser. E, Cum., \$1.69.....	11,000	343,750
	RJR Nabisco Holdings, Cum., \$2.00.....	80,000	560,000

			903,750

INSURANCE-2.6%	Aon, Ser.B, Cum., \$3.04.....	12,000	564,000
	Conseco, Ser. D, Cum., \$3.25.....	14,000	770,000

			1,334,000

RETAIL-.9%	Kmart, Ser.A, Cum., \$3.41.....	10,000	443,750

	TOTAL CONVERTIBLE PREFERRED STOCKS.....		7,431,125

FIRST PRAIRIE DIVERSIFIED ASSET FUND
STATEMENT OF INVESTMENTS (CONTINUED)
EQUITY-RELATED SECURITIES (CONTINUED)

DECEMBER 31, 1993

	PRINCIPAL AMOUNT	VALUE
CONVERTIBLE SUBORDINATE DEBENTURES-4.7%		
BANKING-.8% Bank of New York, 7 1/2%, 2001.....	\$ 275,000	\$ 435,188
ENERGY-.6% Swift Energy, 6 1/2%, 2003.....	300,000	309,000
ENTERTAINMENT-.5% Time Warner, 8 3/4%, 2015.....	248,000	261,330
HOSPITAL MANAGEMENT-.9% Genesis Health 6%, 2003.....	400,000	480,000
MINING AND METALS-.6% Trimas Corp., 5%, 2003.....	250,000	308,750
RETAIL-1.3% Hechinger, 5 1/2%, 2012.....	350,000	279,125
Price, 6 3/4%, 2001.....	350,000	365,750
		644,875
TOTAL CONVERTIBLE SUBORDINATED DEBENTURES.....		2,439,143
TOTAL EQUITY-RELATED SECURITIES (cost \$24,078,883).....		\$ 26,248,893
SHORT-TERM INVESTMENTS-15.5%		
COMMERCIAL PAPER:		
Ford Motor Credit Corp., 3.35%, 1/3/94.....	\$ 3,700,000	\$ 3,700,000
General Electric Cap. Corp.: 3.4032%, 1/7/94.....	3,950,000	3,950,000
3.20%, 1/10/94.....	370,000	370,000
TOTAL SHORT-TERM INVESTMENTS (cost \$8,020,000).....		\$ 8,020,000
TOTAL INVESTMENTS (cost \$48,271,301).....	99.4%	\$ 51,256,477
CASH AND RECEIVABLES (NET).....	.6%	\$ 329,266
NET ASSETS.....	100.0%	\$ 51,585,743

NOTE TO STATEMENT OF INVESTMENTS;

(a) Security exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 1993, this security amounted to \$651,750 or 1.3% of net assets.

</TABLE>

See notes to financial statements.

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FIRST PRAIRIE DIVERSIFIED ASSET FUND
STATEMENT OF ASSETS AND LIABILITIES DECEMBER 31, 1993

ASSETS:	<S>	<C>	<C>
Investments in securities, at value (cost \$48,271,301)-see statement.....			\$51,256,477
Dividends and interest receivable.....			495,261
Receivable for shares of Beneficial Interest subscribed.....			204,466
Prepaid expenses.....			19,146
Due from administrator.....			5,834
			51,981,184
LIABILITIES:			
Due to custodian.....		\$217,571	
Payable for shares of Beneficial Interest redeemed.....		120,261	
Accrued expenses.....		57,609	395,441

NET ASSETS.....	\$51,585,743
	=====
REPRESENTED BY:	
Paid-in capital.....	\$48,421,161
Accumulated undistributed investment income-net.....	110,357
Accumulated undistributed net realized gain on investments.....	69,049
Accumulated net unrealized appreciation on investments-Note 3.....	2,985,176

NET ASSETS at value applicable to 3,934,557 shares outstanding (unlimited number of \$.01 par value shares of Beneficial Interest authorized).....	\$51,585,743
	=====
NET ASSET VALUE, offering and redemption price per share (\$51,585,743 / 3,934,557 shares).....	\$13.11
	=====

See notes to financial statements.

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FIRST PRAIRIE DIVERSIFIED ASSET FUND
STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 1993
INVESTMENT INCOME:

<S>	<C>	<C>
Interest.....	\$1,734,098	
Cash dividends (net of \$9,316 foreign taxes withheld at source).....	941,289	

TOTAL INCOME.....		\$2,675,387
EXPENSES:		
Investment advisory fee-Note 2(a).....	293,405	
Administration fee-Note 2(a).....	135,418	
Shareholder servicing costs-Note 2(b).....	187,815	
Prospectus and shareholders' reports-Note 2(b).....	29,430	
Legal fees.....	28,415	
Auditing fees.....	21,613	
Registration fees.....	19,140	
Custodian fees.....	16,335	
Trustees' fees and expenses-Note 2(c).....	4,999	
Miscellaneous.....	7,920	

	744,490	
Less-expense reimbursement from Adviser and Administrator due to undertakings-Note 2(a).....	570,074	

TOTAL EXPENSES.....		174,416
INVESTMENT INCOME-NET.....		2,500,971
REALIZED AND UNREALIZED GAIN ON INVESTMENTS:		
Net realized gain on investments-Note 3.....	\$ 625,561	
Net unrealized appreciation on investments.....	1,377,749	

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS.....		2,003,310

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....		\$4,504,281
		=====

See notes to financial statements.

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FIRST PRAIRIE DIVERSIFIED ASSET FUND
STATEMENT OF CHANGES IN NET ASSETS
OPERATIONS:

	YEAR ENDED DECEMBER 31,	
	1992	1993
	-----	-----
<S>	<C>	<C>
Investment income-net.....	\$ 1,391,154	\$ 2,500,971
Net realized gain on investments.....	179,839	625,561
Net unrealized appreciation on investments for the year.....	343,006	1,377,749
	-----	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	1,913,999	4,504,281
	-----	-----
NET EQUALIZATION CREDITS-Note 1(e).....	51,331	59,053
	-----	-----
DIVIDENDS TO SHAREHOLDERS FROM:		

Investment income-net.....	(1,385,188)	(2,506,116)
Net realized gain on investments.....	(279,770)	(674,754)
TOTAL DIVIDENDS.....	(1,664,958)	(3,180,870)
BENEFICIAL INTEREST TRANSACTIONS:		
Net proceeds from shares sold.....	20,593,226	17,738,182
Dividends reinvested.....	1,264,046	2,955,407
Cost of shares redeemed.....	(1,933,539)	(4,752,158)
INCREASE IN NET ASSETS FROM BENEFICIAL INTEREST TRANSACTIONS.....	19,923,733	15,941,431
TOTAL INCREASE IN NET ASSETS.....	20,224,105	17,323,895
NET ASSETS:		
Beginning of year.....	14,037,743	34,261,848
End of year (including undistributed investment income-net: \$56,449 at December 31, 1992 and \$110,357 at December 31, 1993).....	\$34,261,848	\$51,585,743
	=====	=====
	SHARES	SHARES
	-----	-----
CAPITAL SHARE TRANSACTIONS:		
Shares sold.....	1,637,986	1,371,296
Shares issued for dividends reinvested.....	100,550	226,486
Shares redeemed.....	(153,827)	(365,489)
NET INCREASE IN SHARES OUTSTANDING.....	1,584,709	1,232,293
	=====	=====

See notes to financial statements.

</TABLE>

FIRST PRAIRIE DIVERSIFIED ASSET FUND

FINANCIAL HIGHLIGHTS

Contained below is per share operating performance data for a share of Beneficial Interest outstanding, total investment return, ratios to average net assets and other supplemental data for each year indicated. This information has been derived from information provided in the Fund's financial statements.

<TABLE>

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PER SHARE DATA:	YEAR ENDED DECEMBER 31,				
	1989	1990	1991	1992	1993
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of year.....	\$10.66	\$11.54	\$10.79	\$12.56	\$12.68
INVESTMENT OPERATIONS:					
Investment income-net.....	.88	.86	.83	.79	.72
Net realized and unrealized gain (loss) on investments.....	1.10	(.54)	1.77	.26	.61
TOTAL FROM INVESTMENT OPERATIONS.....	1.98	.32	2.60	1.05	1.33
DISTRIBUTIONS:					
Dividends from investment income-net.....	(.89)	(.88)	(.83)	(.77)	(.72)
Dividends from net realized gain on investments.....	(.21)	(.19)	--	(.16)	(.18)
TOTAL DISTRIBUTIONS.....	(1.10)	(1.07)	(.83)	(.93)	(.90)
Net asset value, end of year.....	\$11.54	\$10.79	\$12.56	\$12.68	\$13.11
TOTAL INVESTMENT RETURN*	19.08%	2.94%	24.87%	8.68%	10.70%
RATIOS/SUPPLEMENTAL DATA:					
Ratio of expenses to average net assets.....	--	--	--	.02%	.39%
Ratio of net investment income to average net assets.....	7.74%	7.71%	7.04%	6.24%	5.54%
Decrease reflected in above expense ratios due to undertakings by the Adviser and Administrator (limited to the expense limitation provision of the Investment Advisory and Administration Agreements).....	2.96%	2.58%	2.16%	1.86%	1.26%
Portfolio Turnover Rate.....	49.46%	29.97%	26.02%	22.14%	16.40%
Net Assets, end of year (000's Omitted).....	\$7,407	\$8,950	\$14,038	\$34,262	\$51,586

* Exclusive of sales charge.

See notes to financial statements.

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FIRST PRAIRIE DIVERSIFIED ASSET FUND

NOTES TO FINANCIAL STATEMENTS

NOTE 1-SIGNIFICANT ACCOUNTING POLICIES:

The Fund is registered under the Investment Company Act of 1940 ("Act") as a diversified open-end management investment company. The First National Bank of Chicago ("Adviser") serves as the Fund's investment adviser. The Dreyfus Corporation ("Administrator") serves as the Fund's administrator. Dreyfus Service Corporation ("Distributor"), a wholly-owned subsidiary of the Administrator, acts as the distributor of the Fund's shares.

(A) PORTFOLIO VALUATION: Most debt securities (excluding short-term investments) are valued each business day by an independent pricing service ("Service") approved by the Board of Trustees. Debt securities for which quoted bid prices in the judgement of the Service are readily available and are representative of the bid side of the market are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other debt securities are carried at fair value as determined by the Service, based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Short-term investments are carried at amortized cost, which approximates value. Other securities are valued at the average of the most recent bid and asked prices in the market in which such securities are primarily traded, or at the last sales price for securities traded primarily on an exchange or the national securities market. In the absence of reported sales of securities traded primarily on an exchange or the national securities market, the average of the most recent bid and asked prices is used. Bid price is used when no asked price is available.

(B) SECURITIES TRANSACTIONS AND INVESTMENT INCOME: Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, amortization of discounts on investments, is recognized on the accrual basis.

(C) DIVIDENDS TO SHAREHOLDERS: Dividends are recorded on the ex-dividend date. Dividends from investment income-net are declared and paid monthly. Dividends from net realized capital gain are normally declared and paid annually, but the Fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code. This may result in distributions that are in excess of investment income-net and net realized gain on a fiscal year basis. To the extent that net realized capital gain can be offset by capital loss carryovers, if any, it is the policy of the Fund not to distribute such gain.

On January 31, 1994, the Board of Trustees declared a cash dividend of \$.047 per share from undistributed investment income-net, payable on February 1, 1994 (ex-dividend date) to shareholders of record as of the close of business on January 31, 1994.

(D) FEDERAL INCOME TAXES: It is the policy of the Fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the provisions available to certain investment companies, as defined in applicable sections of the Internal Revenue Code, and to make distributions of taxable income sufficient to relieve it from all, or substantially all, Federal income taxes.

(E) EQUALIZATION: The Fund follows the accounting practice known as "equalization" by which a portion of the amounts received on issuances and paid on redemptions of Fund shares is allocated to undistributed investment income-net so that undistributed investment income-net per share is unaffected by Fund shares issued or redeemed.

FIRST PRAIRIE DIVERSIFIED ASSET FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2-INVESTMENT ADVISORY FEE, ADMINISTRATION FEE AND OTHER
TRANSACTIONS WITH AFFILIATES:

(A) Fees payable by the Fund pursuant to the provisions of an Investment Advisory Agreement with the Adviser and an Administration Agreement with the Administrator are payable monthly based on annual rates of .65 of 1% and .30 of 1%, respectively, of the average daily value of the Fund's net assets. The agreements further provide that if in any full year the aggregate expenses of the Fund, excluding taxes, brokerage, interest on borrowings and extraordinary expenses, exceed the expense limitation of any state having jurisdiction over the Fund, the Fund may deduct from the payments to be made to the Adviser and the Administrator, or the Adviser and the Administrator will each bear, such excess expense in proportion to their respective fees. The most stringent state expense limitation applicable to the Fund presently requires reimbursement of expenses in any full year that such expenses (exclusive of distribution expenses and certain expenses as described above) exceed 2 1/2% of the first \$30 million, 2% of the next \$70 million and 1 1/2% of the excess over \$100 million of the average value of the Fund's net assets in accordance with California "blue sky" regulations.

However, the Adviser and the Administrator had undertaken, from

January 1, 1993 through October 24, 1993, to reduce the Advisory fee and the Administration fee paid by, or reimburse such excess expenses of the Fund, to the extent that the Fund's aggregate expenses (excluding certain expenses as described above) exceeded specified annual percentages of the Fund's average daily net assets. The Adviser and Administrator have currently undertaken from October 25, 1993 to waive receipt of the Advisory fee and the Administration fee paid by the Fund in excess of an annual rate of .50 of 1% of the Fund's average daily net assets. Pursuant to such undertakings, the Adviser and the Administrator reimbursed the Fund \$293,405 and \$276,669, respectively.

First Chicago Investment Services, Inc., an affiliate of the Adviser, retained \$34,436 during the year ended December 31, 1993 from commissions earned on sales of Fund shares.

(B) The Fund has adopted a Service Plan (the "Plan") pursuant to which it has agreed to pay costs and expenses in connection with advertising and marketing shares of the Fund and payments made to one or more Service Agents (which may include the Adviser, the Administrator and the Distributor) based on the value of the Fund's shares owned by clients of the Service Agent. These advertising and marketing expenses and fees of the Service Agents may not exceed an annual rate of .30 of 1% of the Fund's average daily net assets. The Plan also separately provides for the Fund to bear the costs of preparing, printing and distributing certain of the Fund's prospectuses and statements of additional information and costs associated with implementing and operating the Plan, not to exceed the greater of \$100,000 or .005 of 1% of the Fund's average daily net assets for any full year. During the year ended December 31, 1993, \$145,590 was charged to the Fund pursuant to the Plan, of which \$141,251 was waived pursuant to an undertaking by the Administrator.

(C) Certain officers and trustees of the Fund are "affiliated persons," as defined in the Act, of the Adviser or the Administrator. Each trustee who is not an "affiliated person" receives an annual fee of \$1,500 and an attendance fee of \$250 per meeting.

FIRST PRAIRIE DIVERSIFIED ASSET FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(D) On December 5, 1993, Dreyfus entered into an Agreement and Plan of Merger providing for the merger of Dreyfus with a subsidiary of Mellon Bank Corporation ("Mellon").

Following the merger, it is planned that Dreyfus will be a direct subsidiary of Mellon Bank, N.A. Closing of this merger is subject to a number of contingencies, including the receipt of certain regulatory approvals and the approvals of the stockholders of Dreyfus and of Mellon. The merger is expected to occur in mid-1994, but could occur later.

NOTE 3-SECURITIES TRANSACTIONS:

The aggregate amount of purchases and sales of investment securities, other than short-term securities, during the year ended December 31, 1993 amounted to \$20,117,316 and \$6,059,306, respectively.

At December 31, 1993, accumulated net unrealized appreciation on investments was \$2,985,176, consisting of \$3,879,019 gross unrealized appreciation and \$893,843 gross unrealized depreciation.

At December 31, 1993, the cost of investments for Federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

FIRST PRAIRIE DIVERSIFIED ASSET FUND

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

SHAREHOLDERS AND BOARD OF TRUSTEES

FIRST PRAIRIE DIVERSIFIED ASSET FUND

We have audited the accompanying statement of assets and liabilities of First Prairie Diversified Asset Fund, including the statement of investments, as of December 31, 1993, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the years indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 1993 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of First Prairie Diversified Asset Fund, at December 31, 1993, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the

financial highlights for each of the indicated years, in conformity with generally accepted accounting principles.

Ernst & Young Signature

New York, New York

February 9, 1994

IMPORTANT TAX INFORMATION (UNAUDITED)

For Federal Tax purposes the Fund hereby designates \$.02 per share as a long-term capital gain distribution of the \$.095 per share paid on September 1, 1993. The Fund also designates \$.0965 per share as a long-term capital gain distribution of the \$.226 per share paid on December 1, 1993.

FIRST PRAIRIE

DIVERSIFIED ASSET FUND

144 Glenn Curtiss Boulevard

Uniondale, NY 11556

Investment Adviser

THE FIRST NATIONAL BANK OF CHICAGO

Three First National Plaza

Chicago, IL 60670

Administrator

THE DREYFUS CORPORATION

200 Park Avenue

New York, NY 10166

Distributor

DREYFUS SERVICE CORPORATION

200 Park Avenue

New York, NY 10166

Custodian

THE BANK OF NEW YORK

110 Washington Street

New York, NY 10286

Transfer Agent &

Dividend Disbursing Agent

THE SHAREHOLDER SERVICES GROUP, INC.

P.O. Box 9671

Providence, RI 02940

Further information is contained in the Prospectus, which must precede or accompany this report.

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FIRST (First Prairie Logo) PRAIRIE

DIVERSIFIED

ASSET FUND

Annual Report

December 31, 1993

COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT
 IN FIRST PRAIRIE DIVERSIFIED ASSET FUND
 AND THE STANDARD & POOR'S 500 COMPOSITE STOCK PRICE
 INDEX AND LEHMAN BROTHERS GOVERNMENT/CORPORATE BOND
 INDEX
 EXHIBIT A:

PERIOD	STANDARD & POOR'S 500 COMPOSITE STOCK PRICE INDEX *	LEHMAN BROTHERS GOVERNMENT/ CORPORATE BOND INDEX**	FIRST PRAIRIE DIVERSIFIED ASSET FUND
1/23/86	10,000	10,000	9,551
3/31/86	11,347	10,789	9,766
6/30/86	12,015	10,931	10,250
9/30/86	11,177	11,152	10,345
12/31/86	11,799	11,494	10,849
3/31/87	14,318	11,664	11,480
6/30/87	15,037	11,443	11,589
9/30/87	16,030	11,109	11,669
12/31/87	12,418	11,757	10,662
3/31/88	13,123	12,178	11,606
6/30/88	13,995	12,298	12,051
9/30/88	14,042	12,528	12,243
12/31/88	14,475	12,649	12,558
3/31/89	15,501	12,788	13,128
6/30/89	16,867	13,816	14,033
9/30/89	18,670	13,946	14,725
12/31/89	19,055	14,449	14,954
3/31/90	18,481	14,284	14,861
6/30/90	19,642	14,798	15,411
9/30/90	16,945	14,888	14,703
12/31/90	18,461	15,646	15,394
3/31/91	21,138	16,068	16,529
6/30/91	21,088	16,310	16,978
9/30/91	22,214	17,249	18,213
12/31/91	24,075	18,169	19,222
3/31/92	23,468	17,896	19,248
6/30/92	23,914	18,621	19,777
9/30/92	24,668	19,531	20,610
12/31/92	25,906	19,547	20,890
3/31/93	27,035	20,455	21,795
6/30/93	27,165	21,069	22,039
9/30/93	27,866	21,766	22,678
12/31/93	28,514	21,703	23,126

FIRST PRAIRIE DIVERSIFIED ASSET FUND

AVERAGE ANNUAL TOTAL RETURNS ENDED ON 12/31/93
REFLECTS MAXIMUM SALES CHARGE

1 YEAR	5 YEAR	SINCE INCEPTION (1/23/86)
5.70%	11.96%	11.14%