

# SECURITIES AND EXCHANGE COMMISSION

## FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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### FILER

#### PLANTERS FUNDS

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Business Address  
*FEDERATED INVESTORS  
TOWER  
PITTSBURGH PA 15222-3779  
4122881401*

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 X

Pre-Effective Amendment No.

Post-Effective Amendment No. 1 X

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 X

Amendment No. 1 X

THE PLANTERS FUNDS

(Exact Name of Registrant as Specified in Charter)

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

(412) 288-1900  
(Registrant's Telephone Number)

John W. McGonigle, Esquire,  
Federated Investors Tower,  
Pittsburgh, Pennsylvania 15222-3779  
(Name and Address of Agent for Service)

It is proposed that this filing will become effective:

- X immediately upon filing pursuant to paragraph (b)  
on \_\_\_\_\_ pursuant to paragraph (b)  
60 days after filing pursuant to paragraph (a)  
on \_\_\_\_\_ pursuant to paragraph (a) of Rule 485.

Registrant has filed with the Securities and Exchange Commission a declaration pursuant to Rule 24f-2 under the Investment Company Act of 1940, and:

- filed the Notice required by that Rule on \_\_\_\_\_; or  
X intends to file the Notice required by that Rule on or about  
September 15, 1994; or  
during the most recent fiscal year did not sell any securities  
pursuant to Rule 24f-2 under the Investment Company Act of 1940, and,  
pursuant to Rule 24f-2(b)(2), need not file the Notice.

Copies to:

Thomas J. Donnelly, Esquire  
Houston, Houston & Donnelly  
2510 Centre City Tower  
650 Smithfield Street  
Pittsburgh, Pennsylvania 15222

Charles H. Morin, Esquire  
Dickstein, Shapiro & Morin  
2101 L Street, N.W.  
Washington, D.C. 20037

CROSS REFERENCE SHEET

This Amendment to the Registration Statement of THE PLANTERS FUNDS, which consists of one portfolio, Tennessee Tax-Free Bond Fund, is comprised of the following:

PART A. INFORMATION REQUIRED IN A PROSPECTUS.

	Prospectus Heading (Rule 404(c) Cross Reference)
Item 1. Cover Page	Cover Page.
Item 2. Synopsis	Summary of Fund Expenses.

Item 3.	Condensed Financial Information	Financial Highlights.
Item 4.	General Description of Registrant	General Information; Investment Information; Investment Objective; Investment Policies; Investment Limitations.
Item 5.	Management of the Fund	The Planters Funds Information; Management of the Trust; Distribution of Fund Shares; Administration of the Fund; Expenses of the Fund.
Item 6.	Capital Stock and Other Securities	Dividends and Distributions; Shareholder Information; Voting Rights; Massachusetts Partnership Law; Effect of Banking Laws; Tax Information; Federal Income Tax; State of Tennessee Taxes; Other State and Local Taxes.
Item 7.	Purchase of Securities Being Offered	Net Asset Value; Investing in the Fund; Minimum Investment Required; What Shares Cost; Purchases at Net Asset Value; Dealer Concessions; Share Purchases; Reducing the Sales Charge.
Item 8.	Redemption or Repurchase	Redeeming Shares; By Telephone; By Mail; Accounts With Low Balances.
Item 9.	Pending Legal Proceedings	None.

PART B. INFORMATION REQUIRED IN A STATEMENT OF ADDITIONAL INFORMATION.

Item 10.	Cover Page	Cover Page.
Item 11.	Table of Contents	Table of Contents.
Item 12.	General Information and History	General Information About the Fund.
Item 13.	Investment Objectives and Policies	Investment Objective and Policies.
Item 14.	Management of the Fund	Management of The Planters Funds.
Item 15.	Control Persons and Principal Holders of Securities	Not Applicable.
Item 16.	Investment Advisory and Other Services	Investment Advisory Services; Administrative Services.
Item 17.	Brokerage Allocation	Brokerage Transactions.
Item 18.	Capital Stock and Other Securities	Not Applicable.
Item 19.	Purchase, Redemption and Pricing of Securities Being Offered	Purchasing Shares; Determining Net Asset Value; Redeeming Shares.
Item 20.	Tax Status	Tax Status.
Item 21.	Underwriters	Not Applicable.
Item 22.	Calculation of Performance Data	Total Return; Yield; Tax-Equivalent Yield; Performance Comparisons.
Item 23.	Financial Statements	Filed in Part A.

TENNESSEE TAX-FREE BOND FUND  
(A PORTFOLIO OF THE PLANTERS FUNDS)  
PROSPECTUS

The shares of Tennessee Tax-Free Bond Fund (the "Fund") offered by this prospectus represent interests in a non-diversified portfolio of securities which is an investment portfolio in The Planters Funds (the "Trust"), an open-end management investment company (a mutual fund).

The investment objective of the Fund is to provide current income exempt from federal income tax and personal income taxes imposed by the state of Tennessee and Tennessee municipalities. The Fund invests primarily in a portfolio of municipal securities which are exempt from federal income tax and personal income taxes imposed by the state of Tennessee and Tennessee municipalities ("Tennessee Municipal Securities"). These securities include those issued by or on behalf of the state of Tennessee and Tennessee municipalities as well as those issued by states, territories and possessions of the United States that are not issued by or on behalf of Tennessee and its political subdivisions, but which are exempt from Tennessee state income tax.

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

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

The Fund has also filed a Statement of Additional Information dated February 28, 1994 with the Securities and Exchange Commission. The information contained in the Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Statement of Additional Information free of charge, obtain other information, or make inquiries about the Fund by calling Federated Securities Corp. at 1-800-618-8573.

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 February 28, 1994

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SUMMARY OF FUND EXPENSES

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<TABLE>		
<S>		<C>
	ESTIMATED SHAREHOLDER TRANSACTION EXPENSES	
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....		4.00%*
Maximum Sales Load Imposed on Reinvested Dividends		
(as a percentage of offering price).....		None
Deferred Sales Load (as a percentage of the lesser 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 FUND OPERATING EXPENSES**	
	(As a percentage of projected average net assets)	
Management Fee (after waiver) (1).....		0.13%
12b-1 Fees.....		None
Other Expenses (after waiver and reimbursement) (1).....		0.62%
Total Fund Operating Expenses (2).....		0.75%
</TABLE>		

(1) The estimated management fee and other expenses have been reduced to reflect the anticipated voluntary waiver of the investment advisory fee by the

investment adviser and of the administrative personnel and services fee by the administrator. The investment adviser and administrator can terminate this voluntary waiver at any time at their sole discretion. The maximum management fee is 0.75%.

(2) Total Fund operating expenses are estimated to be 1.37% absent the anticipated voluntary waivers detailed in Note (1).

\* During the period from February 1, 1994, through and including September 30, 1994, the maximum sales load imposed on the purchase of shares of the Fund will be 2.00% of the offering price of the shares purchased.

\*\* Expenses in this table are estimated based on expenses expected to be incurred during the fiscal year ending July 31, 1994. During the course of this period, expenses may be more or less than the average amount shown.

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

<TABLE>		
<CAPTION>		
EXAMPLE	1 year	3 years
<S>	<C>	<C>
You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return; (2) redemption at the end of each time period; and (3) payment of the maximum sales load.....	\$47	\$63
</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.

TENNESSEE TAX-FREE BOND FUND  
(A PORTFOLIO OF THE PLANTERS FUNDS)  
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

<TABLE>		
<CAPTION>		
<S>	YEAR ENDED	
	JULY 31,	
	1994*	
	<C>	
NET ASSET VALUE, BEGINNING OF PERIOD	\$	10.50
-----		
INCOME FROM INVESTMENT OPERATIONS		0.19
-----		
Net investment income		
-----		
Net realized and unrealized gain (loss) on investments		0.30
-----		
Total from investment operations		0.49
-----		
LESS DISTRIBUTIONS		
-----		
Dividends to shareholders from net investment income		(0.17)
-----		
NET ASSET VALUE, END OF PERIOD	\$	10.82
-----		
TOTAL RETURN**		4.84%
-----		
RATIOS TO AVERAGE NET ASSETS		
-----		
Expenses		0.60% (a)
-----		
Net investment income		4.22% (a)
-----		
Expense waiver/reimbursement (b)		0.98% (a)
-----		
SUPPLEMENTAL DATA		
-----		
Net assets, end of period (000 omitted)		\$39,670
-----		
Portfolio turnover rate		14 %

</TABLE>

\* Reflects operations for the period from August 30, 1993 (date of initial public investment) to January 31, 1994.

\*\* Based on net asset value, which does not reflect the sales load or contingent deferred sales charge, if applicable.

(a) Computed on an annualized basis.

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

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

#### GENERAL INFORMATION

The Planters Funds (the "Trust") was established as a Massachusetts business trust under a Declaration of Trust dated May 14, 1993. 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. With respect to this Fund, as of the date of this prospectus, the Trustees have not established separate classes of shares.

Shares of the Fund are designed for customers of financial institutions such as broker/dealers, banks, fiduciaries, and investment advisers as a convenient means of accumulating an interest in a professionally managed, non-diversified portfolio investing primarily in Tennessee Municipal Securities. A minimum initial investment of \$1,000 is required. The Fund is not likely to be a suitable investment for non-Tennessee taxpayers or retirement plans since the Fund invests in Tennessee Municipal Securities.

Except as otherwise noted in this prospectus, shares of the Fund are sold at net asset value plus a sales charge and are redeemed at net asset value.

#### INVESTMENT INFORMATION

##### INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide current income exempt from federal income tax and personal income taxes imposed by the state of Tennessee and Tennessee municipalities. The investment objective cannot be changed without approval of a majority of the Fund's shares. 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.

Interest income of the Fund that is exempt from the income tax described above retains its exempt status when distributed to the Fund's shareholders. However, income distributed by the Fund may not necessarily be exempt from state or municipal taxes in states other than Tennessee.

##### INVESTMENT POLICIES

The Fund pursues its investment objective by investing primarily in a portfolio of Tennessee Municipal Securities. As a matter of investment policy, which may not be changed without shareholder approval, under normal market conditions at least 80% of the Fund's income will be exempt from federal income tax (including alternative minimum tax) and personal income tax imposed by the state of Tennessee and Tennessee municipalities. Unless indicated otherwise, the other investment policies of the Fund described below may be changed by the Trustees without approval of shareholders. Shareholders will be notified before any material changes in these policies become effective.

ACCEPTABLE INVESTMENTS. The Tennessee Municipal Securities in which the Fund invests are:

obligations issued by or on behalf of the state of Tennessee, its political subdivisions, or agencies;

debt obligations of any state, territory, or possession of the United States, including the District of Columbia or any political subdivision of any of these; and

participation interests, as described below, in any of the above obligations,

the interest from which is, in the opinion of bond counsel for the issuers or in the opinion of officers of the Fund and/or the investment adviser to the Fund, exempt from both federal income tax and the personal income taxes imposed by the state of Tennessee and Tennessee municipalities.

**CHARACTERISTICS.** The Tennessee Municipal Securities in which the Fund invests are rated "investment grade," i.e., Baa or above by Moody's Investor Service, Inc. ("Moody's") or BBB or above by Standard & Poor's Corporation ("S&P") or Fitch Investors Service, Inc. ("Fitch"). A description of the rating categories is contained in the Appendix to the Statement of Additional Information. In certain cases, the Fund's adviser may choose bonds that are unrated if it judges the bonds to be of comparable quality to one of the foregoing rating categories. Bonds rated "BBB" by S&P or "Baa" by Moody's have speculative characteristics. Changes in economic conditions or other circumstances are more likely to lead to weakened capacity to make principal and interest payments than higher rated bonds. If the Fund purchases an investment grade bond, and the rating of such bond is subsequently downgraded so that the bond is no longer classified as investment grade, the Fund is not required to sell the bond, but will consider whether such action is appropriate. As a matter of investment policy, under normal market conditions, the Fund will invest at least 65% of its assets in bonds.

**PARTICIPATION INTERESTS.** The Fund may purchase participation interests in Tennessee Municipal Securities from financial institutions such as commercial banks, savings and loan associations and insurance companies. These participation 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 financial institutions from which the Fund purchases participation interests frequently provide or secure irrevocable letters of credit or guarantees to assure that the participation interests are of high quality.

**VARIABLE RATE MUNICIPAL SECURITIES.** Some of the Tennessee Municipal Securities which the Fund purchases may have variable interest rates. Variable interest rates are ordinarily based on a published interest rate or interest rate index. Many variable rate municipal securities are subject to payment of principal on demand by the Fund in not more than seven days. All variable rate municipal securities will meet the quality standards for the Fund. The Fund's investment adviser has been instructed by the Trustees to monitor the pricing, quality, and liquidity of the variable rate municipal securities, including participation interests held by the Fund, on the basis of published financial information and reports of the rating agencies and other analytical services.

**MUNICIPAL LEASES.** Municipal leases are obligations issued by state and local governments or authorities to finance the acquisition of equipment and facilities and may be considered to be illiquid. They may take the form of a lease, an installment purchase contract, a conditional sales contract or a participation certificate on any of the above. The lease payments and other rights under the lease provide for and secure the payments on the certificates. Lease obligations may be limited by municipal charter or the nature of the appropriation for the lease. In particular, lease obligations may be subject to periodic appropriation. If the entity does not appropriate funds for future lease payments, the entity cannot be compelled to make such payments. Furthermore, a lease may provide that the certificate trustee cannot accelerate lease obligations upon default. The trustee would only be able to enforce lease payments as they become due. In the event of a default or failure of appropriation, it is unlikely that the trustee would be able to obtain an acceptable substitute source of payment.

If the Fund purchases unrated municipal leases, the Trustees will be responsible for determining on an ongoing basis, the credit quality of such leases and the likelihood that a lease will not be cancelled.

**RESTRICTED AND ILLIQUID SECURITIES.** The Fund may invest in restricted securities. Restricted securities are any securities in which the Fund may otherwise invest pursuant to its investment objective and policies but which are subject to restriction on resale under federal securities laws. To the extent these securities are deemed to be illiquid, the Fund will limit its purchases, together with other securities considered to be illiquid, to 15% of its net assets.

**INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES.** The Fund may invest in the securities of other investment companies, but it will not own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of its total assets in any one investment company, or invest more than 10% of its total assets in investment companies in general. The Fund will invest in other investment companies primarily for the purpose of investing short-term cash which has not yet been invested in other portfolio instruments. The adviser



will waive its investment advisory fee on assets invested in securities of open-end investment companies.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Fund may purchase securities on a when-issued or delayed delivery basis. These transactions are arrangements in which the Fund purchases securities with payment and delivery scheduled for a future time. 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. The Fund normally invests its assets so that at least 80% of its annual interest income is exempt from federal income tax and the personal income taxes imposed by the state of Tennessee and Tennessee municipalities and at least 65% of the value of its total assets will be invested in bonds. From time to time, during periods of other than normal market conditions, the Fund may invest in short-term tax exempt or taxable temporary investments. These temporary investments include: notes issued by or on behalf of municipal or corporate issuers; obligations issued or guaranteed by the U.S. government, its agencies, or instrumentalities; other debt securities; commercial paper; certificates of deposit of banks; and repurchase agreements (arrangements in which the organization selling the Fund a bond or temporary investment agrees at the time of sale to repurchase it at a mutually agreed upon time and price).

The investment adviser will limit temporary investments to those rated within the investment grade categories described under "Acceptable Investments--Characteristics" (if rated) or of comparable quality (if unrated).

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

#### TENNESSEE MUNICIPAL SECURITIES

Tennessee 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.

Tennessee 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. However, interest on and principal of revenue bonds 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.

#### INVESTMENT RISKS

Yields on municipal securities depend on a variety of factors, including: the general conditions of the short-term municipal bond market and the municipal bond market; the size and maturity of the particular offering; and the rating of the issue. Further, any adverse economic conditions or developments affecting the issuer or its municipalities 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 Tennessee Municipal Securities and participation interests, or the credit enhancers of either, to meet their obligations for the payment of interest and principal when due.

Investing in municipal securities which meet the Fund's quality standards may not be possible if the issuer or its municipalities do not maintain their current credit ratings. In addition, certain constitutional amendments, legislative measures, executive orders, administrative regulations, and voter initiatives could result in adverse consequences affecting municipal securities.

#### 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 investment in a

diversified portfolio of securities 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 intends to comply with Subchapter M of the Internal Revenue Code. This undertaking requires that at the end of each quarter of the taxable year: (a) with regard to at least 50% of the Fund's total assets, no more than 5% of its total assets are invested in the securities of a single issuer; and (b) 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 directly or through reverse repurchase agreements (arrangements in which the Fund sells a portfolio instrument for a percentage of its cash value with an agreement to buy it back on a set date) or pledge securities except, under certain circumstances, the Fund may borrow up to one-third of the value of its total assets and pledge assets as necessary to secure such borrowings.

The above investment limitation cannot be changed without shareholder approval.

#### THE PLANTERS FUNDS INFORMATION

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##### MANAGEMENT OF THE TRUST

**BOARD OF TRUSTEES.** The Trust is managed by a Board of Trustees ("Trustees"). The Trustees are responsible for managing the Trust's business affairs 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 Union Planters National Bank ("Union Planters" or the "adviser"), the Fund's 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 assets of the Fund.

From time to time, to the extent consistent with the objective, policies and restrictions of the Fund, the Fund may invest in securities of issuers with which the adviser has a lending relationship.

**ADVISORY FEES.** The adviser receives an investment advisory fee at an annual rate equal to 0.75% of the Fund's average daily net assets. The fee paid by the Fund, while higher than the advisory fees paid by other mutual funds in general, is comparable to fees paid by other mutual funds with similar objectives and policies. The adviser has undertaken to reimburse the Fund, up to the amount of the advisory fee, for operating expenses in excess of limitations established by certain states. The adviser may voluntarily choose to waive a portion of its fee or reimburse the Fund for certain other expenses, but reserves the right to terminate such waiver or reimbursement at any time at its sole discretion.

**ADVISER'S BACKGROUND.** Founded in 1869, Union Planters, a national banking association, is a wholly-owned subsidiary of Union Planters Corporation (the "Corporation") a multi-bank holding company headquartered in Memphis, Tennessee. Union Planters is a commercial bank offering a wide range of banking services to its customers. The adviser has been managing trust assets for over 80 years. As of December 31, 1992, the Trust Group of Union Planters had approximately \$900 million under administration, of which it had investment discretion over approximately \$490 million. The adviser has served as investment adviser to the Fund since its inception.

**PORTFOLIO MANAGERS.** The following individuals are primarily responsible for the day-to-day management of the Fund's portfolio:

Robert G. L. Eason, Vice President and Senior Fixed Income Portfolio Manager of Union Planters since 1989. From 1983-1989, Mr. Eason was Portfolio Manager at First Tennessee National Bank.

P. Thomas Dorian, Senior Vice President of Union Planters since 1989. From 1987-1989, Mr. Dorian was Vice President of Union Planters. Mr. Dorian has been a Chartered Financial Analyst since 1985.

DISTRIBUTION OF FUND SHARES

Federated Securities Corp. ("FSC") is the principal distributor for shares of the Fund. FSC is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. FSC is a subsidiary of Federated Investors.

ADMINISTRATIVE ARRANGEMENTS. The distributor may pay financial institutions such as banks, fiduciaries, custodians for public funds, investment advisers and broker-dealers a fee based upon the average net asset value of shares of their customers invested in the Fund for providing administrative services. Administrative services may include, but are not limited to, the following functions: providing office space, equipment, telephone facilities, and various personnel including clerical, supervisory, and computer 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 Funds; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as the Fund reasonably requests. This fee, if paid, will be reimbursed by the adviser and not 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 most securities. In the event the Glass-Steagall Act is deemed to prohibit depository institutions from acting in the administrative capacities described above or should Congress relax current restrictions on depository institutions the Trustees will consider appropriate changes in the services.

ADMINISTRATION OF THE FUND

ADMINISTRATIVE SERVICES. Federated Administrative Services ("FAS"), Pittsburgh, Pennsylvania, a subsidiary of Federated Investors, provides the Fund with certain administrative personnel and services necessary to operate the Fund, such as legal and accounting services. FAS provides these at an annual rate as specified below:

<TABLE>  
<CAPTION>

MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATE DAILY NET ASSETS OF THE TRUST
<C> .150 of 1%	<S> on the first \$250 million
.125 of 1%	on the next \$250 million
.100 of 1%	on the next \$250 million
.075 of 1%	on assets in excess of \$750 million

</TABLE>

The administrative fee received during any fiscal year shall be at least \$120,000 per Fund. FAS may voluntarily choose to waive a portion of its fee.

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

TRANSFER AGENT, DIVIDEND DISBURSING AGENT AND PORTFOLIO ACCOUNTING SERVICES. Federated Services Company, Pittsburgh, Pennsylvania, a subsidiary of Federated Investors, is transfer agent and dividend disbursing agent for the Fund. It also provides certain accounting and recordkeeping services with respect to the Fund's portfolio investments.

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

INDEPENDENT AUDITORS. The independent auditors for the Fund are Price Waterhouse, Boston, Massachusetts.

EXPENSES OF THE FUND

The Fund pays all of its own expenses and its allocable share of Trust expenses. The expenses borne by the Fund include, but are not limited to, the costs of: organizing the Trust and continuing its existence; Trustees' fees; investment advisory and administrative services; printing prospectuses and other Fund documents for shareholders; registering the Trust, the Fund and shares of the Fund; taxes and commissions; issuing, purchasing, repurchasing, and redeeming shares; fees for custodian, transfer agent, dividend disbursing agent, shareholder servicing agents, and registrars; printing, mailing, auditing, accounting, and legal expenses; reports to shareholders and government agencies; meetings of Trustees and shareholders and proxy solicitations therefor; insurance premiums; association membership dues; and such nonrecurring and extraordinary items as may arise.

NET ASSET VALUE

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

INVESTING IN THE FUND

SHARE PURCHASES

Shares are sold on days on which the New York Stock Exchange and the Federal Reserve Wire System are open for business. An individual investor can purchase shares of the Fund by telephoning Union Planters Brokerage Services at 1-800-238-7125 or by calling his financial institution (such as a bank or an investment dealer). Orders through a financial institution are considered received when the Fund is notified of the purchase order. Purchase orders through a registered broker/dealer must be received by the broker before 4:00 p.m. (Eastern time) and must be transmitted by the broker to the Fund before 5:00 p.m. (Eastern time) in order for shares to be purchased at that day's price. Purchase orders through other financial institutions must be received by the financial institution and transmitted to the Fund before 4:00 p.m. (Eastern time) in order for shares to be purchased at that day's price. It is the financial institution's responsibility to transmit orders promptly.

Financial institutions and investment advisers can purchase shares through FSC by calling 1-800-618-8573, such purchase orders must be received by FSC before 4:00 p.m. (Eastern time) in order for shares to be purchased at that day's public offering price. Texas residents must purchase shares of the Fund through FSC at 1-800-618-8573. In connection with the sale of shares, the distributor may, from time to time, offer certain items of nominal value to any shareholder or investor. The Fund reserves the right to reject any purchase request.

Payment may be made by either check or federal funds. Payments should be made to your financial institution, broker/dealer or FSC, as appropriate. 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 before shareholders begin to earn dividends.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in the Fund is \$1,000. Subsequent investments must be in amounts of at least \$100.

WHAT SHARES COST

Shares of the Fund are sold at their net asset value next determined after an order is received plus a sales charge as follows:

<TABLE>  
<CAPTION>

AMOUNT OF TRANSACTION	SALES CHARGE AS A PERCENTAGE OF PUBLIC OFFERING PRICE	SALES CHARGE AS A PERCENTAGE OF NET AMOUNT INVESTED
<S>	<C>	<C>
Less than \$50,000	4.00%	4.17%
\$50,000 but less than \$100,000	3.50%	3.63%
\$100,000 but less than \$250,000	3.00%	3.09%
\$250,000 but less than \$500,000	2.00%	2.04%
\$500,000 but less than \$750,000	1.50%	1.52%
\$750,000 but less than \$1,000,000	1.00%	1.01%
\$1 million or more	0.00%	

</TABLE>

The net asset value is determined at 4:00 p.m. (Eastern 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, Columbus Day, Veterans' Day, Thanksgiving Day and Christmas Day.

During the period from February 1, 1994, through and including September 30, 1994, the maximum sales charge imposed on the purchase of shares of the Fund will be 2.00% of the offering price of the shares purchased.

PURCHASES AT NET ASSET VALUE. Shares of the Fund may be purchased at net asset value, without a sales charge, by Trust customers of Union Planters and employees and retired employees of Union Planters and its affiliates and their spouses and children under 21.

No sales charge is imposed for shares purchased through bank trust departments, investment advisers registered under the Investment Advisers Act of 1940, insurance companies and credit unions. However, investors who purchase shares through a trust department or investment adviser may be charged an additional service fee by that institution.

DEALER CONCESSIONS. For sales of shares of the Fund, a dealer will normally receive up to 85% of the applicable sales charge. Any portion of the sales charge which is not paid to a dealer will be retained by the distributor. However, the distributor, in its sole discretion, may uniformly offer to pay to all dealers selling shares of the Fund, all or a portion of the sales charge it normally retains. If accepted by the dealer, such additional payments will be predicated upon the amount of Fund shares sold.

The sales charge for shares sold other than through registered broker/dealers will be retained by the distributor. The distributor may pay fees to banks out of the sales charge in exchange for sales and/or administrative services performed on behalf of the bank's customers including the initiation of customer accounts and purchases of shares.

#### REDUCING THE SALES CHARGE

The sales charge can be reduced on the purchase of shares of the Fund through:

quantity discounts and accumulated purchases;

signing a 13-month letter of intent; or

using the reinvestment privilege.

QUANTITY DISCOUNTS AND ACCUMULATED PURCHASES. As shown in the table on the previous page, larger purchases reduce the sales charge paid. The Fund will combine purchases of shares made on the same day by the investor, his spouse, and his children under age 21 when it calculates the sales charge.

If an additional purchase of shares is made, the Fund will consider the previous purchases still invested in the Fund. For example, if a shareholder already owns shares having a current value at the public offering price of \$40,000 and purchases \$10,000 more at the current public offering price, the sales charge on the additional purchase according to the schedule now in effect would be 3.50%, not 4.00%.

To receive the sales charge reduction, Federated Securities Corp. must be notified by the shareholder in writing at the time the purchase is made that shares are already owned or that purchases are being combined. The Fund will reduce the sales charge after it confirms the purchases.

LETTER OF INTENT. If a shareholder intends to purchase at least \$100,000 of shares in the Fund over the next 13 months, the sales charge may be reduced by signing a letter of intent to that effect. This letter of intent includes a provision for a sales charge adjustment depending on the amount actually purchased within the 13-month period and a provision for the custodian to hold up to 4.00% of the total amount intended to be purchased in escrow (in shares) until such purchase is completed.

The amount held in escrow will be applied to the shareholder's account at the end of the 13-month period unless the amount specified in the letter of intent is not purchased. In this event, an appropriate number of escrowed shares may be redeemed in order to realize the difference in the sales charge.

This letter of intent will not obligate the shareholder to purchase shares, but if he does, each purchase during the period will be at the sales charge applicable to the total amount intended to be purchased.

This letter may be dated as of a prior date to include any purchases made within the past 90 days towards the dollar fulfillment of the letter of intent. Prior trade prices will not be adjusted.

REINVESTMENT PRIVILEGE. If shares in the Fund have been redeemed, the shareholder has a one-time right, within 30 days, to reinvest the redemption proceeds at the next-determined net asset value without any sales charge. Federated Securities Corp. must be notified by the shareholder in writing or by the shareholder's financial institution of the reinvestment in order to

eliminate a sales charge. If the shareholder redeems shares in the Fund, there may be tax consequences, and exercise of the reinvestment privilege may result in additional tax considerations. Shareholders contemplating such transactions should consult their own tax advisers.

#### CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Fund, Federated Services Company maintains a share account for each shareholder of record. Share certificates are not issued unless requested by contacting your financial institution, broker/dealer or FSC, as appropriate.

Detailed statements that include account balances, information on each purchase or redemption, and a report of dividends are sent to each shareholder.

#### DIVIDENDS AND DISTRIBUTIONS

Dividends are declared and paid monthly to all shareholders invested in the Fund on the record date.

Dividends are declared just prior to determining net asset value. Capital gains realized by the Fund, if any, will be distributed at least once every 12 months. Dividends and capital gains will be reinvested in additional shares on payment dates at the ex-dividend date's net asset value without a sales charge, unless cash payments are requested by writing to your financial institution, broker/dealer or FSC, as appropriate.

#### REDEEMING SHARES

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

BY TELEPHONE. A shareholder may redeem shares by calling his financial institution (such as a bank or an investment dealer) to request the redemption. Shares will be redeemed at the net asset value next determined after the Fund receives the redemption request from the financial institution. Redemption requests through a registered broker/dealer must be received by the broker before 4:00 p.m. (Eastern time) and must be transmitted by the broker to the Fund before 5:00 p.m. (Eastern time) in order for shares to be redeemed at that day's net asset value. Redemption requests through other financial institutions must be received by the financial institution and transmitted to the Fund before 4:00 p.m. (Eastern time) in order for shares to be redeemed at that day's net asset value. 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.

For orders received before 4:00 p.m. (Eastern time), proceeds will normally be wired the next day to the shareholder's account as instructed on the shareholder's authorization form or a check will be sent to the address of record. Proceeds delivered in the form of a check will be sent within seven days after a proper request for redemption has been received, provided the transfer agent has received the purchase price for the shares from the shareholder. Before a financial institution may request redemption by telephone on behalf of a shareholder, an authorization form permitting the Fund to accept redemption requests by telephone must be completed.

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

In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, it is recommended that a redemption request be made in writing and be hand delivered or sent by overnight mail to FSC. If, at any time, the Fund should determine it necessary to terminate or modify this method of redemption, shareholders would be promptly notified.

BY MAIL. Shareholders may redeem shares by sending a written request to FSC as appropriate. The written request should include the shareholder's name, the Fund name, 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 call FSC at 1-800-618-8573 for assistance in redeeming by mail.

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, which is administered by the FDIC;

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

a savings bank or savings and loan association whose deposits are insured by the Savings Association Insurance Fund, 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.

#### 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 the required minimum of \$1,000 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.

#### SHAREHOLDER INFORMATION

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#### VOTING RIGHTS

Each share of the Fund gives the shareholder one vote in Trustee elections and other matters submitted to shareholders for vote. All shares of all classes of each portfolio in the Trust have equal voting rights except that in matters affecting only a particular fund or class, only shares of that fund or class are entitled to vote. As of February 10, 1994, Union Planters National Bank, Memphis, Tennessee, acting in various capacities for numerous accounts, was the owner of record of 3,535,067 shares (95.24%) of the Fund, and therefore, may, for certain purposes, be deemed to control the Fund and be able to affect the outcome of certain matters presented for a vote of shareholders.

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

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

EFFECT OF BANKING LAWS

The Glass-Steagall Act and other banking laws and regulations presently prohibit a bank holding company registered under the Federal Bank Holding Company Act of 1956 or any affiliate thereof from sponsoring, organizing or controlling a registered, open-end investment company continuously engaged in the issuance of its shares, and from issuing, underwriting, selling or distributing securities in general. Such laws and regulations do not prohibit such a holding company or affiliate from acting as investment adviser, transfer agent or custodian to such an investment company or from purchasing shares of such a company as agent for and upon the order of their customers. The Fund's adviser, Union Planters, is subject to such banking laws and regulations.

Union Planters believes that it may perform the investment advisory services for the Fund contemplated by its advisory agreement with the Trust without violating the Glass-Steagall Act or other applicable banking laws or regulations. Changes in either federal or state statutes and regulations relating to the permissible activities of banks and their subsidiaries or affiliates, as well as further judicial or administrative decisions or interpretations of present or future statutes and regulations, could prevent Union Planters from continuing to perform all or a part of the above services for its customers and/or the Fund. In such event, changes in the operation of a Fund may occur, including the possible alteration or termination of any automatic or other Fund share investment or redemption services then being provided by Union Planters, and the Trustees would consider alternative investment advisers and other means of continuing available investment services. It is not expected that existing Fund's shareholders would suffer any adverse financial consequences (if another adviser with equivalent abilities to Union Planters is found) as a result of any of these occurrences.

TAX INFORMATION

FEDERAL INCOME TAX

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

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. Distributions representing net long-term capital gains realized by the Fund, if any, will be taxable as long-term capital gains regardless of the length of time shareholders have held their shares.

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.

STATE OF TENNESSEE TAXES

Under existing Tennessee law, as long as the Fund qualifies as a separate "regulated investment company" under the Code, then the dividends from the Fund are exempt from the Tennessee Individual Income Tax also known as the Hall Income Tax, pursuant to Tennessee Code Annotated Sec. 67-2-104(f) in proportion to the income attributable to interest on bonds or securities of the United States government or any agency or instrumentality thereof or to the bonds of the state of Tennessee, or any county or municipality or political subdivision thereof, including any agency, board, authority or commission of any of the foregoing.

OTHER STATE AND LOCAL TAXES

Income from the Fund is not necessarily free from state income taxes in states other than Tennessee or from personal property taxes. 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

From time to time the Fund advertises total return, yield, and tax-equivalent yield. Total return represents the change, over a specified period of time, in the value of an investment in shares after reinvesting all income and capital gains distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

The yield of the Fund is calculated by dividing the net investment income per



share (as defined by the Securities and Exchange Commission) earned by shares over a thirty-day period by the maximum offering price per share on the last day of the period. This number is then annualized using semi-annual compounding. The tax-equivalent yield of shares is calculated similarly to the yield, but is adjusted to reflect the taxable yield that shares would have had to earn to equal its actual yield, assuming a specific tax rate. The yield and the tax-equivalent yield do not necessarily reflect income actually earned by shares and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

The performance information reflects the effect of the sales load, which, if excluded, would increase the total return, yield, and tax-equivalent yield.

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

TENNESSEE TAX-FREE BOND FUND  
 PORTFOLIO OF INVESTMENTS  
 JANUARY 31, 1994  
 (UNAUDITED)

<TABLE>  
 <CAPTION>

PRINCIPAL AMOUNT <C>	<S>	CREDIT RATING: MOODY'S OR S&P*	VALUE <C>
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MUNICIPAL SECURITIES--100.1%			
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\$ 500,000	Anderson County, TN, 6.30%, Refunding UT GO Bonds, (Rural High School) Callable 1/1/97 @ 102, 7/1/2001	A	\$ 536,370
250,000	Chattanooga--Hamilton County, TN Hospital Authority Revenue, 7.00%, Refunding Bonds, (Enlarger Medical Center), Callable 10/1/96 @ 102, (MBIA Insured), 10/1/97	AAA	278,470
465,000	Chattanooga--Hamilton County, TN Hospital Authority Revenue, 5.50%, Refunding Bonds, (Enlarger Medical Center)/(FSA Insured)/(Original Issue Yield: 5.60%), 10/1/2006	AAA	496,499
1,000,000	Chattanooga--Hamilton County, TN Hospital Authority Revenue, 5.50%, Refunding Bonds, (Enlarger Medical Center), Callable 10/1/2003 @ 102, (FSA Insured)/(Original Issue Yield: 5.85%), 10/1/2013	AAA	1,020,650
1,000,000	Clarksville, TN Electric System Revenue, 5.125%, Refunding and Improvement Bonds, Callable 9/1/2003 @ 102, 9/1/2011	A	998,220
735,000	Clarksville, TN Water, Sewer and Gas Systems, 6.125%, Refunding and Improvement Revenue Bonds, Callable 2/1/2002 @ 102, (Original Issue Yield: 6.15%), 2/1/2007	AAA	812,748
500,000	Clarksville, TN Water, Sewer and Gas Systems, 6.125%, Refunding and Improvement Revenue Bonds, Callable 2/1/2002 @ 102, (MBIA Insured)/(Original Issue Yield: 6.328%), 2/1/2012	AAA	542,760
400,000	Hamblen County, TN Hospital Revenue, 4.90%, UT GO Bonds, Callable 5/1/99 @ 102, (AMBAC Insured), 5/1/2006	AAA	406,064
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</TABLE>

TENNESSEE TAX-FREE BOND FUND

<TABLE>  
 <CAPTION>

PRINCIPAL AMOUNT <C>	<S>	CREDIT RATING: MOODY'S OR S&P*	VALUE <C>
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MUNICIPAL SECURITIES--CONTINUED

\$ 100,000	Hamblen County, TN Hospital Revenue, 5.00%, UT GO Bonds, Callable 5/1/99 @ 102, (AMBAC Insured), 5/1/2007	AAA	\$ 101,509
400,000	Hamilton County, TN Industrial Development Revenue, 9.50%, Refunding Bonds, (Series 1985), Callable 9/1/95 @ 102, 9/1/96 (Escrowed to Maturity)	(AAA)**	448,460
185,000	Jackson, TN Health, Educational and Housing Facilities Revenue, 5.70%, (Jackson--Madison County General Hospital)/(MBIA Insured), 4/1/99	AAA	199,088
1,000,000	Jackson, TN Health, Educational and Housing Facilities Revenue, 5.90%, (Jackson--Madison County General Hospital)/(MBIA Insured), 4/1/2000	AAA	1,093,710
1,250,000	Johnson City, TN Health and Educational Facilities, 6.75%, Refunding and Improvement Revenue Bonds, (Johnson City Med), Callable 7/1/2001 @ 102, (MBIA Insured)/(Original Issue Yield: 6.912%), 7/1/2006	AAA	1,426,538
1,000,000	Knox County, TN Health, Educational and Housing Facilities Revenue, 7.00%, (Fort Sanders Alliance)/(Series C), Callable 1/1/2000 @ 102, (MBIA Insured), 1/1/2008	AAA	1,171,280
280,000	Knox County, TN Health, Educational and Housing Facilities Revenue, 4.85%, Refunding Bonds, (Mercy Health Care System)/(Series B)/(AMBAC Insured)/(Original Issue Yield: 5.00%), 9/1/2000	AAA	291,998
650,000	Knox County, TN Health, Educational and Housing Facilities Revenue, 5.00%, Refunding Bonds, (Fort Sanders Medical Center)/(MBIA Insured)/(Original Issue Yield: 5.05%), 1/1/2001	AAA	680,108
745,000	Knox County, TN Health, Educational and Housing Facilities Revenue, 5.40%, Refunding Bonds, (Fort Sanders Medical Center), Callable 1/1/2002 @ 102, (MBIA Insured)/(Original Issue Yield: 5.50%), 1/1/2005	AAA	786,526

</TABLE>

TENNESSEE TAX-FREE BOND FUND

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PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P*	VALUE
<C>	<S>	<C>	<C>

MUNICIPAL SECURITIES--CONTINUED

\$ 805,000	Knox County, TN Health, Educational and Housing Facilities Revenue, 4.90%, Refunding Bonds, (Fort Sanders Alliance)/(Series A), Callable 1/1/2004 @ 102, (MBIA Insured)/(Original Issue Yield: 5.10%), 1/1/2005	AAA	\$ 820,657
475,000	Knoxville, TN, 5.80%, UT GO Bonds, Refunding and Improvements Revenue, (Series A), Callable 5/1/96 @ 102, 5/1/99	AA-	501,662
1,000,000	Knoxville, TN Natural Gas Revenue, 5.05%, Refunding Bonds, Callable 3/1/2000 @ 102, (Original Issue Yield: 5.10%), 3/1/2008	AA	1,007,870
250,000	Knoxville, TN Water Revenue, 5.20%, Refunding and Improvement Bonds, Callable 3/1/2000 @ 102, (Original Issue Yield: 5.45%), 3/1/2010	AA	251,133
100,000	Madison County, TN, 5.35%, UT GO Bonds, (School Improvements)/(Series A), 8/1/99	A	106,503
1,200,000	Memphis-Shelby County, TN Airport, 6.75%, Refunding Revenue Bonds, (Federal Express Corp.), Callable 9/1/2002 @ 102, 9/1/2012	BBB	1,308,372
600,000	Memphis, TN, Zero Coupon, UT GO Bonds, (Recreational Facilities Improvements)/(Series C), Callable 12/1/95 @ 102, 12/1/2004	AAA	1,288,902

465,000	Memphis, TN Electric System Revenue, 5.00%, Refunding Bonds, (Series A)/(Original Issue Yield: 5.05%), 1/1/99	AA	487,669
490,000	Metropolitan Government Nashville and Davidson County, TN, 6.00%, UT GO Bonds (Public and School Improvements), Callable 3/1/94 @ 102 1/2, 3/1/2000	AA	504,460
100,000	Metropolitan Government Nashville and Davidson County, TN, 4.625%, Refunding UT GO Bonds, (Original Issue Yield: 4.796%), 5/15/2000	AA	103,494

</TABLE>

TENNESSEE TAX-FREE BOND FUND

<TABLE>

<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P*	VALUE
<C>	<S>	<C>	<C>

MUNICIPAL SECURITIES--CONTINUED

\$ 230,000	Metropolitan Government Nashville and Davidson County, TN, 5.25%, Refunding UT GO Bonds, (Original Issue Yield: 5.45%), 5/15/2007	AA	\$ 241,912
1,500,000	Metropolitan Government Nashville and Davidson County, TN Health and Educational Facilities Revenue, 5.20%, Refunding Bonds, (Vanderbilt University), Callable 7/1/2003 @ 102, (Original Issue Yield: 5.55%), 7/1/2018	AA	1,497,870
770,000	Metropolitan Government Nashville and Davidson County, TN Water and Sewer Revenue, 7.25%, Refunding Bonds, Callable 1/1/96 @ 102, 1/1/2006	A	835,573
400,000	Metropolitan Government Nashville and Davidson County, TN Water and Sewer Revenue, 7.30%, Refunding Bonds, Callable 1/1/96 @ 102, 1/1/2008	A	434,432
535,000	Metropolitan Government Nashville and Davidson County, TN Water and Sewer Revenue, 5.50%, Callable 1/1/2002 @ 102, (AMBAC Insured)/(Original Issue Yield: 5.55%), 1/1/2003	AAA	577,169
250,000	Metropolitan Government Nashville and Davidson County, TN Water and Sewer Revenue, 5.75%, Callable 1/1/2002 @ 102, (AMBAC Insured)/(Original Issue Yield: 6.15%), 1/1/2012	AAA	263,505
230,000	Metropolitan Government Nashville and Davidson County, TN Water and Sewer Revenue, 5.20%, Refunding Bonds, (FGIC Insured)/(Original Issue Yield: 5.53%), 1/1/2013	AAA	233,315
1,385,000	Montgomery County, TN Public Building Authority Revenue, 7.50%, Callable 6/15/94 @ 100, (Prudential Insurance Company of America Insured), 12/15/2000	AA+	1,386,953
800,000	Mt. Juliet, TN Public Building Authority Revenue, 7.00%, (Series O), Callable 2/1/2001 @ 102, (MBIA Insured), 2/1/2006	AAA	926,472

</TABLE>

TENNESSEE TAX-FREE BOND FUND

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<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P*	VALUE
<C>	<S>	<C>	<C>

MUNICIPAL SECURITIES--CONTINUED

\$ 1,500,000	Putnam County, TN, 5.125%, UT GO Bonds, (Public Improvements), Callable 4/1/2003 @ 102, (MBIA Insured)/(Original Issue Yield: 5.35%), 4/1/2011	AAA	\$ 1,506,855
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250,000	Putnam County, TN, 5.125%, UT GO Bonds, (Public Improvements), Callable 4/1/2003 @ 102, (MBIA Insured)/ (Original Issue Yield: 5.35%), 4/1/2012	AAA	248,665
220,000	Rutherford County, TN, 5.00%, UT GO Bonds, Cap. Outlay Notes, (School Improvements), 6/1/2000	AA-	231,306
460,000	Rutherford County, TN, 5.10%, UT GO Bonds, Cap. Outlay Notes, (School Improvements), 6/1/2001	AA-	486,464
480,000	Shelby County, TN, 6.20%, Refunding UT GO Bonds, (Series A), Callable 3/1/2000 @ 101 1/2, (Original Issue Yield: 6.30%), 3/1/2006	AA+	522,312
500,000	Shelby County, TN, 5.875%, Refunding UT GO Bonds, (Series B), Callable 3/1/2001 @ 101 1/2, (Original Issue Yield: 5.95%), 3/1/2007	AA+	537,600
500,000	Shelby County, TN, 5.10%, UT GO Bonds, (Public Improvements), Callable 3/1/2001 @ 101, (Original Issue Yield: 5.25%), 3/1/2011	AA+	504,185
1,000,000	Shelby County, TN Health, Educational and Housing Facilities Revenue, 6.00%, (St. Joseph Hospital East, Inc.), Callable 3/1/2005 @ 100, 3/1/2005	AAA	1,116,750
93,000	Shelby County, TN Health, Educational and Housing Facilities Revenue, 6.20%, (Methodist Health System)/ (Series C), (MBIA Insured), 8/1/2013	AAA	93,353
1,250,000	Shelby County, TN Health, Educational and Housing Facilities Revenue, 7.40%, (Methodist Health System)/(Series A), Callable 6/1/98 @ 102, (MBIA Insured), 6/1/2003	AAA	1,427,725

</TABLE>

TENNESSEE TAX-FREE BOND FUND

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PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P*	VALUE
<C>	<S>	<C>	<C>
MUNICIPAL SECURITIES--CONTINUED			
\$ 465,000	Shelby County, TN Health, Educational and Housing Facilities Revenue, 5.00%, Refunding Bonds, (Le Bonhuer Childrens Medical Center)/(Series D)/(MBIA Insured)/ (Original Issue Yield: 5.10%, 8/15/2001	AAA	\$ 488,204
425,000	Tennessee Housing Development Agency, 6.40%, Revenue Bonds, (Homeownership Program--Issue U), 7/1/2000	A+	457,053
430,000	Tennessee Housing Development Agency, 6.90%, Revenue Bonds, (Homeownership Program--Issue U), 7/1/2001 @ 102, 7/1/2005	A+	468,128
1,500,000	Tennessee Housing Development Agency Mortgage, 5.40%, Refunding Revenue Bonds, (Series A), Callable 7/1/2003 @ 102, 7/1/2004	A+	1,581,825
235,000	Tennessee Housing Development Agency Mortgage, 5.65%, Refunding Revenue Bonds, (Series A), Callable 7/1/2003 @ 102, 1/1/2007	A+	236,556
500,000	Tennessee Housing Development Agency Mortgage, 5.70%, Refunding Revenue Bonds, (Series A), Callable 7/1/2003 @ 102, 1/1/2008	A+	505,410
500,000	Tennessee Housing Development Agency Mortgage, 5.70%, Refunding Revenue Bonds, (Series A), Callable 7/1/2003 @ 102, 7/1/2008	A+	505,410
550,000	Tennessee Housing Development Agency Mortgage, 5.85%, Refunding Revenue Bonds, (Series A), Callable 7/1/2003 @ 102, 7/1/2013	A+	559,592
1,000,000	Tennessee State, 6.60%, UT GO Bonds, (Miscellaneous Improvements)/(Series B), Callable 6/1/2001 @ 101 1/2, 6/1/2004	AA+	1,142,700

300,000 Tennessee State, 6.10%, Refunding UT GO Bonds, (Series A), 6/1/2000 AA+ 335,988

</TABLE>

TENNESSEE TAX-FREE BOND FUND

<TABLE>  
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P*	VALUE
<C>	<S>	<C>	<C>
-----			
MUNICIPAL SECURITIES--CONTINUED			
\$ 265,000	Tennessee State, 5.375%, UT GO Bonds, (Public Improvements)/(Series A), Callable 7/1/2002 @ 101 1/2, (Original Issue Yield: 5.45%), 7/1/2003	AA+	\$ 287,498
500,000	Tennessee State, 5.50%, UT GO Bonds, (Public Improvements)/(Series A), Callable 7/1/2002 @ 101 1/2, (Original Issue Yield: 5.65%), 7/1/2005	AA+	540,210
500,000	Tennessee State Local Development Authority, 5.65%, Refunding Revenue Bonds, (Series A), Callable 3/1/2003 @ 102, 3/1/2007	AA-	526,930
195,000	Tennessee State School Board Authority, 5.75%, Refunding Revenue Bonds, Callable 9/13/93 @ 101 1/4, (GO of Auth Insured), 5/1/2006	AA	197,982
1,035,000	Williamson County, TN, 6.00%, Refunding UT GO Bonds, 3/1/2008	AA	1,148,674
	TOTAL MUNICIPAL SECURITIES (IDENTIFIED COST \$38,803,581)		\$ 39,726,296

</TABLE>

\* For explanations of credit ratings, see the Fund's Statement of Additional Information.

\*\* The issuer of this security has placed U.S. government securities in escrow with a trustee. The proceeds from the government securities will be used to pay principal and interest on the security. While this security is unrated, the Fund's managers are of the opinion that it is comparable to the highest quality ratings issued by Moody's or Standard & Pools.

\ The cost of investments for federal income tax purposes amounts to \$38,803,581. The net realized appreciation of investments on a federal income tax basis amounts to \$922,715 which is comprised of \$929,391 appreciation and \$6,676 depreciation at January 31, 1994.

Note: The category of investments is shown as a percentage of net assets (\$39,669,673) at January 31, 1994.

TENNESSEE TAX-FREE BOND FUND

The following abbreviations are used in this portfolio:

- AMBAC--American Municipal Bond Assurance Corporation
- FGIC--Financial Guaranty Insurance Co.
- FSA--Financial Security Assurance
- GO--General Obligation
- MBIA--Municipal Bond Investors Assurance
- UT--Unlimited Tax

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

TENNESSEE TAX-FREE BOND FUND  
(A PORTFOLIO OF THE PLANTERS FUNDS)  
STATEMENT OF ASSETS AND LIABILITIES

JANUARY 31, 1994  
(UNAUDITED)

<S>	<C>	<C>
<b>ASSETS:</b>		
Investments in securities, at value (Note 2A) (identified and tax cost, \$38,803,581)		\$ 39,726,296
Interest receivable		496,082
Receivable for Investments sold		881,618
Receivable for Funds shares sold		318,608
Deferred expenses (Note 2E)		15,637
<b>Total assets</b>		<b>41,438,241</b>
<b>LIABILITIES:</b>		
Payable for investments purchased	\$ 1,502,790	
Payable to bank	147,516	
Payable for Fund shares repurchased	50,339	
Accrued expenses	67,923	
<b>Total liabilities</b>		<b>1,768,568</b>
<b>NET ASSETS for 3,666,098 shares of beneficial interest outstanding</b>		<b>\$ 39,669,673</b>
<b>NET ASSETS CONSIST OF:</b>		
Paid-in capital		\$ 38,703,331
Unrealized appreciation of investments		922,715
Net realized gain on investments		5,447
Undistributed net investment income		38,180
<b>Total</b>		<b>\$ 39,669,673</b>
<b>NET ASSET VALUE, and Redemption Price Per Share</b> ( $\$39,669,673 / 3,666,098$ shares of beneficial interest outstanding)		<b>\$10.82</b>
Computation of Offering Price: Offering price Per Share (100/96 of 10.82)*		\$ 11.27

\*On sales of \$50,000 or more, the offering price is reduced as stated under "What Shares Cost" in the prospectus. During the period from February 1, 1994, through and including September 30, 1994, the maximum sales charge imposed on the purchase of shares of the Fund will be 2% of the offering price of the shares purchased.

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

TENNESSEE TAX-FREE BOND FUND  
(A PORTFOLIO OF THE PLANTERS FUNDS)  
STATEMENT OF OPERATIONS  
FOR THE PERIOD FROM AUGUST 5, 1993  
(START OF BUSINESS) TO JANUARY 31, 1994  
(UNAUDITED)

<S>	<C>	<C>	<C>
<b>INVESTMENT INCOME:</b>			
Interest income (Note 2B)		\$	664,323
<b>EXPENSES--</b>			
Investment advisory fee (Note 5)	\$	103,304	
Administrative personnel and services (Note 5)		50,254	

Custodian expenses (Note 5)		14,088
Transfer and dividend disbursing agent fees (Note 5)		16,833
Recordkeeper fees (Note 5)		24,564
Legal fees		3,426
Insurance premiums		897
Miscellaneous		4,088
Total expenses		217,454
Deduct--		
Waiver of investment advisory fee (Note 5)	\$ 90,600	
Waiver of administrative personnel and services (Note 5)	44,166	134,766
Net expenses		82,688
Net investment income		\$ 581,635
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS--		
Net realized gain on investments (identified cost basis)		5,447
Net change in unrealized appreciation (depreciation) on investments		922,715
Net realized and unrealized gain on investments		928,162
Change in net assets resulting from operations		\$ 1,509,797

</TABLE>

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

TENNESSEE TAX-FREE BOND FUND  
(A PORTFOLIO OF THE PLANTERS FUNDS)  
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>  
<CAPTION>

	PERIOD ENDED JANUARY 31, 1994* (UNAUDITED)
<S>	<C>
INCREASE (DECREASE) IN NET ASSETS:	
OPERATIONS--	
Net investment income	\$ 581,635
Net realized gain on investments transactions (\$5,447 net gain as computed for federal tax purposes) (Note 2C)	5,447
Change in unrealized appreciation of investments	922,715
Change in net assets resulting from operations	1,509,797
DISTRIBUTIONS TO SHAREHOLDERS (NOTE 3)--	
Dividends to shareholders from net investment income	(543,455)
FUND SHARE (PRINCIPAL) TRANSACTIONS (NOTE 4)--	
Proceeds from sale of shares	41,130,119
Net asset value on shares issued to shareholders in payment of dividends declared	95,973
Cost of shares redeemed	(2,522,761)
Change in net assets from Fund share transactions	38,703,331
Change in net assets	39,669,673
NET ASSETS--	

Beginning of period

--

-----  
End of period (including undistributed net investment income of \$38,180)

\$ 39,669,673  
-----

</TABLE>

\* For the period from August 5, 1993 (start of business) to January 31, 1994.

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

TENNESSEE TAX-FREE BOND FUND  
(A PORTFOLIO OF THE PLANTERS FUNDS)  
NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JANUARY 31, 1994  
(UNAUDITED)

-----  
(1) ORGANIZATION

The Planters Funds (the "Trust") is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The financial statements included herein are only those of Tennessee Tax-Free Bond Fund (the "Fund"), a non-diversified portfolio of the Trust. At January 31, 1994 the Trust did not have any other Portfolios effective.

(2) SIGNIFICANT ACCOUNTING POLICIES

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

- A. INVESTMENT VALUATIONS--Municipal bonds are valued at fair value. An independent pricing service values the Fund's municipal bonds taking into consideration yield, stability, risk, quality, coupon, maturity, type of issue, trading characteristics, special circumstances of a security or trading market, and any other factor or market data it deems relevant in determining valuations for normal institutional size trading units of debt securities and does not rely exclusively on quoted prices.

Since the Fund 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 January 31, 1994, 41.9% of the securities in the portfolio of investments were backed by letters of credit or bond insurance of various financial institutions and financial guaranty assurance agencies of various financial institutions. The aggregate percentages by financial institutions ranged from 0.5% to 29.4% 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 Fund's policy to comply with the provisions of the Internal Revenue Code (the "Code") applicable to investment companies and distribute to shareholders each year all of its net income. Accordingly, no provision for federal tax is necessary. Dividends paid by the Fund representing net interest received on tax-exempt municipal securities are not includable by shareholders as gross income for federal income tax purposes, because the Fund intends to meet certain requirements of the Code applicable to regulated investment companies which will enable the Fund to pay tax-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 for the purpose of computing the alternative minimum tax.
- D. WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS--The Fund may engage in when-issued or delayed delivery transactions. To the extent the Fund engages in such transactions, it will do so for the purpose of acquiring portfolio securities consistent with its investment objective and policies and not for the purpose of investment leverage. The Fund will record a when-issued security and the related liability on the trade date. Until the securities are received and paid for, the Fund will maintain security positions such that sufficient liquid assets will be available to make



payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the settlement date.

- E. DEFERRED EXPENSES--The costs incurred by the Fund with respect to the registration of its shares in its first fiscal year, excluding the initial expense of registering the shares, have been deferred and are being amortized using the straight-line method over a period of five years from the Fund's commencement date.
- F. OTHER--Investment transactions are accounted for on the date of the transaction.

(3) DIVIDENDS

Dividends from net investment income are declared and paid monthly. Distributions of any net realized capital gains will be made at least once every twelve months. Dividends and capital gain distributions, if any, are recorded on the ex-dividend date.

(4) SHARES OF BENEFICIAL INTEREST

The Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest (without par value) for each class of shares. At January 31, 1994 capital paid-in aggregated \$38,703,331. Transactions in Fund shares were as follows:

<TABLE>  
<CAPTION>

<S>	ENDED 1/31/94* <C>
Shares outstanding, beginning of period	--
Shares sold	3,894,354
Shares issued to shareholders in payment of dividends declared	9,002
Shares redeemed	(237,258)
Shares outstanding, end of period	3,666,098

</TABLE>

\*The period from August 5, 1994 (start of business) to January 31, 1994.

(5) INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Union Planters National Bank, the Fund's investment adviser ("Adviser"), receives for its services an annual investment advisory fee equal to .75 of 1% of the Fund's average daily net assets. The Adviser has voluntarily agreed to waive a portion of its fee. The Adviser can modify or terminate this voluntary waiver at any time at its sole discretion. For the period ended January 31, 1994, the investment advisor earned \$103,304 of which \$90,600 was voluntarily waived.

Federated Administrative Services ("FAS") provides the Fund with certain administrative personnel and services, and receives for its services an annual fee equal to .150 of 1% on the first \$250 million of average aggregate daily net assets of the Trust; .125 of 1% on the next \$250 million; .100 of 1% on the next \$250 million; and .075 of 1% on average aggregate daily net assets in excess of \$750 million. FAS may voluntarily choose to waive a portion of its fee. For the period ended January 31, 1994, FAS earned \$50,254, of which \$44,166 was voluntarily waived.

For the services to be provided to the Funds pursuant to the Custodian Agreement, the Funds pays State Street Bank (the "Custodian") an annual fee equal to .02 of 1% on the first \$250 million of average aggregate daily net assets of the Trust; .015 of 1% of average aggregate daily net assets from \$250 million to \$500 million; and .01 of 1% of average aggregate daily net assets over \$500 million.

Federated Services Company ("FSC") is transfer agent for the shares of the Funds and dividend disbursing agent for the Funds. It also provides certain accounting and recordkeeping services with respect to the Fund's portfolios of investments.

Certain of the Officers and Trustees of the Fund are Officers and Trustees of

the companies mentioned in this Note to the financial statements.

(6) INVESTMENT TRANSACTIONS

Purchases and sales and maturities of investments excluding short-term securities, for the period ended January 31, 1994 were as follows:

<TABLE>		
<S>		<C>
PURCHASES		\$ 43,346,434
-----		
SALES		\$ 4,445,003
-----		
</TABLE>		

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ADDRESSES

<TABLE>		
<S>	<C>	<C>
	Tennessee Tax-Free Bond Fund	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
-----		
Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
-----		
Investment Adviser	Union Planters National Bank	P.O. Box 387 Memphis, Tennessee 38147
-----		
Custodian	State Street Bank and Trust Company	P.O. Box 8604 Boston, Massachusetts 02266-8604
-----		
Transfer Agent, Dividend Disbursing Agent, and Portfolio Accounting Services	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
-----		
Legal Counsel	Houston, Houston & Donnelly	2510 Centre City Tower Pittsburgh, Pennsylvania 15222
-----		
Legal Counsel	Dickstein, Shapiro & Morin	2101 L Street, N.W. Washington, D.C. 20037
-----		
Independent Auditors	Price Waterhouse	160 Federal Street Boston, Massachusetts 02110
-----		
</TABLE>		

TENNESSEE TAX-FREE  
BOND FUND  
PROSPECTUS

A Non-Diversified Portfolio  
of The Planters Funds  
An Open-End, Management  
Investment Company

February 28, 1994

Union Planters National Bank  
Investment Adviser

[LOGO] FEDERATED SECURITIES CORP.

-----  
Distributor  
A subsidiary of FEDERATED INVESTORS  
LIBERTY CENTER  
FEDERATED INVESTORS TOWER  
PITTSBURGH, PA 15222-3779

3072709A (2/94)

TENNESSEE TAX-FREE BOND FUND  
(A PORTFOLIO OF THE PLANTERS FUNDS)  
STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information should be read with the prospectus of shares of Tennessee Tax-Free Bond Fund (the "Fund") dated February 28, 1994. This Statement is not a prospectus itself. To receive a copy of the prospectus write or call Federated Securities Corp. at 1-800-618-8573.

FEDERATED INVESTORS TOWER  
PITTSBURGH, PENNSYLVANIA 15222-3779

Statement dated February 28, 1994

[LOGO] FEDERATED SECURITIES CORP.

-----  
Distributor  
A subsidiary of FEDERATED INVESTORS

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#### GENERAL INFORMATION ABOUT THE FUND

-----

The Fund is a portfolio in The Planters Funds (the "Trust"). The Trust was established as a Massachusetts business trust under a Declaration of Trust dated May 14, 1993.

#### INVESTMENT OBJECTIVE AND POLICIES

-----

The Fund's investment objective is to provide current income exempt from federal income tax and personal income taxes imposed by the state of Tennessee and Tennessee municipalities. The investment objective cannot be changed without the approval of shareholders.

#### ACCEPTABLE INVESTMENTS

The Fund invests primarily in a portfolio of municipal securities which are exempt from federal income tax and personal income taxes imposed by the state of Tennessee and Tennessee municipalities ("Tennessee Municipal Securities"). The municipal securities in which the Fund invests include those issued by or on behalf of the state of Tennessee and Tennessee municipalities as well as those issued by states, territories, and possessions of the United States which are exempt from federal income tax and personal income taxes imposed by the state of Tennessee and Tennessee municipalities.

#### CHARACTERISTICS

The Tennessee municipal securities in which the Fund invests have the characteristics set forth in the prospectus. If ratings made by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Corporation ("S&P") or Fitch's Investors Service ("Fitch's") change because of changes in those organizations or in their rating systems, the Fund will try to use comparable ratings as standards in accordance with the investment policies described in the Fund's prospectus.

#### TYPES OF ACCEPTABLE INVESTMENTS

Examples of Tennessee municipal securities include:

governmental lease certificates of participation issued by state or municipal authorities where payment is secured by installment payments for equipment, buildings, or other facilities being leased by the state or municipality;

municipal notes and tax-exempt commercial paper;

serial bonds;

tax anticipation notes sold to finance working capital needs of municipalities in anticipation of receiving taxes;

bond anticipation notes sold in anticipation of the issuance of long-term bonds;

pre-refunded municipal bonds whose timely payment of interest and principal is ensured by an escrow of U.S. government obligations; and

general obligation bonds.

#### PARTICIPATION INTERESTS

The financial institutions from which the Fund purchases participation interests frequently provide or secure from another financial institution irrevocable letters of credit or guarantees and give the Fund the right to demand payment of the principal amounts of the participation interests plus accrued interest on short notice (usually within seven days).

#### VARIABLE-RATE MUNICIPAL SECURITIES

Variable interest rates generally reduce changes in the market value of municipal securities from their original purchase prices. Accordingly, as interest rates decrease or increase, the potential for capital appreciation or depreciation is less for variable-rate municipal securities than for fixed-income obligations. Many municipal securities with variable interest rates purchased by the Fund are subject to repayment of principal (usually within seven days) on the Fund's demand. The terms of these variable-rate demand instruments require payment of principal and accrued interest from the issuer of the municipal obligations, the issuer of the participation interests, or a guarantor of either issuer.

#### MUNICIPAL LEASES

In determining the liquidity of municipal lease securities, the adviser, under the authority delegated by the Board of Trustees, will base its determination on the following factors: (a) whether the lease can be terminated by the lessee; (b) the potential recovery, if any, from a sale of the leased property upon termination of the lease; (c) the lessee's general credit strength (e.g., its debt, administrative, economic and financial characteristics, and prospects); (d) the likelihood that the lessee will discontinue appropriating funding for the leased property because the property is no longer deemed essential to its operations (e.g., the potential for an event of nonappropriation); and (e) any credit enhancement or legal recourse provided upon an event of nonappropriation or other termination of the lease.

#### 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 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 assets are marked to market daily and maintained until the transaction is settled. During the current year, the Fund does not anticipate investing more than 20% of its total assets in when-issued and delayed delivery transactions.

#### TEMPORARY INVESTMENTS

From time to time, during periods of other than normal market conditions, the Fund may invest in short-term tax-exempt or taxable temporary investments.

## REPURCHASE AGREEMENTS

The Fund requires its custodian to take possession of the securities subject to repurchase agreements. 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 may only enter into repurchase agreements with banks and other recognized financial institutions such as broker/dealers which are found by the Fund's adviser to be creditworthy pursuant to guidelines established by the Trustees.

From time to time, such as when suitable Tennessee 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 Tennessee municipal securities and thereby reduce the Fund's yield.

## PORTFOLIO TURNOVER

The Fund may trade or dispose of portfolio securities as considered necessary to meet its investment objective. It is not anticipated that the portfolio trading engaged in by the Fund will result in its annual rate of portfolio turnover exceeding 100%.

## INVESTMENT LIMITATIONS

### 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 may be necessary for clearance of purchases and sales of securities.

### ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Fund will not issue senior securities except that the Fund may borrow money in amounts up to one-third of the value of its total assets, including the amounts borrowed. The Fund will not borrow money for investment leverage, but rather as a temporary extraordinary, or emergency measure to facilitate management of the portfolio by enabling the Fund to meet redemption requests when the liquidation of portfolio securities is deemed to be inconvenient or disadvantageous. The Fund will not purchase any securities while borrowings in excess of 5% of its total assets are outstanding.

### PLEDGING ASSETS

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

## 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.

## INVESTING IN COMMODITIES

The Fund will not buy or sell commodities, commodity contracts, or commodity futures contracts.

## INVESTING IN REAL ESTATE

The Fund will not purchase or sell real estate, including limited partnership interests, although it may invest in municipal bonds secured by real estate or interests in real estate.

## LENDING CASH OR SECURITIES

The Fund will not lend any of its assets except portfolio securities up to one-third of the value of its total assets. The Fund may, however, acquire publicly or non-publicly issued municipal bonds or temporary investments or enter into repurchase agreements in accordance with its investment objective, policies and limitations.

## DEALING IN PUTS AND CALLS

The Fund will not buy or sell puts, calls, straddles, spreads, or any combination of these.

## CONCENTRATION OF INVESTMENTS

The Fund will not purchase securities if, as a result of such purchase, 25% or more of the value of its total assets would be invested in any one industry or in industrial development bonds or other securities, the interest upon which is paid from revenues of similar types of projects. However, under other than normal market conditions, the Fund may invest more than 25% of the value of its assets in cash or cash items, securities issued or guaranteed by the U.S. government, its agencies or instrumentalities, or instruments secured by these money market instruments, i.e., repurchase agreements.

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

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

The Fund will not purchase or retain the securities of any issuer if the officers and Trustees of the Fund 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.

## INVESTING IN RESTRICTED SECURITIES

The Fund will not invest more than 10% of its total assets in securities subject to restrictions on resale under the Securities Act of 1933, except for commercial paper issued under Section 4(2) of the Securities Act of 1933 and certain other restricted securities which meet the criteria for liquidity as established by the Board of Trustees.

## INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 15% of its net assets in illiquid obligations, including repurchase agreements providing for settlement in more than seven days after notice, and certain restricted securities not determined by the Trustees to be liquid, including certain municipal leases.

## INVESTING IN NEW ISSUERS

The Fund will not invest more than 5% of the value of its total assets in industrial development bonds where the principal and interest are the responsibility of companies (or guarantors, where applicable) with less than three years of continuous operations, including the operation of any predecessor.

## INVESTING IN MINERALS

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

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

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

For purposes of its policies and limitations, the Fund considers certificates of deposit and demand and time deposits 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 to be cash items.

## INVESTMENT RISKS

The Fund's performance can be expected to be closely tied to the prevailing economic conditions of the state of Tennessee as a whole, its particular

geographic regions, and the industries located within state.

Traditionally divided into three geographic regions, the State's economy has historically been dominated by agriculture in the west, manufacturing in the east, and government in the middle region. Though trade and services have replaced agriculture in terms of total output, manufacturing continues to be the largest single sector of the economy. While the Gross State Product of Tennessee was in excess of \$100 billion in 1991 and the state placed 20th in national rank, manufacturing comprised 24% of total production in that year. The recent decision by Saturn and Nissan to locate automobile production facilities in the state suggests that manufacturing, with its inherent susceptibility to economic downturns, will continue to dominate.

Tennessee's economy experienced many of the problems associated with the national economy during the past recession. Though it consistently remained below the national average, the state's unemployment rate rose significantly during the prior recessionary period. Also, overbuilding of commercial and residential properties in prior years caused the state to experience some difficulties with declining real estate values.

Along with the national economy, Tennessee has recently experienced a slow recovery. Although moderate rates of economic growth in past recoveries along with a steady influx of transplant corporations have helped the state avoid the dramatic "boom and bust" cycle experienced by many sunbelt states, the recent recession did put pressure on governmental receipts and outlays.

The constitution of the state requires a balanced budget. This constraint along with relatively low debt and expenditure per capita ratios has helped the state maintain its current long term bond rating of AAA by S&P and Aaa by Moody's. While Tennessee is one of only nine states which have such ratings, the ability of the state to maintain this rating given the current economic and political environment is by no means certain. Additionally, the ability of the Fund to achieve its investment objective also depends on the continuing ability of the issuers of Tennessee municipal securities and participation interests, or the credit enhancers of either, to meet their obligations for the payment of interest and principal when due.

#### MANAGEMENT OF THE TRUST

##### BOARD OF TRUSTEES

The Trust is managed by a Board of Trustees ("Trustees"). The Trustees are responsible for managing the business affairs of the Trust and for exercising all of the powers of 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.

##### OFFICERS AND TRUSTEES

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

<TABLE>

<CAPTION>

NAME <S>	POSITIONS WITH THE TRUST <C>	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS <C>
John F. Donahue\* Federated Investors Tower Pittsburgh, PA	Chairman and Trustee	Chairman and Trustee, Federated Investors; Chairman and Trustee, Federated Advisers, Federated Management, and Federated Research; Director, AETna Life and Casualty Company; Chief Executive Officer and Director, Trustee, or Managing General Partner of the Funds; formerly, Director, The Standard Fire Insurance Company. Mr. Donahue is the father of J. Christopher Donahue, Vice President and Trustee of the Trust.
John T. Conroy, Jr. Wood/IPC Commercial Development John R. Wood and Associates, Inc., Realtors 3255 Tamiami Trail North Naples, FL	Trustee	President, Investment Properties Corporaton; 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.
Edward C. Gonzales* Federated Investors Tower Pittsburgh, PA	President, Treasurer and Trustee	Vice President, Treasurer, and Trustee, Federated Investors; Vice President and Treasurer, Federated Advisers, Federated Management and Federated Research; Trustee, Federated Services Company; Executive Vice President, Treasurer, and Director, Federated Securities Corp; Chairman, Treasurer, and Trustee, Federated Administrative Services; Trustee of some of the Funds; Vice President and Treasurer of the Funds.
Peter E. Madden 225 Franklin Street Boston, MA	Trustee	Consultant; Trustee, Lahey Clinic Foundation, Inc.; 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, 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.
J. Christopher Donahue* Investors Tower Pittsburgh, PA	Federated Vice President	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management, and Federated Research; President and Trustee, Federated Administrative Services; Trustee, Federated Services Company; President or Vice President of the Funds; Director, Trustee or Managing General Partner of some of the Funds. Mr. Donahue is the son of John F. Donahue, Chairman and Trustee of the Trust.
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.
John W. McGonigle Federated Investors Tower Pittsburgh, PA	Vice President and Assistant Treasurer	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary and Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; Executive Vice President, Secretary, and Director, Federated Administrative Services; Director and Executive Vice President, Federated Securities Corp.; Vice President and Secretary of the Funds.
John A. Staley, IV Federated Investors Tower Pittsburgh, PA	Vice President	Vice President and Trustee, Federated Investors; Executive Vice President, Federated Securities Corp.; President and Trustee, Federated Advisers, Federated Management, and Federated Research; Vice President of the Funds; Director, Trustee, or Managing General Partner of some of the Funds; formerly, Vice President, The Standard Fire Insurance Company and President of its Federated Research Division.
Judy Mackin Federated Investors Tower Pittsburgh, PA	Vice President	Vice President, Federated Administrative Services; Vice President and Assistant Treasurer of some 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.

#### FUND OWNERSHIP

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

#### 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.

#### 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; BankSouth Select Funds; 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 Securities Trust; Federated Income 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; Insight Institutional Series, Inc.; Insurance Management Series; 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; 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.; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; and Trust for U.S. Treasury Obligations.

#### INVESTMENT ADVISORY SERVICES

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##### ADVISER TO THE FUND

The Fund's investment adviser is Union Planters National Bank ("Union Planters" or the "adviser"). Union Planters is a wholly-owned subsidiary of Union Planters Corporation, a multi-bank holding company headquartered in Memphis, Tennessee.

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 Fund.

From time to time, to the extent consistent with the objective, policies and restrictions of the Fund, the Fund may invest in securities of issuers with which the adviser has a lending relationship.

##### ADVISORY FEES

For its advisory services, Union Planters receives an annual investment advisory fee as described in the prospectus.

For the period from August 5, 1993 (start of business) to January 31, 1994, the adviser earned advisory fees of \$103,304, of which \$90,600 was voluntarily waived.

##### 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 2.5% per year of the first \$30 million of average net assets, 2% per year of the next \$70 million of average net assets, and 1.5% per year

of the remaining average net assets, the adviser will reimburse the Trust 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. This arrangement is not part of the advisory contract and may be amended or rescinded in the future.

#### ADMINISTRATIVE SERVICES

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Federated Administrative Services, a subsidiary of Federated Investors, provides administrative personnel and services to the Fund for the fees set forth in the prospectus. John A. Staley, IV, an officer of the Fund, holds approximately 15% of the outstanding common stock and serves as a director of Commercial Data Services, Inc., a company which provides computer processing services to Federated Administrative Services.

For the period from August 5, 1993, (start of business) to January 31, 1994, the administrator earned \$50,254 in administrative costs of which \$44,166 was voluntarily waived.

#### ADMINISTRATIVE ARRANGEMENTS

The distributor may pay financial institutions a fee based upon the average net asset value of shares of their customers for providing administrative services. This fee, if paid, will be reimbursed by the adviser and not the Fund.

#### CUSTODIAN

State Street Bank and Trust company, Boston, Massachusetts, is custodian for the securities and cash of the Fund.

#### 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 adviser will generally use those which 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 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.

From August 5, 1993, (start of business) to January 31, 1994, the Fund paid no commissions on brokerage transactions .

## PURCHASING SHARES

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Shares of the Fund are sold at their net asset value with a sales charge on days the New York Stock Exchange and Federal Reserve Wire System are open for business. The procedure for purchasing shares is explained in the prospectus under "Investing in the Fund."

## DETERMINING NET ASSET VALUE

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Net asset value generally changes each day. The days on which net asset value is calculated for the Fund are described in the prospectus.

## VALUING MUNICIPAL BONDS

The Trustees use an independent pricing service to value municipal bonds. The independent pricing service takes into consideration yield, stability, risk, quality, coupon rate, maturity, type of issue, trading characteristics, special circumstances of a security or trading market, and any other factors or market data it considers relevant in determining valuations for normal institutional size trading units of debt securities, and does not rely exclusively on quoted prices.

## USE OF AMORTIZED COST

The Trustees have decided that the fair value of debt securities authorized to be purchased by the Fund with remaining maturities of 60 days or less at the time of purchase shall be their amortized cost value, unless the particular circumstances of the security indicate otherwise. Under this method, portfolio instruments and assets are valued at the acquisition cost as adjusted for amortization of premium or accumulation of discount rather than at current market value. The Executive Committee continually assesses this method of valuation and recommends changes where necessary to assure that the Fund's portfolio instruments are valued at their fair value as determined in good faith by the Trustees.

## REDEEMING SHARES

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Shares are redeemed at the next computed net asset value after the Fund receives the redemption request. Redemption procedures are explained in the prospectus under "Redeeming Shares." Although Union Planters 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

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

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 Fund will pay all or a portion of the remainder of the redemption in portfolio instruments, valued in the same way as the Fund determines net asset value. The portfolio instruments will be selected in a manner that the Trustees deem fair and equitable. To the extent available, such securities will be readily marketable.

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 transactions costs.

## 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.

#### SHAREHOLDER'S TAX STATUS

No portion of any income dividend paid by the Fund is eligible for the dividends received deduction available to corporations.

#### CAPITAL GAINS

Capital gains or losses may be realized by the Fund on the sale of portfolio securities and as a result of discounts from par value on securities held to maturity. Sales would generally be made because of:

the availability of higher relative yields;

differentials in market values;

new investment opportunities;

changes in creditworthiness of an issuer; or

an attempt to preserve gains or limit losses.

Distributions of long-term capital gains are taxed as such, whether they are taken in cash or reinvested, and regardless of the length of time that the shareholder has owned shares. Any loss by a shareholder on shares held for less than six months and sold after a capital gains distribution will be treated as a long-term capital loss to the extent of the capital gains distribution.

#### TOTAL RETURN

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Cumulative total return reflects the Fund's total performance over a specific period of time. The cumulative total return for the Fund for the period from August 30, 1993, (date of initial public investment) to January 31, 1994 was 4.84%. This total return is representative of only five months of activity since the date of initial public investment.

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

#### YIELD

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The Funds' yield for the thirty-day period ended January 31, 1994, was 4.06% based on offer price.

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

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

#### TAX-EQUIVALENT YIELD

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The Funds' tax-equivalent yield for the thirty-day period ended January 31, 1994 was 6.15%.

The tax-equivalent yield of the Fund is calculated similarly to the yield, but is adjusted to reflect the taxable yield that the Fund would have had to earn to equal its actual yield, assuming a state and federal combined tax rate of 34%, and assuming that income is 100% tax-exempt.

TAX-EQUIVALENCY TABLE

The Fund may also use a tax-equivalency table in advertising and sales literature. The interest earned by the municipal obligations in the Fund's portfolio generally remains free from federal regular income tax, and often is free from taxes imposed by the state of Tennessee and Tennessee municipalities.\* 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.

\* Some portion of the Fund's income may be subject to the federal alternative minimum tax and state and local taxes. However, the Fund has no current intention to generate taxable income.

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
TAXABLE YIELD EQUIVALENT FOR 1994 STATE OF TENNESSEE					
-----					
TAX BRACKET:					
FEDERAL:	15.00%	28.00%	31.00%	36.00%	39.60%
COMBINED FEDERAL AND STATE:	21.00%	34.00%	37.00%	42.00%	45.60%
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JOINT RETURN:	\$1-38,000	\$38,001-91,850	\$91,851-140,000	\$140,001-250,000	OVER \$250,000
SINGLE RETURN:	\$1-22,175	\$22,751-55,100	\$55,101-140,000	\$140,001-250,000	OVER \$250,000
-----					
TAX-EXEMPT YIELD			TAXABLE YIELD EQUIVALENT		
-----					
1.50%	1.90%	2.27%	2.38%	2.59%	2.76%
2.00	2.53	3.03	3.17	3.45	3.68
2.50	3.16	3.79	3.97	4.31	4.60
3.00	3.80	4.55	4.76	5.17	5.51
3.50	4.43	5.30	5.56	6.03	6.43
4.00	5.06	6.06	6.35	6.90	7.35
4.50	5.70	6.82	7.14	7.76	8.27
5.00	6.33	7.58	7.94	8.62	9.19
5.50	6.96	8.33	8.73	9.48	10.11
6.00	7.59	9.09	9.52	10.34	11.03

</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. If you itemize deductions, your taxable yield equivalent will be lower.

The chart above is for illustrative purposes only. It is not an indicator of past or future performance of Fund shares.

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

PERFORMANCE COMPARISONS

The performance of the Fund depends upon such variables as:

- portfolio quality;
- average portfolio maturity;
- type of instruments in which the portfolio is invested;
- changes in interest rates and market value of portfolio securities;
- changes in the Fund's expenses; and
- various other factors.

The Fund's performance fluctuates on a daily basis largely because net earnings and net asset value per share fluctuate daily. Both net earnings and net asset value per share are factors in the computation of yield and total return as

described above.

Investors may use financial publications and/or indices to obtain a more complete view of the Fund's performance. When comparing performance, investors should consider all relevant factors such as the composition of any index used, prevailing market conditions, portfolio comparisons of other funds, and methods used to value portfolio securities and compute offering price. The financial publications and/or indices which the Fund uses in advertising may include:

LIPPER ANALYTICAL SERVICES, INC. ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all capital gains distributions and income dividends and takes into account any change in net asset value over a specific period of time.

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

Advertisements and other sales literature for the Fund may quote total returns which are calculated on non-standardized base periods. The total returns represent the historic change in the value of an investment in the Fund based on monthly reinvestment of dividends over a specified period of time.

Advertisements may quote performance information which does not reflect the effect of the sales load.

#### APPENDIX

#### STANDARD AND POOR'S CORPORATION MUNICIPAL BOND RATINGS

AAA--Debt rated "AAA" has the highest rating assigned by Standard & Poor's Corporation. 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 higher 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.

BBB--Debt rated "BBB" is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

NR--Indicates that no public rating has been requested, that there is insufficient information on which to base a rating, or that S&P does not rate a particular type of obligation as a matter of policy.

Plus (+) or minus (-): The ratings from AA to CCC may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

#### MOODY'S INVESTORS SERVICE, INC., MUNICIPAL BOND RATINGS

Aaa--Bonds which 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 edged." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa--Bonds which 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 which 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 which suggest a susceptibility to impairment sometime in the future.

Baa--Bonds which are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

NR--Not rated by Moody's.

Moody's applies numerical modifiers, 1, 2 and 3 in each generic rating classification from Aa through B in its generic rating category; the modifier 1 indicates that the security ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

#### FITCH INVESTORS SERVICE, INC. LONG-TERM DEBT RATINGS

AAA--Bonds considered to be investment grade and of the highest credit quality. The obligor has an exceptionally strong ability to pay interest and repay principal, which is unlikely to be affected by reasonably foreseeable events.

AA--Bonds considered to be investment grade and of very high quality. The obligor's ability to pay interest and repay principal is very strong, although not quite as strong as bonds rated "AAA". Because bonds rated in the "AAA" and "AA" categories are not significantly vulnerable to foreseeable future developments, short-term debt of these issuers is generally rated F-1+.

A--Bonds considered to be investment grade and of high credit quality. The obligor's ability to pay interest and repay principal is considered to be strong, but may be more vulnerable to adverse changes in economic conditions and circumstances than bonds with higher ratings.

BBB--Bonds considered to be investment grade and of satisfactory credit quality. The obligor's ability to pay interest and repay principal is considered to be adequate. Adverse changes in economic conditions and circumstances, however, are more likely to have adverse impact on these bonds, and therefore, impair timely payment.

NR--NR indicates that Fitch does not rate the specific issue.

Plus (+) or minus (-): Plus and minus signs are used with a rating symbol to indicate the relative position of a credit within the rating category. Plus and minus signs, however, are not used in the "AAA" category.

#### STANDARD AND POOR'S MUNICIPAL NOTE RATINGS

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 LOAN RATINGS

MIG1/VMIG1--This designation denotes best quality. There is a present strong protection by established cash flows, superior liquidity support or demonstrated broadbased access to the market for refinancing.

MIG2/VMIG2--This designation denotes high quality. Margins of protection are ample although not so large as in the preceding group.

#### FITCH INVESTORS SERVICE, INC. SHORT-TERM DEBT RATINGS

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.

#### STANDARD AND POOR'S CORPORATION COMMERCIAL PAPER RATINGS

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



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

MOODY'S INVESTORS SERVICE, INC., COMMERCIAL PAPER RATINGS

PRIME-1--Issuers rated PRIME-1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations. PRIME-1 repayment capacity will normally be evidenced by 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 earning 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.

PRIME-2--Issuers rated PRIME-2 (or related supporting institutions) have a strong capacity for repayment of short-term promissory obligations. This will normally be evidenced by many of the characteristics cited above, but to a lesser degree. Earnings trends and coverage ratios, while sound, will be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

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PART C. OTHER INFORMATION

Item 24. Financial Statements and Exhibits:

- (a) Financial Statements. (Filed in Part A)
- (b) Exhibits:
  - (1) Copy of Declaration of Trust of the Registrant (2);
  - (2) Copy of By-Laws of the Registrant (2);
  - (3) Not applicable;
  - (4) Copy of Specimen Certificate for Shares of Beneficial Interest of the Registrant (2);
  - (5) Conformed Copy of Investment Advisory Contract of the Registrant;+
  - (6)
    - (i) Conformed Copy of the Distributor's Contract/ Administrative Support and Distributor's Contract of the Registrant;+
    - (ii) Conformed Copy of Administrative Services Agreement;+
  - (7) Not applicable;
  - (8) Conformed Copy of Custodian Agreement of the Registrant;+
  - (9) Copy of Transfer Agency and Service Agreement of the Registrant;+
  - (10) Copy of Opinion and Consent of Counsel as to legality of shares being registered (2);
  - (11) Opinion and Consent of Special Counsel (2);
  - (12) Not applicable;
  - (13) Copy of Initial Capital Understanding (2);
  - (14) Copy of Retirement Plan;
  - (15)
    - (i) Copy of Distribution Plan;
    - (ii) Copy of Dealer Agreement;
    - (iii) Copy of 12b-1 Agreement;
  - (16) Schedule for Computation of Fund Performance Data;+
  - (17) Power of Attorney (1).
  - (18) Opinion and Consent of Counsel as to Availability of Rule 485 (b).+

Item 25. Persons Controlled by or Under Common Control with Registrant:

None.

Item 26. Number of Holders of Securities:

Title of Class	Number of Record Holders (as of February 10, 1994)
Tennessee Tax-Free Bond Fund	10

Shares of Beneficial Interest  
(no par value)

+ All exhibits have been filed electronically.

- (1) Response is incorporated by reference to Registrant's Initial Registration Statement on Form N-1A filed June 22, 1993. (File No. 33-49701)
- (2) Response is incorporated by reference to Registrant's Pre-Effective Amendment No. 1 on Form N-1A filed August 11, 1993. (File No. 33-49701)

Item 27. Indemnification: (2)

Item 28. Business and Other Connections of Investment Adviser:

(a) Founded in 1869, Union Planters National Bank, a national banking association, is a wholly-owned subsidiary of Union Planters Corporation (the "Corporation") a multi-bank holding company headquartered in Memphis, Tennessee. Union Planters is a commercial bank offering a wide range of banking services to its customers. The adviser has been managing trust assets for over 80 years. As of December 31, 1993, the Trust Group of Union Planters had approximately \$900 million under administration, of which it had investment discretion over approximately \$490 million.

(b)

Name	Position with the Adviser	Other Substantial Business, Profession, Vocation or Employment
Benjamin W. Rawlins, Jr.	Chairman of the Board, Chief Executive Officer and Director	
J. Armistead Smith	Vice Chairman and Director	
Jackson W. Moore	President and Director	
Robert L. Booth, Jr.	Executive Vice President	
James A. Gurley	Executive Vice President	
Jack W. Parker	Executive Vice President and Chief Financial Officer	
Kenneth W. Plunk	Executive Vice President	
M. Kirk Walters	Senior Vice President, Treasurer, and Chief Accounting Officer	
J. F. Springfield	Secretary and General Counsel	
Albert M. Austin	Director	Chairman, Cannon, Austin and Cannon, Inc.
Marvin E. Bruce	Director	Chairman and Chief Executive Officer, TBC Corporation
George W. Bryan	Director	Senior Vice President, Sara Lee Corporation

2. Response is incorporated by reference to Registrant's Pre-Effective Amendment No. 1 on Form N-1A filed on August 11, 1993. (File No. 33-49701)

Robert B. Colbert, Jr.*	Director	Chairman, Signal Apparel Co., Inc.
Hanford F. Farrell, Jr.	Director	Chairman, Farrell-Cooper Mining Company
James L. Harper**	Director	Partner, Harper-Maes and Associates
C. J. Lawrence, III	Director	President, Lawrence Brothers & Co., Inc.
R. Brad Martin	Director	Chairman and Chief Executive Officer, Proffitts, Inc.
Stanley D. Overton	Director	Vice Chairman, Union Planters National Bank
C. Penn Owen, Jr.	Director	Managing Partner, Bowdre Place
Dr. V. Lane Rawlins	Director	President, Memphis State University
Leslie M. Stratton, III	Director	President, Leslie M. Stratton Company
Mike P. Sturdivant*	Director	President, Due West Gin Co., Inc.
Richard A. Trippeer, Jr.	Director	President, R.A. Trippeer, Inc.
John M. Tully	Director	President, Anderson-Tully Company

\* Director of Union Planters Corporation only.

\*\* Director Union Planters National Bank only.

Item 29. Principal Underwriters:

(a) Federated Securities Corp., the Distributor for shares of the Registrant, also acts as principal underwriter for the following open-end investment companies: A.T. Ohio Tax-Free Money Fund; Alexander Hamilton Funds; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; BankSouth Select Funds; BayFunds; The Biltmore Funds; The Biltmore Municipal Funds; The Boulevard Funds; California Municipal Cash Trust; Cambridge Series 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 Securities Trust; Federated Income 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; Financial Reserves Fund; First Priority Funds; First Union Funds; Fixed Income Securities, Inc.; Fortress Adjustable Rate U.S. Government Fund, Inc.; Fortress Municipal Income Fund, Inc.; Fortress Utility Fund, Inc.; Fountain Square Funds; Fund for U.S. Government Securities, Inc.; Government Income Securities, Inc.; High Yield Cash Trust; Independence One Mutual Funds; Insight Institutional Series, Inc.; Insurance Management Series; Intermediate Municipal Trust; Investment Series Funds, Inc.; Investment Series Trust; Liberty Equity Income Fund, Inc.; Liberty High Income Bond Fund, Inc.; Liberty Municipal Securities Fund, Inc.; Liberty U.S. Government Money Market Trust; Liberty Utility Fund, Inc.; Liquid Cash Trust; Mark Twain Funds; Marshall Funds, Inc.; Money Market Management, Inc.; Money Market Obligations Trust; Money Market Trust; The Monitor Funds; 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; SouthTrust Vulcan Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Tower Mutual Funds; Trademark Funds; Trust for Financial Institutions; Trust for

Government Cash Reserves; Trust for Short-Term U.S. Government Securities; Trust for U.S. Treasury Obligations; Vision Fiduciary Funds, Inc.; and Vision Group of Funds, Inc.

Federated Securities Corp. also acts as principal underwriter for the following closed-end investment company: Liberty Term Trust, Inc.- 1999.

(b)

(1)	(2)	(3)
Name and Principal Business Address	Positions and Offices With Underwriter	Positions and Offices With Registrant
Richard B. Fisher Federated Investors Tower Pittsburgh, PA 15222-3779	Director, Chairman, Chief Executive Officer, Chief Operating Officer, and Asst. Treasurer, Federated Securities Corp.	Vice President
Edward C. Gonzales Federated Investors Tower Pittsburgh, PA 15222-3779	Director, Executive Vice President, and Treasurer, Federated Securities Corp.	President and Treasurer
John W. McGonigle Federated Investors Tower Pittsburgh, PA 15222-3779	Director, Executive Vice President, and Assistant Secretary, Federated Securities Corp.	Vice President and Secretary
John A. Staley, IV Federated Investors Tower Pittsburgh, PA 15222-3779 Name and Principal Business Address	Executive Vice President and Assistant Secretary, Federated Securities Corp. Positions and Offices With Underwriter	Vice President Positions and Offices With Registrant
John B. Fisher Federated Investors Tower Pittsburgh, PA 15222-3779	President-Institutional Sales, Federated Securities Corp.	--
James F. Getz Federated Investors Tower Pittsburgh, PA 15222-3779	President-Broker/Dealer, Federated Securities Corp.	--
Mark R. Gensheimer Federated Investors Tower Pittsburgh, PA 15222-3779	Executive Vice President of Bank/Trust Federated Securities Corp.	--
Mark W. Bloss Federated Investors Tower Pittsburgh, PA 15222-3779	Senior Vice President, Federated Securities Corp.	--
Theodore Fadool, Jr. Federated Investors Tower Pittsburgh, PA 15222-3779	Senior Vice President, Federated Securities Corp.	--
Bryant R. Fisher Federated Investors Tower Pittsburgh, PA 15222-3779	Senior Vice President, Federated Securities Corp.	--
Christopher T. Fives Federated Investors Tower Pittsburgh, PA 15222-3779	Senior Vice President, Federated Securities Corp.	--
James S. Hamilton Federated Investors Tower Pittsburgh, PA 15222-3779	Senior Vice President, Federated Securities Corp.	--
James M. Heaton Federated Investors Tower Pittsburgh, PA 15222-3779	Senior Vice President, Federated Securities Corp.	--
H. Joseph Kennedy Federated Investors Tower Pittsburgh, PA 15222-3779	Senior Vice President, Federated Securities Corp.	--
Keith Nixon Federated Investors Tower Pittsburgh, PA 15222-3779	Senior Vice President, Federated Securities Corp.	--

Timothy C. Pillion Federated Investors Tower Pittsburgh, PA 15222-3779	Senior Vice President, Federated Securities Corp.	--
James R. Ball Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Richard W. Boyd Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Name and Principal Business Address	Positions and Offices With Underwriter	Positions and Offices With Registrant
Jane E. Broeren-Lambesis Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Mary J. Combs Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
R. Edmond Connell, Jr. Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Laura M. Deger Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Jill Ehrenfeld Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Mark D. Fisher Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Joseph D. Gibbons Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
David C. Glabicki Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Richard C. Gonzales Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Scott A. Hutton Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
William J. Kerns Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
William E. Kugler Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Dennis M. Laffey Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Francis J. Matten, Jr. Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Name and Principal Business Address	Positions and Offices With Underwriter	Positions and Offices With Registrant
Mark J. Miehl Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
J. Michael Miller Federated Investors Tower	Vice President, Federated Securities Corp.	--

Pittsburgh, PA 15222-3779

R. Jeffrey Niss Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Michael P. O'Brien Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Solon A. Person, IV Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Robert F. Phillips Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Eugene B. Reed Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Paul V. Riordan Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Charles A. Robison Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
David W. Spears Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Jeffrey A. Stewart Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Thomas E. Territ Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
William C. Tustin Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Richard B. Watts Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--

Name and Principal Business Address	Positions and Offices With Underwriter	Positions and Offices With Registrant
Philip C. Hetzel Federated Investors Tower Pittsburgh, PA 15222-3779	Assistant Vice President, Federated Securities Corp.	--
Ernest L. Linane Federated Investors Tower Pittsburgh, PA 15222-3779	Assistant Vice President, Federated Securities Corp.	--
S. Elliott Cohan Federated Investors Tower Pittsburgh, PA 15222-3779	Secretary, Federated Securities Corp.	Assistant Secretary

Item 30. Location of Accounts and Records:

All accounts and records required to be maintained by Section 31(a) of the Investment Company Act of 1940 and Rules 31a-1 through 31a-3 promulgated thereunder are maintained at one of the following locations:

Registrant

Federated Services Company ("Transfer Agent, Dividend Disbursing Agent, and Portfolio Recordkeeper")	Federated Investors Tower Pittsburgh, PA 15222-3779
---	--

Federated Administrative Services

("Administrator")

State Street Bank and Trust Company  
("Custodian")

P.O. Box 8604  
Boston, MA 02266-8604

Union Planters National Bank  
("Adviser")

P.O. Box 387  
Memphis, Tennessee 38101

Item 31. Management Services: Not applicable.

Item 32. Undertakings:

Registrant hereby undertakes to comply with the provisions of Section 16(c) of the 1940 Act with respect to the removal of Trustees and the calling of special shareholder meetings by shareholders.

Registrant hereby undertakes to furnish each person to whom a prospectus is delivered with a copy of the Registrant's latest annual report to shareholders, upon request and without charge.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant, THE PLANTERS FUNDS, certifies that it meets all of the requirements for effectiveness of this Amendment to its Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Amendment to its Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Pittsburgh and Commonwealth of Pennsylvania, on the 1st day of March, 1994.

THE PLANTERS FUNDS

BY: /s/Gail Cagney  
Gail Cagney, Assistant Secretary  
Attorney in Fact for John F. Donahue  
March 1, 1994

Pursuant to the requirements of the Securities Act of 1933, this Amendment to its Registration Statement has been signed below by the following person in the capacity and on the date indicated:

NAME	TITLE	DATE
By: /s/Gail Cagney Gail Cagney 1994 ASSISTANT SECRETARY	Attorney In Fact For the Persons Listed Below	March 1,
NAME	TITLE	
John F. Donahue*	Chairman and Trustee (Chief Executive Officer)	
Edward C. Gonzales*	President, Treasurer and Trustee (Principal Financial and Accounting Officer)	
John T. Conroy, Jr.*	Trustee	
William J. Copeland*	Trustee	
James E. Dowd*	Trustee	
Lawrence D. Ellis, M.D.*	Trustee	
Edward L. Flaherty, Jr.*	Trustee	
Peter E. Madden*	Trustee	
Gregor F. Meyer*	Trustee	
Wesley W. Posvar*	Trustee	
Marjorie P. Smuts*	Trustee	

\* By Power of Attorney



HOUSTON, HOUSTON & DONNELLY  
ATTORNEYS AT LAW  
2510 CENTRE CITY TOWER  
PITTSBURGH, PA. 15222

WILLIAM McC. HOUSTON  
FRED CHALMERS HOUSTON, JR.  
THOMAS J. DONNELLY  
JOHN F. MECK

(412) 471-5828  
FAX (412) 471-0736

FRED CHALMERS HOUSTON  
(1914 - 1971)

MARIO SANTILLI, JR.  
THEODORE M. HAMMER

February 22, 1994

The Planters Funds  
Federated Investors Tower  
Pittsburgh, PA 15222-3779

Gentlemen:

As counsel to The Planters Funds ("Trust") we have reviewed Post-effective Amendment No. 1 to the Trust's Registration Statement to be filed with the Securities and Exchange Commission under the Securities Act of 1933 (File No. 33-49701). The subject Post-effective Amendment will be filed pursuant to Paragraph (b) of Rule 485 and become effective pursuant to said Rule immediately upon filing.

Our review also included an examination of other relevant portions of the amended 1933 Act Registration Statement of the Trust and such other documents and records deemed appropriate. On the basis of this review we are of the opinion that Post-effective Amendment No. 1 does not contain disclosures which would render it ineligible to become effective pursuant to Paragraph (b) of Rule 485.

We hereby consent to the filing of this representation letter as a part of the Trust's Registration Statement filed with the Securities and Exchange Commission under the Securities Act of 1933 and as part of any application or registration statement filed under the Securities Laws of the States of the United States.

Very truly yours,

Houston, Houston & Donnelly

By: Thomas J. Donnelly

TJD:heh

The Planters Funds

ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement is made as of this 1st day of June, 1993, between The Planters Funds, a Massachusetts business trust (herein called the "Fund"), and Federated Administrative Services, a Delaware business trust (herein called "FAS").

WHEREAS, the Fund is a Massachusetts business trust, consisting of one or more portfolios, which operates as an open-end management investment company and will so register under the Investment Company Act of 1940; and

WHEREAS, the Fund desires to retain FAS as its Administrator to provide it with administrative services, and FAS is willing to render such services;

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, the parties hereto agree as follows:

1. Appointment of Administrator. The Fund hereby appoints FAS as Administrator of the Fund on the terms and conditions set forth in this agreement; and FAS hereby accepts such appointment and agrees to perform the services and duties set forth in Section 2 of this Agreement in consideration of the compensation provided for in Section 4 hereof.

2. Services and Duties. As Administrator, and subject to the supervision and control of the Fund's Board of Trustees, FAS will provide facilities, equipment, and personnel to carry out the following administrative services for operation of the business and affairs of the Fund and each of its portfolios:

(a) prepare, file, and maintain the Fund's governing documents, including the Declaration of Trust (which has already been prepared and filed), the By-laws and minutes of meetings of Trustees and shareholders;

(b) prepare and file with the Securities and Exchange Commission and the appropriate state securities authorities the registration statements for the Fund and the Fund's shares and all amendments thereto, reports to regulatory authorities and shareholders, prospectuses, proxy statements, and such other documents, all as may be necessary to enable the Fund to make a continuous offering of its shares;

(c) prepare, negotiate, and administer contracts on behalf of the Fund with, among others, the Fund's investment adviser, distributor, custodian, and transfer agent;

(d) supervise the Fund's custodian in the maintenance of the Fund's general ledger and in the preparation of the Fund's financial statements, including oversight of expense accruals and payments, of the determination of the net asset value of the Fund, and of the declaration and payment of dividends and other distributions to shareholders;

(e) calculate performance data of the Fund for dissemination to information services covering the investment company industry;

(f) prepare and file the Fund's tax returns;

(g) examine and review the operations of the Fund's custodian and transfer agent;

(h) coordinate the layout and printing of publicly disseminated prospectuses and reports;

(i) perform internal audit examinations in accordance with a charter to be adopted by FAS and the Fund;

(j) assist with the design, development, and operation of the Fund;

(k) provide individuals reasonably acceptable to the Fund's Board of Trustees for nomination, appointment, or election as officers of the Fund, who will be responsible for the management of certain of the Fund's affairs as determined by the Fund's Board of Trustees; and

(l) consult with the Fund and its Board of Trustees on matters concerning the Fund and its affairs.

The foregoing, along with any additional services that FAS shall agree in writing to perform for the Fund hereunder, shall hereafter be referred to as "Administrative Services." Administrative Services shall not include any duties, functions, or services to be performed for the Fund by the Fund's investment adviser, distributor, custodian, or transfer agent pursuant to their agreements with the Fund.

3. Expenses. FAS shall be responsible for expenses incurred in providing office space, equipment, and personnel as may be necessary or convenient to provide the Administrative Services to the Fund, including the compensation of FAS employees who serve as Trustees or Officers of the Fund. The Fund shall be responsible for all other expenses incurred by FAS

on behalf of the Fund, including without limitation postage and courier expenses, printing expenses, travel expenses, registration fees, filing fees, fees of outside counsel and independent auditors, insurance premiums, fees payable to trustees who are not FAS employees, and trade association dues.

4. Compensation. For the Administrative Services provided, the Fund hereby agrees to pay and FAS hereby agrees to accept as full compensation for its services rendered hereunder an administrative fee at an annual rate per portfolio of the Fund's shares, payable daily, as specified below:

Maximum Administrative Fee	Average Daily Net Assets of the Portfolios
.15%	on the first \$250 million
.125%	on the next \$250 million
.100%	on the next \$250 million
.075%	on assets in excess of \$750 million

However, in no event shall the administrative fee received during any year of this contract be less than, or be paid at a rate less than would aggregate, \$120,000, per portfolio and \$25,000 for any class of shares added to any portfolio after the date of this Agreement.

5. Responsibility of Administrator.

(a) FAS shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, except a loss resulting from willful misfeasance, bad faith or gross negligence on its part in the performance of its duties or from reckless disregard by it of its obligations and duties under this Agreement. FAS shall be entitled to rely on and may act upon advice of counsel (who may be counsel for the Fund) on all matters, and shall be without liability for any action reasonably taken or omitted pursuant to such advice. Any person, even though also an officer, director, partner, employee or agent of FAS, who may be or become an officer, trustee, employee or agent of the Fund, shall be deemed, when rendering services to the Fund or acting on any business of the Fund (other than services or business in connection with the duties of FAS hereunder) to be rendering such services to or acting solely for the Fund and not as an officer, director, partner, employee or agent or one under the control or direction of FAS even though paid by FAS.

(b) FAS shall be kept indemnified by the Fund and be without liability for any action taken or thing done by it in performing the Administrative Services in accordance with the above

standards. In order that the indemnification provisions contained in this Section 5 shall apply, however, it is understood that if in any case the Fund may be asked to indemnify or save FAS harmless, the Fund shall be fully and promptly advised of all pertinent facts concerning the situation in questions, and it is further understood that FAS will use all reasonable care to identify and notify the Fund promptly concerning any situation which presents or appears likely to present the probability of such a claim for indemnification against the Fund. The Fund shall have the option to defend FAS against any claim which may be the subject of this indemnification. In the event that the Fund so elects it will so notify FAS and thereupon the Fund shall take over complete defense of the claim, and FAS shall in such situation initiate no further legal or other expenses for which it shall seek indemnification under this Section. FAS shall in no case confess any claim or make any compromise in any case in which the Fund will be asked to indemnify FAS except with the Fund's written consent.

6. Duration and Termination.

(a) The initial term of this Agreement shall commence on the date hereof, and extend for a period of five years following the first date upon upon which each of the Fund's Existing Portfolios has sufficient average daily net assets, in each case, such that FAS will begin to earn a sum not less than its minimum ("annualized") administrative fee per Existing Portfolio, pursuant to Section 4(a) of this Agreement ("Initial Term").

(b) During any term of this Agreement, each time the Fund adds a New Portfolio, an additional term shall commence on the first date upon which the New Portfolio has sufficient average daily net asset such that FAS will begin to earn a sum not less than its minimum ("annualized") administrative fee in connection with the New Portfolio pursuant to Section 4(b) of this Agreement ("Additional Term"). Such Additional Term shall extend to the later to occur of (i) the third anniversary of the commence of the additional Term or (ii) the expiration of the Initial Term.

(c) During any term of this Agreement, each time the Fund adds a class of shares to any portfolio, an additional term shall commence on the later to occur of (i) the first date upon which the relevant portfolio has sufficient average daily net assets such that FAS will begin to earn a sum not less than its minimum ("annualized") administrative fee (in the case of an existing to later registration statement or post effective

amendment registering the date class ("Class Term"). Such Class Term shall extend to the later or occur of (i) the third anniversary of the commencement of the Class Term, or (ii) the expiration of the Initial Term.

(d) Upon the expiration of any term, this Agreement shall be automatically renewed each year for an additional term of one year, unless notice termination has been delivered by either party to the other no less than one year before the beginning of any such additional term.

7. Amendment. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which an enforcement of the change, waiver, discharge or termination is sought.

8. Limitations of Liability of Trustees, Officers, Employees, Agents and Shareholders of the Fund. FAS is expressly put on notice of the limitation of liability as set forth in the Declaration of Trust and agrees that the obligations assumed by the Fund pursuant to this Agreement shall be limited in any case to the Fund and its assets and that FAS shall not seek satisfaction of any such obligations from the shareholders of the Fund, the Trustees, officers, employees or agents of the Fund, or any of them.

9. Limitations of Liability of Trustees and Shareholders of FAS. The execution and delivery of this Agreement have been authorized by the Trustees of FAS and signed by an authorized officer of FAS, acting as such, and neither such authorization by such Trustees nor such execution and delivery by such officer shall be deemed to have been made by any of them individually or to impose any liability on any of them personally, and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of FAS, but bind only the trust property of the Trust as provided in the Declaration of Trust.

10. Notices. Notices of any kind to be given in writing (including facsimile communication) and shall be duly given if delivered to the Fund and to its investment adviser at the following address: Union Planters National Bank, P.O. Box 387, Memphis, TN 38101, Attention: Executive Vice President, Trust Group. Notices of any kind to be given to FAS hereunder by the Fund shall be in writing and shall be duly given if delivered to FAS at Federated Investors Tower, Pittsburgh, PA 15222-3779, Attention: President.

11. Miscellaneous. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. If any provision of this Agreement shall be held or made invalid by a court or regulatory agency decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby. Subject to the provisions of Section 5, hereof, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and shall be governed by

Pennsylvania law; provided, however, that nothing herein shall be construed in a manner inconsistent with the Investment Company Act of 1940 or any rule or regulation promulgated by the Securities and Exchange Commission thereunder.

12. Counterparts. This Agreement may be executed by different parties on separate counterparts, each of which, when so executed and delivered, shall be an original, and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their officers designated below as of the day and year first above written.

The Planters Funds

By:/s/ John W. McGonigle  
Title: Vice President

Attest: /s/ David M. Taylor  
Secretary

Federated Administrative Services

By:/s/ James J. Dolan  
Title: President

Attest: /s/ John W. McGonigle  
Secretary



S-K

CUSTODIAN CONTRACT  
Between  
THE PLANTERS FUNDS  
and  
STATE STREET BANK AND TRUST COMPANY

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## CUSTODIAN CONTRACT

This Contract between THE PLANTERS FUNDS, (the "Trust"), a Massachusetts business trust, on behalf of the portfolios (hereinafter collectively called the "Funds" and individually referred to as a "Fund") of the Trust, organized and existing under the laws of the Commonwealth of Massachusetts, having its principal place of business at Federated Investors Tower, Pittsburgh, Pennsylvania, 15222-3779, and STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, having its principal place of business at 225 Franklin Street, Boston, Massachusetts, 02110, hereinafter called the "Custodian",

WITNESSETH: That in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

### 1. Employment of Custodian and Property to be Held by It

The Trust hereby employs the Custodian as the custodian of the assets of each of the Funds of the Trust. Except as otherwise expressly provided

herein, the securities and other assets of each of the Funds shall be segregated from the assets of each of the other Funds and from all other persons and entities. The Trust will deliver to the Custodian all securities and cash owned by the Funds and all payments of income, payments of principal or capital distributions received by them with respect to all securities owned by the Funds from time to time, and the cash consideration received by them for shares ("Shares") of beneficial interest of the Funds as may be issued or sold from time to time. The Custodian shall not be responsible for any property of the Funds held or received by the Funds and not delivered to the Custodian.

Upon receipt of "Proper Instructions" (within the meaning of Section 2.18), the Custodian shall from time to time employ one or more sub-custodians upon the terms specified in the Proper Instructions, provided that the Custodian shall have no more or less responsibility or liability to the Trust or any of the Funds on account of any actions or omissions of any sub-custodian so employed than any such sub-custodian has to the Custodian.

## 2. Duties of the Custodian With Respect to Property of the Funds Held by the Custodian

2.1 Holding Securities. The Custodian shall hold and physically segregate for the account of each Fund all non-cash property, including all securities owned by each Fund, other than securities which are maintained pursuant to Section 2.12 in a clearing agency which acts as a securities depository or in a book-entry system authorized by the U.S. Department of the Treasury, collectively referred to herein as "Securities System", or securities which are subject to a joint repurchase agreement with affiliated funds pursuant to Section 2.14. The Custodian shall maintain records of all receipts, deliveries and locations of such securities, together with a current inventory thereof, and shall conduct periodic physical inspections of certificates representing stocks, bonds and other securities held by it under this Contract in such manner as the Custodian shall determine from time to time to be advisable in order to verify the accuracy of such inventory. With respect to securities held by any agent appointed pursuant to Section 2.11 hereof, and with respect to securities held by any sub-custodian appointed pursuant to Section 1 hereof, the Custodian may rely upon certificates from such agent as to the holdings of such agent and from such sub-custodian as to the holdings of such sub-custodian, it being understood that such reliance

in no way relieves the Custodian of its responsibilities under this Contract. The Custodian will promptly report to the Trust the results of such inspections, indicating any shortages or discrepancies uncovered thereby, and take appropriate action to remedy any such shortages or discrepancies.

2.2 Delivery of Securities. The Custodian shall release and deliver

securities owned by a Fund held by the Custodian or in a Securities System account of the Custodian only upon receipt of Proper Instructions, which may be continuing instructions when deemed appropriate by the parties, and only in the following cases:

- (1) Upon sale of such securities for the account of a Fund and receipt of payment therefor;
- (2) Upon the receipt of payment in connection with any repurchase agreement related to such securities entered into by the Trust;
- (3) In the case of a sale effected through a Securities System, in accordance with the provisions of Section 2.12 hereof;
- (4) To the depository agent in connection with tender or other similar offers for portfolio securities of a Fund, in accordance with the provisions of Section 2.17 hereof;
- (5) To the issuer thereof or its agent when such securities are called, redeemed, retired or otherwise become payable; provided that, in any such case, the cash or other consideration is to be delivered to the Custodian;
- (6) To the issuer thereof, or its agent, for transfer into the name of a Fund or into the name of any nominee or nominees of the Custodian or into the name or nominee name of any agent appointed pursuant to Section 2.11 or into the name or nominee name of any sub-custodian appointed pursuant to Section 1; or for exchange for a different number of bonds, certificates or other evidence representing the same aggregate face amount or number of units; provided that, in any such case, the new securities are to be delivered to the Custodian;
- (7) Upon the sale of such securities for the account of a Fund, to the broker or its clearing agent, against a receipt, for examination in accordance with "street delivery custom"; provided that in any such case, the Custodian shall have no responsibility or liability for any loss arising from the delivery of such securities prior to receiving payment for such securities except as may arise from the Custodian's own failure to act in accordance with the standard of reasonable care or any higher standard of care imposed upon the Custodian by any applicable law or regulation if such above-stated standard of reasonable care were not part of this Contract;
- (8) For exchange or conversion pursuant to any plan of merger, consolidation, recapitalization, reorganization or readjustment of the securities of the issuer of such securities, or pursuant to provisions for conversion contained in such securities, or pursuant to any deposit agreement; provided that, in any such case, the new securities and cash, if any, are to be delivered

to the Custodian;

- (9) In the case of warrants, rights or similar securities, the surrender thereof in the exercise of such warrants, rights or similar securities or the surrender of interim receipts or temporary securities for definitive securities; provided that, in any such case, the new securities and cash, if any, are to be delivered to the Custodian;
- (10) For delivery in connection with any loans of portfolio securities of a Fund, but only against receipt of adequate collateral in the form of (a) cash, in an amount specified by the Trust, (b) certificated securities of a description specified by the Trust, registered in the name of the Fund or in the name of a nominee of the Custodian referred to in Section 2.3 hereof or in proper form for transfer, or (c) securities of a description specified by the Trust, transferred through a Securities System in accordance with Section 2.12 hereof;
- (11) For delivery as security in connection with any borrowings requiring a pledge of assets by a Fund, but only against receipt of amounts borrowed, except that in cases where additional collateral is required to secure a borrowing already made, further securities may be released for the purpose;
- (12) For delivery in accordance with the provisions of any agreement among the Trust or a Fund, the Custodian and a broker-dealer registered under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and a member of The National Association of Securities Dealers, Inc. ("NASD"), relating to compliance with the rules of The Options Clearing Corporation and of any registered national securities exchange, or of any similar organization or organizations, regarding escrow or other arrangements in connection with transactions for a Fund;
- (13) For delivery in accordance with the provisions of any agreement among the Trust or a Fund, the Custodian, and a Futures Commission Merchant registered under the Commodity Exchange Act, relating to compliance with the rules of the Commodity Futures Trading Commission and/or any Contract Market, or any similar organization or organizations, regarding account deposits in connection with transaction for a Fund;
- (14) Upon receipt of instructions from the transfer agent ("Transfer Agent") for a Fund, for delivery to such Transfer Agent or to the holders of shares in connection with distributions in kind, in satisfaction of requests by holders of Shares for repurchase or redemption; and
- (15) For any other proper corporate purpose, but only upon receipt of, in addition to Proper Instructions, a certified copy of a

resolution of the Executive Committee of the Trust on behalf of a Fund signed by an officer of the Trust and certified by its Secretary or an Assistant Secretary, specifying the securities to be delivered, setting forth the purpose for which such delivery is to be made, declaring such purpose to be a proper corporate purpose, and naming the person or persons to whom delivery of such securities shall be made.

- 2.3 Registration of Securities. Securities held by the Custodian (other than bearer securities) shall be registered in the name of a particular Fund or in the name of any nominee of the Fund or of any nominee of the Custodian which nominee shall be assigned exclusively to the Fund, unless the Trust has authorized in writing the appointment of a nominee to be used in common with other registered investment companies affiliated with the Fund, or in the name or nominee name of any agent appointed pursuant to Section 2.11 or in the name or nominee name of any sub-custodian appointed pursuant to Section 1. All securities accepted by the Custodian on behalf of a Fund under the terms of this Contract shall be in "street name" or other good delivery form.
- 2.4 Bank Accounts. The Custodian shall open and maintain a separate bank account or accounts in the name of each Fund, subject only to draft or order by the Custodian acting pursuant to the terms of this Contract, and shall hold in such account or accounts, subject to the provisions hereof, all cash received by it from or for the account of each Fund, other than cash maintained in a joint repurchase account with other affiliated funds pursuant to Section 2.14 of this Contract or by a particular Fund in a bank account established and used in accordance with Rule 17f-3 under the Investment Company Act of 1940, as amended, (the "1940 Act"). Funds held by the Custodian for a Fund may be deposited by it to its credit as Custodian in the Banking Department of the Custodian or in such other banks or trust companies as it may in its discretion deem necessary or desirable; provided, however, that every such bank or trust company shall be qualified to act as a custodian under the 1940 Act and that each such bank or trust company and the funds to be deposited with each such bank or trust company shall be approved by vote of a majority of the Board of Trustees ("Board") of the Trust. Such funds shall be deposited by the Custodian in its capacity as Custodian for the Fund and shall be withdrawable by the Custodian only in that capacity. If requested by the Trust, the Custodian shall furnish the Trust, not later than twenty (20) days after the last business day of each month, an internal reconciliation of the closing balance as of that day in all accounts described in this section to the balance shown on the daily cash report for that day rendered to the Trust.
- 2.5 Payments for Shares. The Custodian shall make such arrangements with the Transfer Agent of each Fund, as will enable the Custodian to receive the cash consideration due to each Fund and will deposit into each Fund's account such payments as are received from the Transfer

Agent. The Custodian will provide timely notification to the Trust and the Transfer Agent of any receipt by it of payments for Shares of the respective Fund.

2.6 Availability of Federal Funds. Upon mutual agreement between the Trust and the Custodian, the Custodian shall make federal funds available to the Funds as of specified times agreed upon from time to time by the Trust and the Custodian in the amount of checks, clearing house funds, and other non-federal funds received in payment for Shares of the Funds which are deposited into the Funds' accounts.

2.7 Collection of Income.

(1) The Custodian shall collect on a timely basis all income and other payments with respect to registered securities held hereunder to which each Fund shall be entitled either by law or pursuant to custom in the securities business, and shall collect on a timely basis all income and other payments with respect to bearer securities if, on the date of payment by the issuer, such securities are held by the Custodian or its agent thereof and shall credit such income, as collected, to each Fund's custodian account. Without limiting the generality of the foregoing, the Custodian shall detach and present for payment all coupons and other income items requiring presentation as and when they become due and shall collect interest when due on securities held hereunder. The collection of income due the Funds on securities loaned pursuant to the provisions of Section 2.2 (10) shall be the responsibility of the Trust. The Custodian will have no duty or responsibility in connection therewith, other than to provide the Trust with such information or data as may be necessary to assist the Trust in arranging for the timely delivery to the Custodian of the income to which each Fund is properly entitled.

(2) The Custodian shall promptly notify the Trust whenever income due on securities is not collected in due course and will provide the Trust with monthly reports of the status of past due income unless the parties otherwise agree.

2.8 Payment of Fund Moneys. Upon receipt of Proper Instructions, which may be continuing instructions when deemed appropriate by the parties, the Custodian shall pay out moneys of each Fund in the following cases only:

(1) Upon the purchase of securities, futures contracts or options on futures contracts for the account of a Fund but only (a) against the delivery of such securities, or evidence of title to futures contracts, to the Custodian (or any bank, banking firm or trust company doing business in the United States or abroad which is qualified under the 1940 Act to act as a custodian and has been designated by the Custodian as its agent for this

purpose) registered in the name of the Fund or in the name of a nominee of the Custodian referred to in Section 2.3 hereof or in proper form for transfer, (b) in the case of a purchase effected through a Securities System, in accordance with the conditions set forth in Section 2.12 hereof or (c) in the case of repurchase agreements entered into between the Trust and any other party, (i) against delivery of the securities either in certificate form or through an entry crediting the Custodian's account at the Federal Reserve Bank with such securities or (ii) against delivery of the receipt evidencing purchase for the account of the Fund of securities owned by the Custodian along with written evidence of the agreement by the Custodian to repurchase such securities from the Fund;

- (2) In connection with conversion, exchange or surrender of securities owned by a Fund as set forth in Section 2.2 hereof;
- (3) For the redemption or repurchase of Shares of a Fund issued by the Trust as set forth in Section 2.10 hereof;
- (4) For the payment of any expense or liability incurred by a Fund, including but not limited to the following payments for the account of the Fund: interest; taxes; management, accounting, transfer agent and legal fees; and operating expenses of the Fund, whether or not such expenses are to be in whole or part capitalized or treated as deferred expenses;
- (5) For the payment of any dividends on Shares of a Fund declared pursuant to the governing documents of the Trust;
- (6) For payment of the amount of dividends received in respect of securities sold short;
- (7) For any other proper purpose, but only upon receipt of, in addition to Proper Instructions, a certified copy of a resolution of the Executive Committee of the Trust on behalf of a Fund signed by an officer of the Trust and certified by its Secretary or an Assistant Secretary, specifying the amount of such payment, setting forth the purpose for which such payment is to be made, declaring such purpose to be a proper purpose, and naming the person or persons to whom such payment is to be made.

2.9 Liability for Payment in Advance of Receipt of Securities Purchased. In any and every case where payment for purchase of securities for the account of a Fund is made by the Custodian in advance of receipt of the securities purchased, in the absence of specific written instructions from the Trust to so pay in advance, the Custodian shall be absolutely liable to the Fund for such securities to the same extent as if the securities had been received by the Custodian.



2.10 Payments for Repurchases or Redemptions of Shares of a Fund. From such funds as may be available for the purpose of repurchasing or redeeming Shares of a Fund, but subject to the limitations of the Declaration of Trust and any applicable votes of the Board of the Trust pursuant thereto, the Custodian shall, upon receipt of instructions from the Transfer Agent, make funds available for payment to holders of shares of such Fund who have delivered to the Transfer Agent a request for redemption or repurchase of their shares including without limitation through bank drafts, automated clearinghouse facilities, or by other means. In connection with the redemption or repurchase of Shares of the Funds, the Custodian is authorized upon receipt of instructions from the Transfer Agent to wire funds to or through a commercial bank designated by the redeeming shareholders.

2.11 Appointment of Agents. The Custodian may at any time or times in its discretion appoint (and may at any time remove) any other bank or trust company which is itself qualified under the 1940 Act and any applicable state law or regulation, to act as a custodian, as its agent to carry out such of the provisions of this Section 2 as the Custodian may from time to time direct; provided, however, that the appointment of any agent shall not relieve the Custodian of its responsibilities or liabilities hereunder.

2.12 Deposit of Fund Assets in Securities System. The Custodian may deposit and/or maintain securities owned by the Funds in a clearing agency registered with the Securities and Exchange Commission ("SEC") under Section 17A of the Exchange Act, which acts as a securities depository, or in the book-entry system authorized by the U.S. Department of the Treasury and certain federal agencies, collectively referred to herein as "Securities System" in accordance with applicable Federal Reserve Board and SEC rules and regulations, if any, and subject to the following provisions:

- (1) The Custodian may keep securities of each Fund in a Securities System provided that such securities are represented in an account ("Account") of the Custodian in the Securities System which shall not include any assets of the Custodian other than assets held as a fiduciary, custodian or otherwise for customers;
- (2) The records of the Custodian with respect to securities of the Funds which are maintained in a Securities System shall identify by book-entry those securities belonging to each Fund;
- (3) The Custodian shall pay for securities purchased for the account of each Fund upon (i) receipt of advice from the Securities System that such securities have been transferred to the Account, and (ii) the making of an entry on the records of the Custodian to reflect such payment and transfer for the account of the Fund. The Custodian shall transfer securities

sold for the account of a Fund upon (i) receipt of advice from the Securities System that payment for such securities has been transferred to the Account, and (ii) the making of an entry on the records of the Custodian to reflect such transfer and payment for the account of the Fund. Copies of all advices from the Securities System of transfers of securities for the account of a Fund shall identify the Fund, be maintained for the Fund by the Custodian and be provided to the Trust at its request. Upon request, the Custodian shall furnish the Trust confirmation of each transfer to or from the account of a Fund in the form of a written advice or notice and shall furnish to the Trust copies of daily transaction sheets reflecting each day's transactions in the Securities System for the account of a Fund.

- (4) The Custodian shall provide the Trust with any report obtained by the Custodian on the Securities System's accounting system, internal accounting control and procedures for safeguarding securities deposited in the Securities System;
- (5) The Custodian shall have received the initial certificate, required by Section 9 hereof;
- (6) Anything to the contrary in this Contract notwithstanding, the Custodian shall be liable to the Trust for any loss or damage to a Fund resulting from use of the Securities System by reason of any negligence, misfeasance or misconduct of the Custodian or any of its agents or of any of its or their employees or from failure of the Custodian or any such agent to enforce effectively such rights as it may have against the Securities System; at the election of the Trust, it shall be entitled to be subrogated to the rights of the Custodian with respect to any claim against the Securities System or any other person which the Custodian may have as a consequence of any such loss or damage if and to the extent that a Fund has not been made whole for any such loss or damage.
- (7) The authorization contained in this Section 2.12 shall not relieve the Custodian from using reasonable care and diligence in making use of any Securities System.

2.13 Segregated Account. The Custodian shall upon receipt of Proper Instructions establish and maintain a segregated account or accounts for and on behalf of each Fund, into which account or accounts may be transferred cash and/or securities, including securities maintained in an account by the Custodian pursuant to Section 2.12 hereof, (i) in accordance with the provisions of any agreement among the Trust, the Custodian and a broker-dealer registered under the Exchange Act and a member of the NASD (or any futures commission merchant registered under the Commodity Exchange Act), relating to compliance with the rules of The Options Clearing Corporation and of any registered national securities exchange (or the Commodity Futures

Trading Commission or any registered contract market), or of any similar organization or organizations, regarding escrow or other arrangements in connection with transactions for a Fund, (ii) for purpose of segregating cash or government securities in connection with options purchased, sold or written for a Fund or commodity futures contracts or options thereon purchased or sold for a Fund, (iii) for the purpose of compliance by the Trust or a Fund with the procedures required by any release or releases of the SEC relating to the maintenance of segregated accounts by registered investment companies and (iv) for other proper corporate purposes, but only, in the case of clause (iv), upon receipt of, in addition to Proper Instructions, a certified copy of a resolution of the Board or of the Executive Committee signed by an officer of the Trust and certified by the Secretary or an Assistant Secretary, setting forth the purpose or purposes of such segregated account and declaring such purposes to be proper corporate purposes.

2.14 Joint Repurchase Agreements. Upon the receipt of Proper Instructions, the Custodian shall deposit and/or maintain any assets of a Fund and any affiliated funds which are subject to joint repurchase transactions in an account established solely for such transactions for the Fund and its affiliated funds. For purposes of this Section 2.14, "affiliated funds" shall include all investment companies and their portfolios for which subsidiaries or affiliates of Federated Investors serve as investment advisers, distributors or administrators in accordance with applicable exemptive orders from the SEC. The requirements of segregation set forth in Section 2.1 shall be deemed to be waived with respect to such assets.

2.15 Ownership Certificates for Tax Purposes. The Custodian shall execute ownership and other certificates and affidavits for all federal and state tax purposes in connection with receipt of income or other payments with respect to securities of a Fund held by it and in connection with transfers of securities.

2.16 Proxies. The Custodian shall, with respect to the securities held hereunder, cause to be promptly executed by the registered holder of such securities, if the securities are registered otherwise than in the name of a Fund or a nominee of a Fund, all proxies, without indication of the manner in which such proxies are to be voted, and shall promptly deliver to the Trust such proxies, all proxy soliciting materials and all notices relating to such securities.

2.17 Communications Relating to Fund Portfolio Securities. The Custodian shall transmit promptly to the Trust all written information (including, without limitation, pendency of calls and maturities of securities and expirations of rights in connection therewith and notices of exercise of call and put options written by the Fund and the maturity of futures contracts purchased or sold by the Fund) received by the Custodian from issuers of the securities

being held for the Fund. With respect to tender or exchange offers, the Custodian shall transmit promptly to the Trust all written information received by the Custodian from issuers of the securities whose tender or exchange is sought and from the party (or his agents) making the tender or exchange offer. If the Trust desires to take action with respect to any tender offer, exchange offer or any other similar transaction, the Trust shall notify the Custodian in writing at least three business days prior to the date on which the Custodian is to take such action. However, the Custodian shall nevertheless exercise its best efforts to take such action in the event that notification is received three business days or less prior to the date on which action is required.

2.18 Proper Instructions. Proper Instructions as used throughout this Section 2 means a writing signed or initialed by one or more person or persons as the Board shall have from time to time authorized. Each such writing shall set forth the specific transaction or type of transaction involved. Oral instructions will be considered Proper Instructions if the Custodian reasonably believes them to have been given by a person previously authorized in Proper Instructions to give such instructions with respect to the transaction involved. The Trust shall cause all oral instructions to be confirmed in writing. Upon receipt of a certificate of the Secretary or an Assistant Secretary as to the authorization by the Board of the Trust accompanied by a detailed description of procedures approved by the Board, Proper Instructions may include communications effected directly between electro-mechanical or electronic devices provided that the Board and the Custodian are satisfied that such procedures afford adequate safeguards for a Fund's assets.

2.19 Actions Permitted Without Express Authority. The Custodian may in its discretion, without express authority from the Trust:

- (1) make payments to itself or others for minor expenses of handling securities or other similar items relating to its duties under this Contract, provided that all such payments shall be accounted for to the Trust in such form that it may be allocated to the affected Fund;
- (2) surrender securities in temporary form for securities in definitive form;
- (3) endorse for collection, in the name of a Fund, checks, drafts and other negotiable instruments; and
- (4) in general, attend to all non-discretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with the securities and property of each Fund except as otherwise directed by the Trust.

2.20 Evidence of Authority. The Custodian shall be protected in acting

upon any instructions, notice, request, consent, certificate or other instrument or paper reasonably believed by it to be genuine and to have been properly executed on behalf of a Fund. The Custodian may receive and accept a certified copy of a vote of the Board of the Trust as conclusive evidence (a) of the authority of any person to act in accordance with such vote or (b) of any determination of or any action by the Board pursuant to the Declaration of Trust as described in such vote, and such vote may be considered as in full force and effect until receipt by the Custodian of written notice to the contrary.

#### 2.21 Reserved.

### 3. Duties of Custodian With Respect to the Books of Account and Calculation of Net Asset Value and Net Income.

The Custodian shall cooperate with and supply necessary information to the entity or entities appointed by the Board of the Trust to keep the books of account of each Fund and/or compute the net asset value per share of the outstanding Shares of each Fund or, if directed in writing to do so by the Trust, shall itself keep such books of account and/or compute such net asset value per share. If so directed, the Custodian shall also calculate daily the net income of a Fund as described in the Fund's currently effective prospectus and Statement of Additional Information ("Prospectus") and shall advise the Trust and the Transfer Agent daily of the total amounts of such net income and, if instructed in writing by an officer of the Trust to do so, shall advise the Transfer Agent periodically of the division of such net income among its various components. The calculations of the net asset value per share and the daily income of a Fund shall be made at the time or times described from time to time in the Fund's currently effective Prospectus.

### 4. Records.

The Custodian shall create and maintain all records relating to its activities and obligations under this Contract in such manner as will meet the obligations of the Trust and the Funds under the 1940 Act, with particular attention to Section 31 thereof and Rules 31a-1 and 31a-2 thereunder, and specifically including identified cost records used for tax purposes. All such records shall be the property of the Trust and shall at all times during the regular business hours of the Custodian be open for inspection by duly authorized officers, employees or agents of the Trust and employees and agents of the SEC. In the event of termination of this Contract, the Custodian will deliver all such records to the Trust, to a successor Custodian, or to such other person as the Trust may direct. The Custodian shall supply daily to the Trust a tabulation of securities owned by a Fund and held by the Custodian and shall, when requested to do so by the Trust and for such compensation as shall be agreed upon between the Trust and the Custodian, include certificate numbers in such tabulations.

5. Opinion of Funds' Independent Auditors.

The Custodian shall take all reasonable action, as the Trust may from time to time request, to obtain from year to year favorable opinions from each Fund's independent auditors with respect to its activities hereunder in connection with the preparation of the Fund's registration statement, periodic reports, or any other reports to the SEC and with respect to any other requirements of such Commission.

6. Reports to Trust by Independent Auditors.

The Custodian shall provide the Trust, at such times as the Trust may reasonably require, with reports by independent auditors for each Fund on the accounting system, internal accounting control and procedures for safeguarding securities, futures contracts and options on futures contracts, including securities deposited and/or maintained in a Securities System, relating to the services provided by the Custodian for the Fund under this Contract; such reports shall be of sufficient scope and in sufficient detail, as may reasonably be required by the Trust, to provide reasonable assurance that any material inadequacies would be disclosed by such examination and, if there are no such inadequacies, the reports shall so state.

7. Compensation of Custodian.

The Custodian shall be entitled to reasonable compensation for its services and expenses as Custodian, as agreed upon from time to time between the Trust and the Custodian.

8. Responsibility of Custodian.

The Custodian shall be held to a standard of reasonable care in carrying out the provisions of this Contract; provided, however, that the Custodian shall be held to any higher standard of care which would be imposed upon the Custodian by any applicable law or regulation if such above stated standard of reasonable care was not part of this Contract. The Custodian shall be entitled to rely on and may act upon advice of counsel (who may be counsel for the Trust) on all matters, and shall be without liability for any action reasonably taken or omitted pursuant to such advice, provided that such action is not in violation of applicable federal or state laws or regulations, and is in good faith and without negligence. Subject to the limitations set forth in Section 15 hereof, the Custodian shall be kept indemnified by the Trust but only from the assets of the Fund involved in the issue at hand and be without liability for any action taken or thing done by it in carrying out the terms and provisions of this Contract in accordance with the above standards.

In order that the indemnification provisions contained in this Section 8 shall apply, however, it is understood that if in any case the Trust may be asked to indemnify or save the Custodian harmless, the Trust shall be fully and promptly advised of all pertinent facts concerning the



situation in question, and it is further understood that the Custodian will use all reasonable care to identify and notify the Trust promptly concerning any situation which presents or appears likely to present the probability of such a claim for indemnification. The Trust shall have the option to defend the Custodian against any claim which may be the subject of this indemnification, and in the event that the Trust so elects it will so notify the Custodian and thereupon the Trust shall take over complete defense of the claim, and the Custodian shall in such situation initiate no further legal or other expenses for which it shall seek indemnification under this Section. The Custodian shall in no case confess any claim or make any compromise in any case in which the Trust will be asked to indemnify the Custodian except with the Trust's prior written consent.

Notwithstanding the foregoing, the responsibility of the Custodian with respect to redemptions effected by check shall be in accordance with a separate Agreement entered into between the Custodian and the Trust.

If the Trust requires the Custodian to take any action with respect to securities, which action involves the payment of money or which action may, in the reasonable opinion of the Custodian, result in the Custodian or its nominee assigned to a Fund being liable for the payment of money or incurring liability of some other form, the Custodian may request the Trust, as a prerequisite to requiring the Custodian to take such action, to provide indemnity to the Custodian in an amount and form satisfactory to the Custodian.

Subject to the limitations set forth in Section 15 hereof, the Trust agrees to indemnify and hold harmless the Custodian and its nominee from and against all taxes, charges, expenses, assessments, claims and liabilities (including counsel fees) (referred to herein as authorized charges) incurred or assessed against it or its nominee in connection with the performance of this Contract, except such as may arise from it or its nominee's own failure to act in accordance with the standard of reasonable care or any higher standard of care which would be imposed upon the Custodian by any applicable law or regulation if such above-stated standard of reasonable care were not part of this Contract. To secure any authorized charges and any advances of cash or securities made by the Custodian to or for the benefit of a Fund for any purpose which results in the Fund incurring an overdraft at the end of any business day or for extraordinary or emergency purposes during any business day, the Trust hereby grants to the Custodian a security interest in and pledges to the Custodian securities held for the Fund by the Custodian, in an amount not to exceed 10 percent of the Fund's gross assets, the specific securities to be designated in writing from time to time by the Trust or the Fund's investment adviser. Should the Trust fail to make such designation, or should it instruct the Custodian to make advances exceeding the percentage amount set forth above and should the Custodian do so, the Trust hereby agrees that the Custodian shall have a security interest in all securities or other property purchased for a Fund with the advances by the Custodian, which securities or property shall be deemed to be pledged to the Custodian, and the written instructions of the Trust instructing their

purchase shall be considered the requisite description and designation of the property so pledged for purposes of the requirements of the Uniform Commercial Code. Should the Trust fail to cause a Fund to repay promptly any authorized charges or advances of cash or securities, subject to the provision of the second paragraph of this Section 8 regarding indemnification, the Custodian shall be entitled to use available cash and to dispose of pledged securities and property as is necessary to repay any such advances.

9. Effective Period, Termination and Amendment.

This Contract shall become effective as of its execution, shall continue in full force and effect until terminated as hereinafter provided, may be amended at any time by mutual agreement of the parties hereto and may be terminated by either party by an instrument in writing delivered or mailed, postage prepaid to the other party, such termination to take effect not sooner than sixty (60) days after the date of such delivery or mailing; provided, however that the Custodian shall not act under Section 2.12 hereof in the absence of receipt of an initial certificate of the Secretary or an Assistant Secretary that the Board of the Trust has approved the initial use of a particular Securities System as required in each case by Rule 17f-4 under the 1940 Act; provided further, however, that the Trust shall not amend or terminate this Contract in contravention of any applicable federal or state regulations, or any provision of the Declaration of Trust, and further provided, that the Trust may at any time by action of its Board (i) substitute another bank or trust company for the Custodian by giving notice as described above to the Custodian, or (ii) immediately terminate this Contract in the event of the appointment of a conservator or receiver for the Custodian by the Comptroller of the Currency or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction.

Upon termination of the Contract, the Trust shall pay to the Custodian such compensation as may be due as of the date of such termination and shall likewise reimburse the Custodian for its costs, expenses and disbursements.

10. Successor Custodian.

If a successor custodian shall be appointed by the Board of the Trust, the Custodian shall, upon termination, deliver to such successor custodian at the office of the Custodian, duly endorsed and in the form for transfer, all securities then held by it hereunder for each Fund and shall transfer to separate accounts of the successor custodian all of each Fund's securities held in a Securities System.

If no such successor custodian shall be appointed, the Custodian shall, in like manner, upon receipt of a certified copy of a vote of the Board of the Trust, deliver at the office of the Custodian and transfer such securities, funds and other properties in accordance with such vote.



In the event that no written order designating a successor custodian or certified copy of a vote of the Board shall have been delivered to the Custodian on or before the date when such termination shall become effective, then the Custodian shall have the right to deliver to a bank or trust company, which is a "bank" as defined in the 1940 Act, doing business in Boston, Massachusetts, of its own selection, having an aggregate capital, surplus, and undivided profits, as shown by its last published report, of not less than \$100,000,000, all securities, funds and other properties held by the Custodian and all instruments held by the Custodian relative thereto and all other property held by it under this Contract for each Fund and to transfer to separate accounts of such successor custodian all of each Fund's securities held in any Securities System. Thereafter, such bank or trust company shall be the successor of the Custodian under this Contract.

In the event that securities, funds and other properties remain in the possession of the Custodian after the date of termination hereof owing to failure of the Trust to procure the certified copy of the vote referred to or of the Board to appoint a successor custodian, the Custodian shall be entitled to fair compensation for its services during such period as the Custodian retains possession of such securities, funds and other properties and the provisions of this Contract relating to the duties and obligations of the Custodian shall remain in full force and effect.

#### 11. Interpretive and Additional Provisions.

In connection with the operation of this Contract, the Custodian and the Trust may from time to time agree on such provisions interpretive of or in addition to the provisions of this Contract as may in their joint opinion be consistent with the general tenor of this Contract. Any such interpretive or additional provisions shall be in a writing signed by both parties and shall be annexed hereto, provided that no such interpretive or additional provisions shall contravene any applicable federal or state regulations or any provision of the Declaration of Trust. No interpretive or additional provisions made as provided in the preceding sentence shall be deemed to be an amendment of this Contract.

#### 12. Massachusetts Law to Apply.

This Contract shall be construed and the provisions thereof interpreted under and in accordance with laws of The Commonwealth of Massachusetts.

#### 13. Notices.

Except as otherwise specifically provided herein, Notices and other writings delivered or mailed postage prepaid to the Trust at Federated Investors Tower, Pittsburgh, Pennsylvania, 15222-3779, or to the Custodian at 225 Franklin Street, Boston, Massachusetts, 02110, or to such other

address as the Trust or the Custodian may hereafter specify, shall be deemed to have been properly delivered or given hereunder to the respective address.

14. Counterparts.

This Contract may be executed simultaneously in two or more counterparts, each of which shall be deemed an original.

15. Limitations of Liability.

The Custodian is expressly put on notice of the limitation of liability as set forth in Article XI of the Declaration of Trust and agrees that the obligations and liabilities assumed by the Trust and any Fund pursuant to this Contract, including, without limitation, any obligation or liability to indemnify the Custodian pursuant to Section 8 hereof, shall be limited in any case to the relevant Fund and its assets and that the Custodian shall not seek satisfaction of any such obligation from the shareholders of the relevant Fund, from any other Fund or its shareholders or from the Trustees, Officers, employees or agents of the Trust, or any of them. In addition, in connection with the discharge and satisfaction of any claim made by the Custodian against the Trust, for whatever reasons, involving more than one Fund, the Trust shall have the exclusive right to determine the appropriate allocations of liability for any such claim between or among the Funds.

IN WITNESS WHEREOF, each of the parties has caused this instrument to be executed in its name and behalf by its duly authorized representative as of the 1st day June, 1993.

ATTEST:

THE PLANTERS FUNDS

/s/ Gail Cagney  
Assistant Secretary

By /s/ Richard B. Fisher  
Vice President

ATTEST

STATE STREET BANK AND TRUST COMPANY

/s/ Edward J. McKenzie  
Assistant Secretary Executive Vice President

By /s/ Ronald E. Logue

S-K

FUND ACCOUNTING  
AND  
SHAREHOLDER RECORDKEEPING AGREEMENT

AGREEMENT made as of the 1st day of June, 1993, by and between THE PLANTERS FUNDS, a Massachusetts business trust, having its principal office and place of business at Federated Investors Tower, Pittsburgh, PA 15222-3779 (the "Trust"), on behalf of the portfolios (individually referred to herein as a "Fund" and collectively as "Funds") of the Trust, and FEDERATED SERVICES COMPANY, a Delaware business trust having its principal office and place of business at Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779 (the "Company").

WHEREAS, the Trust is registered as an open-end management investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), with authorized and issued shares of beneficial interest ("Shares"); and

WHEREAS, the Trust wishes to retain the Company to provide certain pricing, accounting and recordkeeping services for each of the Funds, including any classes of shares issued by any Fund ("Classes"), and the Company is willing to furnish such services; and

WHEREAS, the Trust desires to appoint the Company as its transfer agent, dividend disbursing agent, and agent in connection with certain other activities, and the Company desires to accept such appointment; and

WHEREAS, from time to time the Trust may desire and may instruct the Company to subcontract for the performance of its duties and responsibilities hereunder with State Street Bank and Trust Company or another agent (the "Agent");

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties hereto agree as follows:

SECTION ONE: Fund Accounting.

Article 1. Appointment.

The Trust hereby appoints the Company to provide certain pricing and accounting services to the Funds for the period and on the terms set forth in this Agreement. The Company accepts such appointment and agrees to furnish the services herein set forth in return for the

compensation as provided in Article 3 of this Section.

## Article 2. The Company and Duties.

Subject to the supervision and control of the Trust's Board of Trustees ("Board"), the Company will assist the Trust with regard to portfolio accounting for the Trust and the Funds, and/or the Classes, and in connection therewith undertakes to do the following specific services;

A. Valuing the assets of the Funds and determining the net asset value per share of the outstanding Shares of the Funds and the Classes, at the time and in the manner from time to time determined by the Board of the Trust and as set forth in the prospectus and Statement of Additional Information ("Prospectus");

B. Calculating the net income of the Funds, if any;

C. Calculating capital gains or losses for the Funds from sale or disposition of assets, if any;

D. Maintaining the general ledger and other accounts, books and financial records of the Trust, including for each Fund and Class, as required under Section 31(a) of the 1940 Act and the Rules thereunder in connection with the services provided by the Company;

E. Preserving for the periods prescribed by Rule 31a-2 under the 1940 Act the records to be maintained by Rule 31a-1 under said Act in connection with the services provided by the Company. The Company further agrees that all such records which it maintains for the Trust are the property of the Trust and further agrees to surrender promptly to the Trust such records upon the Trust's request.

F. At the request of the Trust, drafting various reports or other financial documents required by federal, state and other applicable laws and regulations; and

G. Such other similar services as may be reasonably requested by the Trust.

## Article 3. Compensation and Allocation of Expenses.

A. The Funds will compensate the Company for its services rendered pursuant to Section One of this Agreement in accordance with the fees set forth on Fee Schedule A, annexed hereto and incorporated herein. Such fees do not include out-of-pocket disbursements of the Company for which the Company shall be entitled to bill separately. Out-of-pocket disbursements shall include, but shall not be limited to, the items specified in Schedule B, annexed hereto and incorporated herein, which Schedule may be modified by the Company upon not less than thirty days' prior written notice to the Trust.

B. The Company shall not be required to pay any of the following expenses incurred by the Trust, the Funds, or the Classes: custodial expenses; membership dues in the Investment Company Institute or any similar organization; transfer agency expenses; investment advisory expenses; costs of printing and mailing stock certificates, Prospectuses, reports and notices; administrative expenses; interest on borrowed money; brokerage commissions; taxes and fees payable to Federal, state and other governmental agencies; fees of Trustees of the Trust; outside auditing expenses; outside legal expenses; or other expenses not specified in this Article 3 which may be properly payable by the Trust.

C. The Company will invoice the Funds as soon as practicable after the end of each calendar month, and said invoices will be detailed in accordance with Schedule A and Schedule B. The Trust will promptly pay to the Company the amount of such invoice.

D. Any compensation agreed to hereunder may be adjusted from time to time by attaching to Schedule A a revised Schedule A dated and signed by a duly authorized officer of the Trust and a duly authorized officer of the Company.

E. The fee for the period from the effective date of application of this Agreement with respect to a Fund or a Class to the end of the initial month shall be prorated according to the proportion that such period bears to the full month period. Upon any termination of this Agreement before the end of any month, the fee for such period shall be prorated according to the proportion which such period bears to the full month period. For purposes of determining fees payable to the Company, the value of the Fund's net assets shall be computed at the time and in the manner specified in the Fund's Prospectus.

F. The Company in its sole discretion may from time to time employ or associate with itself such person or persons as the Company may believe to be particularly suited to assist it in performing services under this Agreement. Such person or persons may be officers and employees who are employed by both the Company and the Trust. The compensation of such person or persons shall be paid by the Company and no obligation shall be incurred on behalf of the Trust, the Funds, or the Classes in such respect.

SECTION TWO: Shareholder Recordkeeping.

Article 4. Terms of Appointment.

Subject to the terms and conditions set forth in this Agreement, the Trust hereby employs and appoints the Company to act as, and the Company agrees to act as, transfer agent for each Fund's Shares, dividend disbursing agent, and agent in connection with any accumulation, open-account or similar plans provided to the

shareholders of any Fund ("Shareholders"), including without limitation any periodic investment plan or periodic withdrawal program.

Proper Instructions as used throughout Section Two of this Agreement means a writing signed or initialed by one or more person or persons as the Board shall have from time to time authorized. Each such writing shall set forth the specific transaction or type of transaction involved. Oral instructions will be considered Proper Instructions if the Company reasonably believes them to have been given by a person previously authorized in Proper Instructions to give such instructions with respect to the transaction involved. The Trust and the Company shall cause all oral instructions to be confirmed in writing. Proper Instructions may include communications effected directly between electro-mechanical or electronic devices provided that the Trust and the Company are satisfied that such procedures afford adequate safeguards for a Fund's assets. Proper Instructions may only be amended in writing.

#### Article 5. Duties of the Company.

The Company agrees that it will perform the following services in accordance with Proper Instructions as may be provided from time to time by the Trust as to any Fund:

##### A. Purchases

(1) The Company shall receive orders and payment for the purchase of shares and promptly deliver payment and appropriate documentation therefore to the safekeeping custodian of the relevant Fund, (the "Custodian"). The Company shall notify the Trust and the Custodian on a daily basis of the total amount of orders and payments so delivered.

(2) Pursuant to purchase orders and in accordance with the Fund's current Prospectus, the Company shall compute and issue the appropriate number of shares and hold such shares in the appropriate Shareholder accounts.

(3) If a Shareholder or its agent requests a certificate, the Company, as Transfer Agent, shall countersign and mail by first class mail, a certificate to the Shareholder at his address as set forth on the transfer books of the Fund, subject to any Proper Instructions regarding the delivery of certificates.

(4) In the event that any check or other order for the purchase of Shares of the Fund is returned unpaid for any reason, the Company shall debit the Share account of the Shareholder by the number of Shares that had been credited to his account upon receipt of the check or other order, promptly mail a debit advice to the Shareholder, and notify the Trust of its action. In the event that the amount paid for such Shares exceeds proceeds of the redemption

of such Shares plus the amount of any dividends paid with respect to such Shares, the Company will receive reimbursement of such excess from the Fund or its distributor.

## B. Distribution

(1) Upon notification by the Trust of the declaration of any distribution to Shareholders, the Company shall act as Dividend Disbursing Agent for the Fund in accordance with the provisions of its governing document and the then current Prospectus of the Fund and as such shall prepare and mail or credit income, capital gain, or any other payments to Shareholders. As the Dividend Disbursing Agent, the Company shall, on or before the payment date of any such distribution, notify the Custodian of the estimated amount required to pay any portion of said distribution which is payable in cash and request the Custodian to make available sufficient funds for the cash amount to be paid out. The Company shall reconcile the amounts so requested and the amounts actually received with the Custodian on a daily basis. If a Shareholder is entitled to receive additional Shares by virtue of any such distribution or dividend, appropriate credits shall be made to the Shareholder's account and certificates delivered where requested; and

(2) The Company shall maintain records of account for each Fund and advise the Trust and its Shareholders as to the foregoing.

## C. Redemptions and Transfers

(1) The Company shall receive redemption requests and redemption directions and, if such redemption requests comply with the procedures as may be described in the Fund Prospectus or set forth in Proper Instructions, deliver the appropriate instructions therefore to the Custodian. The Company shall notify the Trust on a daily basis of the total amount of redemption requests processed and monies paid to the Company by the Custodian for redemptions.

(2) At the appropriate time as and when it receives monies paid to it by the Custodian with respect to any redemption, the Company shall pay over or cause to be paid over in the appropriate manner such monies as instructed by the redeeming Shareholders, pursuant to procedures described in the then current Prospectus of the Fund.

(3) If any such certificate or request for redemption does not comply with the procedures for redemption approved by the Trust, the Company shall promptly notify the Shareholder of such fact, together with the reason therefor, and shall effect such redemption at the price applicable to the date and time of receipt of documents complying with said procedures.

(4) The Company shall effect transfers of Shares by the registered owners thereof.

(5) The Company shall identify and process abandoned accounts and uncashed checks for state escheat requirements on an annual basis and report such actions to the Trust.

#### D. Recordkeeping

(1) The Company shall record the issuance of shares of the Fund and maintain pursuant to applicable rules of the Securities and Exchange Commission ("SEC") a record of the total number of shares of the Fund which are authorized, based upon data provided to it by the Trust, and issued and outstanding. The Company shall also provide the Trust on a regular basis or upon reasonable request with the total number of Shares which are authorized and issued and outstanding, but shall have no obligation when recording the issuance of Shares, except as otherwise set forth herein, to monitor the issuance of such shares or to take cognizance of any laws relating to the issue or sale of such Shares, which functions shall be the sole responsibility of the Trust.

(2) The Company shall establish and maintain records pursuant to applicable rules of the SEC relating to the services to be performed hereunder in the form and manner as agreed to by the Trust to include a record for each Shareholder's account of the following:

(a) Name, address and tax identifying number (and whether such number has been certified);

(b) Number of Shares held;

(c) Historical information regarding the account, including dividends paid and date and price for all transactions;

(d) Any stop or restraining order placed against the account;

(e) Information with respect to withholdings in the case of a foreign account or an account for which withholding is required by the Internal Revenue Code;

(f) Any dividend reinvestment order, plan application, dividend address and correspondence relating to the current maintenance of the account;

(g) Certificate numbers and denominations for any Shareholder holding certificates;

(h) Any information required in order for the Company to perform the calculations contemplated or required by this Agreement.

(3) The Company shall preserve any such records required to be



maintained pursuant to the rules of the SEC for the periods prescribed in said rules as specifically noted below. Such record retention shall be at the expense of the Fund, and such records may be inspected by the Trust at reasonable times. The Company may, at its option at any time, and shall forthwith upon the Trust's demand, turn over to the Trust and cease to retain in the Company's files, records and documents created and maintained by the Company pursuant to this Agreement, which are no longer needed by the Company in performance of its services or for its protection. If not so turned over to the Trust, such records and documents will be retained by the Company for six years from the year of creation, during the first two of which such documents will be in readily accessible form. At the end of the six year period, such records and documents will either be turned over to the Trust or destroyed in accordance with Proper Instructions.

#### E. Confirmations/Reports

(1) The Company shall furnish to the Trust periodically the following information:

(a) A copy of the transaction register;

(b) Dividend and reinvestment blotters;

(c) The total number of Shares issued and outstanding in each state for "blue sky" purposes as determined according to Proper Instructions delivered from time to time by the Trust to the Company;

(d) Shareholder lists and statistical information;

(e) Payments to third parties relating to distribution agreement, allocations of sales loads, redemption fees, or other transaction-or sales-related payments;

(f) Such other information as may be agreed upon from time to time.

(2) The Company shall prepare in the appropriate form, file with the Internal Revenue Service and appropriate state agencies, and, if required, mail to Shareholders, such notices for reporting dividends and distributions paid as are required to be so filed and mailed and shall withhold such sums as are required to be withheld under applicable federal and state income tax laws, rules and regulations.

(3) In addition to and not in lieu of the services set forth above, the Company shall:

(a) Perform all of the customary services of a transfer agent, dividend disbursing agent and, as relevant, agent in connection

with accumulation, open-account or similar plans (including without limitation any periodic investment plan or periodic withdrawal program), including but not limited to: maintaining all Shareholder accounts, mailing Shareholder reports and Prospectuses to current Shareholders, withholding taxes on accounts subject to back-up or other withholding (including non-resident alien accounts), preparing and filing reports on U.S. Treasury Department Form 1099 and other appropriate forms required with respect to dividends and distributions by federal authorities for all Shareholders, preparing and mailing confirmation forms and statements of account to Shareholders for all purchases and redemptions of Shares and other confirmable transactions in Shareholder accounts, preparing and mailing activity statements for Shareholders, and providing Shareholder account information; and

(b) provide a system which will enable the Trust to monitor the total number of Shares of each Fund sold in each state ("blue sky reporting"). The Trust shall by Proper Instructions (i) identify to the Company those transactions and assets to be treated as exempt from the blue sky reporting for each state and (ii) verify the classification of transactions for each state on the system prior to activation and thereafter monitor the daily activity for each state. The responsibility of the Company for each Fund's state blue sky registration status is limited solely to the recording of the initial classification of transactions or accounts with regard to blue sky compliance and the reporting of such transactions and accounts to the Trust as provided above.

#### F. Other Duties

(1) The Company shall answer correspondence from Shareholders relating to their Share accounts and such other correspondence as may from time to time be addressed to the Company;

(2) The Company shall prepare Shareholder meeting lists, mail proxy cards and other material supplied to it by the Trust in connection with Shareholder Meetings of each Fund; receive, examine and tabulate returned proxies; and certify the vote of the Shareholders;

(3) The Company shall establish and maintain facilities and procedures for safekeeping of stock certificates, check forms and facsimile signature imprinting devices, if any; and for the preparation or use, and for keeping account of, such certificates, forms and devices.

### Article 6. Duties of the Trust.

#### A. Compliance

The Trust assumes full responsibility for the preparation, contents and distribution of each Prospectus of the Fund and for complying with all applicable requirements of the Securities Act of 1933, as amended (the "1933 Act"), the 1940 Act and any laws, rules and regulations of government authorities having jurisdiction.

#### B. Share Certificates

The Trust shall supply the Company with a sufficient supply of blank Share certificates and from time to time shall renew such supply upon request of the Company. Such blank Share certificates shall be properly signed, manually or by facsimile, if authorized by the Trust and shall bear the seal of the Trust or facsimile thereof; and notwithstanding the death, resignation or removal of any officer of the Trust authorized to sign certificates, the Company may continue to countersign certificates which bear the manual or facsimile signature of such officer until otherwise directed by the Trust.

#### C. Distributions

The Trust shall promptly inform the Company of the declaration of any dividend or distribution on account of any Fund's shares.

### Article 7. Fees and Expenses.

#### A. Annual Fee

For performance by the Company pursuant to Section Two of this Agreement, the Trust agrees to pay the Company an annual maintenance fee for each Shareholder account as set out in the fee schedule, Schedule C, attached hereto. Such fees may be changed from time to time subject to mutual written agreement between the Trust and the Company. Pursuant to information in the Trust Prospectus or other information or instructions from the Trust, the Company may sub-divide any Fund into Classes or other sub-components for recordkeeping purposes. The Company will charge the Fund the fees set forth on Schedule C for each such Class or sub-component the same as if each were a Fund.

#### B. Reimbursements

In addition to the fee paid under Article 7A above, the Trust agrees to reimburse the Company for out-of-pocket expenses or advances incurred by the Company for the items set out in Schedule D attached hereto. In addition, any other expenses incurred by the Company at the request or with the consent of the Trust, will be reimbursed by the appropriate Fund.

#### C. Payment

The Company shall issue billing notices with respect to fees and

reimbursable expenses on a timely basis, generally within 15 days following the end of the month in which the fees and expenses have been incurred. The Trust agrees to pay all fees and reimbursable expenses within 30 days following the receipt of the respective billing notices.

#### Article 8. Assignment of Shareholder Recordkeeping.

Except as provided below, neither this Agreement nor any rights or obligations hereunder may be assigned by either party without the written consent of the other party.

(1) This Agreement shall inure to the benefit of and be binding upon the parties and their respective permitted successors and assigns.

(2) The Company may without further consent on the part of the Trust subcontract for the performance hereof with (A) Boston Financial Data Services, Inc., a Massachusetts Trust ("BFDS"), which is duly registered as a transfer agent pursuant to Section 17A(c)(1) of the Securities Exchange Act of 1934, as amended, or any succeeding statute ("Section 17A(c)(1)"), or (B) a BFDS subsidiary duly registered as a transfer agent pursuant to Section 17A(c)(1), or (C) a BFDS affiliate; provided, however, that the Company shall be as fully responsible to the Trust for the acts and omissions of any subcontractor as it is for its own acts and omissions; or

(3) The Company shall upon instruction from the Trust subcontract for the performance hereof with an Agent, other than BFDS as described in (2) above, which is duly registered as a transfer agent pursuant to Section 17A(c)(1) or any succeeding statutes; provided, however, that the Company shall in no way be responsible to the Trust for the acts and omissions of the Agent.

#### SECTION THREE: General Provisions.

#### Article 9. Documents.

A. In connection with the appointment of the Company under this Agreement, the Trust shall file with the Company the following documents:

(1) A copy of the Declaration of Trust and By-Laws of the Trust and all amendments thereto;

(2) A copy of the resolution of the Board of the Trust authorizing this Agreement;

(3) Specimens of all forms of outstanding Share certificates of the Funds in the forms approved by the Board of the Trust with a certificate of the Secretary of the Trust as to such approval;

(4) All account application forms and other documents relating to Shareholders accounts; and

(5) A copy of the current Prospectus for each Fund.

B. The Trust will also furnish from time to time the following documents:

(1) Each resolution of the Board of the Trust authorizing the original issuance of each Fund's Shares;

(2) Each Registration Statement filed with the SEC and amendments thereof and orders relating thereto in effect with respect to the sale of Shares of any Fund;

(3) A certified copy of each amendment to the governing document and the By-Laws of the Trust;

(4) Certified copies of each vote of the Board authorizing officers to give Proper Instructions to the Fund Accountant and Shareholder Recordkeeper;

(5) Specimens of all new Share certificates representing Shares of any Fund, accompanied by Board resolutions approving such forms;

(6) Such other certificates, documents or opinions which the Company may, in its discretion, deem necessary or appropriate in the proper performance of its duties; and

(7) Revisions to the Prospectus of any Fund.

#### Article 10. Representations and Warranties.

##### A. Representations and Warranties of the Company

The Company represents and warrants to the Trust that:

(1) It is a business trust duly organized and existing and in good standing under the laws of the State of Delaware.

(2) It is duly qualified to carry on its business in the State of Delaware.

(3) It is empowered under applicable laws and by its charter and by-laws to enter into and perform this Agreement.

(4) All requisite corporate proceedings have been taken to authorize it to enter into and perform this Agreement.

(5) It has and will continue to have access to the necessary facilities, equipment and personnel to perform its duties and

obligations under this Agreement.

(6) It is in compliance with federal securities law requirements and in good standing as a transfer agent.

#### B. Representations and Warranties of the Trust

The Trust represents and warrants to the Company that:

(1) It is a business trust duly organized and existing and in good standing under the laws of the Commonwealth of Massachusetts.

(2) It is empowered under applicable laws and by its Declaration of Trust and By-Laws to enter into and perform this Agreement.

(3) All corporate proceedings required by said Declaration of Trust and By-Laws have been taken to authorize it to enter into and perform this Agreement.

(4) The Trust is an open-end investment company registered under the 1940 Act.

(5) A registration statement under the 1933 Act will be effective, and appropriate state securities law filings have been made and will continue to be made, with respect to all Shares of each Fund being offered for sale.

### Article 11. Standard of Care/Indemnification.

#### A. Standard of Care

The Company shall be held to a standard of reasonable care in carrying out the provisions of this Agreement; provided, however that the Company shall be held to any higher standard of care which would be imposed upon the Company by any applicable law or regulation even though such stated standard of care was not part of this Agreement.

#### B. Indemnification by Trust

The Company shall not be responsible for and the Trust shall indemnify and hold the Company harmless against any and all losses, damages, costs, charges, counsel fees, payments, expenses and liabilities arising out of or attributable to:

(1) The Trust's refusal or failure to comply with the terms of this Agreement, or which arise out of the Trust's lack of good faith, negligence or willful misconduct or which arise out of the breach of

any representation or warranty of the Trust hereunder.

(2) The reliance on or use by the Company or its agents or subcontractors of information, records and documents in proper form which

(a) are received by the Company or its agents or subcontractors and furnished to it by or on behalf of the Trust, its Shareholders or investors regarding the purchase, redemption or transfer of shares and Shareholder account information, or

(b) have been prepared and/or maintained by the Trust or its affiliates or any other person or firm on behalf of the Trust.

(3) The reliance on, or the carrying out by the Company or its agents or subcontractors of Proper Instructions of the Trust.

(4) The offer or sale of Shares in violation of any requirement under the federal securities laws or regulations or the securities laws or regulations of any state that such Shares be registered in such state or in violation of any stop order or other determination or ruling by any federal agency or any state with respect to the offer or sale of such Shares in such state.

Provided, however, that the Company shall not be protected by this Article 11.B. from liability for any act or omission resulting from the Company's lack of good faith, negligence, willful misconduct, or failure to meet the standard of care set forth in Article 11.A., above.

#### C. Indemnification by the Company

The Company shall indemnify and hold each Fund harmless from and against any and all losses, damages, costs, charges, counsel fees, payments, expenses and liabilities arising out of or attributable to any action or failure or omission to act by the Company as a result of the Company's lack of good faith, negligence, willful misconduct, or failure to meet the standard of care set forth in Article 11.A above.

#### D. Reliance

At any time the Company may apply to any officer of the Trust for instructions, and may consult with legal counsel with respect to any matter arising in connection with the services to be performed by the Company under this Agreement, and the Company and its agents or subcontractors shall not be liable and shall be indemnified by the appropriate Fund for any action reasonably taken or omitted by it in reliance upon such instructions or upon the opinion of such counsel provided such action is not in violation of applicable Federal or state laws or regulations. The Company, its agents and subcontractors shall be protected and indemnified in recognizing stock certificates which are reasonably believed to bear the proper manual or facsimile

signatures of the officers of the Trust, and the proper countersignature of any former transfer agent or registrar, or of a co-transfer agent or co-registrar.

#### E. Notification

In order that the indemnification provisions contained in this Article 11 shall apply, upon the assertion of a claim for which either party may be required to indemnify the other, the party seeking indemnification shall promptly notify the other party of such assertion, and shall keep the other party advised with respect to all developments concerning such claim. The party who may be required to indemnify shall have the option to participate with the party seeking indemnification in the defense of such claim. The party seeking indemnification shall in no case confess any claim or make any compromise in any case in which the other party may be required to indemnify it except with the other party's prior written consent.

#### Article 12. Termination of Agreement.

This Agreement may be terminated by either party upon one hundred twenty (120) days written notice to the other. Should the Trust exercise its rights to terminate, all out-of-pocket expenses associated with the movement of records and materials will be borne by the appropriate Fund. Additionally, the Company reserves the right to charge for any other reasonable expenses associated with such termination.

#### Article 13. Amendment.

This Agreement may be amended or modified by a written agreement executed by both parties.

#### Article 14. Interpretive and Additional Provisions.

In connection with the operation of this Agreement, the Company and the Trust may from time to time agree on such provisions interpretive of or in addition to the provisions of this Agreement as may in their joint opinion be consistent with the general tenor of this Agreement. Any such interpretive or additional provisions shall be in a writing signed by both parties and shall be annexed hereto, provided that no such interpretive or additional provisions shall contravene any applicable Federal or state regulations or any provision of the Declaration of Trust. No interpretive or additional provisions made as provided in the preceding sentence shall be deemed to be an amendment of this Agreement.

#### Article 15. Governing Law. Massachusetts Law to Apply

This Agreement shall be construed and the provisions hereof interpreted under and in accordance with the laws of the Commonwealth



of Massachusetts.

Article 16. Notices.

Except as otherwise specifically provided herein, Notices and other writings delivered or mailed postage prepaid to the Trust at Federated Investors Tower, Pittsburgh, Pennsylvania, 15222-3779, or to the Company at Federated Investors Tower, Pittsburgh, Pennsylvania, 15222-3779, or to such other address as the Trust or the Company may hereafter specify, shall be deemed to have been properly delivered or given hereunder to the respective address.

Article 17. Counterparts.

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original.

Article 18. Limitations of Liability of Trustees and Shareholders of the Trust.

The execution and delivery of this Agreement have been authorized by the Trustees of the Trust and signed by an authorized officer of the Trust, acting as such, and neither such authorization by such Trustees nor such execution and delivery by such officer shall be deemed to have been made by any of them individually or to impose any liability on any of them personally, and the obligations of this Agreement are not binding upon any of the Trustees or Shareholders of the Trust, but bind only the appropriate property of a Fund or Class as provided in the Declaration of Trust.

Article 19. Limitations of Liability of Trustees and Shareholders of the Company.

The execution and delivery of this Agreement have been authorized by the Trustees of the Company and signed by an authorized officer of the Company, acting as such, and neither such authorization by such Trustees nor such execution and delivery by such officer shall be deemed to have been made by any of them individually or to impose any liability on any of them personally, and the obligations of this Agreement are not binding upon any of the Trustees or Shareholders of the Company, but bind only the trust property of the Trust as provided in the Declaration of Trust.

Article 20. Assignment.

This Agreement and the rights and duties hereunder shall not be assignable with respect to a Fund by either of the parties hereto except by the specific written consent of the other party.

Article 21. Merger of Agreement.

This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreement with respect to the subject hereof whether oral or written.

#### Article 22. Successor Agent.

If a successor agent for the Trust shall be appointed by the Trust, the Company shall upon termination of this Agreement deliver to such successor agent at the office of the Company all properties of the Trust held by it hereunder. If no such successor agent shall be appointed, the Company shall at its office upon receipt of Proper Instructions deliver such properties in accordance with such instructions.

In the event that no written order designating a successor agent or Proper Instructions shall have been delivered to the Company on or before the date when such termination shall become effective, then the Company shall have the right to deliver to a bank or trust company, which is a "bank" as defined in the Investment Company Act of 1940, as amended, of its own selection, having an aggregate capital, surplus, and undivided profits, as shown by its last published report, of not less than \$2,000,000, all properties held by the Company under this Agreement. Thereafter, such bank or trust company shall be the successor of the Company under this Agreement.

#### Article 23. Force Majeure.

The Company shall have no liability for cessation of services hereunder or any damages resulting therefrom to the Trust as a result of work stoppage, power or other mechanical failure, natural disaster, governmental action, communication disruption or other impossibility of performance.

#### Article 24. Assignment; Successors.

This Agreement shall not be assigned by either party without the prior written consent of the other party, except that either party may assign to a successor all of or a substantial portion of its business, or to a party controlling, controlled by, or under common control with such party.

#### Article 25. Severability.

In the event any provision of this Agreement is held illegal, void or unenforceable, the balance shall remain in effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names and on their behalf under their seals by and through their duly authorized officers, as of the day and year first above written.

ATTEST:

THE PLANTERS FUNDS

/s/ Gail Cagney

By: /s/ John W. McGonigle

Assistant Secretary

Vice President

ATTEST:

FEDERATED SERVICES COMPANY

/s/ Joseph M. Huber

By: /s/ Ronald L. Cavanagh

Assistant Secretary

Vice President

Schedule A

Fund Accounting and Shareholder Recordkeeping Agreement

Compensation for Fund Accounting

Annual Fees per Fund

\$30,000

plus 2.0 basis points on average net assets of the Fund from \$100 million but less than \$250 million.

plus 1.5 basis points on average net assets of the Fund from \$250 million but less than \$500 million.

plus 1.0 basis points on average net assets of the Fund from and over \$500 million.

plus \$1,000.00 per month for each Class beyond the first Class.

The monthly fee will be \$ 1,000.00 per Class with no asset charge for those months where Federated is the only Shareholder in that Class, due to its seeding of the Fund.

Schedule B

Out-of-Pocket Expenses  
Fund Accounting

I. Out-of-pocket expense include, but are not limited to, the following:

- Postage (including overnight courier service)
- Statement Stock
- Envelopes
- Telephones
- Telecommunication Charges (including FAX)
- Travel
- Duplicating
- Forms
- Supplies
- Microfiche
- Computer Access Charges
- Client Specific System Enhancements
- Access to the Shareholder Recordkeeping System
- Security Pricing Services
- Variable Rate Change Notification Services
- Paydown Factor Notification Services

Schedule C

Fund Accounting and Shareholder Recordkeeping Agreement

between

FEDERATED SERVICES COMPANY

and

THE PLANTERS FUNDS

Fee Schedule

Base Fee\* Annual fee per fund, class or other subdivision.  
\$24,000

Account Fee\* Annual account charge (includes system access and funds control and reconciliation)

-Daily dividend fund	\$16.00
-Monthly dividend fund	\$10.00
-Quarterly dividend fund	\$10.00

Other Account Fees\* Services or features not covered above.

-Account Activity Processing (includes account establishment, transaction and maintenance processing)	\$3.50
-Account Servicing (includes shareholder servicing and correspondence)	\$4.50
-Contingent deferred sales charge (monthly and quarterly funds only)	\$5.00
-Closed accounts	\$1.20

Termination Fee One time charge. \$20,000

\* All fees are annualized and will be prorated on a monthly basis for billing purposes. Out of pocket expenses are not covered by these fees.

#### SCHEDULE D

Fund Accounting and Shareholder Recordkeeping Agreement

between

FEDERATED SERVICES COMPANY

and

THE PLANTERS FUNDS

#### Out-of-Pocket Expenses Schedule

- Postage (including overnight courier service)
- Statement Stock
- Envelopes
- Telecommunication Charges (including FAX)
- Travel
- Duplicating
- Forms

- Supplies
- Microfiche
- Computer Access Charges
- Client Specific Enhancements
- Disaster Recovery

The Planters Funds

INVESTMENT ADVISORY CONTRACT

This Contract is made this 1st day of June, 1993, between Union Planters National Bank, a national banking association having its principal place of business in Memphis, Tennessee (the "Adviser"), and The Planters Funds, a Massachusetts business trust having its principal place of business in Pittsburgh, Pennsylvania (the "Trust").

WHEREAS the Trust is an open-end management investment company as that term is defined in the Investment Company Act of 1940 and is registered as such with the Securities and Exchange Commission; and

WHEREAS Adviser is engaged in the business of rendering investment advisory and management services.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. The Trust hereby appoints Adviser as Investment Adviser for each of the portfolios ("Funds") of the Trust which executes an exhibit to this Contract, and Adviser accepts the appointments. Subject to the direction of the Trustees of the Trust, Adviser shall provide investment research and supervision of the investments of the Funds and conduct a continuous program of investment evaluation and of appropriate sale or other disposition and reinvestment of each Fund's assets.

2. Adviser, in its supervision of the investments of each of the Funds will be guided by each of the Fund's investment objective and policies and the provisions and restrictions contained in the Declaration of Trust and By-Laws of the Trust and as set forth in the Registration Statements and exhibits as may be on file with the Securities and Exchange Commission.

3. Each Fund shall pay or cause to be paid all of its own expenses and its allocable share of Trust expenses, including, without limitation, the expenses of organizing the Trust and continuing its existence; fees and expenses of Trustees and officers of the Trust; fees for investment advisory services and administrative personnel and services; fees and expenses of preparing and printing its Registration Statements under the Securities Act of 1933 and the Investment Company Act of 1940 and any amendments thereto; expenses of registering and qualifying the Trust, the Funds, and shares ("Shares") of the Funds under federal and state laws and regulations; expenses of preparing, printing, and distributing prospectuses (and any amendments thereto) to shareholders; interest expense, taxes, fees, and commissions of every kind; expenses of issue (including cost of Share

certificates), purchase, repurchase, and redemption of Shares, including expenses attributable to a program of periodic issue; charges and expenses of custodians, transfer agents, dividend disbursing agents, shareholder servicing agents, and registrars; printing and mailing costs, auditing, accounting, and legal expenses; reports to shareholders and governmental officers and commissions; expenses of meetings of Trustees and shareholders and proxy solicitations therefor; insurance expenses; association membership dues and such nonrecurring items as may arise, including all losses and liabilities incurred in administering the Trust and the Funds. Each Fund will also pay its allocable share of such extraordinary expenses as may arise including expenses incurred in connection with litigation, proceedings, and claims and the legal obligations of the Trust to indemnify its officers and Trustees and agents with respect thereto.

4. Each of the Funds shall pay to Adviser, for all services rendered to each Fund by Adviser hereunder, the fees set forth in the exhibits attached hereto.

5. The net asset value of each Fund's Shares as used herein will be calculated to the nearest 1/10th of one cent.

6. The Adviser may from time to time and for such periods as it deems appropriate reduce its compensation (and, if appropriate, assume expenses of one or more of the Funds) to the extent that any Fund's expenses exceed such lower expense limitation as the Adviser may, by notice to the Fund, voluntarily declare to be effective.

7. This Contract shall begin for each Fund as of the date of execution of the applicable exhibit and shall continue in effect with respect to each Fund presently set forth on an exhibit (and any subsequent Funds added pursuant to an exhibit during the initial term of this Contract) for two years from the date of this Contract set forth above and thereafter for successive periods of one year, subject to the provisions for termination and all of the other terms and conditions hereof if: (a) such continuation shall be specifically approved at least annually by the vote of a majority of the Trustees of the Trust, including a majority of the Trustees who are not parties to this Contract or interested persons of any such party (other than as Trustees of the Trust), cast in person at a meeting called for that purpose; and (b) Adviser shall not have notified a Fund in writing at least sixty (60) days prior to the anniversary date of this Contract in any year thereafter that it does not desire such continuation with respect to that Fund. If a Fund is added after the first approval by the Trustees as described above, this Contract will be effective as to that Fund upon execution of the applicable exhibit and will continue in effect until the next annual approval of this Contract by the Trustees and thereafter for successive periods of one year, subject to approval as described above.

8. Notwithstanding any provision in this Contract, it may be terminated at any time with respect to any Fund, without the payment of any penalty, by the Trustees of the Trust or by a vote of the shareholders of that Fund on sixty (60) days' written notice to Adviser.



9. This Contract may not be assigned by Adviser and shall automatically terminate in the event of any assignment. Adviser may employ or contract with such other person, persons, corporation, or corporations at its own cost and expense as it shall determine in order to assist it in carrying out this Contract.

10. In the absence of willful misfeasance, bad faith, gross negligence, or reckless disregard of the obligations or duties under this Contract on the part of Adviser, Adviser shall not be liable to the Trust or to any of the Funds or to any shareholder for any act or omission in the course of or connected in any way with rendering services or for any losses that may be sustained in the purchase, holding, or sale of any security.

11. This Contract may be amended at any time by agreement of the parties provided that the amendment shall be approved both by the vote of a majority of the Trustees of the Trust, including a majority of the Trustees who are not parties to this Contract or interested persons of any such party to this Contract (other than as Trustees of the Trust) cast in person at a meeting called for that purpose, and on behalf of a Fund by a majority of the outstanding voting securities of such Fund.

12. The Adviser acknowledges that all sales literature for investment companies (such as the Trust) are subject to strict regulatory oversight. The Adviser agrees to submit any proposed sales literature for the Trust (or any Fund) or for itself or its affiliates which mentions the Trust (or any Fund) to the Trust's distributor for review and filing with the appropriate regulatory authorities prior to the public release of any such sales literature, provided, however, that nothing herein shall be construed so as to create any obligation or duty on the part of the Adviser to produce sales literature for the Trust (or any Fund). The Trust agrees to cause its distributor to promptly review all such sales literature to ensure compliance with relevant requirements, to promptly advise Adviser of any deficiencies contained in such sales literature, to promptly file complying sales literature with the relevant authorities, and to cause such sales literature to be distributed to prospective investors in the Trust.

13. Adviser is hereby expressly put on notice of the limitation of liability as set forth in Article XI of the Declaration of Trust and agrees that the obligations pursuant to this Contract of a particular Fund and of the Trust with respect to that particular Fund be limited solely to the assets of that particular Fund, and Adviser shall not seek satisfaction of any such obligation from any other Fund, the shareholders of any Fund, the Trustees, officers, employees or agents of the Trust, or any of them.

14. This Contract shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania.

15. This Contract will become binding on the parties hereto upon their execution of the attached exhibits to this Contract.

16. The parties hereto acknowledge that Union Planters National Bank has reserved the right to grant the non-exclusive use of the name "The Planters Funds" or any derivative thereof to any other investment company, investment company portfolio, investment adviser, distributor or other business enterprise, and to withdraw from the Trust and one or more of the Funds the use of the name "The Planters Funds." The name "The Planters Funds" will continue to be used by the Trust and each Fund so long as such use is mutually agreeable to Union Planters National Bank and the Trust.

EXHIBIT A

to the  
Investment Advisory Contract  
  
Tennessee Tax-Free Bond Fund

For all services rendered by Adviser hereunder, the above-named Fund(s) of the Trust shall pay to Adviser and Adviser agrees to accept as full compensation for all services rendered hereunder, an annual investment advisory fee equal to .75 of 1% of the average daily net assets of the Fund(s).

The portion of the fee based upon the average daily net assets of the Fund(s) shall be accrued daily at the rate of 1/365th of 75. of 1% applied to the daily net assets of the Fund(s).

The advisory fee so accrued shall be paid to Adviser daily.

Witness the due execution hereof this 1st day of June, 1993.

Attest:

Union Planters National Bank

/s/ Paul T. Dorian

By: /s/ E. James House, Jr.

Senior Vice President

Vice President

Attest:

The Planters Funds

/s/ David M. Taylor  
Secretary Vice President

By: /s/ Richard B. Fisher

The Planters Funds

DISTRIBUTOR'S CONTRACT

AGREEMENT made this 1st day of June, 1993, by and between The Planters Funds (the "Trust"), a Massachusetts business trust, and FEDERATED SECURITIES CORP. ("FSC"), a Pennsylvania Corporation.

In consideration of the mutual covenants hereinafter contained, it is hereby agreed by and between the parties hereto as follows:

1. The Trust hereby appoints FSC as its agent to sell and distribute shares of the Trust which may be offered in one or more series (the "Funds") consisting of one or more classes (the "Classes") of shares (the "Shares"), as described and set forth on one or more exhibits to this Agreement, at the current offering price thereof as described and set forth in the current Prospectuses of the Trust. FSC hereby accepts such appointment and agrees to provide such other services for the Trust, if any, and accept such compensation from the Trust, if any, as set forth in the applicable exhibit to this Agreement.

2. The sale of any Shares may be suspended without prior notice whenever in the judgment of the Trust it is in its best interest to do so.

3. Neither FSC nor any other person is authorized by the Trust to give any information or to make any representation relative to any Shares other than those contained in the Registration Statement, Prospectuses, or Statements of Additional Information ("SAIs") filed with the Securities and Exchange Commission, as the same may be amended from time to time, or in any supplemental information to said Prospectuses or SAIs approved by the Trust. FSC agrees that any other information or representations other than those specified above which it or any dealer or other person who purchases Shares through FSC may make in connection with the offer or sale of Shares, shall be made entirely without liability on the part of the Trust. No person or dealer, other than FSC, is authorized to act as agent for the Trust for any purpose. FSC agrees that in offering or selling Shares as agent of the Trust, it will, in all respects, duly conform to all applicable state and federal laws and the rules and regulations of the National Association of Securities Dealers, Inc., including its Rules of Fair Practice. FSC will submit to the Trust copies of all sales literature before using the same and will not use such sales literature if disapproved by the Trust.

4. This Agreement is effective with respect to each Class as of the date of execution of the applicable exhibit and shall continue in effect with respect to each Class presently set forth on an exhibit and any subsequent Classes added pursuant to an exhibit during the initial term of this

Agreement for one year from the date set forth above, and thereafter for successive periods of one year if such continuance is approved at least annually by the Trustees of the Trust including a majority of the members of the Board of Trustees of the Trust who are not interested persons of the Trust and have no direct or indirect financial interest in the operation of any Distribution Plan relating to the Trust or in any related documents to such Plan ("Disinterested Trustees") cast in person at a meeting called for that purpose. If a Class is added after the first annual approval by the Trustees as described above, this Agreement will be effective as to that Class upon execution of the applicable exhibit and will continue in effect until the next annual approval of this Agreement by the Trustees and thereafter for successive periods of one year, subject to approval as described above.

5. This Agreement may be terminated with regard to a particular Fund or Class at any time, without the payment of any penalty, by the vote of a majority of the Disinterested Trustees or by a majority of the outstanding voting securities of the particular Fund or Class on not more than sixty (60) days' written notice to any other party to this Agreement. This Agreement may be terminated with regard to a particular Fund or Class by FSC on sixty (60) days' written notice to the Trust.

6. This Agreement may not be assigned by FSC and shall automatically terminate in the event of an assignment by FSC as defined in the Investment Company Act of 1940, provided, however, that FSC may employ such other person, persons, corporation or corporations as it shall determine in order to assist it in carrying out its duties under this Agreement.

7. FSC shall not be liable to the Trust 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 by this Agreement.

8. This Agreement may be amended at any time by mutual agreement in writing of all the parties hereto, provided that such amendment is approved by the Trustees of the Trust including a majority of the Disinterested Trustees of the Trust cast in person at a meeting called for that purpose.

9. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania.

10. (a) Subject to the conditions set forth below, the Trust agrees to indemnify and hold harmless FSC and each person, if any, who controls FSC within the meaning of Section 15 of the Securities Act of 1933 and Section 20 of the Securities Act of 1934, as amended, against any and all loss, liability, claim, damage and expense whatsoever (including but not limited to any and all expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Prospectuses or SAIs (as from time to time amended and

supplemented) or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, unless such statement or omission was made in reliance upon and in conformity with written information furnished to the Trust about FSC by or on behalf of FSC expressly for use in the Registration Statement, any Prospectuses and SAIs or any amendment or supplement thereof.

If any action is brought against FSC or any controlling person thereof with respect to which indemnity may be sought against the Trust pursuant to the foregoing paragraph, FSC shall promptly notify the Trust in writing of the institution of such action and the Trust shall assume the defense of such action, including the employment of counsel selected by the Trust and payment of expenses. FSC or any such controlling person thereof shall have the right to employ separate counsel in any such case, but the fees and expenses of such counsel shall be at the expense of FSC or such controlling person unless the employment of such counsel shall have been authorized in writing by the Trust in connection with the defense of such action or the Trust shall not have employed counsel to have charge of the defense of such action, in any of which events such fees and expenses shall be borne by the Trust. Anything in this paragraph to the contrary notwithstanding, the Trust shall not be liable for any settlement of any such claim of action effected without its written consent. The Trust agrees promptly to notify FSC of the commencement of any litigation or proceedings against the Trust or any of its officers or Trustees or controlling persons in connection with the issue and sale of Shares or in connection with the Registration Statement, Prospectuses, or SAI's.

(b) FSC agrees to indemnify and hold harmless the Trust, each of its Trustees, each of its officers who have signed the Registration Statement and each other person, if any, who controls the Trust within the meaning of Section 15 of the Securities Act of 1933, but only with respect to statements or omissions, if any, made in the Registration Statement or any Prospectus, SAI, or any amendment or supplement thereof in reliance upon, and in conformity with, information furnished to the Trust about FSC by or on behalf of FSC expressly for use in the Registration Statement or any Prospectus, SAI, or any amendment or supplement thereof. In case any action shall be brought against the Trust or any other person so indemnified based on the Registration Statement or any Prospectus, SAI, or any amendment or supplement thereof, and with respect to which indemnity may be sought against FSC, FSC shall have the rights and duties given to the Trust, and the Trust and each other person so indemnified shall have the rights and duties given to FSC by the provisions of subsection (a) above.

(c) Nothing herein contained shall be deemed to protect any person against liability to the Trust or its shareholders to which such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of the duties of such person or by reason of the reckless disregard by such person of the obligations and duties of such person under this Agreement.

(d) Insofar as indemnification for liabilities may be permitted

pursuant to Section 17 of the Investment Company Act of 1940 for Trustees, officers, FSC and controlling persons of the Trust by the Trust pursuant to this Agreement, the Trust is aware of the position of the Securities and Exchange Commission as set forth in the Investment Company Act Release No. IC-11330. Therefore, the Trust undertakes that in addition to complying with the applicable provisions of this Agreement, in the absence of a final decision on the merits by a court or other body before which the proceeding was brought, that an indemnification payment will not be made unless in the absence of such a decision, a reasonable determination based upon factual review has been made (i) by a majority vote of a quorum of non-party Disinterested Trustees, or (ii) by independent legal counsel in a written opinion that the indemnitee was not liable for an act of willful misfeasance, bad faith, gross negligence or reckless disregard of duties. The Trust further undertakes that advancement of expenses incurred in the defense of a proceeding (upon undertaking for repayment unless it is ultimately determined that indemnification is appropriate) against an officer, Trustee, FSC or controlling person of the Trust will not be made absent the fulfillment of at least one of the following conditions: (i) the indemnitee provides security for his undertaking; (ii) the Trust is insured against losses arising by reason of any lawful advances; or (iii) a majority of a quorum of non-party Disinterested Trustees or independent legal counsel in a written opinion makes a factual determination that there is reason to believe the indemnitee will be entitled to indemnification.

11. FSC is hereby expressly put on notice of the limitation of liability as set forth in Article XI of the Declaration of Trust and agrees that the obligations assumed by the Trust pursuant to this agreement shall be limited in any case to the Trust and its assets and FSC shall not seek satisfaction of any such obligation from the shareholders of the Trust, the Trustees, officers, employees or agents of the Trust, or any of them.

12. If at any time the Shares of any Fund are offered in two or more Classes, FSC agrees to adopt compliance standards as to when a class of shares may be sold to particular investors.

13. This Agreement will become binding on the parties hereto upon the execution of the attached exhibits to the Agreement.

Exhibit A

to the  
Distributor's Contract

The Planters Funds

Tennessee Tax-Free Bond Fund

In consideration of the mutual covenants set forth in the Distributor's Contract dated June 1, 1993 between The Planters Funds and Federated Securities Corp., The Planters Funds executes and delivers this Exhibit on behalf of the Funds, and with respect to the separate Classes of Shares

thereof, first set forth in this Exhibit.

Witness the due execution hereof this 1st day of June, 1993

ATTEST:

The Planters Funds

/s/ David M. Taylor  
Secretary

By: /s/ E. C. Gonzales  
President

ATTEST:

FEDERATED SECURITIES CORP.

/s/ S. E. Cohan  
Secretary

By: /s/ John W. McGonigle  
President

<TABLE>								
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Schedule for Computation of Fund Performance Data	Initial Invest of:	\$1,000						
TN Tax-Free Bond Fund	Offering Price/ Share=	\$10.94						
Return Since Inception ending 1/31/94	NAV=	\$10.50						

FYE: July 31

DECLARED: MONTHLY PAID: MONTHLY	Reinvest Dates	Begin Period Shares	Dividend /Share	Capital Gain /Share	Reinvest Price /Share	Ending Period Shares	Ending Price	Total Invest Value
	8/27/93	91.408	0.000000000	0.000000	\$10.50	91.408	\$10.50	\$959.78
	9/23/93	91.408	0.030000000	0.000000	\$10.66	91.665	\$10.66	\$977.15
	10/22/93	91.665	0.036000000	0.000000	\$10.70	91.973	\$10.70	\$984.11
	11/23/93	91.973	0.036000000	0.000000	\$10.53	92.288	\$10.53	\$971.79
	12/23/93	92.288	0.036000000	0.000000	\$10.69	92.599	\$10.69	\$989.88
	1/21/94	92.599	0.036000000	0.000000	\$10.75	92.909	\$10.75	\$998.77
	1/31/94	92.909	0.000000000	0.000000	\$10.83	92.909	\$10.83	\$1,006.20

\$1,000 (1+T) = End Value  
T = 0.62%

</TABLE>



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<S>					
TN Tax-Free Bond Fund	<C>	<C>	<C>	<C>	<C>
Computation of SEC Yield		Yield = 2{ (	\$149,042.73 -	\$15,332.63 )+1)^6-1}=	
As of: January 31, 1994			3,540,175 *	\$11.28 -	0.01130 )
		SEC Yield =		4.06%	
Dividend and/or Interest Inc for the 30 days ended	\$149,042.73				
Net Expenses for the Period	\$15,332.63				
Avg Daily Shares Outstanding and entitled to receive dividends	3,540,175				
Maxium offering price per share as of 1-31-94	\$11.28				
Undistributed net income	0.01130				
Tax Equivalent Yield (assumes individual does not itemize on Federal Return)					
100 % minus the Federal taxable % (100%-28%=72%)					
30 SEC yield / by the tax					
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